Divi's Laboratories Limited

Leading with Purpose.
Driving Responsible Growth.

33rd Annual Report 2022-23

Contents

To know more about Divi's log on to **www.divislabs.com**

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Leading with Purpose. Driving Responsible Growth.

At Divi's, we are driven by a deep sense of purpose - to contribute to global health through our customers and partners, driving sustainable positive impact. Over the years, we have embraced the principles of purpose-driven leadership to create long-term value that extends beyond financial performance and helped us establish ourselves as a key player in the pharmaceutical industry.

Our integrated business model focused on sustainability, helped us enhance our agility, efficiency, and the delivery of customer-centric solutions. As sustainability becomes increasingly important for companies, our commitment to leading with purpose manifests in various dimensions of our operations. We have implemented robust environmental sustainability practices, reduced our carbon footprint, and we promote resource efficiency across our value chain. With a focus on strategic partnerships, fostering social progress, and empowering individuals, our vision is to be a sustainable, and ethical corporate organisation. We strive to set our mark through responsible business thus upholding our leadership position.

FY 2022-23 highlights

OPERATIONAL

- Ground-breaking of a Greenfield Manufacturing Unit (Unit III)
- Investments in new technologies, enhanced production capacities and diversification of Generic API portfolio
- Expanded our Contrast Media API product offerings and started commercial manufacturing
- Filed for patents involving novel synthesis methods

FINANCIAL

₹ 7,97,431 lakhs
TOTAL INCOME

₹ 2,35,410 lakhs
PROFIT BEFORE TAX

₹ 68.11
EARNINGS PER SHARE

₹ 1,80,815 lakhs
PROFIT AFTER TAX

ENVIRONMENT

~1,58,71,000 KWH
ENERGY CONSERVED

~39,000 m^3
WATER CONSERVED

~85 MT
WASTE REDUCED

~15,500 tCO_2e
GHG EMISSIONS REDUCED

SOCIAL

~9.9%
FEMALE EMPLOYEES

~88,000
EHS TRAINING SESSIONS

~31 million
SAFE MAN-HOURS

₹ 5,385 lakhs
CSR BUDGET

GOVERNANCE

100%
SHAREHOLDER GRIEVANCE RESOLVED

96%
AVERAGE BOARD MEETING ATTENDANCE

58%
INDEPENDENT DIRECTORS ON BOARD

Divi's at a glance

Advancing innovation through sustainable chemistry

We are one of the leading pharmaceutical companies in the world, manufacturing and supplying Active Pharmaceutical Ingredients (APIs), Intermediates, and Nutraceuticals.

Vision

We envision creating value for all stakeholders by manufacturing high quality Generic APIs, Custom synthesis of APIs & Intermediates along with Nutraceutical Ingredients for the Global Pharmaceutical & Nutraceutical industry through sustainable leadership in chemistry.

Mission

We at Divi's aim to be a responsible business, adding value through our core competency in the area of chemistry while adhering to our core values and serving the immediate community and at large through our diverse social initiatives that would establish a strong foundation for a better tomorrow for all stakeholders.

Unique Attributes of Divi's

Divi's has established a distinguished position in the pharmaceutical industry through its API-centric business model, focus on reliability, adherence to global quality standards, continuous process innovation, and commitment to sustainability and safety.

COMPLIMENTARY
Divi's is an API-exclusive manufacturer that doesn't market dosage forms or compete with customers.

RELIABLE SUPPLY PARTNER
With significant capacities, dedicated production blocks, and backward integration, Divi's provides safety stocks tailored to customer needs.

UNIFORM QUALITY
Divi's ensures uniform quality globally and has in-house capability for comprehensive assessment of genotoxic impurities.

ROBUST R&D CAPABILITIES
Divi's focuses on continuous process innovation to increase process efficiency while adhering to the principles of green chemistry.

SUSTAINABILITY FOCUSED
Divi's is committed to reducing emissions and conserving water and energy.

Business segments

At Divi's, we have a clear focus on three distinct business segments: Generic APIs, Custom Synthesis, and Nutraceuticals. Each of these segments has been meticulously developed to meet the unique needs of customers in various markets.

GENERIC APIs

At Divi's, we take pride in being recognised as one of the world's largest API manufacturers, offering a selective list of 30 Generic APIs commercially manufactured in 10's to 100's/1000's of metric tonnes each year. Our commitment to achieving global leadership in the molecules we have selected is evident in our position as the world's largest API manufacturer for 10 of the generic APIs we manufacture.

Our manufacturing facilities have undergone numerous audits by regulatory authorities, global environmental, health and safety teams, and Big pharma/multi-national companies.

CUSTOM SYNTHESIS

Our Custom Synthesis segment offers contract manufacturing services of APIs and Intermediates for global innovator companies across a vast portfolio of products in diverse therapeutic areas. Our competent and qualified R&D team consisting of over ~400 scientists specialises in developing innovative processes and continuously optimising them to maintain a competitive leadership position.

We are a global partner trusted by leading pharmaceutical companies in over 100 countries, including 12 out of the top 20 Big Pharma.

NUTRACEUTICALS

At Divi's, we also have a Nutraceutical Facility at our Unit II manufacturing site, which is an integrated facility for the production of active ingredients and finished forms of Carotenoids. We supply most of the carotenoids to all the major food, dietary supplement, and feed manufacturers around the world. Our product portfolio includes a complete set of Carotenoids such as Beta Carotene, Astaxanthin, Lycopene, Canthaxanthin, as well as other finished forms such as Lutein, Vitamins (A, D3, D2, E Acetate, and A Palmitate).

Our Nutraceutical Facility has been frequently audited by various regulatory/statutory authorities such as US FDA (CFR 110) and Halal/Kosher.

Divi's at a glance

Our Key Strengths

LARGE-SCALE AND RELIABLE PRODUCTION FACILITIES

Our state-of-the-art manufacturing facilities and research capabilities have earned us a reputable name in the global pharmaceutical market. With two manufacturing units and a third one under construction, we have enormous scales of production and are one of the world's largest API companies.

2

WORLD CLASS MANUFACTURING UNITS WITH A COMBINED CAPACITY OF OVER ~14,600 M^3

API-CENTRIC PORTFOLIO

Our portfolio of ~160 products covers diverse therapeutic areas, making us a leading manufacturer and supplier of high-quality Generics, Custom Synthesis of APIs and intermediates, and Nutraceutical ingredients.

Largest

API MANUFACTURER IN THE WORLD FOR 10 OF THE GENERIC APIS MANUFACTURED

ESTABLISHED R&D CAPABILITIES

Divi's has established three R&D centres with competent and qualified teams that focus on continuous process improvement to maintain sustainable chemistry while ensuring the safety of people and the environment. As a testament to our commitment, we have been granted several process patents, further validating the sustainability of our products.

~400

SCIENTISTS WORKING IN THREE R&D CENTRES ACROSS FUNCTIONS

ROBUST WORKFORCE

With a highly skilled and diverse team of professionals across departments, Divi's is committed to deliver world-class products to customers. Our disciplined execution of sustainable chemistry makes us a trusted partner for global innovator companies.

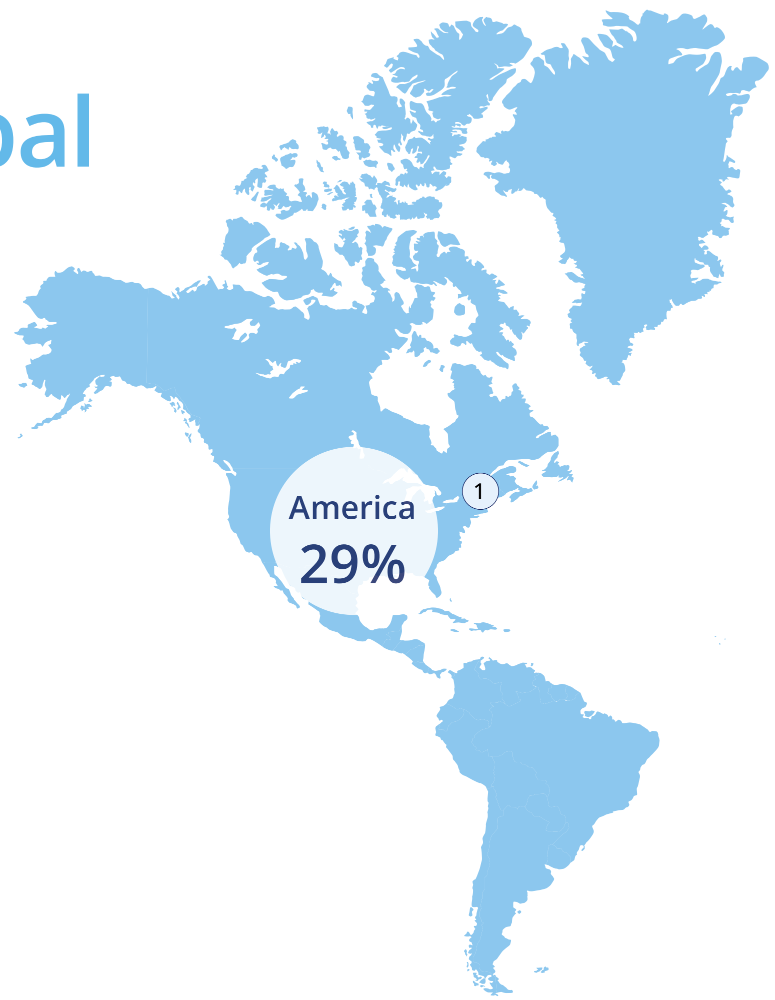
16,950+

EMPLOYEES ACROSS THREE COUNTRIES

Geographic presence

Expanding global reach

With a focus on innovation and excellence, Divi's has established a strong global presence across several geographic locations worldwide.



AMERICA

2019-20	2020-21	2021-22	2022-23
1,21,813	1,58,652	3,83,291	2,20,140
22.9%	23.3%	43.1%	29.3%

EUROPE

2019-20	2020-21	2021-22	2022-23
2,49,850	3,17,415	2,86,480	3,05,977
47%	46.6%	32.2%	40.7%

INDIA

2019-20	2020-21	2021-22	2022-23
78,396	91,236	1,03,784	87,402
14.8%	13.4%	11.7%	11.6%

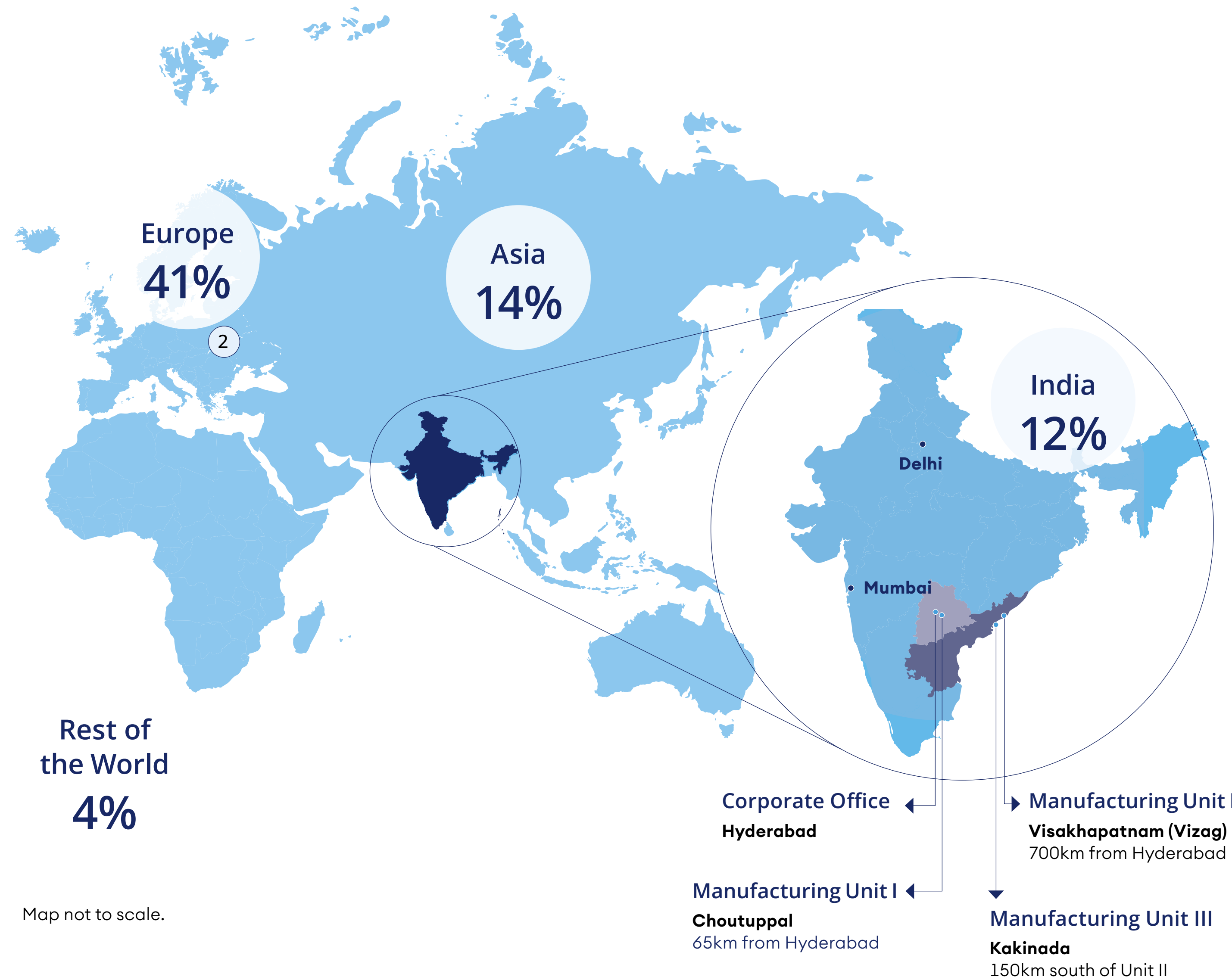
ASIA

2019-20	2020-21	2021-22	2022-23
59,474	82,675	79,807	1,03,931
11.2%	12.2%	9.0%	13.8%

REST OF THE WORLD

2019-20	2020-21	2021-22	2022-23
21,524	29,883	34,620	34,923
4.1%	4.4%	3.9%	4.6%

SALES (₹ In lakhs)
% Share



Map not to scale.

Manufacturing units

Unit 1: Hyderabad

Choutuppal Unit: Lingojigudem Village, Choutuppal Mandal, Yadadri Bhuvanagiri Dist. (TS) Pin - 508252

DC SEZ Unit: Lingojigudem Village, Choutuppal Mandal, Yadadri Bhuvanagiri Dist. (TS) Pin - 508252

Unit 3: Kakinada (Under Construction)

Ontimamidi Village (Kona), Thondangi Post, Thondangi Mandal, Kakinada Dist. (A.P) Pin – 533408

Unit 2: Visakhapatnam

Export Oriented Unit: Chippada Village, Bheemunipatnam Mandal, Visakhapatnam Dist. (A.P) Pin - 531163

Divi's Pharma SEZ: Chippada Village, Bheemunipatnam Mandal, Visakhapatnam Dist. (A.P) Pin - 531163

DSN SEZ Unit: Chippada Village, Bheemunipatnam Mandal, Visakhapatnam Dist. (A.P) Pin - 531163

DCV SEZ Unit: Chippada Village, Bheemunipatnam Mandal, Visakhapatnam Dist. (A.P) Pin - 531163

Subsidiaries

① New Jersey, USA

② Basel, Switzerland

Managing Director's Perspective

Pursuing Responsible Growth

Over the past year, we have navigated through diverse global scenarios and hereby present our 33rd annual report that demonstrates our commitment to responsible growth through shared value creation for all our stakeholders.

DR. MURALI K. DIVI
Managing Director

Dear Shareholders,

The industry has been rapidly evolving with rising demand for affordable products, changing healthcare policies, technological advancements, the need for innovative solutions, and the emergence of newer therapies.

The past year was marked with global inflation, geopolitical uncertainty, energy crisis, and supply chain disruptions in various parts of the world. It is worth noting that despite a challenging global scenario and fast-changing industry landscape, Divi's continued to be a reliable partner by fulfilling customer requirements through prudent supply chain management and operational excellence. We have been closely monitoring global developments to proactively manage risks and capitalise on opportunities ahead.

A YEAR OF RESILIENCE

During the past year, we had the unique opportunity to serve the demand for COVID products, which contributed significantly to our growth in FY 2022 and in the first half of FY 2023. As the pandemic situation stabilised and the demand for Anti-COVID drugs decreased, our revenue and profitabilities have started to level off.

In addition, we faced some headwinds due to pricing pressures on APIs and an increase in raw material costs, which impacted our profitability. However, some of the cost increases were mitigated due to the long-term supplier contracts and our existing backward integration initiatives. Nonetheless, we remain optimistic about our Generic API product portfolio along with new Custom Synthesis opportunities that lie ahead.

THE BIGGER PICTURE

As we strive to maintain our leadership position in our core products and expand our portfolio with new product offerings, we are focused on unlocking growth potential through our six-point strategic approach. With the expiry of new molecules, we see possibilities for new product launches over the next three years. Towards this, we have filed drug master files that we expect will contribute to our growth in the upcoming years.

We have expanded our Sartan portfolio further by leveraging our backward integration and innovative technology to manufacture starting materials and hold ambitious aspirations of becoming a leader in Sartan manufacturing.

With the increasing global demand for Contrast Media, we aim to secure a substantial share of the world market. By providing reliable and high-quality products, and expanding to newer categories, particularly MRI contrast media, we intent to broaden our business presence in this growing market.

WELL-POSITIONED FOR THE NEXT

On the CAPEX front, I am pleased to update you on our Unit III project. With all the necessary clearances in place, we have secured 500 acres of land and started construction activities. We have outlaid an initial investment of approximately ₹1,200 Cr to ₹1,500 Cr for Phase 1 with a further scope for expansion in future.

This state-of-the-art facility will manufacture starting materials, advanced intermediates, and APIs that require complex chemistry, providing us with a competitive edge in the market. We expect the Unit III project to contribute to our growth beyond FY 2025. I am confident that with this project, we are well-positioned to further strengthen our leadership position in the industry.

CARING FOR THE SOCIETY

As a responsible pharmaceutical company, we believe in giving back to the communities around us. During the year, we undertook several CSR initiatives to address the pressing issues faced by our neighbouring communities. Our efforts include providing safe drinking water, empowering women, developing infrastructure, promoting healthcare and child education for the rural communities.

One of our notable initiatives during the year was Project Jalaprasadam, which is driven by our purpose of providing safe drinking water by installing state-of-the-art water purification RO plants at various temples in both the states we operate.

A SUSTAINABLE FUTURE AHEAD

I am pleased to see how Divi's has demonstrated resilience in a challenging global environment and evolving industry landscape. Moving forward, our commitment to responsible growth through sustainability in chemistry and shared value creation for our stakeholders remains steadfast.

By leveraging our three-decades of expertise in chemistry, execution excellence, and resources, we are focused on strengthening our industry leadership while contributing to the betterment of society.

Finally, I extend my deepest gratitude to all our stakeholders for their continued trust and support, which has been instrumental to our success over the past 33 years. Your confidence in Divi's drives us to strive for excellence and continue to be a sustainable and reliable partner for the global pharmaceutical industry.

Warm Regards,

Dr. Murali K. Divi
Managing Director

Governance

Board of Directors

Dr. Ramesh B. V. Nimmagadda
Non-Executive Chairman & Independent Director
M C M

Dr. Murali K. Divi
Managing Director
M

N. V. Ramana
Executive Director

Dr. Kiran S. Divi
Whole-time Director & Chief Executive Officer
M

Nilima Prasad Divi
Whole-time Director (Commercial)
M

Madhusudana Rao Divi
Whole-time Director (Projects)
M C

Dr. G. Suresh Kumar
Independent Director
M C M

R. Ranga Rao
Independent Director
M M C

K. V. K. Seshavataram
Independent Director
C M

Dr. S. Ganapaty
Independent Director
M M

Prof. Sunaina Singh
Independent Director
M M

K. V. Chowdary
Independent Director
M M M

- Audit Committee
- Compensation, Nomination and Remuneration Committee
- Stakeholders Relationship Committee
- Corporate Social Responsibility Committee
- Risk Management Committee

Ⓒ Chairman Ⓜ Member

Corporate Information

Manufacturing Facilities

Unit 1: Hyderabad

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Unit 3: Kakinada (Under Construction)

Ontimamidi Village (Kona), Thondangi Post, Thondangi Mandal, Kakinada Dist, (A.P) Pin – 533408

R&D Centres

B-34, Industrial Estate Sanathnagar, Hyderabad. (TG) Pin - 500018.

Lingojigudem Village Choutuppal Mandal Yadadri Bhuvanagiri Dist. (TG) Pin - 508252

Chippada Village, Bheemunipatnam Mandal, Visakhapatnam Dist. (A.P) Pin – 531163

Subsidiaries

Divis Laboratories (USA) Inc;
New Jersey, USA

Divi's Laboratories Europe AG,
Basel, Switzerland

Registered Office

Divi Towers, 1-72/23(P)/DIVIS/303
Cyber Hills, Gachibowli,
Hyderabad - 500032
CIN : L24110TG1990PLC011854
Phone : +91 40 66966300
Fax: +91 40 66966460
E-mail : mail@divislabs.com
Website : www.divislabs.com

Auditors

Statutory Auditors
Price Waterhouse Chartered Accountants LLP, Unit-2B
8th Floor, Octave Block
Block E1, Parcel-4
Salarpuria Sattva Knowledge City
Raidurg, Hyderabad - 500081

Cost Auditors

EVS & Associates
Cost Accountants 205,
Raghava Ratna Towers,
Chirag Ali Lane,
Hyderabad - 500001

Secretarial Auditors

V. Bhaskara Rao & Co.
Company Secretaries, 6-2-1085/B
Flat No.-105, Badam Sohana Apts
Raj Bhavan Road, Somajiguda,
Hyderabad - 500082

Bankers

State Bank of India
CCG Branch, Door No. 8-2-684/2/A
I Floor, NSL Icon Building
Anand Banjara Colony
Road No. 12, Banjara Hills;
Hyderabad - 500034

HDFC Bank Ltd.
Bank House, Wholesale Banking Operations, H.No.6-3-246 & 244
Road No. 1, Banjara Hills;
Hyderabad - 500034

Registrar & Share Transfer Agent

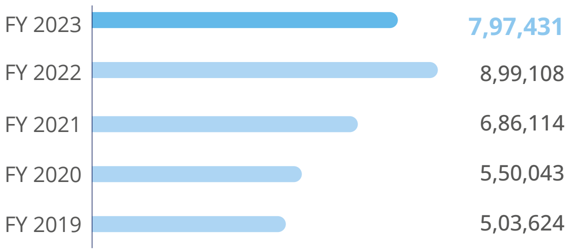
Kfin Technologies Limited
Selenium Tower B, Plot No. 31-32
Gachibowli, Financial District,
Nanakramguda,
Hyderabad- 500032
CIN: U72400TG2017PTC117649
Phone No: 040-67161526,
Fax: 040-23001153
Toll Free No.: 1800 4258 998
E-mail: einward.ris@kfintech.com

Date, Time & Mode of AGM

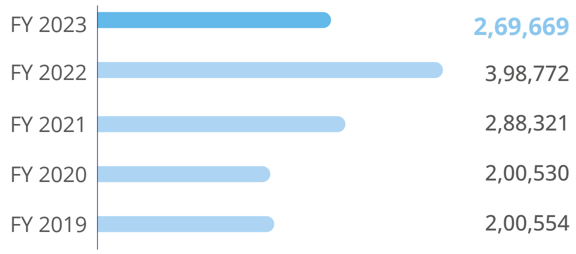
Monday, August 28, 2023 at 10.00 AM IST Through Video Conferencing (VC) Other Audio Visual Means (OAVM)

Key performance indicators

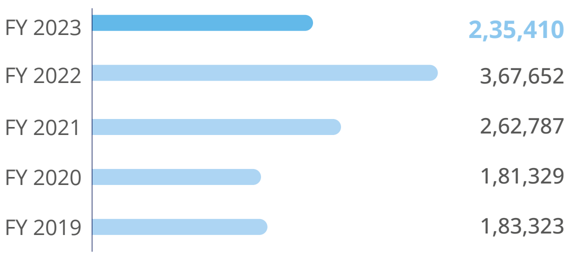
Total Income
(₹ in lakhs)



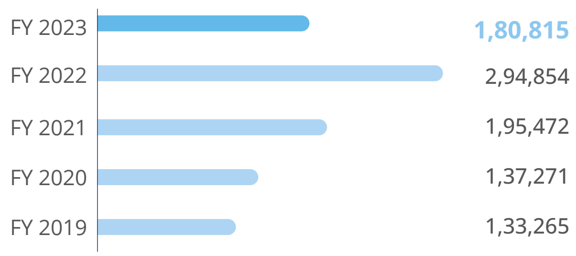
EBDIT
(₹ in lakhs)



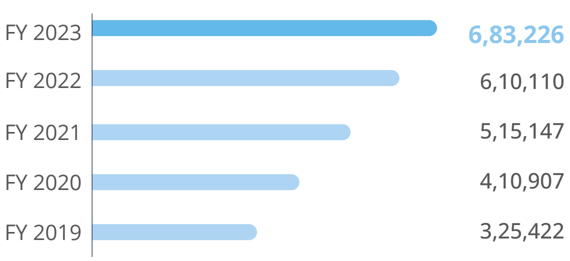
PBT
(₹ in lakhs)



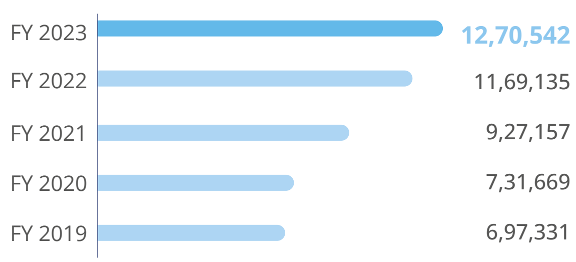
PAT
(₹ in lakhs)



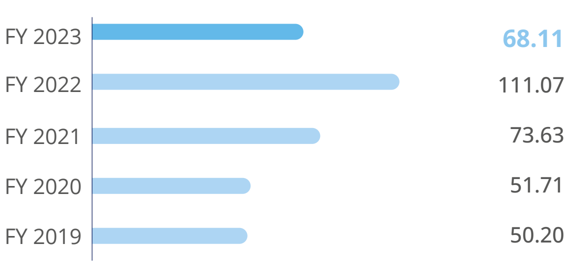
Gross Fixed Assets
(₹ in lakhs)



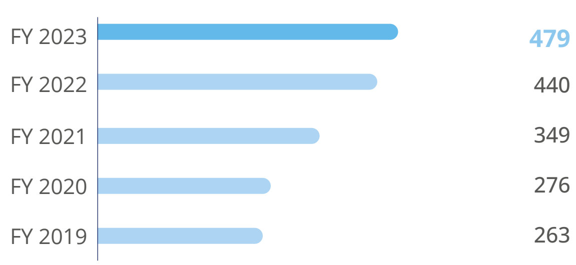
Net Worth
(₹ in lakhs)



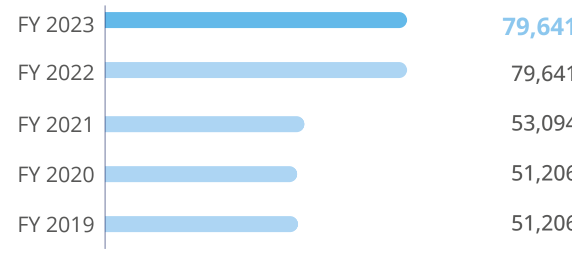
EPS
(₹)



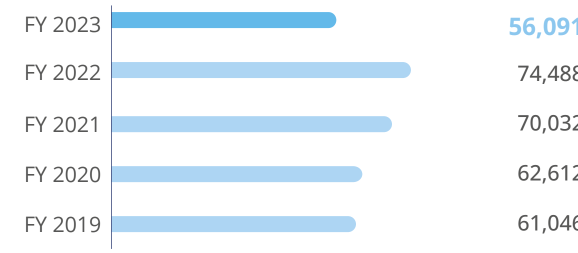
Book Value Per Share
(₹)



Dividend
(₹ in lakhs)



National Exchequer
(₹ in lakhs)



(₹ In lakhs)

	2018-19	2019-20	2020-21	2021-22	2022-23
Turnover and Profit					
Revenue	4,87,966	5,31,057	6,79,861	8,87,982	7,62,530
Revenue Growth %	27%	9%	67%	0%	-14%
Other Income	1,5658	1,89,86	6,253	11,126	34,901
Total Income (₹ In lakhs)	5,03,624	5,50,043	6,86,114	8,99,108	7,97,431
Total Income Growth %	28%	9%	63%	1%	-11%
Profit before Interest,Depreciation and Tax. (EBDIT)	2,00,554	2,00,530	2,88,321	3,98,772	2,69,669
EBDIT to Sales %	40%	36%	32%	44%	34%
EBDIT Growth	47%	0.0%	43.8%	38.3%	-32%
Finance Charges	350	606	69	65	52
Depreciation	16,881	18,595	25,465	31,055	34,207
Profit before tax (PBT)	1,83,323	1,81,329	2,62,787	3,67,652	2,35,410
PBT Growth %	50%	-1%	45%	40%	-36%
Provision for Taxation	50,058	44,058	67,315	72,798	54,595
Profit After Tax (PAT)	1,33,265	1,37,271	1,95,472	2,94,854	1,80,815
Dividend, Share Capital and Capital Employed					
Dividend	800%	800%	1000%	1500%	1,500%
Dividend payout	51,206	51,206	53,094	79,641	79,641
Dividend payout (%)	38%	37%	27%	27%	44%
Equity Share Capital	5,309	5,309	5,309	5,309	5,309
Reserves & Surplus	6,92,022	7,26,360	9,21,848	11,63,826	12,65,233
Net Worth	69,73,31	73,16,69	92,71,57	11,69,135	12,70,542
Net Worth growth %	17%	5%	27%	26%	9%
Gross Fixed Assets	3,25,422	4,10,907	5,15,147	6,10,110	6,83,226
Net Fixed Assets	2,08,742	2,77,626	3,69,901	4,32,097	4,71,876
Key Financial Indicators					
Earnings per share (face value of ₹2/-each)	50.20	51.71	73.63	111.07	68.11
Cash Earnings Per Share (face value of ₹2/-each)	56.56	58.71	83.23	122.77	81.00
Gross Turnover Per share (face value of ₹2/-each)	190	207	337	339	300
Book Value per share (face value of ₹2/-each)	263	276	349	440	479
EBDIT / Gross Turnover %	40%	36%	32%	44%	34%
Net Profit Margin %	26%	25%	22%	33%	23%
RONW %	19.11%	18.76%	21.08%	25.22%	14.23%

Business Model

Stakeholder-centric approach to sustainable value creation

Our business model is centred around creating sustainable value for all stakeholders, driving responsible growth through our strategic approach, and social and environmental stewardship. We firmly believe that this approach is integral to achieving long-term success in today's ever-evolving business landscape.

OPERATING CONTEXT

RESOURCES UTILISED

FINANCIAL RESOURCES
Capital investment for infrastructure, research and development (R&D), as well as an operational budget allocated for manufacturing, supply and regulatory compliance

MANUFACTURED CAPITAL
Utilising state-of-the-art manufacturing facilities and quality control laboratories to ensure reliable production and maintain uniform quality

INTANGIBLE ASSETS
Harnessing intellectual property, patents, proprietary technology for API synthesis, regulatory approvals, certification, and a skilled workforce to drive innovation and ensure high quality

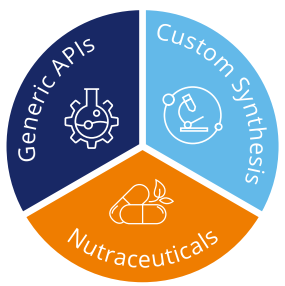
STRONG TEAM
A skilled workforce, experienced management with industry expertise, and a strong R&D team collectively working towards the Company's vision

RELATIONSHIPS WE BENEFIT FROM
Benefitting from strategic partnerships with customers and long-term contracts with suppliers. Driving responsible growth by engaging with society and communities

NATURAL RESOURCES
Prioritising sustainable sourcing, environmental compliance, and efficient resource utilisation for responsible and eco-friendly operations

BUSINESS ACTIVITIES

Our activities encompass the entire value chain, from research and development to commercial production, ensuring the highest quality standards and regulatory compliance



RESOURCES WE DEPLOY

- Significant capacity creation
- Continuous process innovation
- Investments in Safety and GMP training
- Implementing Green Chemistry principles
- Enabling new technologies

FOCUSING ON A SUSTAINABLE TOMORROW

Green Chemistry	Health, Safety and well-being
Empowering Communities	Stakeholder engagement

VALUE CREATED FOR STAKEHOLDERS

CUSTOMERS AND PARTNERS

- High-quality APIs, intermediates, and nutraceuticals, meeting specific requirements of customers and partners
- Contract manufacturing offering customised solutions

SHAREHOLDER VALUE CREATION

- Disciplined approach to capital allocation that enhances sustainable growth
- Strong corporate governance practices ingrained in our operations, fostering shareholder confidence

SKILLED AND EFFICIENT WORKFORCE

- Providing rewarding career opportunities and a supportive work environment
- Offering several training programmes to enhance skill and talent

SUSTAINABLE ENVIRONMENTAL AND COMMUNITIES

- Operating with a commitment to environmental sustainability and minimising the ecological footprint
- Contributing to community wellbeing and development

OUTCOMES

160+
PRODUCTS ACROSS DIVERSE THERAPEUTIC AREAS

₹7,97,431 lakhs
INCOME

₹2,69,669 lakhs
EBDIT

~31 million
SAFE MAN-HOURS

81%
EMPLOYEE RETENTION RATE

~120%
INCREASE IN WATER RECYCLING & REUSE CAPABILITY

~8,60,000
CSR BENEFICIARIES

~1,58,71,000 KWH
ENERGY CONSERVED

GOVERNANCE

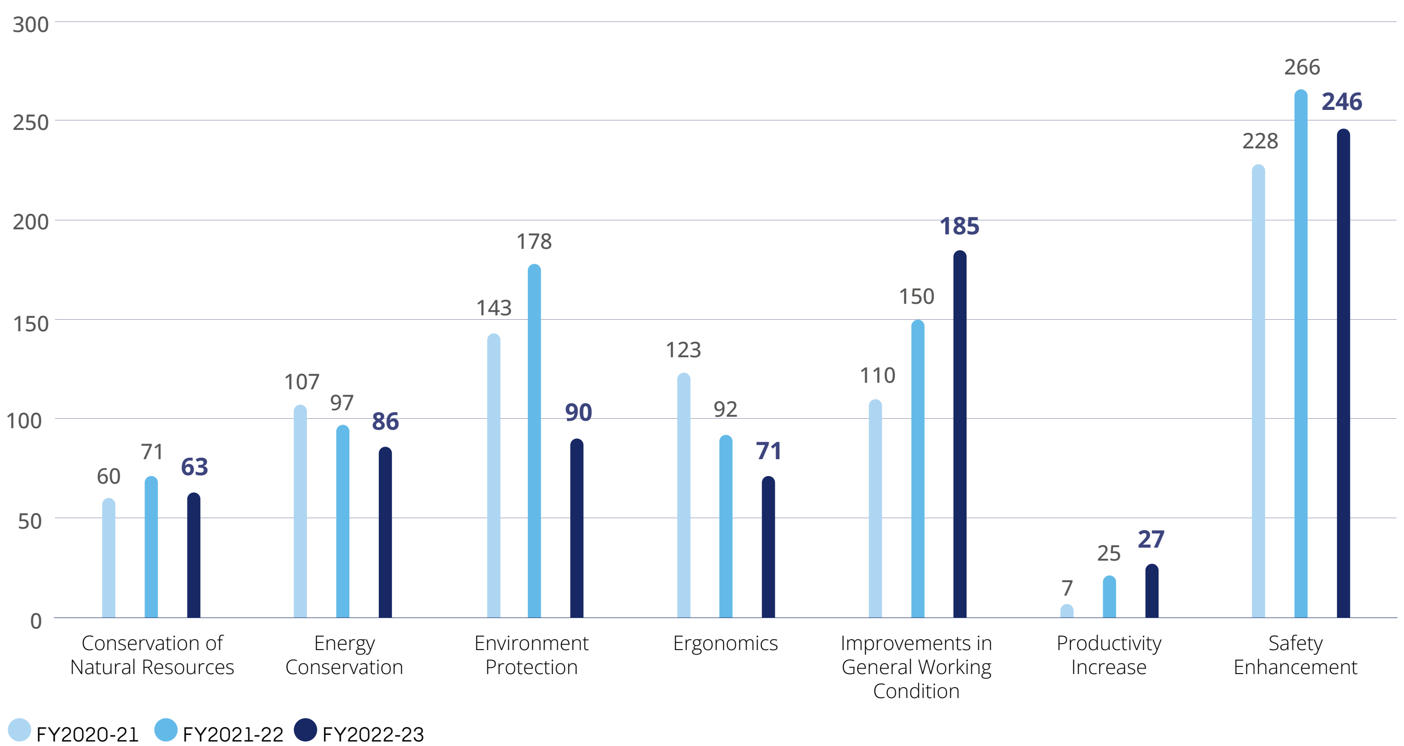
Environment

Striding towards a greener future

At Divi's, we recognise the importance of protecting our planet and preserving its natural resources for future generations. Our commitment towards sustainability is demonstrated through our efforts in reducing our carbon footprint, conserving energy and water, and efficiently managing our waste.

To achieve continual improvement of EHS Management Systems and meet the objectives, our initiatives are accounted under 7 categories and each category has been linked with UNSDGs (Sustainable Development Goals).

CATEGORISATION OF INITIATIVES COMPLETED



SDGs IMPACTED

OUR SUSTAINABILITY GOALS - 2030

Carbon Footprint

- Reduce absolute-based GHG (Scope-1 & Scope-2) emission by 5%.
- Reduce intensity-based GHG (Scope-1 & Scope-2) emission by 25%.

Water Conservation

- Reduce ground water & surface water intake by 30%.
- Reduce water consumption by 25%.
- Reduce intensity-based water consumption by 25%.

Energy Conservation

- Decrease intensity-based energy consumption by 25%.
- Rely on renewable energy sources to the extent possible, where applicable.

Waste Management

- Reduce intensity-based waste disposal by 25%.
- Reduce plastic waste by minimising usage in packing.

GREEN BELT DEVELOPMENT

Our green belt development initiative is aimed at encouraging afforestation and increasing the green cover in and around our facilities through Miyawaki and Avenue plantation technique.

~77,400 MT

CARBON SEQUESTRATION

Environment


Air monitoring systems in our manufacturing units


Installed packaged pressure powered pump unit (PPPPU)

REDUCING CARBON FOOTPRINT

We are committed to reducing our carbon footprint and minimising our impact on the environment. To achieve this, we have undertaken various initiatives aimed at reducing our greenhouse gas emissions and energy consumption.

- Recovering and re-using heat energy from flash steam and letting out to atmospheres. This initiative aided us in reducing ~7,300 tCO_2e.
- Installing Oxygen (O_2) analysers for process vessels to monitor and maintain inert atmospheres in critical process operations benefited us in reducing ~360 tCO_2e.
- Replaced radiator type heat exchanger of process air pre-cooler with plate-heat exchanger, this initiative aided us in reducing ~550 tCO_2e.

ENERGY MANAGEMENT

Our focus on energy management has resulted in significant energy conservation through initiatives such as:

- ~69,50,000 KWH of energy was conserved by recovering and re-using steam released to atmosphere.
- Arranging pH meter at processing area, resulted in reduced process time cycles which in-turn reduced ~3,48,000 KWH of energy.
- Arranging O_2 analysers for process vessels, benefited us in reducing the nitrogen demand for equipment inertisation which in-turn benefited us in conserving ~2,46,000 KWH of energy.

~15,500 tCO_2e

GHG EMISSIONS

~1,58,71,000 KWH

ENERGY CONSERVATION

Ecovadis Silver

Received a Silver rating by Ecovadis, in recognition of our sustainability efforts and for integrating ESG into our daily operation.


Off-the-ground effluent treatment plant


Solvent recovery system

WATER MANAGEMENT

We believe in responsible water management and have implemented several initiatives to reduce our water usage and improve efficiency. Our water management efforts include:

- By purifying and utilising final wash water for cooling towers, ~14,800 m^3 of Raw Water demand was reduced.
- ~7,800 m^3 of rainwater was harvested by facilitating rainwater harvesting pits around our non-process facilities within the factory premises.
- ~1,200 m^3 of water was conserved by replacing wet ice used for reaction mass quenching with brine cooled chilled water.

WASTE MANAGEMENT

As part of our commitment to sustainable manufacturing, we prioritise waste reduction and recycling. Our waste management initiatives include:

- Reusing of final wash/rinse water for initial wash/rinse in process steps.
- Implementing process improvements through GCPs aided in improving recovery and reuse potential.
- Recycling of plastic containers, liners, metal containers and metal scrap.
- Established solvent recovery stations to recover and reuse solvents.
- Solid residues from process, sent by Divi's is reused as fuel (Co-Incineration) in cement industries.

~39,000 m^3

WATER CONSERVATION

~49,830 MT

HAZARDOUS WASTE CO-PROCESSED

Divis Unit 2 - Prashansa Patra during NSCI Awards for its exceptional performance in Occupational Safety and Health.

Divis Unit 1 - Suraksha Puraskar during NSCI Awards for exceptional performance in Occupational Safety and Health.

Best Management Award for Outstanding Contribution towards Industrial Relations and Labour Welfare by Govt. of Telangana.

Social – People

Fostering a purpose-driven culture

In today's dynamic workforce, employees seek more than just job titles, pay, and benefits. They want to be associated with organisations that share their vision and mission. By establishing a purpose-driven workplace, we have not only achieved high retention rate but also fostered a sense of loyalty among our employees.

At Divi's, we have been committed to sustainable chemistry for over three decades. Our focus on optimising processes and practices to protect and enhance human health and the environment has enabled us to create a meaningful connection with our employees.

16,950+
TOTAL EMPLOYEES

~9.9%
FEMALE EMPLOYEES

INCLUSIVE AND UNBIASED HIRING

At Divi's, we believe in a fair and standardised selection process that eliminates cognitive and unconscious bias in candidate evaluation. We use competencies as the basis for assessment and recruit from diverse stakeholder groups, including people with disabilities and experienced retirees. Our workforce consists of employees with varying age, gender and experience, ensuring a healthy diversity ratio.

31.7 years
AVERAGE AGE OF EMPLOYEES

Supporting Women Employees

We support our women employees with inclusive policies and procedures during their parental leave. Our departmental heads ensure their safety during pregnancy, and we provide a gradual return-to-work plan to avoid overburdening them. For the past two years, return-to-work rate and retention rate post parental leave were 100% and over 80% respectively, exceeding the industry average.

Ensuring Work-Life Balance

At Divi's, we prioritise our employees' work-life balance by ensuring that work does not extend beyond office hours. We believe that this helps our employees maintain a healthy mindset and quality social/family life.

Our line managers are trained to ensure that employees can prioritise tasks based on their importance, and we conduct efficient workforce planning at the beginning of each year to avoid overburdening employees. We strongly believe in our employees' potential as advocates of our culture, which is reflected in their high satisfaction levels and the fact that most of our hiring is through employee referrals.

Outcomes

- **High employee satisfaction levels**
- **Efficient workforce planning**
- **Positive work environment**

Social – People

IINVESTING IN PEOPLE FOR LONG-TERM SUCCESS

At Divi's, we understand that attracting and retaining top talent is critical to our success. As one of the largest API companies in the world, we strive to maintain the highest standards of quality by investing in building a strong team through compensation and comprehensive professional development benefits.

Providing Competitive Compensation

We have adopted a 'Lead the Market' compensation strategy and ensure that we pay more than just minimum wages to our employees. Our strategy is designed to positively impact employee commitment, contribution, and continuity. We offer competitive compensation packages that recognise and reward employees for the value they bring to the company. This includes handsome annual increments that are competitive and appropriate to the markets we compete in and are linked to both past performance and future potential.

Comprehensive Benefits

We also provide health and insurance benefits to ensure the well-being of our employees and their families. Our commitment to employee growth includes offering a well-planned career path for personal and professional development. We believe that rewarding loyalty & performance and supporting the needs of employees and families is critical to maintaining a motivated and productive workforce.

Internal Parity

At Divi's, we ensure internal parity by classifying similar jobs into levels based on the role/contribution to achieving the organisation's key objectives. This ensures that employees are paid fairly and equitably based on their job responsibilities and the value they bring to the company.

Outcomes

- **Improved employee commitment, contribution and continuity**
- **Lower turnover rate for mid and senior level employees**
- **Positive culture and reputation**

LEARNING AND DEVELOPMENT

Our people-first culture recognises all potential employees and provides them with employee training and development. We believe in the potential of every employee, which is why we provide personalised and up-to-date training programmes to equip them with the necessary skills to reach their peak performance levels.

Customised Development Opportunities

We offer customised development opportunities tailored to the functional needs of our employees. These opportunities include in-house skill enhancement programmes and externally supported skill upgradation programmes. In addition, we require all employees to participate in mandatory cGMP, environment, health and safety (EHS) training programmes.

~1,300

TRAINING PROGRAMMES CONDUCTED, IN ADDITION TO ON-THE-JOB TRAININGS

Essential Certification Programmes

To keep our employees up to date with the latest regulatory guidelines and manufacturing practices, we offer certification programmes that enable them to gain the required expertise and implement it in the workplace. These programmes come at no cost to the employee. More than 100% of staff and workmen are covered through our cGMP and Data Integrity, Health and Safety, Code of Ethics and Business Conduct, and EMS training programmes.

100%

OF STAFF AND WORKMEN COVERED THROUGH cGMP, DATA INTEGRITY, HEALTH AND SAFETY, CODE OF ETHICS AND EMS TRAINING PROGRAMMES

Collaborative Ed-Tech Partnership

Our collaboration with an international Ed-Tech company provides our employees with access to around 7,000 programmes of instructor-led and self-paced training. These programmes span technical training to professional skills, which employees can access on-demand from anywhere. Digital badges are also provided to motivate and reward learners, serving as visual and portable records of accomplishment.

ACCESS TO

~7,000

INSTRUCTOR-LED AND SELF-PACED TRAINING PROGRAMMES

Employee Engagement and Retention

We foster employee development through exploration and on-the-job training programmes to help them reach their highest potential. Each department has a standard set of operating procedures for regular training of both new and experienced employees. Seniors train identified subordinates to handle various challenges that may arise.

~81%

EMPLOYEE RETENTION RATE

CREATING A SAFE AND HEALTHY WORK ENVIRONMENT

Safety and well-being of our employees is a top priority at Divi's. Our commitment to creating a healthy work environment is reflected in our ISO 14001 compliant Environmental Management System and ISO 45001 compliant Occupational Health and Safety Management System. We provide ergonomic workplaces and resources to promote the physical and mental well-being of our employees.

Safety First Approach

Our safety team conducts regular risk assessments to identify potential safety hazards and ways to avoid them in the manufacturing process. We train all employees, including contract workers, on safety protocols and the use of personal protective equipment. Incidents of protocol lapses are addressed, and employees are made aware of the consequences.

~88,000

EHS TRAINING SESSIONS COVERING ~8,90,000 PARTICIPANTS

~31 million

SAFE MAN-HOURS DURING FY 2023

0.40

LTI FREQUENCY RATE

0.05

LTI SEVERITY RATE


Safety mock drills at our manufacturing unit

United by Purpose

Employee-Driven Voluntary Social Engagement

We believe that it is our shared responsibility to come together and inspire positive change. Driven by Divi's commitment to serving local communities, our exceptional teams actively participate in various voluntary activities that promote social welfare.

OUR ENGAGEMENT OVER THE YEARS

- Plantation drives
- Beach clean-ups
- Blood donation
- Awareness walks

1,200+
PARTICIPANTS TO INCREASE SPREADING AWARENESS ON AUTISM

~1,800
EMPLOYEES DONATED BLOOD ACROSS OUR MANUFACTURING FACILITIES

~600 lts
OF BLOOD DONATED DURING THE YEAR FY2023

Social - Community

Impacting lives through responsible efforts

As a responsible corporate citizen, we strive to make a meaningful difference in the lives of communities around us and create a positive impact on society. Our CSR initiatives are designed to address the key issues faced by these communities and empower them through our key CSR thrust areas.

~8,60,000
CSR BENEFICIARIES DURING FY 2023

₹5,385 lakhs
CSR BUDGET DURING FY 2023

OUR CSR THRUST AREAS

Safe Drinking Water

Child Empowerment

Community Development
- Preventive Healthcare
- Village Development
- Animal Welfare

People Empowerment
- Women Empowerment
- Supporting Differently-abled

Environmental Sustainability

Social - Community

SAFE DRINKING WATER

Project Sujalam
Safe Water, Strong Communities!

Project Sujalam is our flagship CSR initiative that aims to provide safe drinking water to communities around our manufacturing facilities. This project has been successful in addressing the acute water shortage and groundwater contamination in the surrounding villages.

~2,31,000

BENEFICIARIES ACROSS 91 LOCATIONS

Impacting lives through equitable access to clean water

In 1994, when we set up our first manufacturing unit, our founder realised that the local communities lacked access to safe drinking water. With an aim to make a positive impact, Divi's initiated a primary CSR activity to meet the insufficient demands of clean water through Project Sujalam.

This project focuses on Reverse Osmosis (RO) technology for water purification and has been effective in removing excess fluoride and other impurities from water, making it safe for consumption. With the concept of the Any Time Water technology, access to safe drinking water is now possible 24/7 through a system of prepaid cards. The project has empowered village communities to take ownership of the water purification systems, leading to a visible health impact within just two months of installation. The low cost of upkeep ensures the sustainability of the project.

We installed adequate safe drinking RO water plants in villages, temples, colleges, and schools. As a result, this initiative has made clean drinking water more accessible to many people in Telangana and Andhra Pradesh.

Way Forward

Project Sujalam and Jalaprasadam have made a tangible impact in improving the lives of people and transformed their access to water. Divi's continues to be committed to this mission and looks forward to expanding this project to more communities in the future.

Impact story

PROJECT JALAPRASADAM: A TALE OF CLEAN WATER AND SACRED BOND

Driven by our purpose of providing safe drinking water, we diligently installed state-of-the-art water purification plants at various temples around our manufacturing units. These temples stood for their ancient traditions and spiritual significance. Devotees from far and wide would visit these temples seeking solace, guidance, and a connection to the divine. However, a pressing concern troubled the temple authorities: the lack of clean drinking water for the weary pilgrims.

Divi's recognised that providing pure drinking water was not just a necessity, but a duty imbued with the essence of compassion and service. With careful planning and unwavering dedication, we set up RO purification plants at temples, ensuring that every visitor could partake in the divine experience with a sense of purity and well-being. Our efforts did not end with the installation of the purification plants as we also took on the responsibility of training temple staff in proper maintenance and monitoring to ensure the continued operation and efficiency of the RO systems.

We believe that our efforts not only quenched the physical thirst of the people but also nurtured a sense of solidarity and shared responsibility within the community to ensure the sustenance of this precious resource. We hope that our journey shall serve as a reminder that even the simplest act of kindness, when performed with unwavering dedication and love, have the power to transform lives and bring about meaningful change.

~1,57,000

BENEFICIARIES ACROSS 8 TEMPLES, EACH DAY

Social - Community

CHILD EMPOWERMENT

Empowering Tomorrow's Citizens

We believe that children are the future of the nation, and it is essential to empower them to become healthy and responsible citizens. We understand that providing a safe environment and access to education is crucial in shaping the future of the country. Therefore, Divi's is committed to supporting education initiatives that promote sustainable growth for the children of today and the leaders of tomorrow.

~84,000

STUDENTS BENEFITTED ACROSS 827 SCHOOLS IN AP AND TELANGANA OVER THE YEARS

Impact

During FY 2023, we supported more than 300 schools in Telangana and Andhra Pradesh through infrastructure development.

We undertook various initiatives such as constructing new classrooms and providing desks, benches, notebooks, school bags, shoes, and stationery, to improve the learning environment.

Way Forward

We also set up playgrounds at the SVLNS Govt Degree College Bheemili and provided scholarships to deserving students.

We are committed to continuing our efforts to support education and empower children to become responsible citizens. We will continue to expand our educational initiatives to more schools, benefiting more students and providing them with the necessary resources to achieve their goals.

Clean Water for Bright Futures

We embarked on a project to distribute RO plants at schools in 2010, ensuring access to safe and healthy drinking water for students at Government schools. The project encompassed various stages, including careful planning, meticulous execution, and sustained support. Our goal was to address the pressing issue of limited access to clean drinking water in schools, particularly around our manufacturing units.

~60,000 Students

BENEFICIARIES

Impact

RO PLANTS INSTALLED IN

600 Schools

DURING FY 2023

Way Forward

We remain committed to expanding our efforts and reaching more schools in need. We will continue to assess the impact of our CSR initiative, and explore opportunities to improve the health and well-being of thousands of students, minimising the risk of waterborne illnesses.

Empowering lifelong learning – KG to PG

We believe in the transformative power of education and as a part of our ongoing commitment to child empowerment, we undertook a significant CSR initiative, aimed at the development of Siricilla school, spanning from kindergarten to post graduation.

Impact

~3,500 Students

BENEFICIARIES

Way Forward

Through our CSR initiative for the development of Siricilla School, we have witnessed a remarkable transformation. We will continue to monitor the impact of our initiatives, collaborate with more schools, and seek innovative ways to further improve the educational ecosystem at the school.

Social - Community

COMMUNITY DEVELOPMENT

Empowering Communities for Sustainable Development

Our community development initiatives are centred around three key focus areas: preventive healthcare, village development and animal welfare. Through these initiatives, we aim to make a positive impact on the lives of people and animals in the communities we serve. Our efforts have already benefited thousands of individuals and we remain committed to continuing our work towards creating sustainable and prosperous communities.

Preventive Healthcare

Commitment to Ensuring Healthy Communities

Divi's prioritises preventive healthcare and spreading awareness about diseases and their prevention. Through our healthcare programmes and awareness campaigns, we aim to establish a disease-free community.

~1,74,000

BENEFICIARIES ACROSS 55 VILLAGES

Impact

During FY 2023, we conducted health check-ups and eye check-up camps, benefiting thousands of people in ten different villages.

Way Forward

We will continue to focus on preventive healthcare, organising health check-ups, vaccinations, and spreading awareness about diseases.

Village Development

Strengthening Rural India

Divi's believes in the potential of rural India as the backbone of our nation's economy and culture. We have been working towards the holistic development of rural infrastructure since the nineties.

~1,03,000

BENEFICIARIES ACROSS 44 VILLAGES

Impact

Our efforts have improved the quality of life in villages by developing roads, sanitation facilities, streetlights, toilets, cemeteries, water tanks, parks, and gram panchayat buildings. During FY 2023, we supported grama panchayats in enhancing the roads and infrastructure of five villages by building canals and underground drains.

Way Forward

We will continue to complement the government's efforts towards rural development by building sustainable infrastructure and empowering local communities.

Animal Welfare

Ensuring a Compassionate World for Animals

Divi's focuses on ensuring the welfare of animals, including shelter, nutrition, and treatment, and enhancing income generation opportunities for local women who depend on livestock for a livelihood.

~95,000

BENEFICIARIES ACROSS 44 VILLAGES

Impact

We set up veterinary camps, animal wellness camps, and strengthened veterinary hospitals in mandal headquarters.

Way Forward

Divi's will continue to provide support to veterinary dispensaries, set up dairy development and cattle feed camps, and encourage the participation of women folk in driving the importance of dairy farming as a sustainable economic activity.

Social - Community

PEOPLE EMPOWERMENT

Creating an Inclusive Society for Sustainable Development

Divi's believes in the power of people, and to this end, we are committed to empowering women and supporting differently abled individuals through various initiatives. Our people empowerment initiatives aim to create a more inclusive society where everyone has equal opportunities to succeed and contribute to the development of our society.

Women Empowerment

Creating Self-Employment Opportunities for Women

We believe that empowering women through skill development and self-employment opportunities are key to eliminating poverty and contributing to our society's economic growth. Our Mahila Bhavans and training programmes have provided women with the necessary equipment and training to succeed in various fields.

~1,000

BENEFICIARIES ACROSS 33 VILLAGES

Impact

During FY 2023, we helped women gain skills and become financially independent by providing training to succeed in various fields such as tailoring, bookbinding, embroidery, and beauty-related courses.

Way Forward

We will continue to encourage and support women's livelihood programmes and provide skill development facilities. Our aim is to empower more women to become financially independent and contribute to our society's economic growth.

Supporting Differently Abled Individuals

For Creating a More Inclusive Society

We are committed to supporting differently abled individuals and creating a better place for them to live and aspire for a better tomorrow by providing them with the facilities they need to live independently and achieve their goals.

Impact

During FY 2023, we distributed laptops to visually challenged children and built hostels with better infrastructure.

Way Forward

We will continue to support differently abled individuals and create facilities that cater to their needs. Our goal is to create a more inclusive society where everyone has equal opportunities to succeed and lead fulfilling lives.

~300

BENEFICIARIES

Social- Community

ENVIRONMENTAL SUSTAINABILITY

Divi's Laboratories believes in the importance of promoting human well-being and environmental health. As part of our commitment to sustainability, we have implemented various initiatives to support ecological balance both within and outside our manufacturing units.

~60,000
SAPLINGS PLANTED

Impact

During the year, we planted ~60,000 saplings around a village in Visakhapatnam to increase the green cover in the area and promote ecological balance.

This will have a significant positive impact on the local environment. The increased green cover will aid in the absorption of carbon dioxide and various pollutants, leading to air purification and the sustenance of the ecosystem.

Way Forward

Moreover, it will create a conducive habitat for wildlife, improve soil quality, and prevent soil erosion.

Going forward, we will continue to implement initiatives to promote ecological balance and support the environment to foster a more sustainable future for all.

Impact story

CONTRIBUTING TO A MORE SUSTAINABLE FUTURE THROUGH MIYAWAKI TECHNIQUE

Developed Yadadri model natural forest in 10 villages

10
VILLAGES

~30,000
SAPLINGS

~1,21,000
PEOPLE CAN HAVE ABUNDANT OXYGEN, RELEASED BY THESE PLANTS

Distributed Ganesh idols

~10,000
BENEFICIARIES

Developed Kambalakonda forest

~20,000
BENEFICIARIES

Business Responsibility & Sustainability Report (BRSR)

Section A: General Disclosures

I. Details of the listed entity

1.	Corporate Identity Number (CIN) of the Company	L24110TG1990PLC011854
2.	Name of the Listed Entity	Divi's Laboratories Limited
3.	Year of incorporation	1990
4.	Registered office address	Divi Towers, 1-72/23(P)/DIVIS/303, Cyber Hills, Gachibowli, Hyderabad – 500 032, Telangana, India
5.	Corporate address	Divi Towers, 1-72/23(P)/DIVIS/303, Cyber Hills, Gachibowli, Hyderabad – 500 032, Telangana, India
6.	E-mail	mail@divislabs.com
7.	Telephone	+91 40-66966300
8.	Website	www.divislabs.com
9.	Financial year for which reporting is being done	April 1, 2022 to March 31, 2023
10.	Name of the Stock Exchange(s) where shares are listed	National Stock Exchange of India Limited (NSE), and BSE Limited (BSE)
11.	Paid-up Capital	₹ 53,09,37,160/-
12.	Name and contact details (telephone, email address) of the person who may be contacted in case of any queries on the BRSR report	M. Satish Choudhury Company Secretary cs@divislabs.com 040-66966352
13.	Reporting boundary - Are the disclosures under this report made on a standalone basis (i.e. only for the entity) or on a consolidated basis (i.e. for the entity and all the entities which form a part of its consolidated financial statements, taken together).	The disclosure under this BRSR is on standalone basis unless otherwise stated.

II. Products/services

14. Details of business activities (accounting for 90% of the turnover):

S. No	Description of Main Activity	Description of Business Activity	% of Turnover of the entity
1.	Manufacture of Active pharma ingredients, intermediates and nutraceuticals	Manufacture of Active pharma ingredients, intermediates and nutraceuticals	100%

15. Products/Services sold by the entity (accounting for 90% of the entity's Turnover):

S.No	Product/ Service	NIC Code	% of total Turnover contributed
1.	Manufacture of Active pharma ingredients, intermediates, custom pharmaceutical services and nutraceuticals	21009	100%

III. Operations

16. Number of locations where plants and/or operations/offices of the entity are situated:

Location	Number of plants	Number of offices	Total
National	3*	1	4
International	0	2	2

*The plants include the Company's manufacturing locations and R&D centres.

17. Markets served by the entity:

a. Number of locations

Locations	Number
National (No. of States)	Pan India
International (No. of Countries)	86

b. What is the contribution of exports as a percentage of the total turnover of the entity?
88%

c. A brief on types of customers
Our customers include various pharmaceutical and nutraceutical companies across the globe.

IV. Employees

18. Details as at the end of Financial Year:

a. Employees and workers (including differently abled):

S. No.	Particulars	Total (A)	Male		Female	
			No. (B)	% (B/A)	No. (C)	% (C/A)
Employees						
1.	Permanent (D)	8,375	7,223	86.24	1,152	13.76
2.	Other than Permanent (E)	2,290	1,767	77.16	523	22.84
3.	Total employees (D + E)	10,665	8,990	84.29	1,675	15.71
Workers						
4.	Permanent (F)	58	58	100.00	0	0.00
5.	Other than Permanent (G)	6,188	6,183	99.92	5	0.08
6.	Total workers (F + G)	6,246	6,241	99.92	5	0.08

b. Differently abled Employees and workers:

S. No.	Particulars	Total (A)	Male		Female	
			No. (B)	% (B/A)	No. (C)	% (C/A)
Differently abled Employees						
1.	Permanent (D)	19	18	94.74	1	5.26
2.	Other than Permanent (E)	0	0	0	0	0
3.	Total differently abled employees (D + E)	19	18	94.74	1	5.26
Differently abled workers						
4.	Permanent (F)	0	0	0	0	0
5.	Other than Permanent (G)	12	12	100	0	0
6.	Total differently abled workers (F + G)	12	12	100	0	0

19. Participation/Inclusion/Representation of women:

	Total (A)	No. and percentage of Females	
		No. (B)	% (B/A)
Board of Directors	12	2	17%
Key Management Personnel*	7	1	14%

* Including Executive Directors

20. Turnover rate for permanent employees and workers:

	FY 2022-23			FY 2021-22			FY 2020-21		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Permanent Employees	17.69%	23.70%	18.52%	15.72%	27.90%	17.39%	12.60%	17.69%	13.26%
Permanent Workers	1.72%	0	1.72%	0	0	0	0	0	0

V. Holding, Subsidiary and Associate Companies (including joint ventures)

21. (a) Names of holding/subsidiary/associate companies/joint ventures:

S. No.	Name of the holding/ subsidiary/ associate companies/ joint ventures (A)	Indicate whether holding/ Subsidiary/ Associate/ Joint Venture	% of shares held by listed entity	Does the entity indicated at column A, participate in the Business Responsibility initiatives of the listed entity? (Yes/No)
1	Divis Laboratories (USA) Inc., New Jersy, USA.	Subsidiary	100%	No
2	Divi's Laboratories Europe AG, Basel, Switzerland	Subsidiary	100%	No

VI. CSR Details

22. (i) Whether CSR is applicable as per section 135 of Companies Act, 2013: Yes

(ii) Turnover (in ₹): ₹7,97,431 lakhs

(iii) Net worth (in ₹): ₹12,70,542 lakhs

VII. Transparency and Disclosures Compliances

23. Complaints/Grievances on any of the principles (Principles 1 to 9) under the National Guidelines on Responsible Business Conduct:

Stakeholder group from whom complaint is received	Grievance Redressal Mechanism in Place (Yes/No) (If Yes, then provide web- link for grievance redress policy)	FY 2022-23			FY 2021-22		
		Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks	Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks
Communities	Yes*	0	0	-	0	0	-
Investors (other than shareholders)	NA	-	-	-	-	-	-
Shareholders	Yes*	59	0	-	22	0	-
Employees and workers	Yes*	0	0	-	0	0	-
Customers	Yes*	37	5	#	37	6	Resolved subsequently
Value Chain Partners	Yes*	0	0	-	0	0	-
Other (please specify)	Yes*	-	-	-	-	-	-

* Various policies of the Company for redressing the grievances of its stakeholders are available at https://www.divislabs.com/investor-relations/. In addition there are internal policies placed on intranet of the Company.

One complaint has been resolved and investigations are in progress for 4 complaints.

24. Overview of the entity's material responsible business conduct issues:

Please indicate material responsible business conduct and sustainability issues pertaining to environmental and social matters that present a risk or an opportunity to your business, rationale for identifying the same, approach to adapt or mitigate the risk along-with its financial implications, as per the following format.

S. No.	Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk/ opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk opportunity (Indicate positive or negative implications)
1	Occupational Health and Safety	R	In pharmaceutical manufacturing, health and safety management systems have to be inherent for uninterrupted safe operations.	Health and Safety management systems and procedures are in place in line with the applicable laws enacted in India like Factories Act, Explosives Act, etc., as well as applicable international standards like ISO. These systems/procedures are reviewed and audited periodically. Processes are in place for incident reviews leading to corrective and preventive action.	Occupational health & safety incidents can have negative financial implications.
2	Environment Management	R	The Company's operations may result in risk to environment.	Environmental risks and impacts are managed through established environment management practices. The practices include conducting risk assessments, periodic review mechanisms and continuous strengthening practices and mitigation plans, using reviews and corrective and preventive actions.	Environmental risks may result in negative financial implications.
3	Water management	R	Water management is crucial for the Company's operations.	We are managing risks associated with water management through implementation and strengthening of water recycle and reuse programs, installation of RO plants to treat water to reuse, water conservation programs (rainwater harvesting, collecting steam condensate, etc), and by installation of desalination plants to utilise seawater for selected operations.	Water management risks may result in negative financial implications.
4	Community care	O	The Company believes in sustainable development and serves the vulnerable population around its manufacturing operations through its CSR activities.		Positive: The Company helps the communities with CSR activities in the area of health, education, drinking water, women empowerment, green initiatives, support to differently abled, rural development, Skill development, etc. This gives the Company a positive outlook in the communities it operates.
5	Waste management	R	Manufacturing of products requires abundant quantities of raw materials and proper management of waste.	We are managing risks associated with Waste management through implementation and strengthening of recycle and reuse programs. Effective recovery of solvents from solvent recovery system and reuse in the process. Implementation of green chemistry in the process to reduce the waste generation. All solid waste generated are handled as per the applicable regulations of Ministry of Environment, Forest & Climate Change of India and Pollution Control Board's (PCB) conditions.	Waste management risks may result in negative financial implications.

Section B: Management and Process Disclosures

The National Guidelines for Responsible Business Conduct (NGRBC) as prescribed by the Ministry of Corporate Affairs advocates nine principles referred as P1 to P9 as given below:

P1	Businesses should conduct and govern themselves with Ethics, Transparency and Accountability
P2	Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle
P3	Businesses should promote the wellbeing of all employees
P4	Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalised.
P5	Businesses should respect and promote human rights
P6	Business should respect, protect, and make efforts to restore the environment
P7	Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner
P8	Businesses should support inclusive growth and equitable development
P9	Businesses should engage with and provide value to their customers and consumers in a responsible manner

Disclosure Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
Policy and management processes									
1. a. Whether your entity's policy/policies cover each principle and its core elements of the NGRBCs. (Yes/No)	Yes	Yes	Yes	Yes	Yes	Yes	NA	Yes	Yes
b. Has the policy been approved by the Board? (Yes/No)	The Policies are approved by the Board or respective Executive Director as authorised by the Board.								
c. Web Link of the Policies, if available	(Click on policy for web access if available on the Company's website i.e. www.divislabs.com) P1 to P9 (excluding P7) - Code of Ethics and Business Conduct P1 - Whistle Blower Policy P2 - Supplier Code of Conduct, Sustainable procurement policy P3 to P5 - Labour and Human Rights Policy P4 - Corporate Social Responsibility Policy P6 – Environmental, Health and Safety Policy, Environmental Sustainability Policy P7 – NA P9 - Information Security Policies (available on our intranet)								
2. Whether the entity has translated the policy into procedures. (Yes/No)	Yes						NA	Yes	
3. Do the enlisted policies extend to your value chain partners? (Yes/No)	Yes	Yes	Yes	Yes	Yes	Yes	NA	No	Yes
4. Name of the national and international codes/ certifications/labels/ standards (e.g. Forest Stewardship Council, Fairtrade, Rainforest Alliance, Trustea) standards (e.g. SA 8000, OHSAS, ISO, BIS) adopted by your entity and mapped to each principle.		ISO 45001, ISO 9001	ISO 45001 OHSAS 18001			ISO 14001, ISO 14064, CGMP		As per the CSR Rules prescribed under the Companies Act, 2013	
5. Specific commitments, goals and targets set by the entity with defined timelines, if any.	The Company has set specific ESG objectives which lays down the key aspects of the sustainability including timelines for the same. We have set the following sustainability targets for 2030: **Carbon Footprint** • Reduce absolute based GHG (Scope-1 & Scope emission by 5%. • Reduce intensity based GHG (Scope-1 & Scope-2) emission by 25%. **Water Conservation** • Reduce ground water & surface water intake by 30%. • Reduce water consumption by 25%. • Reduce intensity-based water consumption by 25%. **Energy Conservation** • Decrease intensity-based energy consumption by 25%. • Rely on renewable energy sources to the extent possible, where applicable. **Waste Management** • Reduce intensity-based waste disposal by 25%. • Reduce plastic waste using for packing.								
6. Performance of entity against the specific commitments, goals and targets along-with reasons in case the same are not met.	The performance against specific commitments, goals achieved during the year is as follows: **Carbon Footprint** • ~15,500 TCO_2e emissions were reduced with the initiatives taken during the reporting period. **Water Conservation** • ~39,000 M^3 of water was conserved with the initiatives taken during the reporting period. **Energy Conservation** • ~1,58,71,000 KWH or 57,135 GJ of energy was conserved with the initiatives taken during the reporting period . **Waste Management** • Reduced ~85 MT of waste.								
Governance, leadership and oversight									
7. Statement by director responsible for the business responsibility report, highlighting ESG related challenges, targets and achievements (listed entity has flexibility regarding the placement of this disclosure): Please refer Managing Director's perspective at page no. 10 of this annual report.									
8. Details of the highest authority responsible for implementation and oversight of the Business Responsibility policy (ies).	Dr. Murali K. Divi Managing Director DIN: 00005040 Email: cs@divislabs.com Tel: 040-66966352								

Disclosure Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
9. Does the entity have a specified Committee of the Board/ Director responsible for decision making on sustainability related issues? (Yes/No). If yes, provide details.	Yes, Mr. Madhusudhana Rao Divi, Whole-time Director (Projects) is the head of business responsibility and leads the sustainability/ESG strategies in the Company. He reports and updates the Board on sustainability issues as part of the business performance review.								
10. Details of Review of NGRBCs by the Company:									
Subject for Review	**Indicate whether review was undertaken by Director/Committee of the Board/ Any other Committee and Frequency**								
Performance against above policies and follow up action	The Policies of the Company are reviewed periodically or on need basis by respective Department heads/Executive Directors/Board Committees/Board of Directors, as applicable.								
Compliance with statutory requirements of relevance to the principles, and rectification of any non-compliances	The Company is in compliance with all applicable laws.								
11. Has the entity carried out independent assessment/ evaluation of the working of its policies by an external agency? (Yes/No). If yes, provide name of the agency.	No	Yes, Bureau Veritas India	No	No	No	Yes, Bureau Veritas India	NA	No	No

12. If answer to question (1) above is "No" i.e. not all Principles are covered by a policy, reasons to be stated:

    With respect to Principle 7, the answer is "Not Applicable" (NA) as the Company does not have a separate policy on public advocacy.

Section C: Principle Wise Performance Disclosure

PRINCIPLE 1: Businesses should conduct and govern themselves with integrity, and in a manner that is Ethical, Transparent and Accountable

Essential Indicators

1. Percentage coverage by training and awareness programmes on any of the Principles during the financial year:

Segment	Total number of training and awareness programmes held	Topics/ principles covered under the training and its impact	% age of persons in respective category covered by the awareness programmes
Board of Directors (BoD) Key Managerial Personnel	4	Familiarisation programs for the Board of Directors/ KMPs of the Company are done periodically. The topics of the programmes includes business and industry updates, risk management, important regulatory changes and compliances of various statutory requirements, updating on various Codes/Policies of the Company, environmental, social and governance parameters, legal cases, etc.	100%
Employees other than BoD and KMPs Workers	1251	In addition to on-the-job training programs, all the employees including workers underwent trainings which include topics covering principles P1-6, P8, P9.	100%

2. Details of fines/penalties /punishment/ award/ compounding fees/ settlement amount paid in proceedings (by the entity or by directors/KMPs) with regulators/ law enforcement agencies/ judicial institutions, in the financial year, in the following format.

   (Note: the entity shall make disclosures on the basis of materiality as specified in Regulation 30 of SEBI (Listing Obligations and Disclosure Obligations) Regulations, 2015 and as disclosed on the entity's website):

Monetary	NGRBC Principle	Name of the regulatory/ enforcement agencies/ judicial institutions	Amount (In INR)	Brief of the Case	Has an appeal been preferred? (Yes/No)
Penalty/ Fine					
Settlement			Nil		
Compounding fee					
Non-Monetary					

Non-Monetary	NGRBC Principle	Name of the regulatory/ enforcement agencies/ judicial institutions	Brief of the Case	Has an appeal been preferred? (Yes/No)
Imprisonment				
Punishment		Nil		

3. Of the instances disclosed in Question 2 above, details of the Appeal/ Revision preferred in cases where monetary or non-monetary action has been appealed.

   Not Applicable

4. Does the entity have an anti-corruption or anti-bribery policy? If yes, provide details in brief and if available, provide a web-link to the policy.

   Yes. The Company has Anti-Corruption Policy, which not only covers the company but also extend to our stakeholders, vis., suppliers, customers, employees, etc.

   Weblink: https://www.divislabs.com/wp-content/uploads/2022/02/Anti-Corruption-Policy.pdf

5. Number of Directors/KMPs/employees/workers against whom disciplinary action was taken by any law enforcement agency for the charges of bribery/ corruption:

	FY 2022-23	FY 2021-22
Directors	0	0
KMPs	0	0
Employees	0	0
Workers	0	0

6. Details of complaints with regard to conflict of interest:

	FY 2022-23		FY 2021-22	
	Number	Remarks	Number	Remarks
Number of complaints received in relation to issues of Conflict of Interest of the Directors	0	-	0	-
Number of complaints received in relation to issues of Conflict of Interest of the KMPs	0	-	0	-

7. Provide details of any corrective action taken or underway on issues related to fines/penalties/action taken by regulators/ law enforcement agencies/ judicial institutions, on cases of corruption and conflicts of interest.

   Not applicable

Leadership Indicators

1. Awareness programmes conducted for value chain partners on any of the Principles during the financial year:

Total number of awareness programmes held	Topics/ Principles covered under the training	% age of value chain partners covered (by value of business done with such partners) under the awareness programmes
Nil	Nil	Nil

2. Does the entity have processes in place to avoid/ manage conflict of interests involving members of the Board? (Yes/No) If Yes, provide details of the same.

   Yes, the Company has in place "Code of Ethics and Business Conduct" and a 'Policy on Related Party Transactions', which are applicable to the members of the Board of Directors. Transactions with Directors or any entity in which such Directors are concerned or interested, are required to be approved by the Audit Committee and the Board of Directors. In such cases, the interested Directors abstain themselves from the discussions at the meeting. Related Party Transactions, if any, with the Company shall be at arm's length basis only. The weblink of the abovementioned policies are mentioned below:

   Code of Ethics and Business Conduct: https://www.divislabs.com/wp-content/uploads/2022/02/Code-of-Ethics-and-Business-Conduct-of-Divis-Laboratories-Limited.pdf

   Policy on Related Party Transactions: https://www.divislabs.com/wp-content/uploads/2022/04/RPT-policy.pdf

PRINCIPLE 2: Businesses should provide goods and services in a manner that is sustainable and safe

Essential Indicators

1. Percentage of R&D and capital expenditure (capex) investments in specific technologies to improve the environmental and social impacts of product and processes to total R&D and capex investments made by the entity, respectively.

	FY 2022-23	FY 2021-22	Details of improvements in environmental and social impacts
R&D Capex	During the year 2022-23, the total investment in R&D and capital expenditure was about ₹6,934 lakhs. This includes R&D and capex investments in specific technologies to improve the environmental and social impacts of products and processes	During the year 2021-22, the total investment in R&D and capital expenditure was about ₹5,905 lakhs. This includes R&D and capex investments in specific technologies to improve the environmental and social impacts of products and processes	With the improvements taken during the year 2022-23, ~15,500 TCO_2e emissions were reduced, ~39,000 M^3 of water was conserved and ~1,58,71,000 KWH of energy was conserved.

2. a. Does the entity have procedures in place for sustainable sourcing? (Yes/No): Yes

   b. If yes, what percentage of inputs were sourced sustainably?

   Yes, at Divis, we are striving for sustainability across all functions of our organisation including sourcing and procurement. Through our Sustainable Procurement policy, we are committed to ensuring the goods and services we purchase are manufactured, delivered, used and disposed of in an environmentally and socially responsible manner. It is also intended to encourage our suppliers to adopt practices that minimise their environmental impact and deliver community benefits, in relation to their own operations, and throughout the supply chains in which they operate.

   About 80% volume of our purchases are sourced from vendors who embraced our sustainable procurement policy

   c. Describe the processes in place to safely reclaim your products for reusing, recycling and disposing at the end of life, for (a) Plastics (including packaging) (b) E-waste (c) Hazardous waste and (d) other waste.

   We have adopted a waste management procedure under which plastic wastes management is taken care right from receipts to disposal. The plastic waste (packaging and other type) generated from our operations is collected, segregated at point of generation, and sent to authorised recyclers by following all applicable local regulations. E-waste generated from our operations is collected and transferred to authorised recyclers/dismantling agencies by following all applicable local regulations. Hazardous & Other Waste: Adopting the benchmarking practices on hazardous waste management, most of the waste is co-processed as alternative fuel instead of incineration which shall cutdown the incinerated ash sent for Landfill. Organic/distillation bottom residues which possess calorific value are sent to cement industries as alternate fuel in the kilns. Inorganic solid wastes are disposed to TSDF (An authorised Govt. secure land fill) and or to authorised re-processor.

   d. Whether Extended Producer Responsibility (EPR) is applicable to the entity's activities (Yes/No). If yes, whether the waste collection plan is in line with the Extended Producer Responsibility (EPR) plan submitted to Pollution Control Boards? If not, provide steps taken to address the same.

   Yes. Actions are implemented to minimise the amount of plastic waste generated and ensure that the waste is recycled/ reused or disposed off to environment in friendly manner. For the purpose of implementation, we have engaged engaged with authorised Recyclers. Our waste collection plan is in line with the EPR plan submitted to PCB.

Leadership Indicators

1. Has the entity conducted Life Cycle Perspective/Assessments (LCA) for any of its products (for manufacturing industry) or for its services (for service industry)? If yes, provide details in the following format?

   Few of our products are taken up for life cycle assessment.

2. If there are any significant social or environmental concerns and/or risks arising from production or disposal of your products/ services, as identified in the Life Cycle Perspective/Assessments (LCA) or through any other means, briefly describe the same along-with action taken to mitigate the same.

   Not applicable

3. Percentage of recycled or reused input material to total material (by value) used in production (for manufacturing industry) or providing services (for service industry).

   We have established systems for recovering and recycle/reuse for most of our input materials. The recovery of about 6 input materials is about 90% to 95%.

4. Of the products and packaging reclaimed at end of life of products, amount (in metric tonnes) reused, recycled, and safely disposed, as per the following format:

   Not applicable. Considering the line of business/operations, we have not reclaimed any products and packaging at the end of life of products.

5. Reclaimed products and their packaging materials (as percentage of products sold) for each product category.

   Not applicable. We have not reclaimed any products and their packaging materials.

PRINCIPLE 3: Businesses should respect and promote the well-being of all employees, including those in their value chains

Essential Indicators

1. a. Details of measures for the well-being of employees:

Category	Total (A)	% of employees covered by									
		Health Insurance		Accident Insurance		Maternity Benefits		Paternity Benefits		Day Care facilities	
		Number (B)	% (B/A)	Number (C)	% (C/A)	Number (D)	% (D/A)	Number (E)	% (E/A)	Number (F)	% (F/A)
Permanent Employees											
Male	7,223	7,223	100	7,223	100	NA	NA	NA	NA	7,223	100
Female	1,152	1,152	100	1,152	100	1,152	100	NA	NA	1,152	100
Total	8,375	8,375	100	8,375	100	1,152	100	-		8,375	100
Other than Permanent Employees											
Male	1,767	1,767	100	1767	100	NA	NA	NA	NA	1,767	100
Female	523	523	100	523	100	523	100	NA	NA	523	100
Total	**2,290**	**2,290**	**100**	**2,290**	**100**	**523**	**100**	**-**	**-**	**2,290**	**100**

NA: Not Applicable

b. Details of measures for the well-being of workers:

Category	Total (A)	% of workers covered by									
		Health Insurance		Accident Insurance		Maternity Benefits		Paternity Benefits		Day Care facilities	
		Number (B)	% (B/A)	Number (C)	% (C/A)	Number (D)	% (D/A)	Number (E)	% (E/A)	Number (F)	% (F/A)
Permanent workers											
Male	58	58	100	58	100	NA	NA	NA	NA	58	100
Female	0	0	0	0	0	0	0	NA	NA	0	0
Total	**58**	**58**	**100**	**58**	**100**	**0**	**0**	**-**	**-**	**58**	**100**

Category	Total (A)	% of workers covered by									
		Health Insurance		Accident Insurance		Maternity Benefits		Paternity Benefits		Day Care facilities	
		Number (B)	% (B/A)	Number (C)	% (C/A)	Number (D)	% (D/A)	Number (E)	% (E/A)	Number (F)	% (F/A)
Other than Permanent workers											
Male	6,183	6,183	100	6,183	100	NA	NA	NA	NA	6,183	100
Female	5	5	100	5	100	5	100	NA	NA	5	100
Total	6,188	6,188	100	6,188	100	5	100	-	-	6,188	100

2. Details of retirement benefits, for Current FY and Previous Financial Year.

Benefits	FY 2022-23			FY 2021-22		
	No. of employees covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and deposited with the authority (Y/N/N.A.)	No. of employees covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and deposited with the authority (Y/N/N.A.)
PF	100	100	Y	100	100	Y
Gratuity	100	100	N.A.	100	100	N.A.
ESI	53%	83.4%	Y	52%	82.4%	Y
Others –please specify	-	-	-	-	-	-

3. Accessibility of workplaces: Are the premises/offices of the entity accessible to differently abled employees and workers, as per the requirements of the Rights of Persons with Disabilities Act, 2016? If not, whether any steps are being taken by the entity in this regard.

   Yes.

4. Does the entity have an equal opportunity policy as per the Rights of Persons with Disabilities Act, 2016? If so, provide a web-link to the policy.

   Yes. The Company's Code of Ethics and Business Conduct provides for equal opportunities for all its employees and all qualified applicants for employment without regard to their race, caste, religion, colour, ancestry, marital status, gender, age, nationality, ethnic origin or disability (to the extent it does not affect the performance of the expected functions), subject to applicable laws and regulations. Weblink to access the Code of Ethics and Business Conduct is https://www.divislabs.com/wp-content/uploads/2022/02/Code-of-Ethics-and-Business-Conduct-of-Divis-Laboratories-Limited.pdf

5. Return to work and Retention rates of permanent employees and workers that took parental leave.

Gender	Permanent Employees		Permanent Workers	
	Return to work rate	Retention rate	Return to work rate	Retention rate
Male	NA	NA	NA	NA
Female	100%	81.8%	NA	NA
Total	100%	81.8%		

6. Is there a mechanism available to receive and redress grievances for the following categories of employees and worker? If yes, give details of the mechanism in brief.

	Yes/No	(If Yes, then give details of the mechanism in brief)
Permanent Workers	Yes	Yes (A Grievance Redressal Mechanism has been constituted to hear and redress individual grievances). The Company has formulated Whistle Blower Policy for redressing grievances related to unethical behavior, actual or suspected fraud or a violation of a Company's Code of Conduct. As per this Policy, the concerns can be sent to the Vigilance Officer or directly to the Chairman of the Audit Committee. The policy can be accessed at https://www.divislabs.com/wp-content/uploads/2020/06/WhistleBlowerPolicy.pdf
Other than Permanent Workers	Yes	
Permanent Employees	Yes	
Other than Permanent Employees	Yes	

7. Membership of employees and worker in association(s) or Unions recognised by the listed entity:

Category	FY 2022-23			FY 2021-22		
	Total employees/ workers in respective category (A)	No. of employees/ workers in respective category, who are part of association(s) or Union (B)	% (B/A)	Total employees/ workers in respective category (C)	No. of employees/ workers in respective category, who are part of association(s) or Union (D)	% (D/C)
Total Permanent Employees	8,375	Nil	0	8,778	Nil	0
Male	7,223	Nil	0	7,553	Nil	0
Female	1,152	Nil	0	1,225	Nil	0
Total Permanent Workers	58	Nil	0	59	Nil	0
Male	58	Nil	0	59	Nil	0
Female	0	Nil	0	0	Nil	0

8. Details of training given to employees and workers:

Category	FY 2022-23					FY 2021-22				
	Total (A)	On Health and safety measures		On Skill upgradation		Total (D)	On Health and safety measures		On Skill upgradation	
		No. (B)	% (B/A)	No. (C)	% (C/A)		No. (E)	% (E/D)	No. (F)	% (F/D)
Employees										
Male	8,990	8,990	100	8,990	100	8,997	8,997	100	8,997	100
Female	1,675	1,675	100	1,675	100	1,519	1,519	100	1,519	100
Total	10,665	10,665	100	10,665	100	10,529	10,516	100	10,516	100
Workers										
Male	6,241	6,241	100	6,241	100	6,021	6,021	100	6,021	100
Female	5	5	100	5	100	6	6	100	6	100
Total	6,246	6,246	100	6,246	100	6,027	6,027	100	6,027	100

Note: Training programmes offered under health and safety and skill upgradation are mandatory for all employees and workers. All of them attended the training programmes as per schedule.

9. Details of performance and career development reviews of employees and worker:

Category	FY 2022-23			FY 2021-22		
	Total (A)	No. (B)	% (B/A)	Total (C)	No. (D)	% (D/C)
Employees						
Male	7,223	7,223	100	7,540	7,540	100
Female	1,152	1,152	100	1,225	1,225	100
Total	8,375	8,375	100	8,765	8,765	100
Workers						
Male	58	58	100	59	59	100
Female	0	0	100	0	0	100
Total	58	58	100	59	59	100

10. Health and safety management system:

a. Whether an occupational health and safety management system has been implemented by the entity? (Yes/ No). If yes, the coverage such system?

Yes, occupational health and safety management system has been implemented. All our manufacturing sites, Divi's Research Centre (DRC) & Corporate Office (HO) are ISO 45001 certified. Coverage of the system is 100% of our operations.

b. What are the processes used to identify work-related hazards and assess risks on a routine and non-routine basis by the entity?

Well established SOPs (Guidance Document) are in place for Hazard Identification and Risk Assessment (HIRA). As part of continual improvement, we take significant steps to improve health and safety practices within the organisation and strive to sustain benchmarking levels. Risk Analysis procedures following at Divi's includes, Process Safety Risk Analysis, HIRA, HAZOP Study, Chemical Workplace risk assessment and LOPA. After identifying Hazards, the possibility and the consequences of each Hazard are examined by following quantitative 5x5 Risk Assessment Matrix (RAM) to establish the level of risk both before and after implementation of safeguards.

c. Whether you have processes for workers to report the work-related hazards and to remove themselves from such risks. (Y/N)

Yes. The procedures that enables the workers to report work related hazards are in place. As a regular practice, worker is nominated as one of the team members for all Hazard Identifications and Risk Assessments. In addition, a well-established procedure on employee (worker) suggestions on all work-related improvements is in place.

d. Do the employees/ worker of the entity have access to non-occupational medical and healthcare services? (Yes/ No)

Yes. Employees/ worker of the entity have access to non-occupational medical and healthcare services.

11. Details of safety related incidents, in the following format:

Safety Incident/Number	Category	FY 2022-23	FY 2021-22
Lost Time Injury Frequency Rate (LTIFR) (per one million-person hours worked)	Employees	0.26	0.42
	Workers	0.64	1.16
Total recordable work-related injuries	Employees	0	0
	Workers	0	0
No. of fatalities	Employees	0	0
	Workers	0	0
High consequence work-related injury or ill-health (excluding fatalities)	Employees	0	0
	Workers	0	0

12. Describe the measures taken by the entity to ensure a safe and healthy work place.

Adherence to our Health & Safety (EHS) policy is at the core of our operations. We have a well-established procedure for Hazard Identification and Risk Analysis (HIRA), which helps limit safety hazards. It covers routine and non-routine works with an executed action plan that minimises risks to acceptable levels. All routine, non-routine activities, emergency activities are assessed to identify health & safety risks related to product manufacturing, services, operations considering changes (including planned or new developments, modified activities. All our manufacturing sites, Research Centre (DRC) & Corporate Office (HO) are ISO 45001 certified. We have established Committees (Safety, Health) at different levels in the organisation, to guide employees on EHS matters As part of our commitment to consciously promote safe and healthy workplace practices, we encourage our employees, supervisors and managers to take direct ownership of their safety, and the safety of their colleagues.

13. Number of Complaints on the following made by employees and workers:

	FY 2022-23			FY 2021-22		
	Filed during the year	Pending resolution at the end of year	Remarks	Filed during the year	Pending resolution at the end of year	Remarks
Working Conditions	Nil	Nil	-	Nil	Nil	-
Health & Safety	Nil	Nil	-	Nil	Nil	-

14. Assessments for the year:

	% of your plants and offices that were assessed (by entity or statutory authorities or third parties)
Health and safety practices	100%
Working Conditions	100%

15. Provide details of any corrective action taken or underway to address safety-related incidents (if any) and on significant risks/concerns arising from assessments of health & safety practices and working conditions.

    Not Applicable

Leadership Indicators

1. Does the entity extend any life insurance or any compensatory package in the event of death of (A) Employees (Y/N) (B) Workers (Y/N).

    Yes, for Employees and Workers.

2. Provide the measures undertaken by the entity to ensure that statutory dues have been deducted and deposited by the value chain partners.

    The company periodically communicates with the value chain partners and persues compliances. This activity is also reviewed by internal auditor/consultants. The Company expects its value chain partners to uphold business responsibility principles and values of transparency and accountability.

3. Provide the number of employees/workers having suffered high consequence work- related injury/ill-health/fatalities (as reported in Q11 of Essential Indicators above), who have been/are rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment:

	Total no. of affected employees / workers		No. of employees/workers that are rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment	
	FY 2022-23	FY 2021-22	FY 2022-23	FY 2021-22
Employees	Nil	Nil	NA	NA
Workers	Nil	Nil	NA	NA

4. Does the entity provide transition assistance programs to facilitate continued employability and the management of career endings resulting from retirement or termination of employment? (Yes/ No) Yes

5. Details on assessment of value chain partners:

	% of value chain partners (by value of business done with such partners) that were assessed
Health and safety practices	Assessment of value chain partners has commenced and ~80% of our supply chain partners by volume have responded to participate in our assessment.
Working Conditions	

6. Provide details of any corrective actions taken or underway to address significant risks/concerns arising from assessments of health and safety practices and working conditions of value chain partners.

    During the reporting period, no corrective action plan was necessitated.

    If any such risks/concerns are noticed, the value chain partner will be asked to comply with requisite measures in a timebound manner. If not complied within the given time, procurement will be differed till the value chain partners improve the safety practices and working conditions to address the risk/concern.

PRINCIPLE 4: Businesses should respect the interests of and be responsive to all its stakeholders

Essential Indicators

1. Describe the processes for identifying key stakeholder groups of the entity.

    We recognise key stakeholder as an individual or group of individuals or institutions that impact our business or are impacted by our business. Our key stakeholders include employees, customers, investors, suppliers, the community and government authorities.

2. List stakeholder groups identified as key for your entity and the frequency of engagement with each stakeholder group.

Stakeholder Group	Whether identified as Vulnerable & Marginalised Group (Yes/No)	Channels of communication (Email, SMS, Newspaper, Pamphlets, Advertisement, Community Meetings, Notice Board, Website, others)	Frequency of engagement (Annually/ Half yearly/ Quarterly/ others – please specify)	Purpose and scope of engagement including key topics and concerns raised during such engagement
Employees	No	Emails, notice boards, website, management interactions	Continuous and as per requirement	For employee wellbeing, to provide a safe and inclusive workplace, provide required infrastructure and training for professional and personal growth. Also to redress grievances and work on feedbacks and consultation.
Customers	No	Emails, brochures, website and meetings (physical and virtual).	Based on business needs	To keep the customers informed about our products and services and to understand the business needs.
Value chain partners	No	Emails, website and meetings (physical and virtual).	Based on business needs	To ensure timely supply of goods and services in order to maintain business continuity sustainably.
Shareholders	No	Notices, advertisements, email, annual reports, stock exchange intimations, earnings conference calls and through updates on Company's website.	Quarterly/half-yearly/annual	Disclosure of financial information and business updates beside applicable statutory disclosures.
Community	Yes	CSR Initiatives, In-person Meetings	Need basis	With a commitment to make meaningful change a reality, we continue to undertake varied initiatives aimed at improving lives of vulnerable/ marginalised groups in the community.
Government/ Government Agencies	No	Various submissions and disclosures, meetings, emails, etc	As per statutory requirement and need based	To ensure and report various compliances to discharge statutory responsibilities and to keep the policy makers informed about industry requirements.

Leadership Indicators

1. Provide the processes for consultation between stakeholders and the Board on economic, environmental, and social topics or if consultation is delegated, how is feedback from such consultations provided to the Board.

    Consultation with relevant stakeholders on the economic, environmental, and social topics is done by the respective functional heads and the feedback is shared with the Management/Committee/Board, as required.

2. Whether stakeholder consultation is used to support the identification and management of environmental, and social topics (Yes/No). If so, provide details of instances as to how the inputs received from stakeholders on these topics were incorporated into policies and activities of the entity.

    Yes. For instance, CSR activities are identified, prioritised, and implemented in consultation with relevant stakeholders.

3. Provide details of instances of engagement with, and actions taken to, address the concerns of vulnerable/ marginalised stakeholder groups.

    The departmental heads are empowered to engage and address the concerns of vulnerable/ marginalised stakeholder groups as needed.

    Our CSR initiatives are implemented with the objective to reach out to vulnerable and marginalised stakeholder groups. Based on the engagement with stakeholder groups, needs are identified, and efforts are put in to address the concerns.

    Some of the areas in which the organisation is working are:

    - Promoting Education by strengthening infrastructure through science labs, sports facilities, libraries and an initiative to eradicate malnutrition by providing Horlicks sachets to all the schools surrounding the manufacturing facilities.
    - Providing pure drinking water to people residing in the surrounding communities through which approx. 3,00,000 people are benefitted.

- Empowering women by providing required support women right by encouraging them to get educated to earning a livelihood.
- Plantation around the company's manufacturing facilities and organising clean and green programme.
- To empower the youth with right skills for their future employment and self-employment needs livelihood training programs like Tailoring, Beautician course, Hospitality, basic computer skills etc. in Divi's Skill Development Centre.
- Other key initiatives include, animal welfare, preventive healthcare, swach bharat, rural development, support to differently abled, etc.

PRINCIPLE 5: Businesses should respect and promote human rights

Essential Indicators

1. Employees and workers who have been provided training on human rights issues and policy(ies) of the entity, in the following format:

Category	FY 2022-23			FY 2021-22		
	Total (A)	No. of employees/ workers covered (B)	% (B/A)	Total (C)	No. of employees/ workers covered (D)	% (D/C)
Employees						
Permanent	8,375	8,375	100	8,765	8,765	100
Other than Permanent	2,290	2,290	100	1,751	1,751	100
Total Employees	10,665	10,665	100	10,516	10,516	100
Workers						
Permanent	58	58	100	59	59	100
Other than Permanent	6,188	6,188	100	5,968	5,968	100
Total Workers	6,246	6,246	100	6,027	6,027	100

2. Details of minimum wages paid to employees and workers, in the following format:

Category	FY 2022-23					FY 2021-22				
	Total (A)	Equal to Minimum Wage		More than Minimum Wage		Total (D)	Equal to Minimum Wage		More than Minimum Wage	
		No. (B)	% (B/A)	No. (C)	% (C/A)		No. (E)	% (E/D)	No. (F)	% (F/D)
Employees										
Permanent	8,375	0	0	8,375	100	8,765	0	0	8,765	100
Male	7,223	0	0	7,223	100	7,540	0	0	7,540	100
Female	1,152	0	0	1,152	100	1,225	0	0	1,225	100
Other than Permanent	2,290	0	0	2,290	100	1,751	0	0	1,751	100
Male	1,767	0	0	1,767	100	1,457	0	0	1,457	100
Female	523	0	0	523	100	294	0	0	294	100
Workers										
Permanent	58	0	0	58		59	0	0	59	100
Male	58	0	0	58	100	59	0	0	59	100
Female	0	0	0	0	100	0	0	0	0	-
Other than Permanent	6,188	0	0	6,188		5,968	0	0	5,968	100
Male	6,183	0	0	6,183	100	5,962	0	0	5,962	100
Female	5	0	0	5	100	6	0	0	6	100

3. Details of remuneration/salary/wages, in the following format:

	Male		Female	
	Number	Median remuneration/ salary/ wages of respective category (In ₹ lakhs)	Number	Median remuneration/ salary/ wages of respective category (In ₹ lakhs)
Executive Directors	4	3054.99	1	2462.74
Independent Directors*	6	31.00	1	25.00
Key Managerial Personnel#	2	179.97	-	-
Employees other than Board of Directors (BoD) and KMP	7,217	4.81	1,151	3.89
Workers	58	8.54	-	-

Note: *Independent directors are paid by way of sitting fees and annual remuneration equal to male and female categories.

#Other than Executive Directors

4. Do you have a focal point (Individual/ Committee) responsible for addressing human rights impacts or issues caused or contributed to by the business? (Yes/No) Yes

5. Describe the internal mechanisms in place to redress grievances related to human rights issues.

   For employees, a grievance redressal committee is constituted for the resolution of disputes arising out of individual grievances. The committee has equal representation from management and workers. Individual workers can raise grievances to the committee. The grievance redressal committee would enquire and resolve the grievance within defined time limits.

   Also, the Company has a Whistle Blower Policy with defined procedures to report instances of unethical behavior, actual or suspected fraud, or violation of the Code of Ethics and Business Conduct to the Vigilance Officer/Chairman of the Audit Committee. The Policy is available on the Company's website.

6. Number of Complaints on the following made by employees and workers:

	FY 2022-23			FY 2021-22		
	Filed during the year	Pending resolution at the end of year	Remarks	Filed during the year	Pending resolution at the end of year	Remarks
Sexual Harassment	0	0	-	0	0	-
Discrimination at workplace	0	0	-	0	0	-
Child Labour	0	0	-	0	0	-
Forced Labour/ Involuntary Labour	0	0	-	0	0	-
Wages	0	0	-	0	0	-
Other human rights related issues	0	0	-	0	0	-

7. Mechanisms to prevent adverse consequences to the complainant in discrimination and harassment cases.

   A mechanism is in place to handle the complaints related to discrimination and harassment which also includes prevention of adverse consequences to the complainant. Any retaliation or threats against those who make harassment complaints or assist in the investigation shall be subject to disciplinary measures.

   Also, the Company has Whistle Blower Policy with a set mechanism to file complaints, which will be appropriately dealt with by the Chairman of the Audit Committee.

8. Do human rights requirements form part of your business agreements and contracts? (Yes/No)

   Yes.

9. Assessments for the year:

Category	% of your plants and offices that were assessed (by entity or statutory authorities or third parties)
Child labour	100%
Forced/involuntary labour	100%
Sexual harassment	100%
Discrimination at workplace	100%
Wages	100%
Others – please specify	-

10. Provide details of any corrective actions taken or underway to address significant risks/concerns arising from the assessments at Question 9 above.

    Not applicable

Leadership Indicators

1. Details of a business process being modified/introduced as a result of addressing human rights grievances/complaints.

   Not applicable

2. Details of the scope and coverage of any Human rights due diligence conducted.

   The Company undertook due diligence of human rights through internal protocols as per policies and procedures.

3. Is the premise/office of the entity accessible to differently-abled visitors, as per the requirements of the Rights of Persons with Disabilities Act, 2016?

   Yes.

4. Details on assessment of value chain partners:

	% of value chain partners (by value of business done with such partners) that were assessed
Sexual Harassment	Assessment of value chain partners has commenced and ~80% of our supply chain partners by volume have responded to participate in our assessment.
Discrimination at workplace	
Child Labour	
Forced Labour/Involuntary Labour	
Wages	
Others – please specify	

5. Provide details of any corrective actions taken or underway to address significant risks/concerns arising from the assessments at Question 4 above.

   Not applicable.

PRINCIPLE 6: Businesses should respect and make efforts to protect and restore the environment:

Essential Indicators

1. Details of total energy consumption (in Joules or multiples) and energy intensity, in the following format:

Parameter	FY 2022-23	FY 2021-22
Total electricity consumption (A)	15,03,759 GJ	14,92,264 GJ
Total fuel consumption (B)	36,94,336 GJ	36,85,695 GJ
Energy consumption through other sources (C)	1,939 GJ	1,964 GJ
Total energy consumption (A+B+C)	52,00,034 GJ	51,79,923 GJ
Energy intensity per rupee of turnover (Total energy consumption/ turnover in rupees)	6.52 GJ/₹ (in lakhs)	5.76 GJ/₹ (in lakhs)

   Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

   No.

2. Does the entity have any sites/facilities identified as designated consumers (DCs) under the Performance, Achieve and Trade (PAT) Scheme of the Government of India? (Y/N) If yes, disclose whether targets set under the PAT scheme have been achieved. In case targets have not been achieved, provide the remedial action taken, if any.

   No.

3. Provide details of the following disclosures related to water, in the following format:

Parameter	FY 2022-23	FY 2021-22
Water withdrawal by source (in kiloliters)		
(i) Surface water	10,66,027	8,87,845
(ii) Groundwater	8,17,105	8,27,415
(iii) Third party water	24,577	23,836
(iv) Seawater/desalinated water	9,31,001	8,64,840
(v) Others	0	0
Total volume of water withdrawal (in kiloliters) (i + ii + iii + iv + v)	28,38,710	26,03,936
Total volume of water consumption (in kiloliters)	36,18,258	33,19,431
Water intensity per rupee of turnover (Water consumed/turnover)	4.54 Kl/ Rupees (in lakhs)	3.69 Kl/ Rupees (in lakhs)

   Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

   No.

4. Has the entity implemented a mechanism for Zero Liquid Discharge? If yes, provide details of its coverage and implementation.

   Yes, Divi's laboratories Limited has installed Zero Liquid Discharge (ZLD) for effluent treatment at Unit-I operating in Telangana state. All kind of effluents are managed under ZLD system installed with various kinds of advance technologies and adequate standby systems. The RO permeates collected from final treatment of effluents are re-used/recycled within the industry. The domestic wastewater is treated in STP and the treated water is re-used for toilet flushing and gardening. Complete ETP of ZLD system is monitored through online monitoring system. The real time data of online monitoring system is connected to official websites of PCB.

5. Please provide details of air emissions (other than GHG emissions) by the entity, in the following format:

Parameter	Please specify unit	FY 2022-23	FY 2021-22
NOx	Tons	75.51	126.53
SOx	Tons	57.12	90.88
Particulate matter (PM)	µg/m³ (average)	31.09	41.4
Persistent organic pollutants (POP)	-	-	-
Volatile organic compounds (VOC)	µg/m³	5.12	4.65
Hazardous air pollutants (HAP)	-	-	-
Others – please specify -Ammonia	µg/m³	17.08	14.30

   Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

   Yes, ambient air quality analysis has been carried out by Re Sustainability Solutions Private Limited.

6. Provide details of greenhouse gas emissions (Scope 1 and Scope 2 emissions) & its intensity, in the following format:

Parameter	Unit	FY 2022-23	FY 2021-22
Total Scope 1 emissions (Break-up of the GHG into CO_2, CH_4, N_2O, HFCs, PFCs, SF_6, NF_3, if available)	Metric tonnes of CO_2 equivalent	3,80,676	3,82,670*
Total Scope 2 emissions (Break-up of the GHG into CO_2, CH_4, N_2O, HFCs, PFCs, SF_6, NF_3, if available)	Metric tonnes of CO_2 equivalent	3,73,141	3,70,742
Total Scope 1 and Scope 2 emissions per rupee of turnover	MT CO_2e/ Rupees (in lakhs)	0.94	0.84

   *For FY 2021-22 total scope 1 emissions has been recalculated in line with general industrial practices with reference to IPCC guidelines.

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

Yes, Bureau Veritas India

7. Does the entity have any project related to reducing Green House Gas emission? If Yes, then provide details.

Yes, various initiatives are implemented to reduce the Green House Gas emissions (GHG).

Few key initiatives taken to reduce GHG emissions are:

- Recovering and re-using of heat energy from flash steam letting out to atmospheres
- Installing Oxygen (O_2) analysers for process vessels to monitor and maintaining inert atmospheres in critical process operations
- Radiator type heat exchanger of process air pre-cooler is replaced with plate-heat exchanger
- Replacing centrifuge and FBDs with ANFs
- Installing dry-claw vacuum pump system in place of regular ejector system
- Implementing Green Chemistry Principles
- Arranging table top pH meter at process areas.

8. Provide details related to waste management by the entity, in the following format:

Parameter	FY 2022-23	FY 2021-22
Total Waste generated (in metric tonnes)		
Plastic waste **(A)**	496.53	429.81
E-waste **(B)**	2.81	4.91
Bio-medical waste **(C)**	0.35	0.193
Construction and demolition waste **(D)**	4,469.36	2,586
Battery waste **(E)**	33.21	12.59
Radioactive waste **(F)**	0	0
Other Hazardous waste. Please specify, if any. **(G)**	94,412.67	1,19,985.44
Other Non-hazardous waste generated **(H)**. Please specify, if any.		
(Break-up by composition i.e. by materials relevant to the sector)	20,071.60	27,345.12
Total (A+B + C + D + E + F + G+ H)	**1,19,486.53**	**1,50,364.06**
For each category of waste generated, total waste recovered through recycling, re-using or other recovery operations (in metric tonnes)		
Category of waste		
(i) Recycled	28,505.94	49,160.41
(ii) Re-used	26,227.17	29,914.99
(iii) Other recovery operations	49,834.84	56,730.78
Total	**1,04,567.95**	**1,35,806.18**
For each category of waste generated, total waste disposed by nature of disposal method (in metric tonnes)		
Category of waste		
(i) Incineration	13.34	10.81
(ii) Landfilling	14,405.58	13,792.75
(iii) Other disposal operations	0	0
Total	**14,418.92**	**13,803.56**

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

No.

9. Briefly describe the waste management practices adopted in your establishments. Describe the strategy adopted by your company to reduce usage of hazardous and toxic chemicals in your products and processes and the practices adopted to manage such wastes.

The plastic waste (packaging and other type) generated from our operations is collected, segregated at source and sent to authorised recyclers by following all applicable local regulations. E-waste generated from our operations is collected and transferred to authorised recyclers/dismantling agencies by following all applicable local regulations. Hazardous & Other Waste, most of the waste is Co-processed as alternative fuel instead of incineration which shall cutdown the incinerated ash sent for Landfill. Organic/distillation bottom residues which possess calorific value are sent to cement industries as alternate fuel in the kilns. Inorganic solid wastes are disposed to TSDF (An authorised Govt. secure land fill) and or to authorised re-processor.

~85% of our hazardous waste is sent to cement industries and recyclers for co-processing and recycling. The remaining ~15% of hazardous waste is sent to landfilling and incineration. Other non-hazardous waste such as glass, MS scrap, wood waste, boiler ash etc. is sent to recyclers, cement industries for co-processing or to brick manufacturers.

We treat all our waste as a value stream and 3R's strategy is effectively implementing to reduce its impact on Environment. We reduce waste through technological interventions and by implementing green chemistry principles. Ongoing initiatives increasing usage time cycles, segregation of waste at point of generation, process optimisation, packaging optimisation/ changes in packaging types, multistage scrubbers etc. We have shifted to jumbo bags from small size packaging, getting RMs in bulk tankers instead of in plastic drums.

10. If the entity has operations/offices in/around ecologically sensitive areas (such as national parks, wildlife sanctuaries, biosphere reserves, wetlands, biodiversity hotspots, forests, coastal regulation zones etc.) where environmental approvals/ clearances are required, please specify details in the following format:

The Company does not have any of its manufacturing facilities in ecologically sensitive areas.

11. Details of environmental impact assessments of projects undertaken by the entity based on applicable laws, in the current financial year:

In the current financial year, no environmental impact assessments studies were undertaken.

12. Is the entity compliant with the applicable environmental law/ regulations/ guidelines in India; such as the Water (Prevention and Control of Pollution) Act, Air (Prevention and Control of Pollution) Act, Environment protection act and rules thereunder (Y/N). If not, provide details of all such non-compliances, in the following format:

Yes, we are compliant with the applicable environmental law/ regulations/ guidelines in India.

Leadership Indicators

1. Provide break-up of the total energy consumed (in Joules or multiples) from renewable and non-renewable sources, in the following format:

Parameter	FY 2022-23	FY 2021-22
From renewable sources		
Total electricity consumption (A)	11,196 GJ	25,592 GJ
Total fuel consumption (B)	0	0
Energy consumption through other sources (C)	0	0
Total energy consumed from renewable sources (A+B+C)	11,196 GJ	25,592 GJ
From non-renewable sources		
Total electricity consumption (D)	14,92,563 GJ	14,66,672 GJ
Total fuel consumption (E)	36,94,336 GJ	36,85,695 GJ
Energy consumption through other sources(F)	1,939 GJ	1,964 GJ
Total energy consumed from non-renewable sources (D+E+F)	51,88,838 GJ	51,54,331 GJ

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

No.

2. Provide the following details related to water discharged:

Parameter	FY 2022-23	FY 2021-22
Water discharge by destination and level of treatment (in kiloliters)		
(i) To Surface water	0	0
- No treatment	0	0
- With treatment – please specify level of treatment	0	0
(ii) To Groundwater	0	0
- No treatment	0	0
- With treatment – please specify level of treatment	0	0
(iii) To Seawater	4,20,702	3,75,580
- No treatment	0	0
- With treatment – please specify level of treatment	Treated to meet the PCB discharge standards	Treated to meet the PCB discharge standards
(iv) Sent to third-parties	0	0
- No treatment	0	0
- With treatment – please specify level of treatment	0	0
(v) Others	0	0
- No treatment	0	0
- With treatment – please specify level of treatment	0	0
Total water discharged (in kiloliters)	4,20,702	3,75,580

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

No.

3. Water withdrawal, consumption and discharge in areas of water stress (in kilolitres):

Not Applicable. Our facilities are not located in areas of water stress.

4. Please provide details of total Scope 3 emissions & its intensity, in the following format:

Considering the non-availability of auditable GHG emission data from most of our supply-chain related to purchased goods, purchased capital goods and external waste disposal, Scope 3 emissions are not included in this year's BRSR report.

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

No.

5. With respect to the ecologically sensitive areas reported at Question 10 of Essential Indicators above, provide details of significant direct & indirect impact of the entity on biodiversity in such areas along-with prevention and remediation activities.

Not applicable.

6. If the entity has undertaken any specific initiatives or used innovative technology or solutions to improve resource efficiency, or reduce impact due to emissions/effluent discharge/waste generated, please provide details of the same as well as outcome of such initiatives, as per the following format:

Sr. No	Initiative undertaken	Details of the initiative (Web-link, if any, may be provided along-with summary)	Outcome of the initiative
01	Reducing Carbon Footprint	Few key initiatives, • Recovering and re-using of heat energy from flash steam letting out to atmospheres. • Installing Oxygen (O_2) analysers for process vessels to have continuous monitor and to maintain inert atmospheres in critical process operations. • Radiator type heat exchanger of process air pre-cooler is replaced with plate-heat exchanger	~15,500 TCO_2e emissions were reduced with the initiatives taken during the reporting period.
02	Water Management	Few key initiatives, • Purifying and utilising equipment final wash water for cooling towers. • Replacing wet ice used for reaction mass quenching with brine cooled chilled water. • Reusing of final wash/rinse water for initial wash/rinse in process steps • Rainwater is harvested by facilitating rainwater harvesting pits around our non-process facilities.	~39,000 M^3 of water was conserved with the initiatives taken during the reporting period
03	Energy Management	Few key initiatives, • Energy is conserved by recovering and re-using of steam released to atmosphere. • Arranging pH meter at processing area, resulted in reducing the process time cycles. • Arranging O_2 analysers for process vessels, benefited us in reducing the nitrogen demand for equipment energisation.	~1,58,71,000 KWH or 57,135 GJ of energy was conserved with the initiatives taken during the reporting period
04	Waste Management	Few key initiatives, • Implementing process improvements through Green Chemistry Principles aided in improving recovery & reuse potential. • Recycling of plastic containers, liners, metal containers and metal scrap. • Established solvent recovery stations to recover and reuse solvents. • Process solid residue sent by Divi's is reused as fuel (Co-Incineration) in cement industries	~ 85 MT of waste is reduced.

7. Does the entity have a business continuity and disaster management plan? Give details in 100 words/ web link.

Yes, the Company has developed business continuity and disaster management plan. The plans are developed keeping in view of various risks which could be mitigated/minimised. However, despite the plans and comprehensive standard operating procedures (SOPs) for various situations, unforeseen events/risks may cause interruption to the Company's operations. The plans are aimed at continuing Company's operations with the least possible interruptions.

8. Disclose any significant adverse impact to the environment, arising from the value chain of the entity. What mitigation or adaptation measures have been taken by the entity in this regard.

No significant adverse impact to the environment were reported from the value chain of the entity.

9. Percentage of value chain partners (by value of business done with such partners) that were assessed for environmental impacts.

Assessment of value chain partners has commenced and ~80% of our supply chain partners by volume have responded to participate in our assessment.

PRINCIPLE 7: Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent:

Essential Indicators

1. a. Number of affiliations with trade and industry chambers/ associations.

The Company is associated with 9 trade and industry chambers/ associations.

b. List the top 10 trade and industry chambers/ associations (determined based on the total members of such body) the entity is a member of/ affiliated to.

S. No.	Name of the trade and industry chambers/ associations	Reach of trade and industry chambers/ associations (State/National)
1.	National Safety Council	National
2.	Indian chemical council	National
3.	Confederation of Indian industry	National
4.	Pharmaceuticals Export Promotion Council of India	National
5.	Bulk Drug Manufacturers Association	National
6.	National Fire Protection Association	National
7.	Swiss-India Chamber of Commerce	International
8.	American Industrial Hygiene Association (AIHA)	International
9.	Federation of Telangana and Andhra Pradesh Chambers of Commerce and Industry (FTACCI)	State

2. Provide details of corrective action taken or underway on any issues related to anti- competitive conduct by the entity, based on adverse orders from regulatory authorities.

   Not Applicable

Leadership Indicators

1. Details of public policy positions advocated by the entity:

   Not Applicable

PRINCIPLE 8 : Businesses should promote inclusive growth and equitable development

Essential Indicators

1. Details of Social Impact Assessments (SIA) of projects undertaken by the entity based on applicable laws, in the current financial year.

   Not Applicable

2. Provide information on project(s) for which ongoing Rehabilitation and Resettlement (R&R) is being undertaken by your entity, in the following format:

   Not Applicable

3. Describe the mechanisms to receive and redress grievances of the community.

   A grievance redressal mechanism is in place consisting of CSR team members to receive and redress grievances of the community.

4. Percentage of input material (inputs to total inputs by value) sourced from suppliers:

	FY 2022-23	FY 2021-22
Directly sourced from MSMEs/ small producers	20.1 %	14.9 %
Sourced directly from within the district and neighboring districts	8.8 %	8.1 %

Leadership Indicators

1. Provide details of actions taken to mitigate any negative social impacts identified in the Social Impact Assessments (Reference: Question 1 of Essential Indicators above):

   Not applicable

2. Provide the following information on CSR projects undertaken by your entity in designated aspirational districts as identified by government bodies:

S. No.	State	Aspirational District	Amount Spent (in ₹ lakhs)
1	Andhra Pradesh	Visakhapatnam	1,075
2	Andhra Pradesh	Vizianagaram	225

3. a) Do you have a preferential procurement policy where you give preference to purchase from suppliers comprising marginalised /vulnerable groups? (Yes/No)

   No

   b) From which marginalised /vulnerable groups do you procure?

   NA

   c) What percentage of total procurement (by value) does it constitute?

   NA

4. Details of the benefits derived and shared from the intellectual properties owned or acquired by your entity (in the current financial year), based on traditional knowledge:

S.No.	Intellectual Property based on traditional knowledge	Owned/ Acquired (Yes/No)	Benefit Shared (Yes/No)	Basis of calculating benefit share
	Not applicable	Not applicable	Not applicable	Not applicable

5. Details of corrective actions taken or underway, based on any adverse order in intellectual property related disputes wherein usage of traditional knowledge is involved.

Name of Authority	Brief of the Case	Corrective Action Taken
Not applicable	Not applicable	Not applicable

6. Details of beneficiaries of CSR Projects:

S. No.	CSR Project	No. of persons benefitted from CSR Projects	% of beneficiaries from vulnerable and marginalised groups
1	Safe Drinking Water	3,08,186	Our CSR initiatives are implemented with an objective to reach out to the vulnerable and marginalised communities, including persons with disabilities, elderly, women and children from the less privileged socio-economic sections of the society.
2	Preventive Healthcare	1,73,834	
3	Village Development	1,02,715	
4	Animal Welfare	95,000	
5	Promoting Education	83,234	
6	Environment Sustainability	60,100	
7	Swachh Bharat	27,600	
8	Promoting Rural Sports	5,001	
9	Empowering Women	945	
10	Support to Differently Abled	241	
11	Livelihood Enhancement Projects	80	

PRINCIPLE 9: Businesses should engage with and provide value to their consumers in a responsible manner

Essential Indicators

1. Describe the mechanisms in place to receive and respond to consumer complaints and feedback.

   As Divi's manufactures active pharmaceutical ingredients (APIs), API intermediates and supplies them to customers for further manufacturing to make respective finished drug products, we have no direct consumers. Hence, consumer complaints are not applicable to us. However, we have established procedures to receive customer complaints whether received in oral or in writing and respond back to customers within agreed timelines. The customer complaints are concluded and closed upon mutual agreement.

2. Turnover of products and/ services as a percentage of turnover from all products/service that carry information about:

	As a percentage to total turnover
Environmental and social parameters relevant to the product	The Company complies with all the regulatory requirements in relation to the display of information on product label.
Safe and responsible usage	
Recycling and/ or safe disposal	

3. Number of consumer complaints in respect of the following:

	FY 2022-23		Remarks	FY 2021-22		Remarks
	Received during the year	Pending resolution at end of year		Received during the year	Pending resolution at end of year	
Data privacy	0	0	-	0	0	-
Advertising	0	0	-	0	0	-
Cyber-security	0	0	-	0	0	-
Delivery of essential services	0	0	-	0	0	-
Restrictive Trade Practices	0	0	-	0	0	-
Unfair Trade Practices	0	0	-	0	0	-
Other	0	0	-	0	0	-

4. Details of instances of product recalls on account of safety issues:

	Number	Reasons for recall
Voluntary recalls	Nil	Not applicable
Forced recalls	Nil	Not applicable

5. Does the entity have a framework/ policy on cyber security and risks related to data privacy? (Yes/No) If available, provide a web-link of the policy.

   Yes, we are following a set of Information Security Policies which are aligned to ISO 24001.

6. Provide details of any corrective actions taken or underway on issues relating to advertising, and delivery of essential services; cyber security and data privacy of customers; re-occurrence of instances of product recalls; penalty/action taken by regulatory authorities on safety of products/services.

   Not applicable as no product recalls for the above stated reasons and hence no corrective actions taken for above stated reasons on safety of products/services.

Leadership Indicators

1. Channels/platforms where information on products and services of the entity can be accessed (provide web link, if available).

   The information on products and services of the Company can be accessed from website of the Company at https://www.divislabs.com/

2. Steps taken to inform and educate consumers about safe and responsible usage of products and/or services.

   As Divi's manufactures active pharmaceutical ingredients (APIs), API intermediates and supplies to customers for further manufacturing to make respective finished drug products, we have no direct consumers. However, Storage and handling conditions/measures are displayed on the labels of each material container shipped to our customers.

3. Mechanisms in place to inform consumers of any risk of disruption/discontinuation of essential services.

   As Divi's manufactures active pharmaceutical ingredients (APIs), API intermediates and supplies to customers for further manufacturing to make respective finished drug products, we have no direct consumers. However, we keep our customers informed of any risk of disruption/discontinuation of supplies in a prompt manner as agreed with them.

4. Does the entity display product information on the product over and above what is mandated as per local laws? (Yes/No/Not Applicable) If yes, provide details in brief.

   Yes, product information displayed on the label of product container like name of product and grade (USP/EP/BP/IP), unique batch number, date of manufacture & retest date, quantity, manufacturing site address and license details, storage and handling conditions/precautions, approved by sign from quality department.

   Did your entity carry out any survey with regard to consumer satisfaction relating to the major products/services of the entity, significant locations of operation of the entity or the entity as a whole? (Yes/No)

   Yes, the Company has a mechanism to survey the customer satisfaction level for all its products/services.

5. Provide the following information relating to data breaches:

   a) Number of instances of data breaches along-with impact: Nil

   b) Percentage of data breaches involving personally identifiable information of customers: 0

Management Discussion and Analysis

1. Economy and Industry Outlook

Global Pharma Industry Outlook & Emerging Trends:

As the world moves forward, the global pharmaceutical industry is poised for positive changes as expired patents pave the way for increased utilisation of generic drugs.

According to the IMF in January 2023, the global medicine market is expected to reach USD 1.9 tn by 2027, with a projected CAGR of 3-6%.

According to IQVIA, growth in the industry will be primarily fuelled by oncology, immunology, anti-diabetics, and obesity drugs. Oncology leads the way, with a 10-year CAGR of 15.3%, and is expected to grow by 13-16% CAGR, reaching USD 370 bn by 2027, supported by the launch of innovative cancer treatments.

Going forward, the rising prevalence of chronic diseases is expected to boost growth in the small molecule drug discovery market. Noteworthy advancements in small molecule innovations are anticipated, particularly in the fields of oncology and neurology. IQVIA also predicted loss of exclusivity (LOE) to have a significant impact with the U.S. alone expected to face LOE of USD 141 bn by 2027, compared to USD 49 bn in the previous five years. Small molecule expiries are estimated to decrease brand spending by USD 98 bn by 2027, more than double the impact of the preceding five years, including the impact of high-profile products in the anticoagulants therapy area. The impact of LOE in the five largest European markets (Germany, France, Italy, Spain, and the UK) are expected to triple over the next five years.

While advanced economies may experience a greater deceleration, developing markets such as Asia-Pacific, Latin America, India, and Africa-Middle East are expected to exhibit significant volume growth in medicine consumption. North America, Western Europe, and Japan may witness slower growth due to existing higher per capita usage.

Indian pharma industry:

The Indian pharmaceutical industry is on a transformative journey of reinvention and innovation to emerge as a leader in value. The Indian Economic Survey of 2021 reported that the Indian domestic pharmaceutical market had reached a value of USD 42 bn in 2021, and it is projected to surge further to reach USD 65 bn by 2024. Looking ahead, the India Brand Equity Foundation (IBEF) envisions remarkable growth, estimating a CAGR of 15%, which could propel the domestic market to reach USD 130 bn by 2030.

Although pricing pressures in the US and European markets may lead to a slight contraction of operating profit margin, the Indian pharmaceutical industry is estimated to achieve a 6-8% revenue growth in the coming years, supported by robust growth in domestic and emerging markets.

Factors such as an aging population, an upsurge in lifestyle diseases, demographic shifts, and new product introductions are expected to fuel the growing market demands. The coming years are likely to open doors of innovation opportunities and growth avenues for the Indian pharma industry.

The industry's strategic focus revolves around quality manufacturing, drug affordability, innovation, and technological adoption, in addition to the harmonisation of regulatory requirements with global standards. As per a recent EY FICCI report, government initiatives, including PLI 2.0, MSME support, and pharma clusters, along with industry-academia collaborative efforts, are expected to act as significant catalysts for growth. Furthermore, the Indian pharma industry is committed to meeting sustainability objectives and is investing in infrastructure for rapid drug discovery and development capabilities to sustain its growth trajectory.

Company Overview:

Divi's Laboratories Limited is a prominent manufacturer and supplier of High-Quality APIs, and intermediates for global innovator companies. We have established ourselves as a reliable partner to several of the world's leading pharma companies, including 12 of the top 20 Big Pharma.

With a presence in over 100 countries, our Generic APIs division has been instrumental in our overall success and positioned us as the world's largest API manufacturer in 10 of the 30 generic APIs we manufacture. Our product portfolio includes a diverse range of APIs used in the manufacture of drugs for therapeutic areas such as cardiovascular, anti-inflammatory, anti-cancer, and central nervous system drugs.

Our Nutraceutical Facility at our Unit II manufacturing site is an integrated facility for manufacturing active ingredients, finished forms of Carotenoids, Lutein, and Vitamins. We are the primary supplier of carotenoids to several major food, dietary supplement, and feed manufacturers worldwide.

Divi's is headquartered in Hyderabad, India, and operates 2 manufacturing units equipped with state-of-the-art utilities, environment management, and safety systems. Furthermore, we are currently in the process of developing an additional site, which is scheduled to commence operations next year.

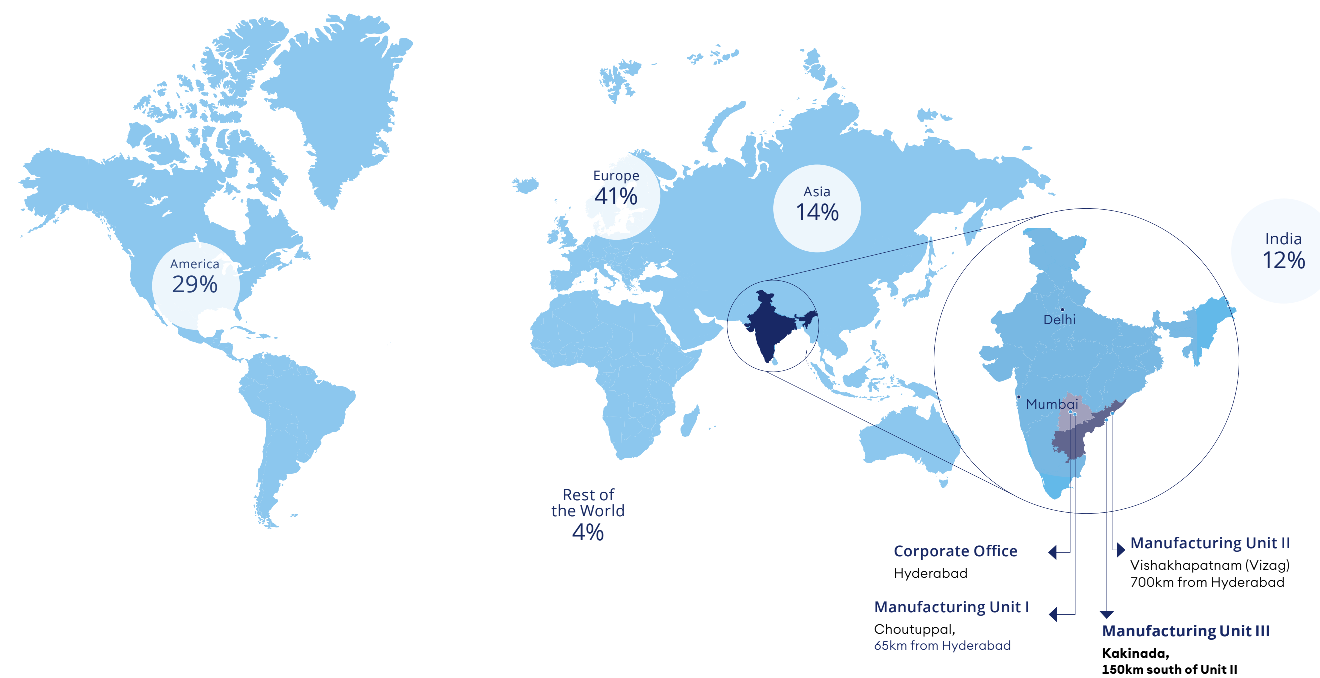
We have been consistently recognised for our excellence in quality, research and development, and occupational health and safety.

In line with our commitment to sustainability, we continuously strive to expand our production capacity while maintaining compliance with environmental and safety regulations, as well as upholding our social responsibility initiatives.

2.1 Manufacturing Facilities:

The Company operates at two manufacturing locations:

- Unit- I, located at village Lingojigudem in Yadadri Bhuvanagiri District near Hyderabad comprises:
  - the first manufacturing facility operating from the year 1995.
  - the DC-SEZ Unit operating from the year 2020.
- Unit-II, located at village Chippada, Bheemunipatnam Mandal, Visakhapatnam District, Andhra Pradesh State comprises:
  - An Export Oriented Unit operating from the year 2003.
  - An SEZ Unit operating from the year 2006.
  - DSN SEZ Unit operating from the year 2011.
  - the DCV SEZ Unit operating from the year 2020.



Map not to scale.

All these Units have been adding production capacities and utility infrastructure and are upgraded and modernised from time to time.

2.2 Research Centers

The Company has Research Centers called as DRC at Sanath Nagar, Hyderabad and Process Development & Support Centres (PDSCs) at the manufacturing sites. These centers are involved in development of processes for both new compounds and improvement of processes for compounds on the market.

PDSCs work on process development and scale up from gram scale further through various stages of development, process optimisation, impurity profile, pilot studies, pre-validation batches, validation of process and transfer of technology to Plant. PDSCs also review improvement of processes and gives process support to the Plants from time to time.

2.3 Subsidiaries

The Company has two subsidiaries M/s. Divis Laboratories (USA) Inc., in the United States of America and M/s. Divi's Laboratories Europe AG in Switzerland for marketing its nutraceutical products and to provide a greater reach to customers within these regions.

3. Internal Control Systems

The Company has an adequate system of internal controls commensurate with the nature, size and complexity of its manufacturing, finance and marketing operations including controls over financial reporting.

The company has adopted well laid down processes and procedures, encapsulating all its operations, financial and compliance functions, for efficient and orderly conduct of its business, adherence to the Company Policies, safeguarding its assets, prevention and detection of frauds and errors, accuracy and completeness of the accounting records and timely preparation of reliable financial information and compliance with applicable statutes and rules and regulations thereunder.

Appropriate review and control mechanisms are in place for ensuring the internal control systems are operating effectively. The internal control system is supported by qualified personnel and a continuous programme of internal audit. The prime objective of such audits is to test the adequacy and effectiveness of all internal control systems laid down by the management and to suggest improvements, robustness of internal processes, policies and accounting procedures, compliance with laws and regulations. For this purpose, a yearly audit plan will be made with the approval of the Audit Committee of the Board of Directors.

The internal audit function, reports directly to the Audit Committee, maintaining independence and objectivity in its function. Based on the reports of internal audit function, respective process owners carryout corrective action in their areas. The Audit Committee reviews the significant audit observations and status of rectification measures thereon regularly.

The Audit committee also reviews internal controls over financial reporting and ascertain with the statutory auditors about its adequacy and effective operation. Based on its review and report of the statutory auditors, the internal financial controls during the year are adequate and operating effectively. The Company also encourages and recognises improvements in work practices. The Management duly considers and takes appropriate action on the recommendations made by the internal auditors, statutory auditors, and the Audit Committee.

4. Risk Management

Divi's lays emphasis on risk management and has an enterprise-wide approach to risk management, which lays emphasis on identifying and managing key operational and strategic risks with a dynamic business continuity plan. The Company strives to identify opportunities that enhance organisational values while managing or mitigating risks that can adversely impact its future performance through:

- Integrated process for identification, assessment and reporting;
- Decentralised management of specific opportunities and risks; and
- Aggregation at corporate level monitored by the Risk Management Committee with the overall direction and control by the Board.

The Company continues its initiatives aimed at assessment and avoidance or minimisation of various risks affecting its business and towards cost control and efficiency across its businesses and functions, taking appropriate measures and reviewing them from time to time. The company's risk management and control procedures involve prioritisation and continuous assessment of these risks and devise appropriate controls, evaluating and reviewing the control mechanism and redesigning from time to time in the light of its effectiveness.

4.1 Global Markets

Divi's is engaged in manufacture of generic APIs, custom synthesis of active ingredients for innovator companies, other specialty chemicals and nutraceuticals. The Company is very selective in its product portfolio with a focus on export markets within the domain of its capabilities. As the Company has significant exposure to export markets and hence may have impact due to global economy or changing dynamics in the supply-chain of its products in the global markets besides any protective actions by governments of recipient countries.

4.2 Competition

In order to stay competitive vis-a-vis its peers in Europe and US, the Company lays great stress on leveraging its inherent skills and strengths in chemistry by building strong customer relationships supported by cost competitive and fast delivery structure. However, competition is inherent in the business of the Company as there are constant efforts in process innovation and cost competitiveness. Divi's continues to work towards optimising its processes and upgrading its plant capacities and capabilities at its multi-purpose manufacturing facilities to stay competitive and compliant to regulations; and is also creating additional capacities addressing the anticipated or increasing business opportunities. This would enable the Company minimise risks/ threats and avail the opportunities that emerge for business growth.

4.3 Regulatory and Quality Compliances

The Company devotes significant importance to the regulatory compliances as it accesses advanced markets like Europe and USA for a major part of its business. Risks relating to regulatory compliances to such markets are inherent to the Company's business. Divi's has put in place appropriate systems, processes, operations and procedures to monitor and ensure consistent practice for the evolving compliance regime for market access to the recipient countries of its products and specifications. The chemists and staff are periodically retrained so that they are fully aware of the latest regulations, quality testing, standard operating procedures and norms. Divi's has invested in extensive training to incorporate the cGMP updates into its operating systems. The Company constantly reviews its policies and procedures to adhere conformity of the various global and domestic regulations for its manufacturing facilities or statutory compliances.

4.4 Patent Compliance

From the inception of its manufacturing operations, the Company has its stated policy of conforming to intellectual property rights (IPR) and does not violate patents. The Company manufactures either patent-expired generics or undertakes custom synthesis of compounds for the innovator MNC companies. Divi's continually reviews patent compliance in its process development of active ingredients and has a monitoring mechanism to validate non-infringement of the processes developed.

4.5 Human Resources

We consider employees as an integral part of our operations and we put in place appropriate compensation plans, feedback process, continuing training and upgradation of skills in their functional areas. Employee relations are affable and harmonious with safe and healthy working environment and all-round contribution and participation in the growth.

4.6 Commercial and Financial Risks

With predominance of its exports, the Company is exposed to a wide spectrum of risks relating to markets, legal disputes relating to contracts, various statutory compliances, credit from suppliers or to customers or from banks/lenders, interest rates, liquidity as well as foreign exchange rate volatility, continuity in supply of raw materials and prices or of any sudden changes relating to trade and regulations by countries where company does business; and addresses these appropriately to mitigate or minimise these risks. The Company constantly reviews its systems and processes and takes adequate measures to address these risks or meet its obligations.

The Company has significant exports, besides imports of inputs and hence has a large exposure to exchange rate risks. Given the instability in the global, political and economic environment and bilateral trade issues, there has been significant volatility of foreign currency rates. Such events are outside the control or horizon of Indian companies and it is becoming very difficult to accurately predict currency movements. In the long run, we realise the best way to manage currency fluctuations is to have a better geographic balance in revenue mix factoring Company's competitive positioning, and to ensure a foreign currency match between liabilities and earnings.

The Company constantly reviews and aligns its policies and takes appropriate decisions to minimise the commercial and financial risks.

4.7 Insurance

The Company's current and fixed assets as well as products are adequately insured against various risks like transit, fire and allied risks, public and product liability, personnel, directors & officers' liability etc.

4.8 Environment, Health and Safety

As the Company's manufacturing operations involve complex chemical reactions, risks exist on any issues relating to safe operations and environment compliances. Divi's policies and processes are designed and reviewed from time to time to adhere to all applicable regulations on the environment management, employee health and safety. Divi's continually strives to optimise the resources and upgrade its processes in order to reduce the environmental impact of its processes, products and services, besides ensuring health and safety of employees involved in the processes.

4.9 Information Technology (IT)

The Company has put in place an IT policy in order to ensure consistency, protection and security of data and IT systems to ensure smooth business processes. The systems used for information security are constantly tested, continuously updated and expanded. In addition, our employees are regularly trained on data protection and safety including secure online banking transactions. IT-related risk management exercise is conducted using appropriate protocols and tools.

The Company has implemented EDR (Extended Detection and Response), end point and server protection, automated prevention and detection solutions, including Perimeter security controls with web security tools, enhanced internal vulnerability detection and multiple network segmentations based on business criticality. The internal team regularly performs VAPT scan which is also reviewed by external consultants. Implemented absolute zero trust security architecture.

4.10 Business Continuity

The Company has appropriate strategies for business continuity for addressing disruptive events, of various nature, on business operations and has set up a comprehensive and proactive framework to mitigate such disruptive events by deploying available alternative solutions; and reduce their potential damages.

4.11 Sustainable Operations

As part of our efforts towards sustainable business operations, we assess the opportunities and risks associated with sustainable sourcing/utilisation of resources and manufacturing activity; and continually evaluate alternatives and implement optimum processes for sustainable and safe operations in order to minimise, mitigate or de-risk our business operations.

5. Regulatory Filings/Approvals

Divi's has triple certifications ISO-9001 (Quality Systems), ISO- 14001 (Environment Management Systems) and ISO 45001 (Occupational Health and Safety systems) for its manufacturing facilities and adheres to cGMP and standard operating practices in its manufacturing/operating activities and these certifications are renewed from time to time.

The Company has also obtained Food Safety System Certification (FSSC) 22000 for vitamins and carotenoids, GMP+B2 certification for production of Feed Ingredients. All the manufacturing sites are periodically inspected by US-FDA, EU and other agencies.

Divi's has a total of 40 drug master files (DMFs) with US-FDA, 26 CoSs (Certificates of Suitability) filed with EDQM, 26 DMFs with Health Canada and 7 DMFs with PMDA, Japan and several filings at various other agencies. Divi's has filed for a total of 41 patents for generic products.

6. Business Distribution

Our product portfolio comprises of two broad categories i) Generic APIs (Active Pharma Ingredients) and Nutraceuticals and ii) Custom Synthesis of APIs and specialty ingredients for innovator pharma giants.

The Company operates predominantly in export markets and has a broad product portfolio under generics and custom synthesis. Among Divi's well distributed product range, some of the components of the business are given below:

Particulars	2022-23	2021-22
Exports	88%	90%
Imports	45%	46%
Top 5 Products	46%	60%
Top 5 Customers	41%	54%
Exports in $ terms	86%	88%
Exports in Pounds	9%	7%
Exports in Euro	5%	5%

7. Performance and Operations Review

Analysis of profitability (on a standalone basis) for the current and the last financial years is given hereunder:

(₹ in lakhs)

Particulars	2022-23	2021-22
Revenue from operations	7,62,530	8,87,982
Other Income	34,901	11,126
Total Income	7,97,431	8,99,108
Expenditure before Depreciation & Finance Cost	5,27,762	5,00,336
PBDIT	2,69,669	3,98,772
Finance Cost	52	65
Depreciation	34,207	31,055
Profit before Tax (PBT)	2,35,410	3,67,652
Tax expense:		
Current Tax	43,758	63,720
Deferred Tax	10,837	9,078
Profit after Tax (PAT)	1,80,815	2,94,854
Other Comprehensive Income (net of tax)	233	218
Total Comprehensive Income	1,81,048	2,95,072
Earnings per Share (EPS) Basic & Diluted (₹)	68.11	111.07

During the last year (FY 2021-22), the Company had a great opportunity to quickly develop process, gear-up and mobilise its capital infrastructure, create capacities and produce large volumes of a product for covid-19 infection for an MNC customer, which helped in treatment of people infected with covid-19 virus. It is a great relief that the pandemic has since abated and people across the world are breathing normal activity. As a result, our supplies of the product for covid-19 have also substantially reduced during the year under review.

As the restrictions on movement of people has since eased and the over-stocking of inventories at different levels of some of the lifestyle medicines has also reduced, we are seeing growth of our normal business portfolio.

This financial year, the company has earned a total income of ₹7,97,431 lakhs, which is about 11% lower than the previous financial year. As stated above, due to significant change in the product-mix, our net material consumption as a percentage of revenue for the year is about 40%, while it was about 34% during the last financial year. Our Profit before tax for the year accounted to ₹2,35,410 lakhs, which is significantly lower than the previous year.

Tax expense for the year amounted to ₹54,595 lakhs as against a tax expense of ₹72,798 lakhs. Effective tax rate for the year has increased over the last year due to the changes in product mix and the resultant profitability across the company's manufacturing units.

Profit after tax for the year amounted to ₹1,80,815 lakhs as against ₹2,94,854 lakhs during the previous year.

7.1 Exports

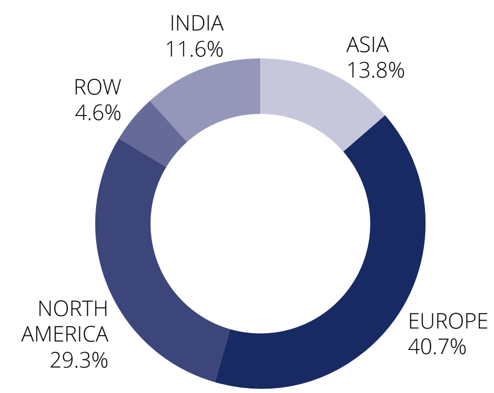
Exports constituted 88% of sales revenue during the year. Exports to advanced markets comprising Europe and America accounted for 70% of business.

7.2 Region-wise Sales Revenue

Our revenue from products and services region-wise is given below:

(₹ in lakhs)

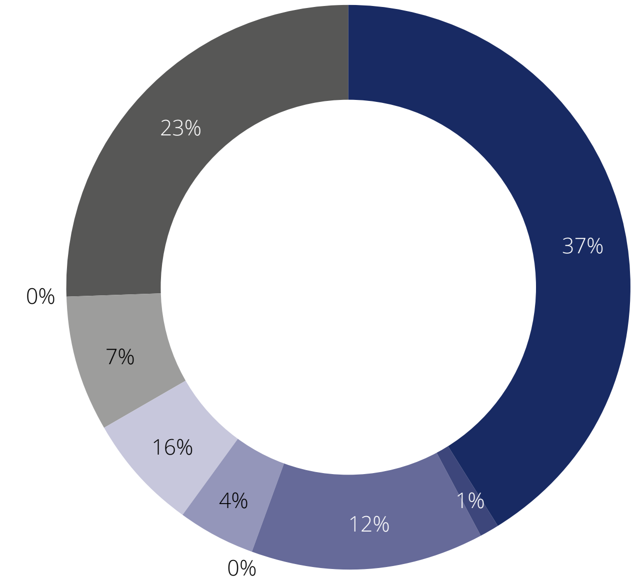
Particulars	2022-23		2021-22	
	Sales revenue	% Share	Sales revenue	% Share
Asia	1,03,931	13.8%	79,807	9.2%
Europe	3,05,977	40.7%	2,86,480	32.8%
North America	2,20,140	29.3%	3,83,291	44.0%
Rest of the World (ROW)	34,923	4.6%	34,620	4.0%
India	87,402	11.6%	877,24	10.0%
Total	7,52,373	100.0%	8,71,922	100.0%



7.3 Other Income

Other Income mainly comprises of interest on deposits, gain on forex transactions and miscellaneous income. Other Income for the year amounted to ₹34,901 lakhs as against ₹11,126 lakhs last year. This year, we have a gain on forex transactions & translations amounting to ₹13,402 lakhs against a gain of ₹3,798 lakhs last year.

7.4 Distribution of Total Income



■ Cost of raw materials consumed 37% | ■ Changes in inventories of finished goods and work-in-progress 1%
■ Employee benefits expenses 12% | ■ Finance Cost 0% |
■ Depreciation and amortisation expenses 4% |
■ Other Expenses 16% | ■ Income Tax Expense 7% |
■ Other Comprehensive Income 0% |
■ Total Comprehensive Income for the year 23%

7.5 Material Costs

(₹ in lakhs)

Particulars	FY 2022-23	FY 2021-22
Material consumption	2,97,949	3,43,979
Changes in inventories of finished goods and work-in-progress	5,016	(44,999)
Net Material Consumption	3,02,965	2,98,980
Revenue from Operations including other operating revenue	7,62,530	8,87,982
% of consumption to Revenue	39.7%	33.7%

Material consumption varies from product to product. The Company manufactures several active pharmaceutical ingredients and intermediates within the Generic and Customs synthesis groups as well as nutraceuticals. Manufacture of any product involves stage-wise controlled processing through its chemistry to the specifications under the standard operating practices complying to cGMP conditions.

Material consumption net of increase/decrease in stocks is about 39.7%of revenue from operations during the year as compared to 33.7% during the last year. Increase in net material consumption during the year is due to significant change in product mix.

7.6 Employee Benefits Expense

Employee benefits expense represent salaries and benefits to employees as also fixed and variable managerial remuneration of Whole-time Directors as approved by the Members.

Expenses for the year amounted to ₹95,305 lakhs as against ₹92,655 lakhs during the last year. Of this, remuneration to Whole-time Directors accounted to ₹15,737 lakhs during the year as against ₹24,300 lakhs last year.

Employee cost for the year works out to about 12.5% of total revenue from operations.

7.7 Other Expenses

Major items of Other Expenses are Power and Fuel, Repairs, Stores & Spares, Packing Materials, R&D Expenses, Carriage Outward, Travelling & Conveyance, Sales Commission, Environment Management Expenses and CSR Expenses.

Other Expenses for the year accounted for ₹1,29,492 lakhs as against ₹1,08,701 lakhs during the last year. Increase in Other expenses mainly relate to increase in power and fuel costs, repairs, travel, R&D expenses and CSR Expenses.

Other Expenses account for 17% of total revenue from operations.

7.8 Capital Expenditure

During the year, we have capitalised Property, Plant and Equipment (PPE) and Intangible Assets valuing ₹74,140 lakhs. Capital WIP as at the year-end amounted to ₹21,188 lakhs.

A major part of the capitalisation is in the DC and DCV SEZs, besides capacity expansion, plant upgradation and augmenting the utility/support infrastructure at the other manufacturing facilities.

7.9 Non-current Investments:

Non-current Investments as at the end of the current year amounted to ₹8,441 lakhs as against ₹7,937 lakhs as at the end of the last year.

7.10 Income-tax assets

Income-tax assets net of provisions, refunds and adjustments, represent the amounts paid pending assessments and refund. Where orders have not been received for refunds claimed in earlier years, such amounts have been classified as non-current.

7.11 Other Non-current Assets

These are mainly advances for capex programs and other receivables being indirect tax refund claims.

7.12 Inventory position

Inventory position for the last two years is as under:

(₹ in lakhs)

Particulars	As on March 31, 2023	As on March 31, 2022
Raw Materials	94,562	75,476
Work-in-Progress	1,52,571	1,53,159
Finished Goods	11,009	15,437
Packing Materials	936	916
Stores and Spares	18,967	19,417
Total	2,78,045	2,64,405

The Company undertakes campaign production of large volume products like Naproxen, Dextromethorphan and Gabapentin by running the plant at full stream and stock these products for sale – thus freeing the multi-purpose plants for producing other products; and hence carries significant volume of work-in-progress to be able to service the large volume products. As the company has a good market share for these products, we do not foresee any constraints in marketing these products and managing the inventory cycle. We also augmented stock of raw materials to avoid any supply disruptions and ensure continued operations. Slow moving and non-moving items have been fully provided for.

7.13 Trade Receivables

(₹ in lakhs)

Particulars	As on March 31, 2023	As on March 31, 2022
Outstanding Receivables	1,96,502	2,57,062
Less: Allowances for doubtful debts	72	72
Net Receivables	1,96,430	2,56,990
Average receivable days	94	106

Trade Receivables at the year end came to ₹1,96,430 lakhs as against ₹2,56,990 lakhs last year. Trade Receivables include an amount of ₹29,238 lakhs due from subsidiaries.

7.14 Other Financial Assets

These comprise security and other deposits and receivables on export incentives and insurance claims and are in the normal course of business.

7.15 Other Current Assets

(₹ in lakhs)

Particulars	As on March 31, 2023	As on March 31, 2022
Indirect Taxes- Input Tax Credits	13,764	10,054
Prepaid Expenses	2,644	2,676
Advances to suppliers	3,381	8,722
Other receivables	131	129
Total	19,920	21,581

The assets are monitored and reviewed periodically.

7.16 Deferred Tax Liabilities

Deferred tax liabilities represent temporary differences arising between the tax base of assets using the liability method, liability on account of obligations for SEZ Units under the Income-tax Act as also of employee benefit obligations. Deferred tax liability as of March 31, 2023 amounted to ₹53,721 lakhs as against ₹42,140 lakhs as of March 31, 2022.

7.17 Trade Payables

Trade Payables for raw materials/services amounted to ₹74,264 lakhs as at the end of the year as against ₹77,130 lakhs as at the end of last year. Of the trade payables, an amount of ₹3,749 lakhs relates to dues to micro and small enterprises. Company follows consistent practices of procurement and avails efficient credit terms from vendors.

7.18 Other Financial and Current Liabilities

Capital Creditors at the year end amounted to ₹3,669 lakhs as against ₹5,543 lakhs as on March 31, 2022. Aggregate amount of other Financial Liabilities including capital credits as at end of the year amounted to ₹4,339 lakhs as against ₹6,289 lakhs as at the end of last year.

Other Current liabilities for the current year amounted to ₹28,742 lakhs as against ₹33,006 lakhs as at the end of the last year. All obligations are discharged as per the terms agreed with the Vendors. Employee remuneration and all statutory dues are paid well within the due dates.

7.19 Key Financial Ratios

Particulars	March 31, 2023	March 31, 2022	Change
Return on Net Worth/Equity (%)	14.82%	28.13%	47.32
Return on Capital Employed (%)	18.57%	33.85%	(45.14%)**
Basic EPS (₹)	68.11	111.07	(38.68%)**
Debtors Turnover	3.36	4.09	17.85%
Inventory Turnover	2.80	3.76	25.53%
Current ratio	8.56	7.10	20.56%
Debt Equity ratio *	0.00	0.00	-
Operating profit margin (%)	35.37%	44.91%	(21.24%)
Net profit margin (%)	22.67%	32.79%	(30.86%)**

* There is no debt outstanding as on March 31, 2023.

** Due to significant change in product mix in the current year as explained at para 7.0 above, the profits and margins during the current year have substantially reduced when compared to the previous year. This has resulted in variation in these ratios.

Detailed Explanation of Ratios:

(i) Return on Net Worth/ (Equity)

Return on Net Worth/(Equity) is a measure of profitability generated to Equity holders. It is calculated by dividing the Net profit after tax for the year with Average Shareholder's equity during the year.

(ii) Return on Capital Employed

Return on Capital Employed is a ratio that measures the efficiency of the Company with which its capital is being employed. In other words, the ratio indicates the ability of the Company to generate returns for both equity and debt holders. It is calculated by dividing net operating profit (EBIT) by average capital employed i.e, Tangible networth+total debt+deferred tax liability.

(iii) Basic EPS

Earnings Per Share is the portion of a Company's profit allocated to each share. It serves as an indicator of a Company's profitability. It is calculated by dividing the profit after tax for the year by weighted average number of shares outstanding during the year.

(iv) Debtors Turnover

This ratio is used to quantify a Company's effectiveness in collecting its receivables or money owed by customers. The ratio shows how well a Company uses and manages the credit it extends to customers and how quickly that short-term debt is collected. It is calculated by dividing the Total Revenue from Operations by average trade receivables.

(v) Inventory Turnover

Inventory Turnover is the number of times a Company sells and replaces its inventory during a period. It is calculated by dividing the Revenue from sale of goods by average inventory.

(vi) Current Ratio

The Current Ratio is a liquidity ratio that measures a Company's ability to pay short-term obligations or those due within one year. It is calculated by dividing the current assets by current liabilities.

(vii) Debt Equity Ratio

The ratio is used to evaluate a Company's financial leverage. It is a measure of the degree to which a Company is financing its operations through debt versus wholly owned funds. It is calculated by dividing a Company's net borrowings by its shareholder's equity.

(viii) Operating Profit Margin

Operating Profit Margin is a profitability or performance ratio used to calculate the percentage of profit a Company produces from its operations. It is calculated by dividing the Operating Profit (PBDIT) by Revenue from Operations.

(ix) Net Profit Margin

The net profit margin is equal to how much net income or profit is generated as a percentage of total revenue. It is calculated by dividing the profit after tax for the year by total revenue for the year.

7.21 Cautionary Statement

This report may contain certain statements that the Company believes are or may be considered to be 'forward looking statements' which are subject to certain risks and uncertainties. These estimates and Judgements relating to the financial statements have been made on a prudent and reasonable basis, in order that the statements reflect, in a true and fair manner, the state of affairs and profits for the year. Actual results may differ materially from those expressed or implied. Significant factors that could influence the Company's operations include government regulations, tax regimes, market access related regulatory compliances, patent laws and domestic and international fiscal policies.

Corporate Governance Report

Report, in line with the requirements of Regulation 34(3) read with Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"), on Corporate Governance practices and other voluntary compliances followed by the Company:

1. Company's Philosophy on Corporate Governance

Corporate Governance is the set of processes, customs, policies, laws and institutions affecting the way a company is directed, administered or controlled. It is a system of structuring, operating and controlling a company with a view to achieve long-term strategic goals to satisfy shareholders, creditors, employees, customers, vendors and other stakeholders.

Corporate governance is based on principles such as conducting the business with all integrity and fairness, being transparent with regard to all transactions, making all the necessary disclosures and decisions, complying with all the laws of the land, accountability and responsibility towards the stakeholders and commitment to conduct business in an ethical manner.

Your Company adheres to the principles of corporate governance and commits itself to accountability and fiduciary duty in the implementation of guidelines and mechanisms to ensure its corporate responsibility to the members and other stakeholders.

Further your Company complies with the requirements stipulated under Regulations 17 to 27, clauses (b) to (i) of Regulations 46(2) and para C, D and E of Schedule V of SEBI Listing Regulations.

2. Board of Directors

The Board of Directors is the highest governance body constituted to oversee the Company's overall functioning. The responsibility of Board is to provide strategic guidance to the Company, to ensure effective monitoring of the management and to be accountable to the Company and the shareholders. The meetings of the Board of Directors are held generally at Company's Registered Office at Hyderabad, and are scheduled well in advance. In case of business exigencies or urgency of matters, resolutions are passed by circulation. Information relating to the business, operations and risks affecting the Company is regularly placed before the Board for its consideration apart from information as mentioned in Part A of Schedule II of SEBI Listing Regulations. The Board regularly reviews the compliance reports of all laws applicable to the Company.

2.1 Composition and Category

The Board of the Company has a diverse mix of Executive and Non-Executive Directors. The Company appointed a Non-Executive Independent Director as Chairman of the Board of Directors.

The Board comprises of twelve directors, five of whom are Executive and remaining are Non-executive Independent Directors, including two Woman Directors of which one is Non-executive Independent Director. The brief profiles of Directors are available at https://www.divislabs.com/api-manufacturing-company/leadership1/#board-of-directors. The composition of the Board is in conformity with Regulation 17 of the SEBI Listing Regulations read with Section 149 of the Companies Act, 2013 ("the Act"). The category of directors as on March 31, 2023 is as follows:

Name of the Director	Designation	Category
Dr. Ramesh B. V. Nimmagadda	Non-Executive Chairman, Director	Non-executive Independent Director
Dr. Murali K. Divi	Managing Director	Promoter and Executive Director
Mr. N. V. Ramana	Executive Director	Executive Director
Dr. Kiran S. Divi	Whole-Time Director and Chief Executive Officer	Executive Director
Mr. Madhusudana Rao Divi	Whole-Time Director (Projects)	Executive Director
Ms. Nilima Prasad Divi	Whole-Time Director (Commercial)	Executive Director
Dr. G. Suresh Kumar	Director	Non-executive Independent Director
Mr. R. Ranga Rao	Director	Non-executive Independent Director
Mr. K. V. K. Seshavataram	Director	Non-executive Independent Director
Dr. S. Ganapaty	Director	Non-executive Independent Director
Prof. Sunaina Singh	Director	Non-executive Independent Director
Mr. K.V. Chowdary	Director	Non-executive Independent Director

2.2 Number & Dates of Board Meetings held during the year

The Board meets in executive session at least four times in a year at quarterly intervals and more frequently if deemed necessary, to transact its business.

Four Board Meetings were held during the year under review and the gap between two meetings did not exceed one hundred and twenty days.

The said meetings were held on May 23, 2022, August 12, 2022, November 07, 2022 and February 03, 2023. The necessary quorum was present for all the meetings.

2.3 Attendance of directors

Directors' attendance at the Board and Annual General Meeting ("AGM") held during the financial year 2022-23 is as follows:

Name of the Director	No. of Board Meetings		Attendance at last AGM
	Held	Attended	
Dr. Ramesh B. V. Nimmagadda	4	4	Yes
Dr. Murali K. Divi	4	4	Yes
Mr. N. V. Ramana	4	4	Yes
Mr. Madhusudana Rao Divi	4	4	Yes
Dr. Kiran S. Divi	4	4	Yes
Ms. Nilima Prasad Divi	4	4	Yes
Dr. G. Suresh Kumar	4	4	Yes
Mr. R. Ranga Rao	4	4	Yes
Mr. K. V. K. Seshavataram	4	4	Yes
Dr. S. Ganapaty	4	4	Yes
Prof. Sunaina Singh	4	3	Yes
Mr. K.V. Chowdary	4	3	Yes

2.4 Other directorships

None of the Directors on the Board:

- holds directorships in more than ten public companies;
- serves as Director or as Independent Directors ("ID") in more than seven listed entities;
- holds more than 10 board committee memberships or 5 board committee chairmanships; and
- who are the Executive Directors serves as IDs in more than three listed entities.

Name of other listed entities in which the Director is a director, number of other Directorships and Chairmanship/ Membership of Committees held by each Director in various companies is as follows:

Name of the Director	No. of other Directorships in other public companies*		No. of Committee positions in other public companies**		Directorship in other listed entities (Category of Directorship)
	Chairperson	Member	Chairperson	Member	
Dr. Ramesh B. V. Nimmagadda	-	-	-	-	-
Dr. Murali K. Divi	-	-	-	-	-
Mr. N. V. Ramana	-	-	-	-	-
Mr. Madhusudana Rao Divi	-	-	-	-	-
Dr. Kiran S. Divi	-	-	-	-	-
Ms. Nilima Prasad Divi	-	-	-	-	-
Dr. G. Suresh Kumar	-	-	-	-	-
Mr. R. Ranga Rao	-	-	-	-	-
Mr. K. V. K. Seshavataram	-	-	-	-	-
Dr. S. Ganapaty	-	-	-	-	-
Prof. Sunaina Singh	-	-	-	-	-
Mr. K.V. Chowdary	1	5	2	7	1. CCL Products Limited, Independent Director 2. Reliance Industries Limited, Non-Executive Director 3. Tata Motors Limited, Independent Director

* Excludes directorship in the Company, private companies, foreign companies and Section 8 companies.
** Pertains to memberships/chairpersonships of the Audit Committee and Stakeholders' Relationship Committee of other Indian public companies as per Regulation 26(1)(b) of the SEBI Listing Regulations

2.5 Disclosure of relationship between Directors inter-se

Dr. Murali K. Divi, Managing Director is the father of Dr. Kiran S. Divi, Whole-time Director & Chief Executive Officer and Ms. Nilima Prasad Divi, Whole-time Director (Commercial). Mr. Madhusudana Rao Divi, Whole-time Director (Projects) is brother of Dr. Murali K. Divi. None of the other Directors are related to each other.

2.6 Shares held by Non-executive Directors

Except the following, none of the Non-Executive Directors hold any equity shares in the Company:

Name	Designation	No of shares held
Dr. G. Suresh Kumar	Non-executive Independent Director	400

2.7 Meeting of Independent Directors

During the year under review, one meeting of the Independent Directors was held on February 03, 2023. The Independent Directors, inter-alia, reviewed the performance of Non-Independent Directors, Board as a whole and Chairman of the Company, taking into account the views of Executive Directors and Non-Executive Directors.

2.8 Details of familiarisation programmes for Independent Directors

Details of familiarisation programme of the Independent Directors are available on the website of the company at: https://www.divislabs.com/wp-content/uploads/2023/04/Familiarisation-programs-2023.pdf

2.9 List of Board's skills/expertise/competencies fundamental for the effective functioning of the Company:

The Board has identified the following skills/expertise/competencies fundamental for the effective functioning of the Company which are currently available with the Board:

Skills	Description
Global business	Understanding the dynamics of global business relating to the operations of the Company and regulatory requirements in the geographical markets.
Strategy, Planning & Marketing	Appreciation of long-term trends and understanding the competitive environment for Company's business globally, customer relationships and strategies for continuity and growth of business for its product range.
Governance	Knowledge of governance processes and compliance to applicable laws and regulations to service best interests of all stakeholders, maintaining Board and Management accountability and corporate ethics and values.
Leadership	Experience in significant enterprise, distinct roles and responsibilities through organisation structure, risk management and talent development and succession planning.
Technology	Knowledge of technology related to Company's current and future products and business opportunities, of evolving trends of usage of its product range and of developing cost efficient processes
Legal, Commercial, Financial	Knowledge about legal, commercial, financial skills for the Company's governance, accounting and financial management.

Director-wise skills to be presented.

Name of the Director	Global business	Strategy, Planning & Marketing	Governance	Leadership	Technology	Legal, Commercial, Financial
Dr. Ramesh B. V. Nimmagadda	√		√	√	√	
Dr. Murali K. Divi	√	√	√	√	√	√
Mr. N. V. Ramana	√	√	√	√	√	√
Mr. Madhusudana Rao Divi		√	√	√	√	
Dr. Kiran S. Divi	√	√	√	√	√	√
Ms. Nilima Prasad Divi	√	√	√	√		√
Dr. G. Suresh Kumar	√		√	√	√	√
Mr. R. Ranga Rao	√		√	√	√	√
Mr. K. V. K. Seshavataram		√	√	√		√
Dr. S. Ganapaty	√		√	√	√	
Prof. Sunaina Singh			√	√		
Mr. K.V. Chowdary		√	√	√		√

2.10 In terms of Regulation 25(8) of SEBI Listing Regulations, Independent Directors have confirmed that they are not aware of any circumstance or situation which exists or may be reasonably anticipated that could impair or impact their ability to discharge their duties. Based on the declarations received from the Independent Directors, the Board of Directors has confirmed that they meet the criteria of independence as mentioned under Regulation 16(1)(b) of the SEBI Listing Regulations and that they are independent of the management. Further, the Independent Directors have included their names in the data bank of Independent Directors maintained with the Indian Institute of Corporate Affairs in terms of Section 150 of the Act read with Rule 6 of the Companies (Appointment & Qualification of Directors) Rules, 2014.

3. Audit Committee

The primary objective of the Audit Committee of the Company is to monitor and provide effective supervision of the management's financial reporting process with a view to ensure accurate, timely and proper disclosures and transparency, integrity and quality of financial reporting.

3.1. Terms of reference of the Committee include the following:

The constitution, terms of reference, role and scope is as prescribed in Regulation 18 of SEBI Listing Regulations read with Section 177 of the Act, inter-alia, covering:

a) Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;

b) Scrutiny and review of all financial transactions, inter corporate loans, investments, funds utilisation, related party transactions and the general financial condition of the Company;

c) Recommendation for appointment, remuneration and terms of appointment of auditors of the Company and approval of remuneration of auditors for other services;

d) Review and monitor the auditor's independence and performance, and effectiveness of audit process;

e) Reviewing, with the management, the periodic financial statements and auditor's report thereon before submission to the Board for approval;

f) Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;

g) Evaluation of internal financial controls and risk management systems;

h) To review the functioning of the Whistle Blower mechanism;

i) To review statement of deviations in reporting to monitoring agencies.

j) Approve policies in relation to the implementation of the Insider Trading Code and to supervise implementation of the same.

k) Approval or any subsequent modifications of transactions with related parties;

l) Evaluation of internal financial controls and risk management systems

3.2 Composition of the Audit Committee and details of meetings held and attended by its members:

The Committee comprises of four Independent Directors. Four meetings of the Audit Committee were held during the year under review on May 23, 2022, August 12, 2022, November 07, 2022 and February 03, 2023. The gap between two meetings did not exceed one hundred and twenty days.

The composition of the Committee and details of attendance of the Committee members is as follows:

Name	Designation	No. of Meetings	
		Held	Attended
Mr. K. V. K. Seshavataram	Chairman	4	4
Dr. G. Suresh Kumar	Member	4	4
Mr. R. Ranga Rao	Member	4	4
Mr. K.V. Chowdary	Member	4	3

The meetings of Audit Committee are also attended by the Whole-time Director (Commercial), Chief Financial Officer, General Manager (Finance and Accounts), Internal Auditor and representatives of Statutory Auditors as invitees. The Company Secretary acts as the Secretary to the Committee.

Mr. K. V. K. Seshavataram, Chairman of the Audit Committee attended the AGM of the Company held on August 22, 2022.

4. Compensation, Nomination and Remuneration Committee

The Compensation, Nomination and Remuneration Committee comprises of six Independent Directors. The constitution and terms of reference of the Committee is in compliance with provisions of the Section 178 of the Act, Regulation 19 of the SEBI Listing Regulations and SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, as amended from time to time.

4.1. Terms of reference of the Committee inter alia, include the following:

- To formulate the criteria for determining qualifications, positive attributes and independence of a Director, and recommend to the Board a policy, relating to the remuneration for the Directors, Key Managerial Personnel and other employees.
- To formulate the criteria for evaluation of performance of Independent Directors and the Board; and evolve and review the policy on Board diversity.
- To identify/ evaluate persons for appointment to the Board or in senior management in accordance with the criteria laid down and to recommend to the Board their appointment and/ or removal.
- Support the Board and Independent Directors in evaluation of the performance of the Board, its committees and individual directors.
- Recommend to the Board, all remuneration, in whatever form, payable to senior management.
- To administer, monitor and formulate Employees' Stock Option Scheme with terms and conditions relating to quantum, exercise, granting, vesting etc and evolve a procedure for making a fair and reasonable adjustment to the scheme in case of any corporate actions.
- To carry out any other function as is mandated by the Board from time to time and/ or required by any statutory notification, amendment or modification, as may be applicable.

4.2 Composition of the Compensation, Nomination and Remuneration Committee and the details of meetings held and attended by its members:

The Committee comprises of six Independent Directors. The Committee met two times during the year under review on May 23, 2022 and February 03, 2023. The composition of the Committee and attendance of each member of the Committee is as follows:

Name	Designation	No. of Meetings	
		Held	Attended
Dr. G. Suresh Kumar	Chairman	2	2
Mr. R. Ranga Rao	Member	2	2
Dr. Ramesh B. V. Nimmagadda	Member	2	2
Dr. S. Ganapaty	Member	2	2
Prof. Sunaina Singh	Member	2	1
Mr. K.V. Chowdary	Member	2	2

Dr. G. Suresh Kumar, Chairman of the Compensation, Nomination and Remuneration Committee attended the AGM of the company held on August 22, 2022.

4.3 Performance Evaluation

The Company has devised a Policy for Performance Evaluation of Independent Directors, Board, Committees and other individual Directors. The manner in which the evaluation has been carried out has been explained in the Board's Report.

Performance evaluation criteria is determined by the Compensation, Nomination and Remuneration Committee. Performance evaluation of Independent Directors shall be done by the entire Board of Directors (excluding the director being evaluated). On the basis of the report of performance evaluation, it shall be determined whether to extend or continue the term of appointment of the Independent Director.

Independent Directors are expected to provide an effective monitoring role and to provide help and advice for the Executive Directors. The broad issues considered in evaluating Independent Directors are:

- Providing necessary guidance using their knowledge and experience in development of corporate strategy, major plan of action, risk policy, and setting performance objectives.
- Independence exercised in taking decisions, listening to views of others and maintaining their views with resolute attitude.
- Ability in assisting the Company in implementing the best corporate governance practices.
- Capability in exercising independent judgement to tasks where there is a potential for conflict of interest.
- Commitment in fulfilling the director's obligations fiduciary responsibilities.

5. Stakeholders Relationship Committee

The Stakeholders Relationship Committee is empowered, inter alia, to review all matters connected with the Company's share transfers and transmissions and redressal of shareholders/ investors' complaints like non-transfer of shares, non-receipt of dividend, Annual Report, etc.

The composition and the terms of reference of the Committee are in line with the requirements of provisions of the Act and Regulation 20 of SEBI Listing Regulations.

5.1 Composition of the Stakeholders Relationship Committee and the details of meetings held and attended by its members:

The Stakeholders Relationship Committee consists of five Independent Directors. Dr. Ramesh B. V. Nimmagadda, Independent Director is acting as Chairman of the Committee. In view of the reconstitution of the Committee, Mr. L. Kishore Babu, Chief Financial Officer ceased to be a member of the Committee with effect from May 23, 2022.

The Company has appointed Mr. M. Satish Choudhury, Company Secretary as the Compliance Officer of the Company for attending to complaints/grievances of the members and the Nodal officer to ensure compliance with the Investor Education and Protection Fund Rules (IEPF Rules).

Stakeholders Relationship Committee met two times during the year on August 12, 2022 and February 03, 2023 and considered issue of transfer/transmission of shares and other investor grievances.

The composition of the Committee and details of attendance of the Committee members is as follows:

Name	Category	Designation	No. of meetings	
			Held	Attended
Dr. Ramesh B. V. Nimmagadda	Independent Director	Chairman	2	2
Mr. K.V.K. Seshavataram	Independent Director	Member	2	2
Dr. S. Ganapaty	Independent Director	Member	2	2
Prof. Sunaina Singh	Independent Director	Member	2	1
Mr. K.V. Chowdary	Independent Director	Member	2	2

Dr. Ramesh B. V. Nimmagadda, Chairman of the Stakeholders Relationship Committee attended the AGM of the Company held on August 22, 2022.

5.2 Complaints/Grievances received and attended:

During the year under review, Company has received 59 complaints from investors. All were replied/resolved to the satisfaction of the investors and no complaints were outstanding.

6. Corporate Social Responsibility Committee

The Committee comprises of two Independent Directors and two Executive Directors. The Corporate Social Responsibility (CSR) Committee's responsibility is to assist the Board in undertaking CSR activities by way of formulating and monitoring CSR Policy of the Company.

The brief terms of reference of the Committee are as follows:

(a) Formulate and recommend to the Board, a Corporate Social Responsibility Policy in line with the requirement of the Act, which shall indicate the activities to be undertaken by the Company;

(b) Recommend the amount of expenditure to be incurred on CSR activities and

(c) Monitor the implementation of Corporate Social Responsibility Policy of the Company from time to time.

6.1 Composition of the Corporate Social Responsibility Committee and the details of meetings held and attended by its members:

The Committee met four times during the year on May 23, 2022, August 12, 2022, November 07, 2022 and February 03, 2023. The composition of the Committee and details of attendance of the Committee members is as follows:

Name	Category	Designation	No. of meetings	
			Held	Attended
Mr. R. Ranga Rao	Independent Director	Chairman	4	4
Dr. Ramesh B.V. Nimmagadda	Independent Director	Member	4	4
Dr. Murali K. Divi	Executive Director	Member	4	4
Mr. Madhusudana Rao Divi	Executive Director	Member	4	4

7. Risk Management Committee

Risk Management Committee was constituted by the Board, consisting of Executive and Independent Directors, beside senior executives, to review the processes and procedures for ensuring that all strategic, operational and regulatory risks are properly identified and that appropriate systems of monitoring and mitigation are in place and to oversee and review the risk management framework, assessment of risks and minimisation procedures. Risk Management Committee of the Company meets from time to time to evaluate and ensure that the control mechanism operates effectively.

The Company constantly evaluates various risks – business, customer concentration, supplier concentration, regulatory compliances, confidentiality of processes, consistency of cGMP practices, environment, employee health and safety etc., monitors the risks and deploy appropriate control systems aimed at mitigating such risks to the extent possible.

7.1. Terms of reference of the Committee include the following:

- To formulate a detailed risk management policy which shall include a framework for identification of internal and external risks faced by the company in particular including financial operational, sectoral, sustainability, information, cyber security risks and any other risks determined by the committee; measures for risk mitigation including systems and process for internal control of identified risks and business continuity plan
- To ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company;
- To monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems;
- To periodically review the risk management policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity;

- To keep the board of directors informed about the nature and content of its discussions, recommendations and actions to be taken;
- The appointment, removal and terms of remuneration of the Chief Risk Officer (if any) shall be subject to review by the Risk Management Committee.

7.2 Composition of the Risk Management Committee and the details of meetings held and attended by its members:

The Risk Management Committee met two times during the year on September 15, 2022 and March 01, 2023. The composition of the Committee and details of attendance of the Committee members is as follows:

Name	Category	Designation	No. of meetings	
			Held	Attended
Mr. Madhusudana Rao Divi	Executive Director	Chairman	2	1
Dr. Kiran S. Divi	Executive Director	Member	2	2
Ms. Nilima Prasad Divi	Executive Director	Member	2	2
Dr. G. Suresh Kumar	Independent Director	Member	2	2
Mr. L. Kishore Babu	Chief Financial Officer	Member	2	1
Mr. L. Ramesh Babu	Vice President (Procurement)	Member	2	2

8. Allotment Committee

The Allotment Committee oversees the issues relating to allotment of shares under various corporate actions like Mergers, Amalgamations, Preferential Issue, Rights Issue, Bonus Issue etc., No meetings of the Committee were held during the year.

8.1 Composition of the Committee:

Name	Category	Designation
Dr. G. Suresh Kumar	Independent Director	Chairman
Mr. R. Ranga Rao	Independent Director	Member
Dr. Kiran S. Divi	Executive Director	Member

The Company Secretary acts as Secretary of the Committee.

9. Remuneration of Directors for the year ended March 31, 2023

The Company's Nomination and Remuneration Policy for Directors, Key Managerial Personnel and other employees is available on the Company's website at: https://www.divislabs.com/NominationRemunerationPolicy.pdf.

9.1 Details of Remuneration to Executive Directors

(₹ in lakhs)

Name	Salary	PF	Perquisites and allowances	Remuneration based on net profits	Total
Dr. Murali K. Divi	0	0	33	7,016	7,049
Mr. N. V. Ramana	92	11	20	3,508	3,631
Dr. Kiran S. Divi	92	11	37	2,339	2,479
Ms. Nilima Prasad Divi	82	10	32	2,339	2,463
Mr. Madhusudana Rao Divi	92	11	12	0	115
Total	358	43	134	15,202	15,737

Remuneration of Executive Directors comprises a fixed salary and annual remuneration based on profits of the Company. The tenure of office of the Managing Director and Whole-time Directors is for 5 (five) years from their respective dates of appointments and may be terminated by either party by giving three months' notice as per Company's policy. There is no separate provision for payment of severance fees.

9.2 Details of Remuneration to Non-executive Directors

Non-executive Directors are paid sitting fees of ₹1 lakh for attending every meeting of the Board or Committee thereof. In addition to the sitting fee, each Non-executive Director is entitled to an annual remuneration of ₹20 lakhs per annum. The Company also reimburses the out-of-pocket expenses incurred by the Non-executive Directors for attending the meetings.

Other than the sitting fees, annual remuneration and reimbursements mentioned above, Non-executive Directors had no pecuniary relationship or transactions with the Company. The Company has not granted any stock options to any of its Non-executive Directors.

The details of sitting fee and annual remuneration paid to Non-executive Directors during the year is as follows:

(₹ in lakhs)

Name of the Non-executive Director	Sitting Fees	Annual Remuneration#	Total
Dr. G. Suresh Kumar	12	20	32
Mr. R. Ranga Rao	14	20	34
Mr. K. V. K. Seshavataram	10	20	30
Dr. Ramesh B. V. Nimmagadda	12	20	32
Dr. S. Ganapaty	8	20	28
Prof. Sunaina Singh	5	20	25
Mr. K.V. Chowdary	10	20	30
Total	71	140	211

Annual remuneration of ₹20 lakhs paid to each of the non-executive director pursuant to shareholders' approval dated February 26, 2020.

10. General Body Meetings

10.1 General Meetings

Location and time of last three AGMs and details of special resolutions, if any:

Year ended	Date & Time	Venue
31.03.2022	August 22, 2022 at 10.00 a.m.	Held through Video Conferencing ("VC")/Other Audio-visual Means ("OAVM"). The deemed venue for the AGM shall be the Registered Office of the Company, i.e. 1-72/23(P)/DIVIS/303, Divi Towers, Cyber Hills, Gachibowli, Hyderabad – 500 032, Telangana, India
31.03.2021	August 30, 2021 at 10.00 a.m.	
31.03.2020	September 14, 2020 at 10.00 a.m.	

No special resolutions were passed in the previous three AGMs.

10.2 Special Resolutions through Postal Ballot

Details of special resolutions passed through postal ballot last year, the persons who conducted the postal ballot exercise, details of the voting pattern and procedure of postal ballot:

During the year ended March 31, 2023, there were no resolutions passed through postal ballot.

In the ensuing 33rd AGM, no business is proposed to be transacted requiring a postal ballot.

11. Means of Communication

- Financial results, official news releases of the Company and other shareholder information including transcript of investor conference calls, are made available on the Company's website www.divislabs.com.
- Quarterly, half-yearly and annual financial results of the Company are communicated to the Stock Exchanges immediately after the same are approved by the Board and are published in all India editions of Financial Express and Hyderabad edition of Andhra Prabha.

- Annual Report containing, inter alia, Audited Standalone Financial Statements and Consolidated Financial Statements, Board's Report, Auditors' Report and other important information, is circulated to members and others entitled thereto. The document is also placed on the Company's website and submitted to the National Stock Exchange of India Limited (NSE) and BSE Limited (BSE).
- All periodical compliance filings like shareholding pattern, corporate governance report, company announcements, among others are filed electronically on NSE Electronic Application Processing System (NEAPS) and BSE Listing Centre.
- Reminders for unclaimed dividend are sent to shareholders, regularly every year.

12. General Shareholder Information

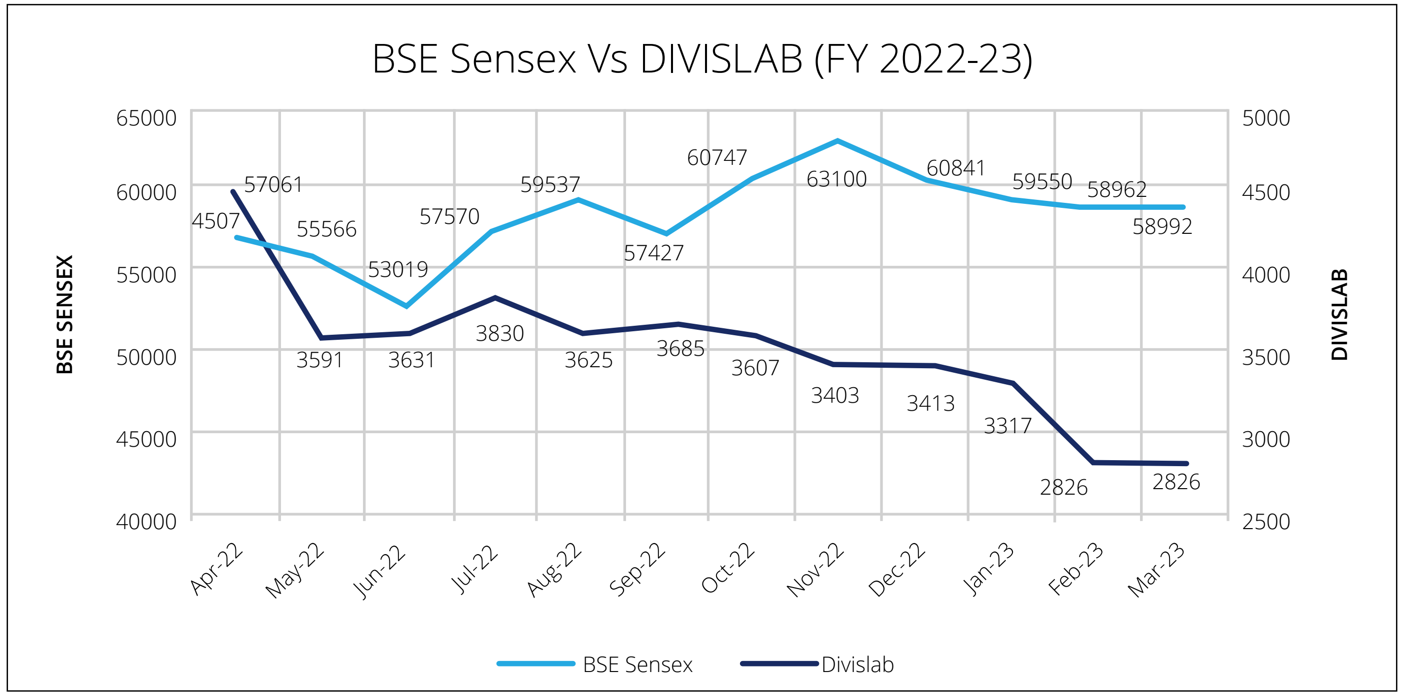
Annual General Meeting details	Monday, August 28, 2023 at 10.00 a.m. (IST). The AGM will be held through Video Conferencing (VC)/Other Audio-Visual Means (OAVM) only.
Financial Year	The Company's financial year begins on April 1 and ends on March 31 of succeeding year.
Dividend	The Board of Directors recommended a dividend of ₹30/- per equity share of ₹2/- each, i.e., 1500% for the financial year ended March 31, 2023, subject to approval of members at the ensuing Annual General Meeting. Record date for Dividend is Friday, August 11, 2023. If approved by the Members, payment will be made on and from Monday, September 04, 2023.
ISIN	INE361B01024
CIN	L24110TG1990PLC011854
Listing on Stock Exchanges	National Stock Exchange of India Limited (NSE) Exchange Plaza, C-1, Block G, Bandra-Kurla Complex, Bandra (East), Mumbai–400051. BSE Limited (BSE) Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai-400 001 The listing fee for the financial year 2023-24 has been paid to both the Stock Exchanges.
Stock Code	NSE : DIVISLAB BSE : 532488
Registrars & Transfer Agent (RTA)	Kfin Technologies Limited Selenium Tower B, Plot No. 31 – 32, Financial District, Nanakramguda, Serilingampally, Hyderabad - 500032, Rangareddy, Telangana, India

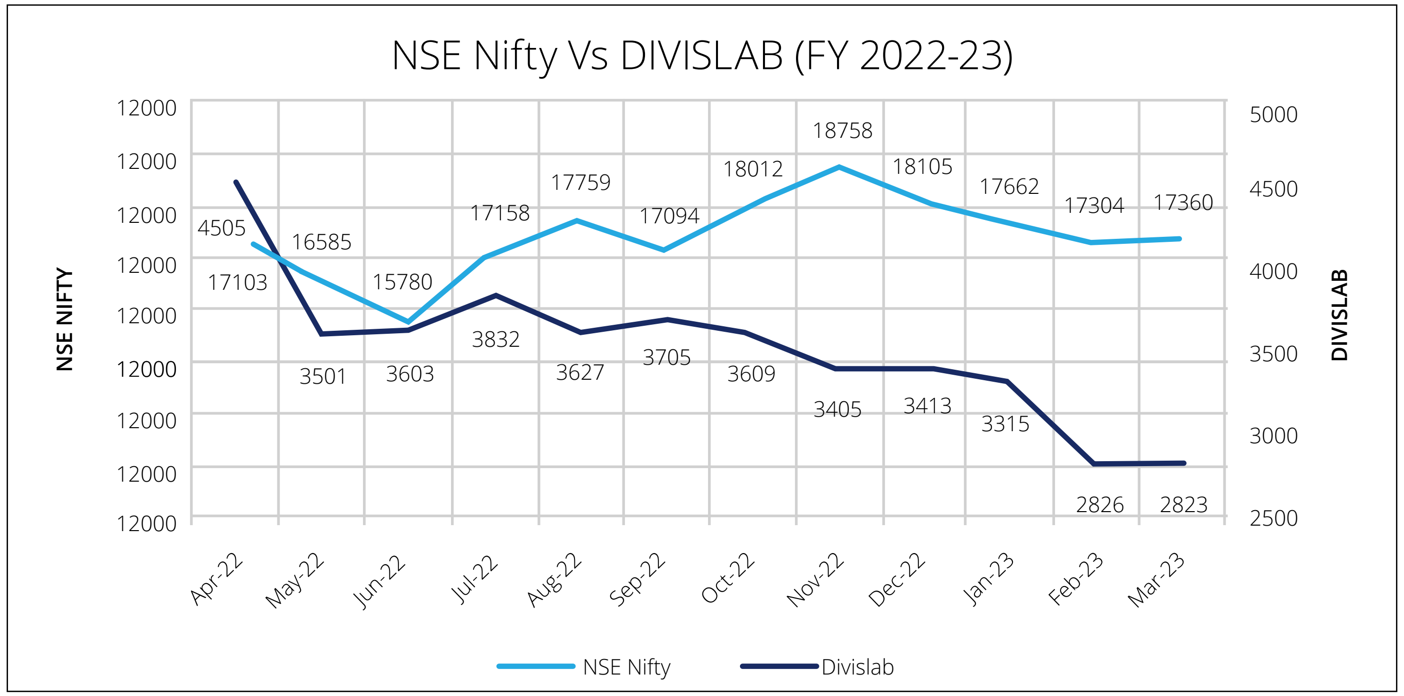
13. Market Price Data

Monthly high and low quotations as well as the volume of shares traded at BSE and NSE for the financial year 2022-23 are as follows:

Month	BSE			NSE		
	High (₹)	Low (₹)	Volume	High (₹)	Low (₹)	Volume
Apr-22	4,640.95	4,333.00	3,07,586	4,640.80	4,335.10	74,04,184
May-22	4,551.50	3,365.10	8,25,794	4,600.00	3,365.55	1,89,84,690
Jun-22	3,724.90	3,449.85	5,35,654	3,715.00	3,450.10	99,03,041
Jul-22	3,882.75	3,581.35	3,68,242	3,884.30	3,581.05	60,08,193
Aug-22	3,976.70	3,448.00	11,76,740	3,973.90	3,446.00	1,39,21,247
Sep-22	3,750.00	3,544.85	5,22,987	3,751.00	3,544.00	91,30,528
Oct-22	3,802.45	3,473.05	6,78,768	3,806.60	3,472.00	71,12,357
Nov-22	3,902.00	3,197.00	5,40,477	3,903.95	3,195.15	1,84,69,427
Dec-22	3,640.00	3,254.40	3,34,654	3,640.00	3,254.65	98,45,048
Jan-23	3,520.00	3,282.00	2,19,992	3,520.00	3,281.30	57,61,796
Feb-23	3,417.50	2,740.10	7,71,938	3,419.00	2,740.10	1,62,05,832
Mar-23	2,881.10	2,730.00	2,51,002	2,889.00	2,730.00	69,61,050

Chart given below shows the stock performance at closing prices in comparison to the broad-based index such as BSE Sensex and NSE Nifty.





14. Unclaimed Dividend Amounts and Transfer to Investor Education and Protection Fund (IEPF)

Pursuant to Sections 124 and 125 of the Act read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 (IEPF Rules), dividend, if not claimed for a period of seven years from the date of transfer to Unpaid Dividend Account of the Company, are liable to be transferred to IEPF.

Further, all the shares in respect of which dividend has remained unclaimed for seven consecutive years or more from the date of transfer to unpaid dividend account shall also be transferred to IEPF Authority. The said requirement does not apply to shares in respect of which there is a specific order of Court, Tribunal or Statutory Authority, restraining any transfer of the shares.

The Company sends periodical reminders to the shareholders to claim their dividends in order to avoid transfer of dividends/ shares to IEPF Authority. Notices in this regard are also published in the newspapers and the details of unclaimed dividends and shareholders whose shares are liable to be transferred to the IEPF Authority, are uploaded on the Company's website at https://www.divislabs.com/investor-relations/reports-and-filings/unclaimed-dividend/#unclaimed-dividend.

The Company has transferred dividend amounts which remained unpaid or unclaimed for a period of seven years from the date of their transfer to unpaid dividend account, from time to time, on due dates to IEPF.

The Company has uploaded the details of unpaid and unclaimed dividends lying with the Company as on March 31, 2023 on the website of the Company, and on the website of the Ministry of Corporate Affairs.

During the year under review, the Company has credited the following unclaimed dividends to the IEPF:

Financial Year	Date of declaration of dividend	Amount transferred to IEPF(₹)	No of shares Transferred
2014-2015	31.08.2015	9,49,760/-	774
2015-2016	10.03.2016 (Interim)	10,30,730/-	351

Details of shares transferred to IEPF Authority during financial year 2022-23 are also available on the website of the Company (www.divislabs.com). The Company has also uploaded these details on the website of the IEPF Authority (www.iepf.gov.in).

Information in respect of such unclaimed dividends due for transfer to IEPF is as follows:

Financial Year	Date of declaration of dividend	Amount outstanding as on March 31, 2023 (₹)	Due for transfer to IEPF on
2016-2017	25.09.2017	17,28,070	24.10.2024
2017-2018	10.09.2018	5,11,770	09.10.2025
2018-2019	23.08.2019	18,13,024	22.09.2026
2019-2020	12.02.2020 (Interim)	19,94,640	11.03.2027
2020-2021	30.08.2021	16,48,404	07.10.2028
2021-2022	22.08.2022	26,71,815	29.09.2029

In accordance with the provisions of Section 124(6) of the Act read with Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 (as amended from time to time), shares in respect of which dividend has not been paid or claimed for seven consecutive years or more, will be transferred to the demat account of IEPF Authority. The Company has sent notice to all shareholders whose shares are due to be transferred to the IEPF Authority. Members are advised to visit the website of the company to ascertain the details of shares liable for transfer in the name of IEPF Authority.

Shareholders whose unclaimed dividend/ shares are transferred to the IEPF Authority can now claim their unclaimed dividend and shares from the Authority by following the Refund Procedure as detailed on the website of IEPF Authority.

15. Share Transfer System

In terms of Regulation 40(1) of SEBI Listing Regulations, as amended from time to time, transfer, transmission and transposition of securities shall be effected only in dematerialised form.

Pursuant to SEBI Circular dated January 25, 2022, the listed companies shall issue the securities in dematerialised form only, for processing any service requests from shareholders vis., issue of duplicate share certificates, endorsement, transmission, transposition, etc. After processing the service request, a letter of confirmation will be issued to the shareholders and shall be valid for a period of 120 days, within which the shareholder shall make a request to the Depository Participant for dematerialising those shares. If the shareholders fail to submit the dematerialisation request within 120 days, then the Company shall credit those shares in the Suspense Escrow Demat account held by the Company. Shareholders can claim these shares transferred to Suspense Escrow Demat account on submission of necessary documentation.

The Stakeholders Relationship Committee meets as often as required to approve share transfers and to attend to any grievances or complaints received from the members.

16. Distribution of Shareholding as on March 31, 2023

Category No of shares	Number of accounts	% of total accounts	Shareholding	% of Share Capital
1 – 5000	4,32,484	99.74	2,02,00,858	7.61
5001 – 10000	457	0.11	33,64,313	1.27
10001 – 20000	277	0.06	39,33,172	1.48
20001 – 30000	102	0.02	25,43,566	0.96
30001 – 40000	56	0.01	20,19,721	0.76
40001 – 50000	24	0.01	10,65,657	0.40
50001 – 100000	98	0.02	70,00,870	2.64
100001 & above	123	0.03	22,53,40,423	84.88
Total	**4,33,621**	**100**	**26,54,68,580**	**100**

17. (i) Shareholding Pattern

Category	As on March 31, 2023		As on March 31, 2022	
	No. of shares	% of Share Capital	No. of shares	% of Share Capital
Promoters & Promoter Group	13,78,83,200	51.94	13,78,94,200	51.94
Mutual Funds	3,49,10,100	13.15	3,63,29,188	13.68
Alternative Investment Fund	8,71,269	0.33	10,16,752	0.38
Foreign Portfolio Investors	3,89,57,437	14.67	4,89,88,899	18.45
Banks/Financial institutions	3,02,160	0.11	1,19,640	0.05
Qualified Institutional Buyer/Insurance Companies/ Provident Funds/ Pension Funds/Sovereign Wealth Funds	1,98,54,080	7.48	1,11,63,520	4.21
Indian Public	2,71,11,568	10.21	2,46,06,409	9.27
NBFCs registered with RBI	3,350	0.00	1,485	0.00
Trusts	47,958	0.02	46,260	0.02
Non-Resident Indian	18,15,905	0.69	16,19,215	0.61
Clearing Members	13,365	0.01	1,35,721	0.05
Corporate Bodies	36,72,598	1.38	35,20,345	1.33
IEPF	25,590	0.01	26,946	0.01
Total	**26,54,68,580**	**100.00**	**26,54,68,580**	**100.00**

(ii) Shareholding Profile As on March 31, 2023

Mode of holding	Number of accounts	Shareholding	% of Share Capital
NSDL	1,63,980	25,58,57,621	96.38
CDSL	2,86,577	94,94,028	3.58
Physical	26	1,16,931	0.04
Total	**4,50,583**	**26,54,68,580**	**100.00**

18. Dematerialisation of Shares and Liquidity

The Company's shares have been mandated for compulsory trading in demat form. Valid demat requests received by the Company's Registrar are confirmed within the statutory period.

International Securities Identification Number (ISIN) allotted for the Company by NSDL and CDSL is INE361B01024. In case a member wants his/her shares to be dematerialised, he/she may send the shares along with the request through his depository participant (DP) to the RTA, Kfin Technologies Limited.

The Company's RTA promptly intimate the DPs in the event of any deficiency and shareholders are also kept abreast. Pending demat requests in the records of the Depositories, if any, are continually reviewed and appropriate actions are initiated.

As on March 31, 2023, 99.96% of the shares were in demat mode.

19. Outstanding GDRs/ADRs/Warrants or any Convertible Instruments, Conversion Date and Likely Impact on Equity

The Company does not have any outstanding GDRs/ADRs/Warrants or any convertible instruments.

20. Commodity Price Risk or Foreign Exchange Risk and Hedging Activities

The Company is not carrying on any Commodity Business and has not undertaken any hedging activities. The details of foreign currency exposure are disclosed in Notes to Standalone Financial Statements.

21. Plant Locations

CHOUTUPPAL Unit:	Lingojigudem Village, Choutuppal Mandal Yadagiri Bhuvanagiri Dist., Telangana, Pin Code - 508 252.
EXPORT ORIENTED Unit:	Chippada Village, Bheemunipatnam Mandal Visakhapatnam Dist., Andhra Pradesh, Pin Code - 531 163
DIVI'S PHARMA SEZ Unit:	Chippada Village, Bheemunipatnam Mandal Visakhapatnam Dist., Andhra Pradesh, Pin Code - 531 163
DSN SEZ Unit:	Chippada Village, Bheemunipatnam Mandal Visakhapatnam Dist., Andhra Pradesh, Pin Code - 531 163
DC SEZ Unit:	Lingojigudem Village, Choutuppal Mandal Yadagiri Bhuvanagiri Dist., Telangana, Pin Code - 508 252.
DCV SEZ Unit:	Chippada Village, Bheemunipatnam Mandal Visakhapatnam Dist., Andhra Pradesh, Pin Code - 531 163

22. Address for Correspondence

All Members correspondence should be forwarded to Kfin Technologies Limited, the RTA of the Company or to the Company at the Registered Office of the Company at the addresses mentioned below.

Registrar and Share Transfer Agents (RTA):	Company: Company Secretary, Compliance Officer and Nodal officer under IEPF
Kfin Technologies Limited **Unit: Divi's Laboratories Limited** Selenium Tower B, Plot No. 31 – 32, Financial District, Nanakramguda, Serilingampally, Hyderabad - 500032, Rangareddy, Telangana, India Phone No: +91 40-67161526; Fax: +91 40-23001153 Toll Free No. 1800-3454-001 E-mail: einward.ris@kfintech.com	Mr. M. Satish Choudhury **Divi's Laboratories Limited** 1-72/23(P)/DIVIS/303, Divi Towers, Cyber Hills, Gachibowli, Hyderabad – 500 032, Telangana, India Phone: +91 40 66966352; Fax: +91 40-6696 6460 E-mail: cs@divislabs.com Website: www.divislabs.com

23. Credit Rating

CARE Ratings Limited has reaffirmed the credit rating for the Company as CARE AA+ Outlook: Stable for long-term bank facilities and AA+ (Stable) outlook: Stable, A+ for long/short-term bank facilities.

24. Other Disclosures

A) Dividend Distribution Policy:

The Board of Directors adopted a Dividend Distribution Policy as per the statutory requirement of SEBI Listing Regulations and the Act. The said Policy is available on the website of the Company at: https://www.divislabs.com/DividendDistributionPolicy.pdf.

B) Disclosures on Materially Significant Related Party Transactions

The Company does not have any materially significant related party transactions, which may have potential conflict with the interest of the Company. Other related party transactions have been reported at Note no. 37 of notes to Standalone Financial Statements. The Register of Contracts, containing transactions in which Directors are interested, is placed before the Board regularly.

The Company has formulated a policy on materiality of Related Party Transactions and also on dealing with Related Parties. The policy is available on the website of the Company at https://www.divislabs.com/RPT-Policy.pdf

C) Cases of Non-Compliances/Penalties

There has been no instance of non-compliance by the Company on any matter related to capital markets during the last three years. Hence, the question of imposition of penalties or strictures by SEBI or the Stock Exchanges does not arise.

D) Whistle Blower Policy/Vigil Mechanism

To strengthen its policy of corporate transparency, the Company has established an empowering mechanism for employees and accordingly formulated a Whistle Blower Policy to provide a mechanism for directors and employees of the Company to report instances of unethical behavior, actual or suspected fraud, or violation of the Code of Ethics and Business Conduct, in good faith to the Vigilance Officer/Chairman of the Audit Committee. This mechanism also provides for adequate safeguards against victimisation of director(s)/employee(s) who avail the mechanism and provides for direct access to the Chairman of the Audit Committee in exceptional cases. No personnel have been denied access to the Audit Committee.

The Whistle Blower Policy may be accessed on the Company's website at: https://www.divislabs.com/WhistleBlowerPolicy.pdf.

E) Policy for determining material subsidiaries is disseminated on the website of the Company at https://www.divislabs.com/MaterialSubsidiaryPolicy.pdf.

F) The Company has obtained a certificate from Mr. V. Bhaskara Rao, Practicing Company Secretary, certifying that none of the Directors on the Board of the Company has been debarred or disqualified from being appointed or continuing as Directors of Companies by the Board/Ministry of Corporate Affairs or any such statutory authority.

G) Fees Paid for the services of Auditors

Details of the total fees for all services paid by the Company and its subsidiaries, on a consolidated basis, to the statutory auditor and all entities in the network firm/network entity of which the statutory auditor of the Company is a part, are as follows:

(₹ in lakhs)

Particulars	For year ended March 31, 2023	For year ended March 31, 2022
As Statutory Auditor	40	40
For quarterly reviews	26	24
Re-imbursement of expenses	4	2
Total payments to auditors	**70**	**66**

H) Sexual Harassment

In compliance with Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 statement of complaints for the financial year ended March 31, 2023 is as follows:

Sl. No.	Particular	Number
1	Number of complaints pending as on beginning of the financial year	Nil
2	Number of complaints filed during the financial year	Nil
3	Number of complaints disposed of during the financial year	Nil
4	Number of complaints pending as on end of financial year	Nil

I) The Company or its subsidiaries has not given any loans and advances in the nature of loans to firms/companies in which directors are interested.

J) The Company has not raised any funds through preferential allotment or QIP as specified under Regulation 32(7A) of SEBI Listing Regulations during the year under review.

K) There are no instances of recommendation of any committee of the Board which is mandatorily required and not accepted by the Board during the year under review.

25. The Company has complied with the requirements of the Schedule V Corporate Governance Report sub-paras (2) to (10) of the SEBI Listing Regulations.

26. Compliance with Mandatory Requirements and Adoption of Discretionary Requirements

The Company has complied with all the mandatory requirements of the Corporate Governance as stipulated in Schedule V of the SEBI Listing Regulations. Certificate from Mr. V. Bhaskara Rao, Practicing Company Secretary, confirming compliance with the conditions of Corporate Governance is annexed.

Status of adoption of the discretionary requirements pursuant to Regulation 27(1) of the SEBI Listing Regulations read with Part E of Schedule II is as under:

Shareholder Rights: Half-yearly and other quarterly financial statements are published in newspapers and uploaded on Company's website www.divislabs.com;

Audit Qualifications: The Company strives to follow a regime of unmodified opinion of Auditors on financial statements. The Auditors have raised no qualification on the financial statements for financial year 2022-23 and the Auditor's Report on the financial statements is with an unmodified opinion.

Subsidiaries

The Company has two foreign subsidiaries. The Audit Committee reviews the financial statements of the subsidiary companies. During the year, the Board took on record the minutes of the Board meetings of the subsidiary companies.

CEO and CFO Certification

The CEO and CFO of the Company have certified to the Board in relation to reviewing financial statements and other information as required by Regulation 17(8) of the SEBI Listing Regulations and the certificate is appended.

Code of Ethics and Business Conduct

The Company has adopted a Code of Ethics and Business Conduct ("The Code") for Directors and Senior Management. The Code is comprehensive in nature and applicable to all the Directors, Executive as well as Non-Executive and to Senior Management of the Company.

Copy of the said Code is available on the Company's website, www.divislabs.com. The Code has been circulated to all the members of the Board and Senior Management and the compliance of the same has been affirmed by them. A declaration signed by the Chief Executve Officer and Managing Director is as follows:

We hereby confirm that the Company has obtained from all the members of the Board and senior management, affirmation that they have complied with the Code in respect of the financial year 2022-23.

For and on behalf of the Board

Dr. Murali K. Divi
Managing Director
DIN: 00005040

Dr. Kiran S. Divi
Whole-time Director &
Chief Executive Officer
DIN: 00006503

Place: Hyderabad
Date: May 20, 2023

Certification of Chief Executive Officer and Chief Financial Officer

We, Dr. Kiran S. Divi, Whole-time Director & Chief Executive Officer appointed in terms of the Companies Act, 2013 and Mr. L. Kishore Babu, Chief Financial Officer of Divi's Laboratories Limited, to the best of our knowledge and belief, certify that:

a. We have reviewed the financial statements and the cash flow statement (Standalone and consolidated) for the year ended March 31, 2023 and to the best of our knowledge and belief these statements;

  i. do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

  ii. together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

b. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.

c. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

d. We have indicated to the Auditors and the Audit Committee

  i. significant changes in internal control over financial reporting during the year;

  ii. significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and

  iii. instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.

For Divi's Laboratories Limited

Dr. Kiran S. Divi
Whole-time Director &
Chief Executive Officer
DIN: 00006503

L. Kishore Babu
Chief Financial Officer

Place: Hyderabad
Date: May 20, 2023

Certification on Corporate Governance

To
The Members of
Divi's Laboratories Limited
CIN: L24110TG1990PLC011854
1-72/23(P)/DIVIS/303, Divi Towers
Cyber Hills, Gachibowli
Hyderabad -500 032

We have examined the compliance of conditions of Corporate Governance by Divi's Laboratories Limited ('the Company'), for the year ended March 31, 2023, as stipulated in Regulations 17 to 27, clauses (b) to (i) of Regulations 46(2) and para C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time ("SEBI Listing Regulations")

The Compliance of the conditions of Corporate Governance is the responsibility of the management of the Company. This responsibility includes the design, implementation, and maintenance of internal control and procedures to ensure the compliance with the conditions of the Corporate Governance stipulated in the SEBI Listing Regulations.

Our examination was limited to examining the procedures and implementation thereof, adopted by the Company for ensuring the compliance with the conditions of Corporate Governance.

It is neither an audit nor an expression of opinion on the financial statements of the Company.

We have examined the books of account and other relevant records and documents maintained by the Company for the purposes of providing reasonable assurance on the compliance with Corporate Governance requirements by the Company.

Based on our examination of the relevant records and according to the information and explanations provided to us and the representations provided by the Management and considering the relaxations granted by the Ministry of Corporate Affairs and Securities and Exchange Board of India warranted due to the spread of the COVID-19 pandemic, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the SEBI Listing Regulations for the year ended on March 31, 2023.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For V. Bhaskara Rao & Co.,
Company Secretaries

V. Bhaskara Rao
Proprietor
F.C.S.No.5939, C.P.No.4182
Peer Review No. 670/2020
UDIN: F005939E000342319

Place: Hyderabad
Date: May 20, 2023

Certificate of Non-Disqualification of Directors

[Pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the
SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

To,
The Board of Directors
Divi's Laboratories Limited,
CIN: L24110TG1990PLC011854
1-72/23(P)/DIVIS/303,
Divi Towers Cyber Hills, Gachibowli,
Hyderabad, Telangana-500032

We have examined the relevant registers, records, forms, returns and disclosures (hereinafter referred to as 'relevant documents') produced to us by M/s. Divi's Laboratories Limited, bearing CIN L24110TG1990PLC011854 and having Registered Office at 1-72/23(P)/DIVIS/303, Divi Towers, Cyber Hills, Gachibowli, Hyderabad, Telangana-500032 (hereinafter referred to as 'the Company') for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Based on our examination of relevant documents made available to us by the Company and such other verifications carried out by us as deemed necessary and to the extent possible, in our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to me by the Company & its officers, we hereby certify that, for the financial year ending on March 31, 2023, none of the Directors on the Board of the Company as stated below have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority:

Sl. No.	Name of Director	DIN
1.	Dr. Murali Krishna Prasad Divi	00005040
2.	Mr. Nimmagadda Venkata Ramana	00005031
3.	Dr. Satchandra Kiran Divi	00006503
4.	Mr. Kanteti Venkata Krishna Seshavataram	00060874
5.	Mr. Madhusudana Rao Divi	00063843
6.	Dr. Gangavarapu Suresh Kumar	00183128
7.	Ms. Nilima Prasad Divi	06388001
8.	Mr. Ranga Rao Ravipati	06409742
9.	Dr. Rameshbabu Venkata Nimmagadda	07854042
10.	Prof. Ganapaty Seru	07872766
11.	Prof. Sunaina Singh	08397250
12	Mr. Kosaraju Veerayya Chowdary	08485334

Ensuring that the eligibility of for the appointment/continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For V. Bhaskara Rao & Co.,
Company Secretaries

V. Bhaskara Rao
Proprietor
F.C.S.No.5939, C.P.No.4182
Peer Review No. 670/2020
UDIN: F005939E000342319

Place: Hyderabad
Date: May 20, 2023

Board's Report

To
The Members,
Divi's Laboratories Limited

Your Directors' present the 33rd Annual Report of Divi's Laboratories Limited ("the Company" or "Divi's") along with the audited financial statements for the financial year ended March 31, 2023. The consolidated performance of the Company and its subsidiaries ("Group") has been referred to wherever required.

Financial Results

Financial performance of the Company for the year ended March 31, 2023 is summarised below:

(₹ in lakhs)

	Standalone		Consolidated	
	2022-23	2021-22	2022-23	2021-22
Revenue	7,62,530	8,87,982	7,76,751	8,95,983
Other Income	34,901	11,126	34,466	11,387
Total Income	7,97,431	8,99,108	8,11,217	9,07,370
Expenditure before depreciation, interest	5,27,762	5,00,336	5,39,969	5,07,789
Profit before depreciation, interest and tax (PBDIT)	2,69,669	3,98,772	2,71,248	3,99,581
Depreciation	34,207	31,055	34,318	31,151
Finance Cost	52	65	67	80
Profit before Tax (PBT)	2,35,410	3,67,652	2,36,863	3,68,350
Tax Expense:				
Current Tax	43, 758	63,720	43,917	64,400
Deferred Tax	10,837	9,078	10,608	7,905
Total Tax	54,595	72,798	54,525	72,305
Profit after Tax (PAT)	1,80,815	2,94,854	1,82,338	2,96,045
Other comprehensive Income (net of tax)	233	218	1,194	406
Total Comprehensive Income	1,81,048	2,95,072	1,83,532	2,96,451
Earnings per Share of ₹ 2/- each (EPS) Basic & Diluted (₹)	68.11	111.07	68.69	111.52

Operations

Standalone

Last year, the Company had the opportunity to make a significant contribution for the treatment of covid pandemic and swiftly developed process, mobilised its resources and capital infrastructure, quickly created capacities and produced large volumes of a product for covid-19 infection for an MNC customer, which helped in treatment of people infected with covid-19 virus. It is a great relief that the pandemic has since abated and people across the world are breathing normal activity. As a result, our supplies of the product for covid-19 have also substantially reduced during the year under review.

As the restrictions on movement of people has since eased and the over-stocking of inventories at different channels of some of the lifestyle medicines has also reduced, we are seeing growth of our normal business portfolio.

This financial year, the Company has earned a total income of ₹7,97,431 lakhs, which is about 11% lower than the previous financial year. As stated above, due to significant change in the product-mix, our net material consumption as a percentage of revenue for the year is about 40%, while it was about 34% during the last financial year. Our Profit before tax for the year accounted to ₹2,35,410 lakhs, which is significantly lower than the previous year.

Tax expense for the year amounted to ₹54,595 lakhs as against a tax expense of ₹72,798 lakhs in the previous year. Effective tax rate for the year has increased over the last year due to the changes in product mix and the resultant profitability across the Company's manufacturing units.

Profit after tax for the year amounted to ₹1,80,815 lakhs as against ₹2,94,854 lakhs during the previous year.

Consolidated

The Group's consolidated total income amounted to ₹8,11,217 lakhs as against ₹9,07,370 lakhs in the previous year.

Profit before tax for the year is ₹2,36,863 lakhs as against ₹3,68,350 lakhs in the previous year. The Company earned a Profit after Tax of ₹1,82,338 lakhs for the year as against ₹2,96,045 lakhs in the previous year. The consolidated operations are reflective of standalone operations, as standalone operations are substantial part of our business.

Subsidiaries

The Company's wholly owned subsidiaries, vis., Divis Laboratories (USA) Inc., in USA and Divi's Laboratories Europe AG in Switzerland, are engaged in marketing/distribution of nutraceutical ingredients used in the food, beverage, dietary supplement, feed and pet food industries; and they provide a greater reach to customers within these regions. During the year, the subsidiaries have achieved aggregate revenue of ₹51,530 lakhs as against ₹48,845 lakhs in the previous year, reflecting a growth of 5% of revenue at the subsidiary level. During the year, there was no significant change in the nature of business of the Subsidiaries.

As per Section 129(3) of the Companies Act, 2013 read with Companies (Accounts) Rules, 2014, statement containing the salient features of the financial statement of Company's subsidiaries in form AOC-1 is annexed herewith as "**Annexure - I**". Moreover, pursuant to provisions of Section 136(1) of the Companies Act, 2013, audited financial statements of the subsidiary companies are placed on the Company's website and can be accessed at https://www.divislabs.com/Subsidiary-Financials-2023.pdf. The Consolidated Financial Statements presented by the Company include the financial results of these two subsidiary companies.

Policy for determining Material Subsidiaries, is available on the Company's corporate website and can be accessed at: https://www.divislabs.com/MaterialSubsidiaryPolicy.pdf. Presently, the Company does not have any material subsidiary.

Consolidated Financial Statements

As stipulated in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") and the Companies Act, 2013 ("the Act"), the consolidated financial statements have been prepared by the Company in accordance with the relevant accounting standards. The audited consolidated financial statements together with Auditor's Report thereon form part of the Annual Report.

Capital Expenditure

During the year, we have capitalised Property, Plant and Equipment (PPE) and Intangible Assets valuing ₹74,140 lakhs. Capital Work-in-progress as at the year-end amounted to ₹21,188 lakhs.

A major part of the capitalisation is in the DC and DCV SEZs, besides capacity expansion, plant upgradation and augmenting the utility/support infrastructure at the other manufacturing facilities.

Kakinada Project

During the year, the Company has made significant progress for implementation of its project of setting up a manufacturing plant (Unit-III) at Ontimamidi (Kona) Village, Thondangi Mandal, Kakinada District of Andhra Pradesh. With all clearances obtained for the Unit III project, construction activity on the 500 acres of land is progressing well with an estimated capex of ₹1,20,000 lakhs to ₹1,50,000 lakhs for Phase-1 development depending upon options and opportunities available to the company and selection of capacities to be created for different products.

Material Changes and Commitments

No other material changes and commitments have occurred after the close of the financial year till the date of this Report, which affect the financial position of the Company. Further, there is no change in the nature of business of the Company.

Dividend

Your Directors are pleased to recommend a dividend of ₹30/- per equity share of ₹2/- each, i.e., 1500% for the financial year ended March 31, 2023, subject to approval of members at the ensuing Annual General Meeting (AGM). The Dividend, if approved, will be paid to shareholders whose names appear in the Register of Members as on the book closure/record date.

The total dividend payout for the current year amounts to ₹79,641 lakhs as against ₹79,641 lakhs in the previous year. Dividend payout for the year as a percentage of profits is 44%. Payment of dividend to members will be subject to tax deduction at source (TDS) as per statutory requirement.

The dividend recommended is in accordance with the Company's Dividend Distribution Policy. The Dividend Distribution Policy is available on the Company's website and can be accessed at https://www.divislabs.com/DividendDistributionPolicy.pdf.

Transfer to Reserves

The Directors have decided to retain the entire total comprehensive income for the current year in Other Equity.

Deposits

The Company has not accepted any deposits from public covered by provisions of Section 73 of the Act.

Loans, Guarantees or Investments

The Company has not given any loans or guarantees covered under the provisions of Section 186 of the Act. The details of investments made by the Company are given in the notes to the financial statements forming part of this annual report.

Related Party Transactions

There are no materially significant related party transactions made by the Company with related parties which may have potential conflict of interest with the Company at large. As a matter of policy, your Company carries out transactions with related parties on an arms' length basis. Statement of these transactions is given at Note No. 37 of the Notes to financial statements.

Accordingly, particulars of contracts or arrangements with related parties referred to in Section 188(1) of the Act along with the justification for entering into such contract or arrangement in prescribed Form AOC-2 does not form part of this report.

The Policy on Materiality of Related Party Transactions and on dealing with Related Party Transactions as approved by the Board is available on the Company's website and can be accessed at https://www.divislabs.com/RPT-Policy.pdf.

Internal Financial Controls

Information in respect of internal financial controls and their adequacy is included in the Management Discussion and Analysis, which forms part of this Annual report.

Risk Management

The Company has a Risk Management Committee of the Board. The brief of terms of reference, composition and names of members and chairperson are set out in the Corporate Governance Report forming part of the Report.

The Company has an enterprise-wide approach to risk management, which lays emphasis on identifying and managing key operational and strategic risks. The aim is to avoid or minimise risks that pose a threat to Divi's continued existence and to make improved managerial decisions to create value. The Company has been addressing various risks impacting the Company pursuant to the Risk Management Policy.

The Risk Management Committee constantly evaluates various risks – business, customer concentration, supplier concentration, regulatory compliances, confidentiality of processes, consistency of cGMP practices, environment, employee health and safety etc., monitors risks and deploy appropriate control systems aimed at mitigating such risks to the extent possible. The Audit Committee reviews the risk elements of the company's business, finance, operations and compliance, and their respective mitigation strategies.

Further details on the Risk Management activities including key risks identified, and their mitigations are covered in Management Discussion and Analysis Report, forming part of this Annual Report.

During the financial year 2022-23, the focus areas of Risk Management Committee included review of cyber security and data protection, business continuity, various ESG risks.

Management Discussion and Analysis

In terms of provisions of Regulation 34(2) of SEBI Listing Regulations report on Management Discussion & Analysis for the year under review is provided in a separate section forming part of this Annual Report.

Directors' Responsibility Statement

As required under Section 134 (5) of the Act, Directors of your Company hereby state and confirm that:

a) the applicable accounting standards read with requirements of Schedule III to the Act have been followed in the preparation of the annual accounts for the year ended March 31, 2023 and there are no material departures from the same;

b) accounting policies selected were applied consistently and the judgements and estimates made are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit of the Company for the period;

c) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

d) the annual accounts have been prepared on a going concern basis.

e) internal financial controls have been laid down and such controls are adequate and operating effectively;

f) proper systems have been laid down to ensure compliance with the provisions of all applicable laws and such systems are adequate and operating effectively.

Number of Meetings of Board of Directors

The Board meets at least four times in a year at quarterly intervals and more frequently if deemed necessary, to transact its business. During the financial year, the Board has met four times, i.e. May 23, 2022, August 12, 2022, November 07, 2022 and February 03, 2023.

Directors and Key Managerial Personnel

During the financial year, there were no changes in the Board of Directors or Key Managerial Personnel.

Pursuant to the Members' approval dated March 26, 2022 via postal ballot, Dr. Ramesh B.V. Nimmagadda and Dr. Ganapaty Seru were re-appointed as Independent Directors for a second term of 5 years, and Ms. Nilima Prasad Divi was re-appointed as Whole-time Director (Commercial) of the Company for a period of 5 years.

Dr. Kiran S. Divi and Ms. Nilima Prasad Divi retires by rotation at the forthcoming 33rd AGM and being eligible, offer themselves for re-appointment.

Declaration by Independent Directors

The Company received declaration from all the Independent Directors of the Company under Section 149(7) of the Act and Regulation 25 of the SEBI Listing Regulations, confirming that they meet the criteria of independence as provided in Section 149(6) of the Act and Regulation 16(1)(b) of SEBI Listing Regulations and there has been no change in the circumstances affecting their status as Independent Directors of the Company. Further, they have confirmed compliance to the code of conduct for independent directors as prescribed in Schedule IV of the Act. In the opinion of the Board, the Independent Directors of the Company possess necessary expertise, integrity and experience.

Performance Evaluation

The Board of Directors carried out an annual evaluation of its own performance, of the Committees of the Board and of the individual directors including Independent Directors, pursuant to the provisions of the Companies Act, 2013 and SEBI Listing Regulations.

Performance evaluation was carried out on the basis of criteria evolved, as provided by the Guidance Note on Board Evaluation issued by Securities and Exchange Board of India, seeking inputs from the Directors individually and the committees through a structured questionnaire which provides a valuable feedback for contribution to the Board, improving Board effectiveness, maximising strengths and highlighting areas for further improvement, etc.

In a separate meeting of the Independent Directors, performance of the Chairperson, non-independent directors and the Board as a whole was evaluated taking into account the views of the non-independent directors and the same was discussed in the Board Meeting. Performance evaluation of Independent Directors is done by the entire Board of Directors (excluding the Directors being evaluated).

The details of the separate meeting of the Independent Directors are reported in the Report on Corporate Governance which forms part of the Board's Report.

Policy on Directors' Appointment and Remuneration

The Policy on appointment and remuneration of directors, key managerial persons (KMP) and senior management including criteria for determining qualifications, positive attributes and director's independence as required under Section 178(3) of the Act, and Regulation 19 read with Schedule II Part D of SEBI Listing Regulations has been formulated by the Company, inter-alia includes:

- To identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down.
- To ensure a transparent board nomination process with the diversity of thought, experience, knowledge, perspective and gender in the Board.
- To determine remuneration based on the Company's size and financial position and trends and practices on remuneration prevailing in peer companies, in the Pharma industry besides qualifications, skills, capabilities, etc.
- To carry out evaluation of the performance of Directors, as well as Key Managerial and Senior Management Personnel.
- To provide them rewards linked directly to their effort, performance, dedication and achievement relating to the Company's operations.
- To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.

Policy on Nomination and Remuneration of Directors, Key/ Senior Managerial Personnel may be accessed on the Company's website at:

https://www.divislabs.com/NominationRemunerationPolicy.pdf.

Remuneration details of Directors & KMP and Particulars of Employees

Pursuant to Section 197(12) of the Act, read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the prescribed particulars pertaining to remuneration and other details are given in "**Annexure – II**" to this Report.

The non-executive directors of the Company had no pecuniary relationship or transactions with the Company, other than sitting fees, annual remuneration and reimbursement of expenses, if any.

In terms of the provisions of Section 197(12) of the Act read with Rules 5(2) and 5(3) of the Rules, a statement showing the names and other particulars of employees drawing remuneration in excess of the limits set out in the said Rules forms part of this report. Further, the report and the annual accounts are being sent to the Members excluding the aforesaid statement. In terms of Section 136 of the Act, the said statement will be open for inspection upon request by the Members. Any Member interested in obtaining such particulars may write to the Company Secretary at cs@divislabs.com.

Corporate Social Responsibility (CSR)

The Company has been doing CSR activities for over the past 3 decades. The CSR initiatives of the Company during the year include promoting education, safe drinking water, preventive healthcare, village development, environmental sustainability, support to differently abled, Swatch Bharath, livelihood enhancement, promotion of rural sports, etc.

Corporate Social Responsibility Policy (CSR Policy) indicating the activities to be undertaken by the Company was adopted by the Board on the recommendation of the CSR Committee. During the year the CSR policy was amended to include recent changes in the statutory requirements. The policy can be accessed at https://www.divislabs.com/wp-content/uploads/2022/12/Divis-CSR-Policy-1.pdf.

Report on Corporate Social Responsibility as per Rule 8 of Companies (Corporate Social Responsibility Policy) Rules, 2014 is prepared and the same is enclosed as "**Annexure – III**" to this Report.

Business Responsibility and Sustainability Report (BRSR)

Pursuant to the Regulation 34 of SEBI Listing Regulations, BRSR describing the initiatives taken by the Company is enclosed as part of this Report.

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings & Outgo

Particulars required under Section 134 (3) (m) of the Act read with Rule 8(3) of the Companies (Accounts) Rules, 2014 is given in the "**Annexure – IV**" to this report.

Corporate Governance Report

The report on Corporate Governance as per Regulation 34(3) read with Schedule V of the SEBI Listing Regulations is included as a part of this Annual Report. The requisite certificate from Mr. V. Bhaskara Rao, Practicing Company Secretary confirming the compliance with the conditions of Corporate Governance is attached to the report on Corporate Governance.

Audit Committee

The details pertaining to the role, objective and composition of the Audit Committee are included in the Corporate Governance Report forming part of this Annual Report.

Vigil Mechanism

The Company has established a vigil mechanism and formulated a Whistle Blower Policy to provide mechanism for directors and employees of the Company to report their concerns about any unethical behavior, actual or suspected fraud or violation of the Company's code of conduct or ethics policy. The Policy provides that the Company investigates such incidents, when reported, in an impartial manner and takes appropriate action to ensure that requisite standards of professional and ethical conduct are always upheld. This mechanism also provides for adequate safeguards against victimisation of director(s)/ employee(s) who avail the mechanism and also provide for direct access to the Chairman of the Audit Committee in exceptional cases. The Whistle Blower Policy may be accessed on the Company's website at: https://www.divislabs.com/WhistleBlowerPolicy.pdf.

Audit Reports

- Report of the Statutory Auditors on the financial statements for the year does not contain any qualification, reservation or adverse remark or disclaimer; or reporting of any offence or fraud.
- The Secretarial Audit Report does not contain any qualification, reservation or adverse remark or disclaimer.
- The Auditors have not reported any instances of frauds to the Audit Committee as prescribed under Section 143(12) of the Act.

Statutory Auditors

M/s. Price Waterhouse Chartered Accountants LLP (Firm Registration No. 012754N/ N500016), Chartered Accountants, were appointed as statutory auditors of the Company to hold office for a second term of five consecutive years from the conclusion of the 32nd AGM of the Company held on August 22, 2022 till the conclusion of the 37th AGM to be held in the year 2027.

Secretarial Audit

Pursuant to provisions of Section 204 of the Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board of Directors of the Company has appointed Mr. V. Bhaskara Rao, Practicing Company Secretary (CP No. 4182) as the Secretarial Auditor of the Company to conduct the Secretarial audit for the financial year 2022-23. The Secretarial Audit report for the financial year 2022-23 is annexed herewith as "**Annexure - V**".

Cost Audit

Pursuant to the Section 148 of the Act and Rule 3 of the Companies (Cost Records and Audit) Rules, 2014 as amended, the Company maintains cost records in its books of account. As per Rule 4 of the said rules, the requirement for cost audit is not applicable to a company which is covered under Rule 3, and whose revenue from exports, in foreign exchange, exceeds seventy five per cent of its total revenue or which is operating from a special economic zone. However, the Company has voluntarily opted for audit of cost records and appointed M/s. E.V.S & Associates, Cost Accountants as Cost Auditors.

Annual Return

In terms of Section 92(3) of the Act and Rule 12 of the Companies (Management and Administration) Rules, 2014, the Annual Return of the Company as on March 31, 2023 is available on the Company's website and can be accessed at https://www.divislabs.com/annual-return/2022-23.pdf

Other Disclosures

- Information on Unclaimed Dividend and transfer to IEPF is provided in the Corporate Governance Report.
- No Company has become or ceased to be its subsidiary, joint venture or associate company during the year.
- No significant and material orders were passed by the regulators or courts or tribunals impacting the going concern status and Company's operations in future.
- The Company has complied with provisions relating to the constitution of Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and rules made thereunder and during the year under review, there were no complaints received or pending.
- The information with respect to Compensation, Nomination and Remuneration Committee, Stakeholders Relationship Committee, Risk management Committee are disclosed in the Corporate Governance Report forming part of the Annual Report.
- The Company has followed the applicable Secretarial Standards, i.e. SS-1 and SS-2, relating to 'Meetings of the Board of Directors' and 'General Meetings' respectively.
- There was no application made or proceeding pending against the Company under the Insolvency and Bankruptcy Code, 2016 (31 of 2016) during the year under review.

Acknowledgements

Your Directors take this opportunity to thank the customers, shareholders, suppliers, bankers, business associates, financial institutions and Central and State Governments for their consistent support and encouragement to the Company.

We are sure you will join our Directors in conveying our sincere appreciation to employees at all levels of the Company and its subsidiaries, for their hard work, dedication and commitment, in particular during this unprecedented year, thereby ensuring uninterrupted supply of life saving medicines across the globe.

For and on behalf of the Board

Dr. Ramesh B.V. Nimmagadda
Chairman
DIN: 07854042

Dr. Murali K. Divi
Managing Director
DIN: 00005040

Date: May 20, 2023
Place: Hyderabad

ANNEXURE – I

FORM AOC-1

Statement Containing Salient Features of the Financial Statement of Subsidiaries

Part A Subsidiaries

(₹ in lakhs)

Sl. No	Particulars	Divis Laboratories (USA) Inc.	Divi's Laboratories Europe AG.
1	The date since when Subsidiary was acquired	February 01, 2006	February 06, 2006
2	Reporting period for the Subsidiary	April 01, 2022 to March 31, 2023	April 01, 2022 to March 31, 2023
3	Reporting Currency and Exchange rate as on the last date of the relevant financial year	1 USD = ₹82.2169 Balance sheet 1 USD = ₹80.3341 for P&L	1 CHF = ₹89.915 Balance sheet 1 CHF = ₹84.1980 for P&L
4	Share Capital	87	404
5	Reserves & Surplus	8,005	1,876
6	Total assets	20,109	23,114
7	Total liabilities	12,017	20,834
8	Investments	-	-
9	Turnover	23,710	27,820
10	Profit before taxation	2,015	818
11	Provision for taxation	45	89
12	Profit after taxation	1,970	729
13	Other Comprehensive Income after tax for the year	520	184
14	Total Comprehensive Income for the year	2,490	913
15	Proposed Dividend	-	-
16	% of shareholding	100%	100%

For and on behalf of the Board

Dr. Ramesh B.V. Nimmagadda
Chairman
DIN: 07854042

Dr. Murali K. Divi
Managing Director
DIN: 00005040

Date: May 20, 2023
Place: Hyderabad

ANNEXURE – II

Information Pursuant to Section 197(12) of the Act and Rule 5 (1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as Amended

(i) The ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year, the percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary for the year are given below:

Sl. No	Name of Director/KMP and Designation	Remuneration of Director/ KMP for the financial year (₹ in lakhs)	Ratio of remuneration of each Director to median remuneration of employees of the Company for the financial year	%increase/ (decrease) in remuneration in the financial year
1	Dr. Murali K. Divi Managing Director	7,049	1,604	-36.15%
2	Mr. N.V. Ramana Executive Director	3,631	826	-35.47%
3	Dr. Kiran S. Divi Whole-time Director and Chief Executive Officer	2,479	564	-34.17%
4	Ms. Nilima Prasad Divi Whole-time Director (Commercial)	2,463	560	-34.33%
5	Mr. Madhusudana Rao Divi Whole-time Director (Projects)	115	26	0.00%
6	Dr. G. Suresh Kumar Independent Director	32	7	0.00%
7	Mr. R. Ranga Rao Independent Director	34	8	0.00%
8	Mr. K.V.K. Seshavataram Independent Director	30	7	3.45%
9	Dr. Ramesh B.V. Nimmagadda Non- Executive Chairman & Independent Director	32	7	-3.03%
10	Dr. S. Ganapaty Independent Director	28	6	-3.45%
11	Prof. Sunaina Singh Independent Director	25	6	-7.41%
12	Mr. K.V. Chowdary Independent Director	30	7	-9.09%
11	Mr. L. Kishore Babu Chief Financial Officer	322	N.A.	10.00%
12	Mr. M. Satish Choudhury Company Secretary	38	N.A.	40.17%

Note: Independent Directors were paid sitting fees @ ₹1 lakh per meeting for attending the Board and its Committee Meetings and annual remuneration of ₹20 lakhs per annum.

(ii) The percentage increase in the median remuneration of employees in the financial year was 8.72%.

(iii) As on March 31, 2023, the Company has 7,376 permanent employees on the rolls of Company as defined under said Rule 5(1).

(iv) Average percentile increase already made in the salaries of employees other than the managerial personnel in the financial year was 17.60% whereas there was decrease of 34.62% in the managerial remuneration.

(v) It is hereby affirmed that the remuneration paid is as per the Remuneration Policy for Directors, Key Managerial Personnel, and other Employees.

For and on behalf of the Board

Dr. Ramesh B.V. Nimmagadda
Chairman
DIN: 07854042

Dr. Murali K. Divi
Managing Director
DIN: 00005040

Date: May 20, 2023
Place: Hyderabad

ANNEXURE – III

Annual Report on CSR Activities Undertaken During the Financial Year 2022-2023

1. **Brief outline on CSR Policy of the Company.**

   Divi's strongly believe that industrial growth must contribute to the upliftment of the society around. Hence, the main focus of CSR is communities or villages around the manufacturing sites.

   The objective of Divi's CSR Policy is:

- To make sure the business remains sustainable and continues to contribute to the welfare of all stakeholders.
- To take up programmes that benefit the neighboring communities in enhancing quality of life and economic well-being of the local populace.
- To facilitate a holistic approach base for a sustainable improvement in the social, economic and environmental situation of the needy and underserved.
- Also embedded in this objective is support to the marginalised cross section of the society by providing opportunities to improve their quality of life.

The CSR projects undertaken are within the broad framework of Schedule VII of the Companies Act, 2013.

2. **Composition of CSR Committee:**

Sl. No.	Name of Director	Designation /Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1	Mr. R. Ranga Rao	Chairman/Independent Director	4	4
2	Dr. Murali K. Divi	Member/Managing Director	4	4
3	Dr. Ramesh B.V. Nimmagadda	Member/Independent Director	4	4
4	Mr. Madhusudana Rao Divi	Member/Whole-time Director (Projects)	4	4

3. **Provide the web-link where Composition of CSR Committee, CSR Policy and CSR projects approved by the Board are disclosed on the website of the company.**

Composition of CSR Committee	https://www.divislabs.com/investor-relations/corporate-governance/composition-of-committees/
CSR Policy	https://www.divislabs.com/CSR-Policy.pdf
CSR projects approved by the Board	https://www.divislabs.com/csr-and-sustainability/csr/

4. **Provide the executive summary along with web-link(s) of Impact Assessment of CSR projects carried out in pursuance of sub-rule (3) of Rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable.**

   The Company has been conducting internal assessments for the CSR Projects undertaken. As per the statutory requirement, Impact assessment of the following CSR projects was carried out by an independent agency, M/s. Deeksha, a registered non-profit society;

Sl. No	Name of the Project	Year of implementation	Expenditure (in ₹lakhs)	Web-link(s)
1	Development of plantation in 26 villages of Choutuppal Mandal	2020-2021	259	Report available at https://www.divislabs.com/csr-and-sustainability/csr/
		2021-2022	77	
2	Distribution of duel desk benches to the schools in Choutuppal Mandal	2021-2022	123	
3	Development of burial ground in Machilipatnam	2021-2022	160	
4	Support to M/s. Alai Foundation for distribution of oxygen concentrators to hospitals	2021-2022	100	

5. a) Average net profit of the company as per Section 135(5): ₹2,69,227 lakhs
   b) Two percent of average net profit of the Company as per Section 135(5): ₹5,385 lakhs
   c) Surplus arising out of the CSR projects or programmes or activities of the previous financial years: Nil
   d) Amount required to be set off for the financial year, if any: ₹293 lakhs
   e) Total CSR obligation for the financial year (b+c-d): ₹5,092 lakhs
6. a) Amount spent on CSR Projects (both Ongoing Project and other than Ongoing Project): ₹4,125 lakhs
   b) Amount spent in Administrative Overheads: ₹96 lakhs
   c) Amount spent on Impact Assessment, if applicable: ₹3 lakhs
   d) Total amount spent for the Financial Year (a+b+c): ₹4,224 lakhs
   (e) CSR amount spent or unspent for the financial year:

Total amount spent for the Financial Year (in ₹ lakhs)	Amount unspent (in ₹ lakhs)				
	Total amount transferred to unspent CSR account as per section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5)		
	Amount	Date of transfer	Name of the Fund	Amount.	Date of transfer
₹4,224 lakhs	₹868 lakhs	April 28, 2023	-	-	-

   f) Excess amount for set off, if any: Nil
7. Details of Unspent CSR amount for the preceding three financial years: Nil
8. Whether any capital assets have been created or acquired through Corporate Social Responsibility amount spent in the Financial Year: No
9. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5): Not Applicable

Place: Hyderabad
Date: May 20, 2023

Dr. Murali K. Divi
Managing Director
DIN: 00005040

R. Ranga Rao
Chairman CSR Committee
DIN: 06409742

ANNEXURE – IV

Information Pursuant to Section 134(3)(M) of the Companies Act 2013 read with the Companies (Accounts) Rules, 2014.

A. Conservation of Energy

(i) Steps taken or impact on conservation of energy

Energy conservation refers to reducing energy consumption through optimal energy utilisation technologies, enhancing energy availability, resource efficiency as also use of renewable energy.

A dedicated energy management team focuses on energy management and constantly reviews the progress made. It has implemented a number of energy conservation initiatives. Some of key initiatives include:

- Installing Oxygen analysers for process vessels
- Providing chilled water circulation for Sub-Coolers and Heat Exchangers instead of brine solution
- Arranging dry-claw-vacuum pumps instead of steam ejectors
- Replacing wet-ice with brine solution for selected process operations
- Replacing Nitrogen with Hot air for drying process in selected operations
- Replacing Charge Tanks with mass-flow-meters to transfer material from Storage Tanks to process vessels
- Replacement of higher capacity pumps with lower capacity
- Replacing Centrifuges (CFs) & Fluidised Bed Dryers (FBDs) with Agitated Nutsche Filter Driers (ANFDs)
- Arranging Heat Exchanger at Multiple Effect Evaporators (MEE) for recovering heat energy
- Optimising process cooling temperatures
- Arranging Variable Frequency Drives (VFDs)
- Arranging table top pH meters at process areas for sample analysis

(ii) Steps taken by the Company for utilising alternate sources of energy

- Replacing electrical lights with solar lights at garden area
- Arranging transparent roof-top sheets at manufacturing facilities

(iii) The capital investment on energy conservation equipment is H672 lakhs during the year.

B. Technology Absorption

1. Efforts in brief, made towards technology absorption	The Company has its own R&D Centres which develop technologies and processes for Active Pharmaceutical Ingredients and drug intermediates and these technologies are implemented at the Company's manufacturing facilities.
2. Benefits derived as a result of the above efforts	The Company constantly reviews, optimises and improves its processes for its product range. These efforts have resulted in lower cost of production, achieve consistent exports and be competitive in the global market. The process upgradations also brought about improvement in green chemistry by reducing reagents, minimise wastes and increasing recoveries.
3. Information regarding import of technology during the last three years.	There is no import of technology.

4. Expenditure incurred on research and development

(₹ in lakhs)

Particulars	2022-23	2021-22
Capital	-	410
Recurring	6,934	5,495
Total	**6,934**	**5,905**
Total R&D Expenditure as a % of Sales Revenue	0.91%	0.66%

C. Foreign Exchange Earnings and Outgo

(₹ in lakhs)

Particulars	2022-23	2021-22
Foreign Exchange earnings	6,65,368	7,84,453
Foreign Exchange outgo:		
- CIF Value of Imports	1,53,781	1,76,755
- Expenditure in Foreign Currency	3,366	2,779
Net Foreign Exchange Earning (NFE)	5,08,221	6,04,919
NFE/Earnings %	76%	77%

For and on behalf of the Board

Dr. Ramesh B.V. Nimmagadda
Chairman
DIN: 07854042

Dr. Murali K. Divi
Managing Director
DIN: 00005040

Date: May 20, 2023
Place: Hyderabad

ANNEXURE – V

FORM NO. MR-3

Secretarial Audit Report for the Financial Year Ended 31st March 2023

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

To,
The Members of
Divi's Laboratories Limited
CIN: L24110TG1990PLC011854
1-72/23(P)/DIVIS/303, Divi Towers,
Cyber Hills, Gachibowli,
Hyderabad -500032.

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Divi's Laboratories Limited (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorised representatives during the conduct of secretarial audit, the explanations and clarifications given to us and the representations made by the Management and considering the relaxations granted by the Ministry of Corporate Affairs and Securities and Exchange Board of India warranted due to the spread of the COVID-19 pandemic. We hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on March 31, 2023 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by Divi's Laboratories Limited ("the Company") for the financial year ended on March 31, 2023, according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made there under;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):- vis

a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

b. The SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015;

c. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

d. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 and amendments from time to time*;

e. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 which was replaced by the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021*;

f. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 which was replaced by the Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021*;

g. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

h. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 which was replaced by the Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021;*

i. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018*;

*Not applicable to the Company during the Audit period

(vi) Other applicable Acts:

a. The Factories Act, 1948;

b. The Industrial Disputes Act,1947;

c. The Payment of Wages Act, 1936;

d. The Minimum Wages Act,1948;

e. The Employees Provident Funds and Miscellaneous Provisions Act, 1952;

f. The Payment of Bonus Act, 1965;

g. The Payment of Gratuity Act, 1972;

h. The Contract Labour (Regulation & Abolition) Act, 1970;

i. The Maternity Benefit Act, 1961;

j. The Child Labour (Prohibition & Regulation) Act, 1986;

k. The Industrial Employment (Standing Order) Act, 1946;

l. The Employee Compensation Act, 1923;

m. The Apprentices Act, 1961;

n. Equal Remuneration Act, 1976;

o. The Employment Exchange (Compulsory Notification of Vacancies) Act, 1956;

p. The Customs Act, 1962;

q. The Foreign Trade (Development and Regulation) Act, 1992;

r. The Shops and Establishment Act, 1988;

s. The Water (Prevention and control of pollution) Act 1974, The Air (Prevention and control of pollution) Act 1981 and The Environment Protection Act, 1986 and rules made thereunder;

t. The Public Liability Insurance Act, 1991;

u. The Explosive Act, 1884;

v. The Indian Boilers Act, 1923;

w. The Patents Act, 1970;

x. The Biological Diversity Act, 2002;

y. The Food Safety and Standards Act, 2006;

z. Special Economic Zones Act, 2005

aa. The Drug and Cosmetics Act, 1940;

bb. The Narcotic Drugs and Psychotropic Substances Act, 1985;

cc. Employee's State Insurance Act, 1948;

dd. Factories and Establishment (National, Festival and Other Holidays) Acts of the applicable states, where the company has establishments;

ee. The Sexual Harassment of Women at Work Place (Prevention, Prohibition and Redressal) Act, 2013;

ff. Labour Welfare Fund Acts of the applicable states, where the company has establishments;

gg. Conservation of Foreign Exchange and Prevention of Smuggling Act, 1974

We have relied on the representations made by the Company, its officers and reports of Internal Auditors for systems and mechanism framed by the Company for compliances under other acts, Laws and regulations applicable to the Company as mentioned above.

We have also examined compliance with the applicable clauses of the following:

(i) Secretarial Standards issued by The Institute of Company Secretaries of India

(ii) The Listing Agreements entered into by the Company with Stock Exchanges and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

We further report that the Board of Directors of the Company has duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors/Committees that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decisions are carried out unanimously and there were no dissenting members during the year under review.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that, the compliance by the Company of applicable financial laws like direct and indirect tax laws and maintenance of financial records and books of accounts has not been reviewed in this audit since the same have been subject to review by statutory financial audit and other designated professionals.

We further report that, as informed, the Company has responded appropriately to notices/queries received from various statutory/regulatory authorities including initiating actions for corrective measures, wherever found necessary.

We further report that during the review period, no major action having a bearing on the Company's affairs in pursuance of the above-referred laws, rules, regulations, guidelines, standards, etc. have taken place.

V. Bhaskara Rao and Co.,
Company Secretaries

V. Bhaskara Rao
Proprietor
FCS No.5939, CP No.4182
Peer Review No.670/2020
UDIN: F005939E000342231

Place: Hyderabad
Date: May 20, 2023

ANNEXURE – A

To,
The Members of
Divi's Laboratories Limited
CIN: L24110TG1990PLC011854
1-72/23(P)/DIVIS/303, Divi Towers,
Cyber Hills, Gachibowli,
Hyderabad -500032.

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial records is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

V. Bhaskara Rao and Co.,
Company Secretaries

V. Bhaskara Rao
Proprietor
FCS No.5939, CP No.4182
Peer Review No.670/2020
UDIN:F005939E000342231

Place: Hyderabad
Date: May 20, 2023

Independent Auditor's Report

To the Members of **Divi's Laboratories Limited**

Report on the Audit of the Standalone Financial Statements

Opinion

1. We have audited the accompanying standalone financial statements of Divi's Laboratories Limited ("the Company"), which comprise the Standalone Balance sheet as at March 31, 2023, and the Standalone Statement of profit and loss (including Other comprehensive income), the Standalone Statement of changes in equity and the Standalone statement of cash flows for the year then ended, and Notes to the Standalone Financial statements, including a summary of significant accounting policies and other explanatory information.

2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2023, total comprehensive income (comprising of profit and other comprehensive income), changes in equity and its cash flows for the year then ended.

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act . Our responsibilities under those Standards are further described in the "Auditor's responsibilities for the audit of the standalone financial statements" section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

4. Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

A. Appropriateness of Recognition of Revenue from Sale of Products in Correct Period

Refer to Note 2.4(i) of the summary of significant accounting policies to the standalone financial statements.

The Company has earned revenue of ₹7,50,437 lakhs from sale of products during the year. Revenue in respect of sale of products is recognised when the customer obtains control of the company's product, which occurs at a point in time.

The company has many customers operating in various geographies and sale contracts with customers have differing incoterms which influence the timing of recognition of revenue.

The above was considered to be a key audit matter, since revenue is one of the key performance indicators for the Company and there is a risk of recognition of revenue in an incorrect period given the differing terms with the customers.

How our Audit Addressed the Key Audit Matter

Our procedures included the following:

- We evaluated relevant accounting policies and assessed whether it's in compliance with applicable accounting standards.
- We have performed walkthrough and obtained detailed understanding of company's revenue recognition process.
- We evaluated the design, implementation and tested the operating effectiveness of controls around recognition of revenue from sale of products.
- Tested revenue from sale of products including sales occurred close to year end period, to their underlying supporting documents like purchase order, invoice, shipping documents, incoterms etc., on sample basis to ensure whether revenue has been recognised in correct period.
- We verified the presentation and disclosures are in accordance with applicable accounting standards and reporting framework.

Our procedures did not identify any sales that is inappropriately recognised.

B. Appropriateness of capitalisation of costs as per Ind AS 16 Property, Plant and Equipment

Refer to Note 3 (c) & 4 (c) to the standalone financial statements.

During the year, the company has incurred capital expenditure aggregating to ₹67,464 lakhs on Property, Plant and Equipment (representing Plant and Machinery & Roads and Buildings) and ₹48,335 lakhs Capital work in progress towards assets under construction at various locations.

With regard to capitalisation of Plant and Machinery, Roads and Buildings and Capital work in progress, Management has identified specific expenditure including employee costs and other specific overheads relating to each of the assets and has applied judgement to assess if the costs incurred in relation to these assets meet the recognition criteria on Property, Plant and Equipment in accordance with Ind AS 16.

This has been determined as a key audit matter due to the significance of the capital expenditure during the year and the risk that the elements of costs that are eligible for capitalisation are not appropriately capitalised or costs capitalised are not in accordance with the recognition criteria provided in Ind AS 16.

How our Audit Addressed the Key Audit Matter

Our procedures included the following:

- Understood, evaluated and tested the design and operating effectiveness of key controls relating to capitalisation of various costs incurred, including in relation to Roads and Building, Plant and Machinery and Capital work-in-progress.
- Tested the direct and indirect costs capitalised, on a sample basis, with the underlying supporting documents to ascertain the nature of costs and the basis for allocation, where applicable, and evaluated whether they meet the recognition criteria provided in the Ind AS 16, Property, Plant and Equipment.
- Tested, on a sample basis, the appropriateness of employee costs capitalised in relation to Plant and Machinery and Roads and Buildings based on verification of their timesheets etc.
- Tested other costs debited to Standalone Statement of profit and loss account, on a sample basis, to ascertain whether these meet the criteria of capitalisation
- Assessed the adequacy of disclosures in the standalone financial statements.

Our procedures did not identify, any costs that are eligible for capitalisation are not appropriately capitalised or costs capitalised are not in accordance with the recognition criteria provided in Ind AS 16.

Other Information

5. The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's report, Business Responsibility and sustainability Report, Performance highlights, corporate social responsibility report and Corporate Governance report, but does not include the standalone financial statements and our auditor's report thereon.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Management and those Charged with Governance for the Standalone Financial Statements

6. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making Judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Standalone Financial Statements

7. Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

8. As part of an audit in accordance with SAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

   - Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

   - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to standalone financial statements in place and the operating effectiveness of such controls.

   - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

   - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

   - Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

9. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

10. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

11. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other Legal and Regulatory Requirements

12. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

13. As required by Section 143(3) of the Act, we report that:

(a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

(b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

(c) Standalone Balance sheet, Standalone Statement of profit and loss (including Other comprehensive income), Standalone Statement of changes in equity and the Standalone statement of cash flows dealt with by this report are in agreement with the books of account.

(d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act.

(e) On the basis of the written representations received from the directors as on March 31, 2023, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2023, from being appointed as a director in terms of Section 164(2) of the Act.

(f) With respect to the adequacy of the internal financial controls with reference to standalone financial statements of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure A".

(g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:

   i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements – Refer Note 38 to the standalone financial statements.

   ii. The Company was not required to recognise a provision as at March 31, 2023 under the applicable law or accounting standards, as it does not have any material foreseeable losses on long-term contract. The Company did not have any derivative contracts as at March 31, 2023.

   iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company during the year.

   iv. (a) The management has represented that, to the best of its knowledge and belief, as disclosed in the notes to the accounts, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries (Refer Note 39(v)(A) to the standalone financial statements);

   (b) The management has represented that, to the best of its knowledge and belief, as disclosed in the notes to the accounts, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries (Refer Note 39(v)(B) to the standalone financial statements); and

   (c) Based on such audit procedures that we considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (a) and (b) contain any material misstatement

   v. The dividend declared and paid during the year by the Company is in compliance with Section 123 of the Act.

   vi. As proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 (as amended), which provides for books of accounts to have the feature of audit trail, edit log and related matters in the accounting software used by the Company, is applicable for the Company only with effect from financial year beginning April 1, 2023, the reporting under clause (g) of Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), is currently not applicable.

14. The Company has paid/ provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

For **Price Waterhouse Chartered Accountants LLP**
Firm Registration Number: 012754N/N500016

N.K. Varadarajan
Partner
Membership Number: 90196
UDIN: 23090196BGYZIV2663

Place: Hyderabad
Date: May 20, 2023

Annexure A to Independent Auditor's Report

Referred to in paragraph 13(f) of the Independent Auditor's Report of even date to the members of Divi's Laboratories Limited on the standalone financial statements for the year ended March 31, 2023

Report on the Internal Financial Controls with reference to Standalone Financial Statements under clause (i) of sub-section 3 of Section 143 of the Act

1. We have audited the internal financial controls with reference to standalone financial statements of Divi's Laboratories Limited ("the Company") as of March 31, 2023 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

2. The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ("the Guidance Note") issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

3. Our responsibility is to express an opinion on the Company's internal financial controls with reference to standalone financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing deemed to be prescribed under Section 143(10) of the Act to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to standalone financial statements and their operating effectiveness. Our audit of internal financial controls with reference to standalone financial statements included obtaining an understanding of internal financial controls with reference to standalone financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error.

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system with reference to standalone financial statements.

Meaning of Internal Financial Controls with Reference to Financial Statements

6. A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls with Reference to Financial Statements

7. Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

8. In our opinion, the Company has, in all material respects, an adequate internal financial controls system with reference to standalone financial statements and such internal financial controls with reference to standalone financial statements were operating effectively as at March 31, 2023, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by ICAI.

For **Price Waterhouse Chartered Accountants LLP**
Firm Registration Number: 012754N/N500016

N.K. Varadarajan
Partner
Membership Number: 90196
UDIN: 23090196BGYZIV2663

Place: Hyderabad
Date: May 20, 2023

Annexure B to Independent Auditor's Report

Referred to in paragraph 12 of the Independent Auditors' Report of even date to the members of Divi's Laboratories Limited on the standalone financial statements as of and for the year ended March 31, 2023.

i. (a) (A) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of Property, Plant and Equipment.

(B) The Company is maintaining proper records showing full particulars of Intangible Assets.

(b) The Property, Plant and Equipment are physically verified by the Management according to a phased programme designed to cover all the items over a period of 3 years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, a portion of the Property, Plant and Equipment has been physically verified by the Management during the year and no material discrepancies have been noticed on such verification.

(c) The title deeds of all the immovable properties, as disclosed in Note 3 on Property, Plant and Equipment to the standalone financial statements, are held in the name of the Company.

(d) The Company has chosen cost model for its Property, Plant and Equipment and intangible assets. Consequently, the question of our commenting on whether the revaluation is based on the valuation by a Registered Valuer, or specifying the amount of change, if the change is 10% or more in the aggregate of the net carrying value of each class of Property, Plant and Equipment or intangible assets does not arise.

(e) Based on the information and explanations furnished to us, no proceedings have been initiated on (or) are pending against the Company for holding benami property under the Prohibition of Benami Property Transactions Act, 1988 (as amended in 2016) (formerly the Benami Transactions (Prohibition) Act, 1988 (45 of 1988)) and Rules made thereunder, and therefore the question of our commenting on whether the Company has appropriately disclosed the details in its standalone financial statements does not arise.

ii. (a) The physical verification of inventory excluding stocks with third parties has been conducted at reasonable intervals by the Management during the year and, in our opinion, the coverage and procedure of such verification by Management is appropriate. In respect of inventory lying with third parties, these have substantially been confirmed by them. The discrepancies noticed on physical verification of inventory as compared to book records were not 10% or more in aggregate for each class of inventory.

(b) During the year, the Company has been sanctioned working capital limits in excess of ₹5 crores, in aggregate, from banks on the basis of security of current assets. The Company has filed quarterly statements with such banks, which are in agreement with the books of account; reviewed by us for the quarter ended June 30, 2022, September 30, 2022, December 31, 2022 and audited by us for the year ended March 31, 2023. (Also refer Note 18(b) to the standalone financial statements).

iii. (a) The Company has not granted secured/ unsecured loans/advances in nature of loans, or stood guarantee, or provided security to any parties. The Company has subscribed in secured optionally convertible debentures of a company other than subsidiaries, joint ventures and associates. The aggregate amount during the year, and balance outstanding at the balance sheet date with respect to such secured optionally convertible debentures are as per the table given below:

	Amount in ₹ Lakhss
Aggregate amount subscribed during the year	-
Balance outstanding as at balance sheet date in respect of the above (including accrued redemption premium)	7,704

(Also refer Note 6(b) to the standalone financial statements)

(b) In respect of the aforesaid secured optionally convertible debentures the terms and conditions under which such subscription was made are not prejudicial to the Company's interest.

(c) In respect of the aforesaid secured optionally convertible debentures, the schedule of repayment of principal and payment of interest has been stipulated, and the parties are repaying the principal amounts, as stipulated, and are also regular in payment of interest as applicable.

(d) In respect of the secured optionally convertible debentures, there is no amount which is overdue for more than ninety days.

(e) There were no loans /advances in nature of loans which fell due during the year and were renewed/ extended. Further, no fresh loans were granted to same parties to settle the existing overdue loans/ advances in nature of loan.

(f) There were no loans/advances in nature of loans which were granted during the year, including to promoters/related parties.

iv. In our opinion, and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of the investments made, by it.

v. The Company has not accepted any deposits or amounts which are deemed to be deposits referred in Sections 73, 74, 75 and 76 of the Act and the Rules framed there under to the extent notified.

vi. Pursuant to the rules made by the Central Government of India, the Company is required to maintain cost records as specified under Section 148(1) of the Act in respect of its products. We have broadly reviewed the same and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.

vii. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is regular in depositing the undisputed statutory dues, including goods and services tax, provident fund, employees' state insurance, professional tax, income tax, duty of customs, duty of excise and other material statutory dues, as applicable, with the appropriate authorities.

(b) According to the information and explanations given to us and the records of the Company examined by us, there are no statutory dues of Provident Fund, Employee state Insurance, Professional Tax, Goods and Services Tax, sales-tax, value added tax which have not been deposited on account of any dispute. The particulars of other statutory dues of income tax, Service Tax, entry tax, duty of customs and duty of excise as at March 31, 2023 which have not been deposited on account of a dispute, are as follows:

Name of the statute	Nature of dues	Disputed Amount (₹ In lakhs)	Amount deposited (₹ In lakhs)	Period to which the amount relates	Forum where the dispute is pending
Customs Act, 1962	Penalty	10.00	-	January, 2007	Customs, Excise and Service Tax Appellate Tribunal, South Zonal Bench, Chennai.
Customs Act, 1962	Custom duty and Penalty	151.48	3.36	June 2006 to December, 2008	High Court of Andhra Pradesh, Amaravati
Customs Act, 1962	Custom duty and Penalty	36.70	-	March, 2012	Commissioner of Customs, Central Excise & Service tax Visakhapatnam
Customs Act, 1962	Custom duty and Penalty	63.15	-	November, 2012	Commissioner of Customs, Excise & Service tax Visakhapatnam
Customs Act, 1962	Custom duty and Penalty	8.60	-	June,2009 to March, 2010	High Court of Andhra Pradesh Amaravati
Customs Act, 1962	Custom duty	48.26	48.26	May, 2014 to February, 2018	The commissioner of customs (Appeals)
Central Excise Act, 1944	Service tax	19.33	1.93	April 2003- March 2004	Customs, Central Excise & Service tax Appellate Tribunal Hyderabad
Central Excise Act, 1944	Excise duty and Penalty	244.09	12.20	September, 2006 to December, 2008	Customs, Central Excise & Service tax Appellate Tribunal Hyderabad
Central Excise Act, 1944	Excise duty and Penalty	9.38	-	July,2009 to March, 2010	High Court of Andhra Pradesh, Amaravati
Central Excise Act, 1944	Service tax and penalty	19.43	0.97	May,2011 to December, 2011	High Court of Andhra Pradesh, Amaravati
Central Excise Act, 1944	Service tax, interest and penalty	45.18	3.77	April, 2010 to March, 2011	Customs, Central Excise & Service tax Appellate Tribunal Hyderabad
Entry of Goods into Local areas Act, 2001	Entry Tax	43.19	10.80	Financial years 2014-15 to 2016-17	High Court of Andhra Pradesh, Amaravati
Income Tax Act, 1961	Interest	0.41	-	Financial year 2005-06	Additional Commissioner of Income Tax, Range-I, Hyderabad.

viii. According to the information and explanations given to us and the records of the Company examined by us, there are no transactions in the books of account that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961, that has not been recorded in the books of account.

ix. (a) According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of loans or other borrowings or in the payment of interest to any lender during the year.

(b) According to the information and explanations given to us and on the basis of our audit procedures, we report that the Company has not been declared Wilful Defaulter by any bank or financial institution or government or any government authority.

(c) According to the records of the Company examined by us and the information and explanations given to us, the Company has not obtained any term loans.

(d) According to the information and explanations given to us, and the procedures performed by us, and on an overall examination of the standalone financial statements of the Company, we report that no funds raised on short-term basis have been used for long-term purposes by the Company.

(e) According to the information and explanations given to us and on an overall examination of the standalone financial statements of the Company, we report that the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, associates or joint ventures.

(f) According to the information and explanations given to us and procedures performed by us, we report that the Company has not raised loans during the year on the pledge of securities held in its subsidiaries, joint ventures or associate companies.

x. (a) The Company has not raised any money by way of initial public offer or further public offer (including debt instruments) during the year. Accordingly, the reporting under clause 3(x)(a) of the Order is not applicable to the Company.

(b) The Company has not made any preferential allotment or private placement of shares or fully or partially or optionally convertible debentures during the year. Accordingly, the reporting under clause 3(x)(b) of the Order is not applicable to the Company.

xi. (a) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company, noticed or reported during the year, nor have we been informed of any such case by the Management.

(b) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, a report under Section 143(12) of the Act, in Form ADT-4, as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 was not required to be filed with the Central Government. Accordingly, the reporting under clause 3(xi)(b) of the Order is not applicable to the Company.

(c) During the course of our examination of the books and records of the Company carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, and as represented to us by the management, no whistle-blower complaints have been received during the year by the Company. Accordingly, the reporting under clause 3(xi)(c) of the Order is not applicable to the Company.

xii. As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the reporting under clause 3(xii) of the Order is not applicable to the Company.

xiii. The Company has entered into transactions with related parties in compliance with the provisions of Sections 177 and 188 of the Act. The details of such related party transactions have been disclosed in the standalone financial statements as required under Indian Accounting Standard 24 "Related Party Disclosures" specified under Section 133 of the Act.

xiv. (a) In our opinion and according to the information and explanation given to us, the Company has an internal audit system commensurate with the size and nature of its business.

(b) The reports of the Internal Auditor for the period under audit have been considered by us.

xv. The Company has not entered into any non-cash transactions with its directors or persons connected with him. Accordingly, the reporting on compliance with the provisions of Section 192 of the Act under clause 3(xv) of the Order is not applicable to the Company.

xvi. (a) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the reporting under clause 3(xvi)(a) of the Order is not applicable to the Company.

(b) The Company has not conducted non-banking financial / housing finance activities during the year. Accordingly, the reporting under clause 3(xvi)(b) of the Order is not applicable to the Company.

(c) The Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Accordingly, the reporting under clause 3(xvi)(c) of the Order is not applicable to the Company.

(d) Based on the information and explanations provided by the management of the Company, the Group (as defined in the Core Investment Companies (Reserve Bank) Directions, 2016) does not have any CICs, which are part of the Group. We have not, however, separately evaluated whether the information provided by the management is accurate and complete. Accordingly, the reporting under clause 3(xvi)(d) of the Order is not applicable to the Company.

xvii. The Company has not incurred any cash losses in the financial year or in the immediately preceding financial year.

xviii. There has been no resignation of the statutory auditors during the year and accordingly the reporting under clause (xviii) is not applicable.

xix. According to the information and explanations given to us and on the basis of the financial ratios (Also refer Note 42 to the standalone financial statements), ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the standalone financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date will get discharged by the Company as and when they fall due.

xx. (a) In respect of other than ongoing projects, as at balance sheet date, the Company does not have any amount remaining unspent under Section 135(5) of the Act. Accordingly, reporting under clause 3(xx)(a) of the Order is not applicable.

(b) The Company has transferred the amount of Corporate Social Responsibility remaining unspent under sub-section (5) of Section 135 of the Act pursuant to ongoing projects to a special account in compliance with the provision of sub-section (6) of Section 135 of the Act. (Also refer Note 29(b)(i) to the standalone financial statements)

xxi. The reporting under clause 3(xxi) of the Order is not applicable in respect of audit of Standalone Financial Statements. Accordingly, no comment in respect of the said clause has been included in this report.

For **Price Waterhouse Chartered Accountants LLP**
Firm Registration Number: 012754N/N500016

N.K. Varadarajan
Partner

Place: Hyderabad
Date: May 20, 2023

Membership Number: 90196
UDIN: 23090196BGYZIV2663

Standalone Balance Sheet

(All amounts in Indian Rupees Lakhs, except equity shares and per share data unless otherwise stated)

Particulars	Note No.	As at March 31, 2023	As at March 31, 2022
ASSETS			
Non-current assets			
Property, plant and equipment	3	4,71,348	4,31,348
Capital work-in-progress	4	21,188	46,993
Intangible assets	5	528	749
Financial assets			
(i) Investments	6	8,441	7,937
(ii) Other financial assets	13(a)	5,095	5,763
Income tax assets (net)	7(a)	2,917	2,917
Other non-current assets	8	2,100	5,483
Total Non-current assets		**5,11,617**	**5,01,190**
Current assets			
Inventories	9	2,78,045	2,64,405
Financial assets			
(i) Trade receivables	10	1,96,430	2,56,990
(ii) Cash and cash equivalents	11	14,417	1,19,956
(iii) Bank balances other than (ii) above	12	4,04,339	1,60,412
(iv) Other financial assets	13(b)	607	484
Income tax assets (net)	7(b)	9,787	5,768
Other current assets	14	19,920	21,581
Total Current assets		**9,23,545**	**8,29,596**
TOTAL ASSETS		**14,35,162**	**13,30,786**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	15 (a)	5,309	5,309
Other equity	15 (b)	12,65,233	11,63,826
Total Equity		**12,70,542**	**11,69,135**
Liabilities			
Non-current liabilities			
Provisions	16	3,062	2,671
Deferred tax liabilities (net)	17	53,721	42,140
Total Non-current liabilities		**56,783**	**44,811**
Current liabilities			
Financial liabilities			
(i) Borrowings	18	-	-
(ii) Trade payables	19		
a) Total outstanding dues of micro and small enterprises		3,749	2,478
b) Total outstanding dues other than (ii) (a) above		70,515	74,652
(iii) Other financial liabilities	20	4,339	6,289
Other current liabilities	21	28,742	33,006
Provisions	16	492	415
Total current liabilities		**1,07,837**	**1,16,840**
TOTAL LIABILITIES		**1,64,620**	**1,61,651**
TOTAL EQUITY AND LIABILITIES		**14,35,162**	**13,30,786**

The accompanying notes are an integral part of the financial statements

This is the Standalone Balance Sheet referred
to in our report of even date

For **Price Waterhouse Chartered Accountants LLP**
Firm registration number: 012754N/N500016

For and on behalf of the Board of Directors of
Divi's Laboratories Limited

N.K. Varadarajan
Partner
Membership number: 90196

Dr. Murali K Divi
Managing Director
DIN: 00005040

N.V. Ramana
Executive Director
DIN: 00005031

Dr. Kiran S Divi
Whole-time Director and
Chief Executive Officer
DIN: 00006503

Nilima Prasad Divi
Whole-time Director
(Commercial)
DIN: 06388001

Place: Hyderabad
Date:20-05-2023

L. Kishorebabu
Chief Financial Officer

M. Satish Choudhury
Company Secretary
Membership No: F12493

Standalone Statement of Profit and Loss

(All amounts in Indian Rupees Lakhs, except equity shares and per share data unless otherwise stated)

Particulars	Note No.	For the year ended March 31, 2023	For the year ended March 31, 2022
Income			
Revenue from operations	22	7,62,530	8,87,982
Other income	23	34,901	11,126
Total Income		**7,97,431**	**8,99,108**
Expenses			
Cost of raw materials consumed	24	2,97,949	3,43,979
Changes in inventories of finished goods and work-in-progress	25	5,016	(44,999)
Employee benefits expense	26	95,305	92,655
Finance costs	27	52	65
Depreciation and amortisation expense	28	34,207	31,055
Other expenses	29	1,29,492	1,08,701
Total Expenses		**5,62,021**	**5,31,456**
Profit before tax		**2,35,410**	**3,67,652**
Tax expense	30		
Current tax		43,758	63,720
Deferred tax		10,837	9,078
Total tax expense		54,595	72,798
Profit after tax		**1,80,815**	**2,94,854**
Other comprehensive income			
(A) Items that will not be reclassified to profit or loss			
Gain on remeasurements of post-employment benefit obligations		359	335
- Income tax relating to these items		(126)	(117)
(B) Items that will be reclassified to profit or loss		-	-
Other comprehensive income after tax		**233**	**218**
Total comprehensive income		**1,81,048**	**2,95,072**
Earnings per share (par value of ₹2 each)			
- Basic and Diluted	43	68.11	111.07

The accompanying notes are an integral part of the financial statements

This is the Standalone Statement of profit and loss
referred to in our report of even date

For **Price Waterhouse Chartered Accountants LLP**
Firm registration number: 012754N/N500016

For and on behalf of the Board of Directors of
Divi's Laboratories Limited

N.K. Varadarajan
Partner
Membership number: 90196

Dr. Murali K Divi
Managing Director
DIN: 00005040

N.V. Ramana
Executive Director
DIN: 00005031

Dr. Kiran S Divi
Whole-time Director and
Chief Executive Officer
DIN: 00006503

Nilima Prasad Divi
Whole-time Director
(Commercial)
DIN: 06388001

Place: Hyderabad
Date:20-05-2023

L. Kishorebabu
Chief Financial Officer

M. Satish Choudhury
Company Secretary
Membership No: F12493

Standalone Statement of Cash Flows

(All amounts in Indian Rupees Lakhs, except equity shares and per share data unless otherwise stated)

Particulars	Note No.	For the year ended March 31, 2023	For the year ended March 31, 2022
Cash flows from operating activities			
Profit before tax		2,35,410	3,67,652
Adjustments for:			
Depreciation and amortisation expense	28	34,207	31,055
Unrealised foreign exchange gain		(1,551)	(567)
Interest income from financial assets at amortised cost	23	(20,459)	(6,896)
Change in fair value of investments in optionally convertible debentures	23	(504)	-
Provision for doubtful debts / (written back) [including bad debts recovered]	29	-	(277)
Interest Expense	27	18	21
Loss on disposal / discard of property plant and equipment and intangible assets	29	113	205
Amortisation of government grants	23	(10)	(9)
		2,47,224	**3,91,184**
Change in operating assets and liabilities			
(Increase) / Decrease in trade receivables	10	63,807	(81,710)
(Increase) / Decrease in inventories	9	(13,640)	(60,135)
Increase / (Decrease) in trade payables	19	(2,953)	2,429
(Increase) / Decrease in other non current assets	8	450	125
(Increase) /Decrease in other current financial assets	13(b)	(123)	463
(Increase) /Decrease in other non current financial assets	13(a)	668	(93)
(Increase) / Decrease in other current assets	14	1,661	(6,451)
Increase / (Decrease) in long term employee benefit obligation	16	750	481
Increase / (Decrease) in short term employee benefit obligation	16	77	164
Increase / (Decrease) in other financial liabilities	20	(83)	502
Increase / (Decrease) in other current liabilities	21	(5,884)	7,036
Cash generated from operations		**2,91,954**	**2,53,995**
Income taxes paid including withholding tax and net of refunds	7(c)	(47,159)	(62,979)
Net cash inflow from operating activities		**2,44,795**	**1,91,016**
Cash flows from investing activities			
Payments for property, plant and equipment	3,4,5	(47,215)	(71,368)
Proceeds from sale of property, plant and equipment		1	-
Payments for investments in optionally convertible debentures	6	-	(7,200)
Interest received	23	20,459	6,681
Proceeds from withdrawal of deposits	12	1,60,118	5,050
Investment in deposits	12	(4,04,038)	(1,52,703)
Net cash inflow / (outflow) from investing activities		**(2,70,675)**	**(2,19,540)**

Standalone Statement of Cash Flows

(All amounts in Indian Rupees Lakhs, except equity shares and per share data unless otherwise stated)

Particulars	Note No.	For the year ended March 31, 2023	For the year ended March 31, 2022
Cash flows from financing activities			
Proceeds/(repayment) from working capital loans	18	-	(35)
Interest paid	27	(18)	(21)
Dividends paid to company's shareholders		(79,641)	(53,094)
Net cash outflow from financing activities		**(79,659)**	**(53,150)**
Net increase/ (decrease) in cash and cash equivalents		**(1,05,539)**	**(81,674)**
Cash and cash equivalents at the beginning of the year		1,19,956	2,01,630
Cash and cash equivalents at end of the year		**14,417**	**1,19,956**
Reconciliation of cash and cash equivalents at the end of the year			
Cash and cash equivalents as per Balance Sheet	11	14,417	1,19,956
Balances as per statement of cash flows		**14,417**	**1,19,956**

1. The Statement of Standalone cash flows has been prepared under the indirect method as set out in Indian accounting standard (Ind AS 7) Statement of Cash Flows
2. The accompanying notes are an integral part of the financial statements.

This is the Standalone Statement of cash flows referred to in our report of even date

For **Price Waterhouse Chartered Accountants LLP**
Firm registration number: 012754N/N500016

For and on behalf of the Board of Directors of **Divi's Laboratories Limited**

N.K. Varadarajan
Partner
Membership number: 90196

Dr. Murali K Divi
Managing Director
DIN: 00005040

N.V. Ramana
Executive Director
DIN: 00005031

Dr. Kiran S Divi
Whole-time Director and Chief Executive Officer
DIN: 00006503

Nilima Prasad Divi
Whole-time Director (Commercial)
DIN: 06388001

Place: Hyderabad
Date:20-05-2023

L. Kishorebabu
Chief Financial Officer

M. Satish Choudhury
Company Secretary
Membership No: F12493

Standalone Statement of Changes in Equity

(All amounts in Indian Rupees Lakhs, except equity shares and per share data unless otherwise stated)

a. Equity Share Capital

S.No	Particulars	As at March 31, 2023	As at March 31, 2022
i	Balance at the beginning of the reporting period	5,309	5,309
ii	Balance at the end of the reporting period	5,309	5,309

b. Other Equity

S. No	Particulars	Reserves And Surplus				Total
		Securities Premium	SEZ Reinvestment Reserve	General Reserve	Retained Earnings	
As at March 31, 2023						
i	Balance at the beginning of the current reporting period	7,988	59,085	1,00,000	9,96,753	11,63,826
ii	Profit after tax	-	-	-	1,80,815	1,80,815
iii	Other Comprehensive Income after tax	-	-	-	233	233
iv	Dividends paid to Company's shareholders	-	-	-	(79,641)	(79,641)
v	Transfer from retained earnings / to SEZ reinvestment reserve	-	14,559	-	(14,559)	-
vi	Transfer to retained earnings / from SEZ reinvestment reserve	-	(8,555)	-	8,555	-
vii	**Balance at the end of the current reporting period**	**7,988**	**65,089**	**1,00,000**	**10,92,156**	**12,65,233**
As at March 31, 2022						
i	Balance at the beginning of the previous reporting period	7,988	55,029	1,00,000	7,58,831	9,21,848
ii	Profit after tax	-	-	-	2,94,854	2,94,854
iii	Other Comprehensive Income after tax	-	-	-	218	218
iv	Dividends paid to Company's shareholders	-	-	-	(53,094)	(53,094)
v	Transfer from retained earnings / to SEZ reinvestment reserve	-	12,520	-	(12,520)	-
vi	Transfer to retained earnings / from SEZ reinvestment reserve	-	(8,464)	-	8,464	-
vii	**Balance at the end of the previous reporting period**	**7,988**	**59,085**	**1,00,000**	**9,96,753**	**11,63,826**

The accompanying notes are an integral part of the financial statements

This is the Standalone Statement of changes in equity referred to in our report of even date

For **Price Waterhouse Chartered Accountants LLP**
Firm registration number: 012754N/N500016

For and on behalf of the Board of Directors of
Divi's Laboratories Limited

N.K. Varadarajan
Partner
Membership number: 90196

Dr. Murali K Divi
Managing Director
DIN: 00005040

N.V. Ramana
Executive Director
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Dr. Kiran S Divi
Whole-time Director and
Chief Executive Officer
DIN: 00006503

Nilima Prasad Divi
Whole-time Director
(Commercial)
DIN: 06388001

Place: Hyderabad
Date:20-05-2023

L. Kishorebabu
Chief Financial Officer

M. Satish Choudhury
Company Secretary
Membership No: F12493

Notes to the Standalone Financial Statements

(All amounts in Indian Rupees Lakhs, except equity shares and per share data unless otherwise stated)

1. Corporate Information

1.1 Divi's Laboratories Limited (Divi's/'Company') is a Company limited by shares, incorporated and domiciled in India. The Company is engaged in the manufacture of Active Pharmaceutical ingredients (API's), Intermediates and Nutraceutical ingredients with predominance in exports. In addition to generic business, the Company, through its custom synthesis business, supports innovator pharma companies for their patented products business right from gram scale requirements for clinical trials to launch as well as late life cycle management. The Company is a public limited company and the Company's equity shares are listed in BSE Limited (BSE) and National Stock Exchange of India Limited (NSE) in India.

1.2 The Financial statements are approved for issue by the Company's Board of Directors on May 20, 2023.

2. Summary of Significant Accounting Policies

Significant accounting policies adopted in the preparation of these financial statements are detailed below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of Preparation:

(i) Compliance with Ind AS

The financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under section 133 of the Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015] and other relevant provisions of the Act and guidelines issued by Securities and Exchange Board of India (SEBI).

(ii) Historical cost convention

The financial statements have been prepared on a historical cost basis, except for the following:

- Certain financial assets and liabilities that are measured at fair value; (refer accounting policy regarding financial instruments)
- Defined benefit plans – plan assets measured at fair value

(iii) New and amended standards adopted by the Company

The Ministry of Corporate Affairs had vide notification dated 23 March 2022 notified Companies (Indian Accounting Standards) Amendment Rules, 2022 which amended certain accounting standards, and are effective 1 April 2022. These amendments did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

(iv) New and amended standards issued but not effective

The Ministry of Corporate Affairs has vide notification dated 31 March 2023 notified Companies (Indian Accounting Standards) Amendment Rules, 2023 (the 'Rules') which amends certain accounting standards, and are effective 1 April 2023.

The Rules predominantly amend Ind AS 12, Income taxes, and Ind AS 1, Presentation of financial statements. The other amendments to Ind AS notified by these rules are primarily in the nature of clarifications.

These amendments are not expected to have a material impact on the company in the current or future reporting periods and on foreseeable future transactions. Specifically, no changes would be necessary as a consequence of amendments made to Ind AS 12 as the company's accounting policy already complies with the now mandatory treatment.

(v) Current and non-current classification

An asset / Liability is classified as current if:

(a) The amount is expected to be realised or sold or consumed in the Company's normal operating cycle; the liability is expected to be settled in normal operating cycle;

(b) Asset / liability is held primarily for the purpose of trading;

(c) Asset / Liability is expected to be realised/ settled within twelve months after the reporting period; or

(d) The asset is cash or a cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period. The entity has no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other assets / liabilities are classified as non-current.

The operating cycle is the time between acquisition of assets for processing and their realisation in cash and

Notes to the Standalone Financial Statements

(All amounts in Indian Rupees Lakhs, except equity shares and per share data unless otherwise stated)

cash equivalents. Based on the nature of products and time between acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current/non-current classification of assets and liabilities.

2.2 Segment Reporting:

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker. Managing Director of the Company has been identified as being the Chief Operating Decision Maker. Refer Note 35 for the segment information presented.

2.3 Foreign Currency Translation:

(i) Functional and Presentation Currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Indian rupee (₹), which is Divi's (the Company's) functional and presentation currency.

(ii) Transactions and Balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in statement of profit and loss.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. Translation differences on non-monetary assets and liabilities such as equity instruments held at fair value through profit or loss are recognised in statement of profit and loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equity investments classified as FVOCI are recognised in other comprehensive income.

2.4 Revenue Recognition:

Revenue is measured at the transaction price determined under IND AS 115- Revenue from contracts with customers. Amounts disclosed as revenue are net of returns, trade allowances, rebates, Goods & Service Tax (GST) collections and amounts collected on behalf of third parties.

(i) Revenue from Sale of Goods:

Revenue from sale of goods is recognised when the customer obtains control of the Company's product, which occurs at a point in time with payment terms typically in the range of 60 to 180 days after invoicing depending on product and geographic region. Taxes collected from customers relating to product sales and remitted to government authorities are excluded from revenues.

The Company does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the company does not adjust any of the transaction prices for the time value of money.

For contracts with multiple performance obligations, the Company allocates the transaction price to each performance obligation based on the relative standalone selling price.

(ii) Revenue from Sale of Services:

Revenue from Sale of services is recognised as per the terms of the contracts with customers when the related services are performed, or the agreed milestones are achieved.

(iii) Export Incentives:

Export incentives comprise of Duty draw back and MEIS (Merchandise Exports Incentive scheme) scrips.

Duty drawback is recognised as income when the right to receive credit as per the terms of the scheme is established in respect of the exports entitled for this benefit made and where there is no significant uncertainty regarding the ultimate collection of the relevant export proceeds.

MEIS scrips are freely transferable and can be utilised for the payment of customs duty. MEIS scrips are recognised either on transfer/sale of such scrips or when it is reasonably certain that such scrips can be utilised against import duties.

(iv) Dividend Income:

Dividends are received from financial assets at fair value through profit or loss. Dividends are recognised as other income in profit or loss when the right to receive payment is established. This applies even if they are paid out of pre-acquisition profits unless the dividend clearly represents a recovery of part of the cost of the investment.

(v) Interest Income:

Interest income from financial assets at fair value through profit or loss is disclosed as interest income within other income. Interest income on financial assets at amortised cost is calculated using the effective interest method is recognised in the statement of profit and loss as part of other income. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

2.5 Income Taxes:

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated based on the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, based on amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised, or the deferred income tax liability is settled.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities are not recognised for temporary differences between the carrying amount and tax bases of investments in subsidiaries where the Company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets are not recognised for temporary differences between the carrying amount and tax bases of investments in subsidiaries where it is not probable that the differences will reverse in the foreseeable future and taxable profit will not be available against which the temporary difference can be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

For operations carried out in Special Economic Zones which are entitled to tax holiday under the Income tax Act, 1961 no deferred tax is recognised in respect of temporary differences which reverse during the tax holiday period, to the extent company's gross total income is subject to the deduction during the tax holiday period. Deferred tax in respect of temporary differences which reverse after the tax holiday period is recognised in the year in which temporary difference originate.

2.6 Impairment of Assets:

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

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(All amounts in Indian Rupees Lakhs, except equity shares and per share data unless otherwise stated)

2.7 Cash and Cash Equivalents:

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

2.8 Trade Receivables:

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business and reflects company's unconditional right to consideration (that is, payment is due only on the passage of time). Trade receivables are recognised initially at the transaction price as they do not contain significant financing components. The company holds the trade receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method, less loss allowance.

2.9 Inventories:

Raw materials, stores and spares, work-in-progress and finished goods are stated at the lower of cost, calculated on weighted average basis, and net realisable value. Cost of raw materials and stores comprise of cost of purchases. Cost of work-in-progress and finished goods comprises cost of direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Cost of inventories also include all other cost incurred in bringing the inventories to their present location and condition. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Items held for use in the production of inventory are not written below cost if the finished product in which these will be incorporated are expected to be sold at or above the cost.

2.10 Investments and other Financial Assets:

(i) Classification:

The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- those measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income. The Company reclassifies debt investments when and only when its business model for managing those assets changes.

(ii) Recognition

Purchases and sale of financial assets are recognised on trade date, the date on which company commit to purchase or sale the financial assets.

(iii) Measurement

At initial recognition, the company measures a financial asset (excluding trade receivables which do not contain a significant financing component) at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Debt instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments:

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses).

Fair value through other comprehensive income (FVOCI): Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue, foreign exchange gains and losses which are recognised in profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/ (losses). Interest income from these financial assets is included in other income using the effective interest rate method.

Fair value through profit or loss: Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss and presented net in the statement of profit and loss within other gains/ (losses) in the period in which it arises. Interest income from these financial assets is included in other income.

Equity instruments

The Company subsequently measures all equity investments at fair value. Where the Company's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss. Dividends from such investments are recognised in profit or loss as other income when the Company's right to receive payments is established. Changes in the fair value of financial assets at fair value through profit or loss are recognised in other income in the statement of profit and loss. Impairment losses (and reversal of impairment losses) on equity investments measured at fair value are not reported separately from other changes in fair value.

(iv) Impairment of financial assets

The Company assesses on a forward-looking basis, the expected credit losses associated with its assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 33 details how the Company determines whether there has been a significant increase in credit risk.

For trade receivables only, the Company applies the simplified approach permitted by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

(v) Derecognition of financial assets

A financial asset is derecognised only when

- the Company has transferred the rights to receive cash flow from the financial asset or
- retains the contractual rights to receive the cash flows of the financial assets but assumes a contractual obligation to pay cash flows to one or more recipients.

Where the entity has transferred an asset, the Company evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognised. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset the same is not derecognised.

Where the entity has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognised. Where the Company retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

2.11 Offsetting Financial Instruments:

Financial assets and liabilities are offset, and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

2.12 Property, Plant & Equipment:

Freehold land is carried at historical cost. All other items of property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. On transition to Ind AS, the Company had elected to continue with the carrying value of all its property, plant

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and equipment recognised as at 1st April 2015 measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Capital work-in-progress includes cost of property, plant and equipment under installation/under development as at the balance sheet date.

(i) Depreciation Methods, Estimated Useful Lives and Residual Value

Depreciation on Property, Plant & Equipment is provided on straight-line basis to allocate their cost, net of residual value over the estimated useful lives of the assets. The useful lives have been determined in order to reflect the actual usage of the assets and are consistent with the useful lives prescribed under Schedule II of the Companies Act, 2013.

Following are the estimated useful lives:

Plant & Machinery	7.5-25 years
Roads and Buildings	10 - 60 years
Furniture and Fixtures	10 years
Vehicles	8 & 10 years
Office Equipment	5 years
Laboratory Equipment	10 years
Computer and data processing units	3-6 years

The residual values are not more than 5% of the original cost of the asset. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposal are determined by comparing proceeds with carrying amount. These are included in profit or loss within other income/ other expenses.

2.13 Intangible Assets:

(i) Computer Software

Computer software is stated at historical cost less amortisation. Historical cost includes expenditure that is directly attributable to the acquisition of the computer software. Costs associated with maintaining software programmes are recognised as an expense as incurred.

On transition to Ind AS, the Company had elected to continue with the carrying value of all of intangible assets recognised as at 1st April 2015 measured as per the previous GAAP and use that carrying value as the deemed cost of intangible assets.

(ii) Research and Development

Research and Development expenses that do not meet the criteria of property, plant and equipment above are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

(iii) Amortisation Methods and Periods

The Company amortises intangible assets over a period of 3 years based on their estimated useful lives.

2.14 Trade and Other Payables:

These amounts represent liabilities for goods and services provided to the company prior to the end of financial year which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

2.15 Borrowings:

Borrowings are initially recognised at fair value, net of transaction cost incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services

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and amortised over the period of the facility to which it relates.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other gains/(losses).

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period. Where there is a breach of a material provision of a long-term loan arrangement on or before the end of the reporting period with the effect that the liability becomes payable on demand on the reporting date, the entity does not classify the liability as current, if the lender agreed, after the reporting period and before the approval of financial statements for issue, not to demand payment as consequence of the breach.

2.16 Borrowing Costs:

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing cost eligible for capitalisation. Other borrowings costs are expensed in the period in which they are incurred.

2.17 Provisions:

Provision for legal claims are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provisions due to the passage of time is recognised as interest expense. Provision for litigation related obligation represents liabilities that are expected to materialise in respect of matters in appeal.

2.18 Employee benefits:

(i) Short-term obligations

Liabilities for wages and salaries, bonus, ex-gratia etc. that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

(ii) Long-term employee benefit obligations

The liabilities for compensated absences are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligations. Remeasurements as a result of the experience adjustments and changes in actuarial assumptions are recognised in the statement of profit and loss.

The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

(iii) Post-employment obligations

The Company operates the following post-employment schemes:

(a) Defined benefit plans-Gratuity obligations

The liability or assets recognised in the balance sheet in respect of defined benefit

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gratuity plans is the present value of the defined benefit obligations at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method.

The present value of the defined benefit obligation denominated in INR is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation. The benefits which are denominated in currency other than INR, the cash flows are discounted using market yields determined by reference to high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit and loss.

Remeasurement gains and losses arising from experience adjustments and change in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service cost.

In respect of funded post-employment defined benefit plans, amounts due for payment within 12 months to the fund may be treated as 'current'. Regarding unfunded post-employment benefit plans, settlement obligations which are due within 12 months in respect of employees who have resigned or expected to resign or are due for retirement within the next 12 months is 'current'. The remaining amount attributable to other employees, who are likely to continue in the services for more than a year, is classified as "non-current".

Company uses the work of an actuary in determining the classification of the current and non-current liability for unfunded post employee benefit obligations.

(b) *Defined contribution plans*

The Company pays provident fund contributions to publicly administered funds as per local regulations. The Company has no further payment obligations once the contributions have been paid. The contributions are accounted for as defined contribution plans and the contributions are recognised as employee benefit expense when they are due.

Termination benefits in the nature of voluntary retirement benefits are recognised in the Statement of Profit and Loss as and when incurred.

2.19 Dividends:

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

2.20 Contributed Equity:

Equity shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.21 Earnings per Share:

(i) Basic Earnings per Share

Basic earnings per share is calculated by dividing:

- The profit attributable to owners of the Company
- By the weighted average number of equity shares outstanding during the financial year, adjusted for bonus elements in equity shares issued during the year.

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(ii) Diluted Earnings per Share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and
- the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

2.22 Leases:

As a lessee

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the company. Contracts may contain both lease and non-lease components. The company allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the company under residual value guarantees
- the exercise price of a purchase option if the company is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the company exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the company, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the company:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the company which does not have recent third party financing, and
- makes adjustments specific to the lease, e.g. term, country, currency and security.

The company is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Short-term leases of equipment and all leases of low-value assets are recognised as expense over the lease term on straight-line basis or another systematic basis if that basis is more representative of the pattern of the benefit. Short-term leases are leases with a lease term of 12 months or less.

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2.23 Contingent Liability & Commitments:

Contingent liability is disclosed in the case of:

- a present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation.
- a present obligation arising from past events when no reliable estimate possible.
- a possible obligation arising from past events unless the probability of outflow of resources is remote.

Commitments include the amount of purchase order (net of advances) issued to parties for completion of assets.

2.24 Critical Estimates and Judgements:

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also exercise judgement in applying the Company's accounting policies.

Detailed information about the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. Detailed information about each of these estimates and judgements is included in relevant notes together with information about the basis of calculation for each affected line item in the financial statements.

The areas involving critical estimates or judgements are:

(i) Estimation of current tax expense and current tax payable – refer note: 30(b)

(ii) Estimation of defined benefit obligations- refer note: 16

(iii) Allowance for uncollected accounts receivable and advances. Trade receivables do not carry any interest and are stated at their nominal value as reduced by appropriate allowances for estimated irrevocable amounts. Individual trade receivables are written off when management deems them not to be collectible. Impairment is made on the expected credit losses, which are the present value of the cash shortfall over the expected life of the financial assets- refer note: 33(A)

(iv) Estimation of useful lives and residual value of property, plant and equipment and intangible assets– refer above para 2.12 (i)

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the company and that are believed to be reasonable under the circumstances.

2.25 Government Grants:

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the company will comply with all attached conditions.

Government grants relating to income are deferred and recognised in the profit or loss over the period necessary to match them with the costs that they are intended to compensate and presented within other income.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to profit or loss on a straight-line basis over the expected lives of the related assets and presented within other income.

Export entitlements from government authorities are recognised in the statement of profit and loss as income or as a reduction from "Cost of materials consumed", when there is reasonable assurance that the entity will comply with the conditions attaching to them and the grants will be received

2.26 Rounding of Amounts:

All amounts disclosed in the financial statements and notes have been rounded off to the nearest lakhs as per the requirement of Schedule III of the Companies Act, 2013 unless otherwise stated.

Notes to the Standalone Financial Statements

(All amounts in Indian Rupees Lakhs, except equity shares and per share data unless otherwise stated)

Note 3: Property, Plant and Equipment

	Freehold Land	Plant and Machinery	Roads and Buildings	Furniture and Fixtures	Vehicles	Office Equipment	Laboratory Equipment	Computer and data processing units	Total
Year ended March 31, 2022									
Gross carrying amount									
At the beginning of the year	17,151	3,06,509	1,14,205	4,364	1,349	3,230	17,716	2,075	4,66,599
Additions	123	56,575	29,299	611	1,255	642	4,002	377	92,884
Disposals	-	(231)	(2)	-	-	-	-	-	(233)
At the end of the year	**17,274**	**3,62,853**	**1,43,502**	**4,975**	**2,604**	**3,872**	**21,718**	**2,452**	**5,59,250**
Accumulated depreciation									
At the beginning of the year	-	72,988	12,264	1,708	478	1,921	6,700	1,134	97,193
Depreciation charge during the year	-	23,230	4,386	446	215	407	1,687	366	30,737
Disposals	-	(28)	-	-	-	-	-	-	(28)
At the end of the year	**-**	**96,190**	**16,650**	**2,154**	**693**	**2,328**	**8,387**	**1,500**	**1,27,902**
Net carrying amount as at March 31, 2022	**17,274**	**2,66,663**	**1,26,852**	**2,821**	**1,911**	**1,544**	**13,331**	**952**	**4,31,348**
Year ended March 31, 2023									
Gross carrying amount									
At the beginning of the Year	17,274	3,62,853	1,43,502	4,975	2,604	3,872	21,718	2,452	5,59,250
Additions	2,189	54,990	12,474	710	138	502	2,662	257	73,922
Disposals	(40)	(30)	(36)	-	(1)	-	-	-	(107)
At the end of the year	**19,423**	**4,17,813**	**1,55,940**	**5,685**	**2,741**	**4,374**	**24,380**	**2,709**	**6,33,065**
Accumulated depreciation									
At the beginning of the year	-	96,190	16,650	2,154	693	2,328	8,387	1,500	1,27,902
Depreciation charge during the year	-	25,543	4,850	482	264	437	1,883	356	33,815
Disposals	-	-	-	-	-	-	-	-	-
At the end of the year	**-**	**1,21,733**	**21,500**	**2,636**	**957**	**2,765**	**10,270**	**1,856**	**1,61,717**
Net carrying amount as at March 31, 2023	**19,423**	**2,96,080**	**1,34,440**	**3,049**	**1,784**	**1,609**	**14,110**	**853**	**4,71,348**

Notes:

(a) Title deeds of the immovable properties included above are held in the name of the company.

(b) Contractual obligations and other commitments: Refer Note 40 for disclosure of contractual and other commitments for the acquisition of property, plant and equipment.

(c) The gross carrying amounts of roads and buildings and plant and machinery and capital work in progress in note 4 includes staff cost of ₹570(March 31, 2022: ₹437) relating to projects team involved in supervision and monitoring of these projects and cost of power consumed of ₹310 (March 31, 2022: ₹281)

(d) The company has not revalued its Property, plant and equipment during the year or in the previous year

Notes to the Standalone Financial Statements

(All amounts in Indian Rupees Lakhs, except equity shares and per share data unless otherwise stated)

Note 4: Capital Work-in-progress

	Amount
Year ended March 31, 2022	
At the beginning of the year	71,062
Additions	69,387
Capitalisations	(93,456)
As at March 31, 2022	**46,993**
Year ended March 31, 2023	
At the beginning of the Year	46,993
Additions	48,335
Capitalisations	(74,140)
As at March 31, 2023	**21,188**

Note 4(a): Capital Work-in-progress Ageing Schedule

As at March 31, 2023	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	16,517	2,723	964	984	21,188
Projects temporarily suspended	-	-	-	-	-

As at March 31, 2022	Amount in CWIP for a period of				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Projects in progress	39,708	5,161	1,332	792	46,993
Projects temporarily suspended	-	-	-	-	-

Note 4(b): There are no capital-work-in progress, whose completion is overdue or has exceeded its cost compared to its original plan as at March 31, 2023 and March 31, 2022.

Note 4(c): Assets under construction majorly consist of roads & buildings, plant & machinery and corresponding internal development costs. During the year, the Company has incurred capital costs of ₹48,335 on capital work-in-progress at various locations and which includes staff cost of ₹133 (March 31, 2022: ₹131) relating to projects team involved in supervision and monitoring of these projects and cost of power consumed ₹29 (March 31, 2022: ₹39)

Note 5: Intangible Assets

	Computer software
Year ended March 31, 2022	
Gross carrying amount	
At the beginning of the year	1,947
Additions	572
Disposals	-
At the end of the year	**2,519**
Accumulated amortisation	
At the beginning of the year	1,452
Amortisation charge during the year	318
Disposals	-
At the end of the year	**1,770**
Net carrying amount as at March 31, 2022	**749**

Notes to the Standalone Financial Statements

(All amounts in Indian Rupees Lakhs, except equity shares and per share data unless otherwise stated)

	Computer software
Year ended March 31, 2023	
Gross carrying amount	
At the beginning of the year	2,519
Additions	218
Disposals	(77)
At the end of the year	**2,660**
Accumulated amortisation	
At the beginning of the year	1,770
Amortisation charge during the year	392
Disposals	(30)
At the end of the year	**2,132**
Net carrying amount as at March 31, 2023	**528**

Note:

a) The company has not revalued intangible assets during the year or in the previous year

Note 6: Non-current Investments

	March 31, 2023	March 31, 2022
Unquoted, fully paid up		
(a) Investment in equity instruments in subsidiary companies (at cost)		
2000 (March 31,2022:2000) ordinary shares of US$ 0.01 each of Divis Laboratories (USA) Inc *	332	332
200 (March 31,2022:200) ordinary shares of CHF 500 each of Divi's Laboratories Europe AG **	404	404
Investment in equity instruments in other companies (at FVPL)		
12000 (March 31, 2022:12000) equity shares of ₹10/- each of Pattan Cheru Enviro Tech Limited	1	1
Total equity instruments	**737**	**737**
(b) Investment in debentures in other companies (at FVPL)		
Redeemable 0.25%, 7,20,00,000 optionally convertible debentures(OCDs) of ₹10/- each	7,704	7,200
(Including change in fair value of investments in OCDs ₹504 (March 31, 2022: Nil))		
Total debentures	**7,704**	**7,200**
Total non-current investments	**8,441**	**7,937**
Aggregate amount of unquoted investments	**8,441**	**7,937**
Aggregate amount of quoted investments and market value thereof	-	-
Aggregate amount of impairment in the value of investment	-	-

* ₹87 (March 31, 2022: ₹87) included in the cost of investment is on account of fair valuation of interest free loans given to subsidiary.

** ₹367 (March 31, 2022: ₹367) included in the cost of investment is on account of fair valuation of interest free loans given to subsidiary.

Notes to the Standalone Financial Statements

(All amounts in Indian Rupees Lakhs, except equity shares and per share data unless otherwise stated)

Note 7: Income Tax Assets (Net)

	March 31, 2023	March 31, 2022
7(a). Income tax asset - Non-Current		
Prepaid income taxes	2,917	2,917
	2,917	**2,917**
7(b). Income tax asset - Current		
Prepaid income taxes	52,987	1,31,657
Provision for income tax	(43,200)	(1,25,889)
	9,787	**5,768**
Total Income tax asset 7(a)+7(b)	**12,704**	**8,685**

Note 7(c): Movement in income tax assets

	March 31, 2023	March 31, 2022
Income tax assets - at the beginning of the year	8,685	10,287
Add: Taxes paid during the year	47,159	66,780
Less: Others (refund received)	-	(3,801)
Add/(Less): Adjustments of current tax for prior years	60	(281)
Add: MAT credit utilisation	744	-
Less: Current tax provision	(43,944)	(64,300)
Net Income tax asset - at the end of the year	**12,704**	**8,685**

Note 8: Other Non-current Assets

	March 31, 2023	March 31, 2022
Capital advances	1,899	4,832
Pre-paid expenses	117	89
Other receivables including indirect tax refund claims	84	562
Total other non-current assets	**2,100**	**5,483**

Note 9: Inventories

	March 31, 2023	March 31, 2022
(Valued at lower of cost and net realisable value)		
Raw materials	94,562	75,476
Work-in-progress	1,52,571	1,53,159
Finished goods	11,009	15,437
Packing material	936	916
Stores and spares	18,967	19,417
Total Inventories	**2,78,045**	**2,64,405**

Raw materials and finished goods consists of goods in transit of ₹6,028 (March 31, 2022- ₹6,979) and ₹10,546 (March 31, 2022- ₹14,351) respectively.

Amounts Recognised in Profit and Loss

Write-downs of inventories to net realisable value and on account of slow moving inventory amounted to ₹1,130 (March 31, 2022 - ₹548). These were recognised in statement of profit and loss and included in 'Changes in inventories of finished goods and work-in-progress ' and 'Cost of raw materials consumed'.

Notes to the Standalone Financial Statements

(All amounts in Indian Rupees Lakhs, except equity shares and per share data unless otherwise stated)

Note 10: Trade Receivables

	March 31, 2023	March 31, 2022
Trade receivables from others	1,67,264	2,30,192
Trade receivables from related parties	29,238	26,870
Gross trade receivables	1,96,502	2,57,062
Less: Loss allowance	72	72
Net trade receivables	**1,96,430**	**2,56,990**
Current portion	1,96,430	2,56,990
Non-current portion	-	-

(a) Security wise Break-up of Trade Receivables

	March 31, 2023	March 31, 2022
Trade receivables considered good- secured	-	-
Trade receivables considered good - unsecured	1,96,447	2,56,990
Trade receivables which have significant increase in credit risk	55	55
Trade receivables - credit impaired	-	17
Total	**1,96,502**	**2,57,062**
Less: Loss allowance	72	72
Total trade receivables	**1,96,430**	**2,56,990**

(b) Ageing of Trade Receivables

Particulars	Unbilled	Not due	Outstanding for following periods from due date of payment					Total
			Less than 6 months	6 Months - 1 year	1-2 years	2-3 years	More than 3 years	
March 31, 2023								
Undisputed trade receivables								
considered good	-	1,54,711	37,546	4,164	9	-	-	1,96,430
which have significant increase in credit risk	-	-	-	-	-	-	-	-
credit impaired	-	-	-	-	17	-	-	17
Disputed trade receivables								
considered good	-	-	-	-	-	-	-	-
which have significant increase in credit risk	-	-	-	-	-	-	55	55
credit impaired	-	-	-	-	-	-	-	-
Total	**-**	**1,54,711**	**37,546**	**4,164**	**26**	**-**	**55**	**1,96,502**
Less: Loss allowance		-	-	-	17	-	55	72
Total trade receivables								**1,96,430**

Particulars	Unbilled	Not due	Outstanding for following periods from due date of payment					Total
			Less than 6 months	6 Months - 1 year	1-2 years	2-3 years	More than 3 years	
March 31, 2022								
Undisputed trade receivables								
considered good	-	2,19,552	37,241	197	-	-	-	2,56,990
which have significant increase in credit risk	-	-	-	-	-	-	-	-
credit impaired	-	-	-	17	-	-	-	17
Disputed trade receivables								
considered good	-	-	-	-	-	-	-	-
which have significant increase in credit risk	-	-	-	-	-	-	55	55
credit impaired	-	-	-	-	-	-	-	-
Total	**-**	**2,19,552**	**37,241**	**214**	**-**	**-**	**55**	**2,57,062**
Less: Loss allowance	-	-	-	17	-	-	55	72
Total trade receivables								**2,56,990**

Notes to the Standalone Financial Statements

(All amounts in Indian Rupees Lakhs, except equity shares and per share data unless otherwise stated)

Note 11: Cash and Cash Equivalents

	March 31, 2023	March 31, 2022
Balances with banks		
- in current accounts	250	598
- in term deposits with maturity period not more than three months	14,077	1,19,288
Cash on hand	90	70
Total cash and cash equivalents*	**14,417**	**1,19,956**

*There are no repatriation restrictions on cash and cash equivalents as at the end of the current year and previous year.

Note 12: Bank Balances other than Cash and Cash Equivalents

	March 31, 2023	March 31, 2022
Balances in earmarked accounts with banks:		
- Unclaimed dividend	114	107
Balances in term deposit accounts with maturity period of more than three months and not more than twelve months:		
- pledged towards overdraft facilities with banks	7,557	7,241
- pledged towards margin on guarantees issued by bank	402	374
- other unencumbered deposits	3,96,266	1,52,690
Total bank balances other than cash and cash equivalents	**4,04,339**	**1,60,412**

Note 13: Other Financial Assets

	March 31, 2023	March 31, 2022
13(a): Other financial assets - non- current:		
Security deposits	4,931	5,609
Term deposits with bank with maturity period exceeding twelve months	164	154
(pledged towards margin on guarantees issued by bank)		
Total other financial assets - non -current	**5,095**	**5,763**
13(b): other financial assets - current:		
Export incentive receivable	43	105
Rental deposit	342	342
Other deposits	219	11
Insurance claims receivable	3	26
Total other financial assets - current	**607**	**484**
Total other financial assets (a+b)	**5,702**	**6,247**

Note 14: Other Current Assets

	March 31, 2023	March 31, 2022
Indirect taxes- input credits	13,764	10,054
Prepaid expenses	2,644	2,676
Advances to suppliers	3,381	8,722
Other receivables including indirect tax refund claims	131	129
Total other current assets	**19,920**	**21,581**

Notes to the Standalone Financial Statements

(All amounts in Indian Rupees Lakhs, except equity shares and per share data unless otherwise stated)

Note 15: Equity Share Capital and Other Equity

Note15(a): Equity Share Capital

(i) Authorised equity share capital

Particulars	Number of shares	Amount
As at April 1, 2021	30,00,00,000	6,000
Movement during the year	-	-
As at March 31, 2022	**30,00,00,000**	**6,000**
Movement during the year	-	-
As at March 31, 2023	**30,00,00,000**	**6,000**

(ii) Issued, subscribed and paid-up equity share capital

Particulars	Number of shares	Amount
As at April 1, 2021	26,54,68,580	5,309
Movement during the year	-	-
As at March 31, 2022	**26,54,68,580**	**5,309**
Movement during the year	-	-
As at March 31, 2023	**26,54,68,580**	**5,309**

Terms and rights attached to equity shares

The company has only one class of equity shares having par value of ₹2 per share. The company declares and pays dividends in Indian rupees. In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders. Every holder of equity shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll, each share is entitled to one vote.

(iii) Details of shareholders holding more than 5% shares in the company

	March 31, 2023		March 31, 2022	
	Number of shares	% holding	Number of shares	% holding
Dr. Satchandra Kiran Divi	5,40,00,000	20.34%	5,40,00,000	20.34%
Mrs. Swarnalatha Divi	1,40,00,000	5.27%	1,40,00,000	5.27%
Ms. Nilima Prasad Divi	5,40,00,000	20.34%	5,40,00,000	20.34%
SBI Mutual Fund	2,04,76,057	7.71%	1,38,35,574	5.21%
Life Insurance Corporation of India	1,47,30,917	5.55%	62,43,609	2.35%

(iv) Shareholdings of promoters and promoter group:

Promoter Name	March 31, 2023			March 31, 2022		
	No. of shares	% of total shares	% of change during the year	No. of shares	% of total shares	% of change during the year
Dr. Murali Krishna Prasad Divi	75,67,000	2.85%	0.00%	75,67,000	2.85%	0.00%
Dr. Satchandra Kiran Divi	5,40,00,000	20.34%	0.00%	5,40,00,000	20.34%	0.00%
Ms. Nilima Prasad Divi	5,40,00,000	20.34%	0.00%	5,40,00,000	20.34%	0.00%
Mrs. Swarnalatha Divi	1,40,00,000	5.27%	0.00%	1,40,00,000	5.27%	0.00%
Divis Biotech Private Limited	80,00,000	3.01%	0.00%	80,00,000	3.01%	0.00%
Mr. Madhusudana Rao Divi	2,89,600	0.11%	0.00%	2,97,600	0.11%	0.00%
Mr. Babu Rajendra Prasad Divi	26,600	0.01%	0.00%	26,600	0.01%	0.00%
Mr. Radhakrishna Rao Divi	-	0.00%	-100%	3,000	0.00%	0.00%

Notes to the Standalone Financial Statements

(All amounts in Indian Rupees Lakhs, except equity shares and per share data unless otherwise stated)

Note 15(b): Other Equity

	March 31, 2023	March 31, 2022
Reserves and surplus		
Securities premium reserve	7,988	7,988
General reserve	1,00,000	1,00,000
Retained earnings	10,92,156	9,96,753
Special economic zone re-investment reserve	65,089	59,085
Total other equity	**12,65,233**	**11,63,826**

(i) There is no movement in securities premium reserve and general reserve during the year and previous year.

(ii) Retained earnings

	March 31, 2023	March 31, 2022
At the beginning of the year	9,96,753	7,58,831
Profit after tax for the year	1,80,815	2,94,854
Transfer to special economic zone re-investment reserve	(14,559)	(12,520)
Transfer from special economic zone re-investment reserve	8,555	8,464
Dividends paid to company's shareholders	(79,641)	(53,094)
Items of other comprehensive income recognised directly in retained earnings:		
- Remeasurements of post employment benefit obligation, net of tax	233	218
At the end of the year	**10,92,156**	**9,96,753**

(iii) Special economic zone re-investment reserve

	March 31, 2023	March 31, 2022
At the beginning of the year	59,085	55,029
Transfer from retained earnings	14,559	12,520
Transferred to retained earnings	(8,555)	(8,464)
At the end of the year	**65,089**	**59,085**

Nature and purpose of reserves:

Securities premium reserve:

Securities premium reserve is used to record the premium on issue of securities. This reserve is utilised in accordance with the provisions of the Act.

General Reserve:

General Reserve represents amounts transferred from retained earnings in earlier years under the provisions of the erstwhile Companies Act, 1956

Special Economic Zone Re-investment reserve:

Under the SEZ scheme, the unit which begins production of Goods/ services on or after April 1, 2005 is eligible for deduction of 100% of profits or gains derived from export of Goods/ services for the first five years, 50% of such profits or gains for a further period of 5 years and 50% of such profits or gains for the balance period of five years subject to creation of special economic zone re-investment reserve out of profits of eligible SEZ units and utilisation of such reserve by the company for acquiring new plant and equipment for the purpose of its business as per the provisions of the Income Tax Act, 1961.

Notes to the Standalone Financial Statements

(All amounts in Indian Rupees Lakhs, except equity shares and per share data unless otherwise stated)

Note 16: Provisions - Employee Benefit Obligations

	March 31, 2023			March 31, 2022		
	Current	Non-current	Total	Current	Non-current	Total
Compensated absences	492	3,062	3,554	415	2,671	3,086
Gratuity	-	-	-	-	-	-
	492	**3,062**	**3,554**	**415**	**2,671**	**3,086**

(a) Compensated Absences Obligations:

The Compensated Absences covers the company's liability for earned leave which is classified as other long-term benefits. The liabilities for earned leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured at the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefit is discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligations. Remeasurements as a result of the experience adjustments and changes in actuarial assumptions are recognised in statement of profit and loss

(b) Post-employment Obligations- Gratuity: (Defined Benefit)

The company provides gratuity for employees as per the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity benefit. The amount of gratuity payable on retirement/termination is the employees' last drawn basic salary per month computed proportionately for 15 days' salary multiplied for the number of years of service. The gratuity plan is a funded plan and the company makes contributions, through an approved trust, to recognised funds administered by Life Insurance Corporation of India (Insurer)

(i) The amounts recognised in the balance sheet and the movements in the net defined benefit obligation over the year are as follows:

	Present value of obligation	Fair value of plan assets	Net amount
As at April 01, 2021	**3,788**	**(3,881)**	**(93)**
Current service cost	328	-	328
Interest expense/(income)	259	(277)	(18)
Amount recognised in Statement of profit and loss	**587**	**(277)**	**310**
Remeasurements			
Return on plan assets, excluding amounts included in interest expense/(income)	-	9	9
(Gain)/loss from change in demographic assumptions	-	-	-
(Gain)/loss from change in financial assumptions	(268)	-	(268)
Experience (gains)/loss	167	-	167
Amount recognised in other comprehensive income	**(101)**	**9**	**(92)**
Amount recognised in total comprehensive income	**486**	**(268)**	**218**
Employer contributions	-	(362)	(362)
Benefit payments	(57)	57	-
As at March 31, 2022	**4,217**	**(4,454)**	**(237)**

Notes to the Standalone Financial Statements
(All amounts in Indian Rupees Lakhs, except equity shares and per share data unless otherwise stated)

	Present value of obligation	Fair value of plan assets	Net amount
As at April 01, 2022	**4,217**	**(4,454)**	**(237)**
Current service cost	354	-	354
Interest expense/(income)	310	(299)	11
Amount recognised in Statement of profit and loss	**664**	**(299)**	**365**
Remeasurements			
Return on plan assets, excluding amounts included in interest expense/(income)	-	1	1
(Gain)/loss from change in demographic assumptions	-	-	-
(Gain)/loss from change in financial assumptions	(71)	-	(71)
Experience (gains)/loss	(74)	-	(74)
Amount recognised in other comprehensive income	**(145)**	**1**	**(144)**
Amount recognised in total comprehensive income	**519**	**(298)**	**221**
Employer contributions	-	(62)	(62)
Benefit payments	(47)	47	-
As at March 31, 2023	**4,689**	**(4,767)**	**(78)**

The net liability disclosed above relates to funded plan is given below:

	March 31, 2023	March 31, 2022
Present value of funded obligations	4,689	4,217
Fair value of plan assets	(4,767)	(4,454)
Surplus of funded plans*	(78)	(237)

* Included under note 14 'Other current assets'

(ii) Significant estimates: Actuarial assumptions

The significant actuarial assumptions considered are:

	March 31, 2023	March 31, 2022
Discount rate	7.52%	7.39%
Salary growth rate	6%	6%
Attrition rate depending on age	1% to 3%	1% to 3%
Retirement age	60 years	60 years
Average balance future service	28.41 Years	29.38 years
Mortality table	IALM(2012-14)	IALM(2012-14)

(iii) Sensitivity analysis

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

	March 31, 2023	March 31, 2022
Defined benefit obligation under base scenario	4,689	4,217
Increase / (Decrease) in defined benefit obligation:		
Discount rate:(% change compared to base due to sensitivity)		
Increase: +1%	(494)	(456)
Decrease: -1%	595	551
Salary growth rate:(% change compared to base due to sensitivity)		
Increase: +1%	528	511
Decrease: -1%	(452)	(434)
Attrition rate:(% change compared to base due to sensitivity)		
Increase: +1%	91	77
Decrease: -1%	(105)	(88)

Notes to the Standalone Financial Statements
(All amounts in Indian Rupees Lakhs, except equity shares and per share data unless otherwise stated)

The above sensitivity analysis are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as and when calculating the defined benefit liability recognised in the balance sheet. The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous year.

(c) Defined Benefit Liability

The company has established a trust to administer its obligation for payment of gratuity to employees. The trust in turn contributes to a scheme administered by the Life Insurance Corporation of India (Insurer). Every year, the insurer carries out a funding valuation based on the latest employee data provided by the company. Any deficit in the assets arising as a result of such valuation is funded by the company. The trust has not changed the process used to manage the risks from previous years.

The major categories of plan assets are as follows:

	March 31, 2023	March 31, 2022
*Fund managed by Life Insurance Corporation of India (Unquoted)	100%	100%

*Fund is managed by LIC as per IRDA guidelines, category-wise composition of the plan assets is not available.

Contributions to post employment benefit plan for the year ending March 31, 2024 is expected to be ₹543

The weighted average duration of the defined benefit obligation is 17.73 years (March 31, 2022 - 13.32 Years). The expected maturity analysis of undiscounted gratuity is as follows:

Particulars	Less than a year	Between 1-2 years	Between 2-5 years	Between 6-10 years	Over 10 years	Total
March 31, 2023						
Defined benefit obligation-gratuity	543	212	664	1,432	11,549	14,400
March 31, 2022						
Defined benefit obligation-gratuity	409	222	607	1,239	10,519	12,996

(d) Risk Exposure

Through its defined benefit plans, the company is exposed to a number of risks, the most significant of which are detailed below:

Interest rate risk: The plan exposes the company to the risk of fall in interest rates. A fall in interest rates will result in an increase in the ultimate cost of providing the above benefit and will thus result in an increase in the value of the liability.

Liquidity risk: This is the risk that the company is not able to meet the short term gratuity pay-out. This may arise due to non-availability of enough cash / cash equivalents to meet the liabilities or holdings liquid assets not being sold in time.

Salary escalation risk: The present value of the defined benefit plans calculated with the assumption of salary increase rate of plan participants in future. Deviation in the rate of increase of salary in future for plan participants from the rate of increase in salary used to determine the present value obligation will have a bearing on the plan's liability.

Demographic risk: The company has used certain mortality and attrition assumptions in valuation of the liability. The company is exposed to the risk of actual experience turning out to be worse compared to the assumption.

Regulatory risk: Gratuity benefits are paid in accordance with the requirements of the Payment of Gratuity Act, 1972 (as amended from time to time). There is a risk of change in regulations requiring higher gratuity payouts (e.g. increase in the maximum limit on gratuity.)

Asset liability mismatching or market risk: The duration of the liability is longer compared to duration of assets, exposing the company to market risk for volatilities/fall in interest rate.

Changes in fund yields: A decrease in fund yields will increase plan liabilities, although this will be partially off-set by an increase in the value of the plan's fund holdings.

Notes to the Standalone Financial Statements

(All amounts in Indian Rupees Lakhs, except equity shares and per share data unless otherwise stated)

(e) Defined Contribution Plans

Employer's contribution to provident fund: Contributions are made to provident fund in India for employees at the rate of 12% of the employee's qualifying salary as per regulations. The contributions are made to registered provident fund administered by the government. The obligation of the company is limited to the amount contributed and it has no further contractual nor any constructive obligation. The expense recognised during the year towards defined contribution plan is ₹2,560 (March 31, 2022- ₹2,108).

Employer's contribution to state insurance scheme: Contributions are made to state insurance scheme for employees at the rate of 3.25% . The contributions are made to employee state Insurance corporation (ESI), a corporation administered by the government. The obligation of the company is limited to the amount contributed and it has no further contractual nor any constructive obligation. The expense recognised during the period towards defined contribution plan is ₹342 (March 31, 2022- ₹311)

Note 17: Deferred Tax Liabilities (Net)

The Balance Comprises Temporary Differences Attributable to:

Particulars	March 31, 2023	March 31, 2022
Deferred tax liability / (asset):		
Property, plant and equipment	55,288	44,297
MAT credit entitlement	-	(744)
Employee benefits	(1,701)	(1,392)
Others	134	(21)
Net deferred tax liabilities / (asset)	**53,721**	**42,140**

Movement in Deferred Tax Liabilities /(Asset)

Particulars	April 01, 2021	Changes through Profit and Loss	Changes through OCI	MAT credit (created)/utilised	March 31, 2022
Property, plant and equipment	35,110	9,187	-	-	44,297
Employee benefit expenses	(1,225)	(167)	-	-	(1,392)
Others	(79)	58	-	(744)	(765)
Deferred tax liability (net)	**33,806**	**9,078**	**-**	**(744)**	**42,140**

Particulars	April 01, 2022	Changes through Profit and Loss	Changes through OCI	MAT credit (created)/utilised	March 31, 2023
Property, plant and equipment	44,297	10,991	-	-	55,288
Employee benefit expenses	(1,392)	(309)	-	-	(1,701)
Others	(765)	155	-	744	134
Deferred tax liability (net)	**42,140**	**10,837**	**-**	**744**	**53,721**

Note 18: Current Borrowings

Particulars	Maturity date and terms of payment	Interest rate	March 31, 2023	March 31, 2022
Loans payable on demand:				
From banks - secured				
-Working capital loans from banks	Payable on demand	8.20%	-	-
-Overdraft facilities from banks	Payable on demand	8.15%	-	-
Total current borrowings			**-**	**-**

a) **Utilisation of borrowings availed from banks**

The borrowings obtained by the company from banks have been applied for the purposes for which such loans are taken.

Notes to the Standalone Financial Statements

(All amounts in Indian Rupees Lakhs, except equity shares and per share data unless otherwise stated)

b) **Quarterly statements filed with banks**

The quarterly statements of current assets filed by the company in respect of its working capital facilities with banks are in agreement with the books of accounts.

c) **Wilful defaulter**

The company has not been declared as wilful defaulter by any bank or financial institutions or government or any government authority.

Secured borrowings and assets pledged as security

Working capital loans are secured by pari-passu first charge on Inventories, receivables and other current assets of the company.

Overdraft facilities from banks are secured by pledge of specific term deposits with banks

Note 18(d): Assets pledged as security

The carrying amounts of Company's assets pledged as security for working capital loans and overdraft facilities from banks:

Particulars	March 31, 2023	March 31, 2022
Current assets*		
Inventory	2,78,045	2,64,405
Trade receivables	1,96,430	2,56,990
Other current assets	4,49,070	3,08,201
	9,23,545	**8,29,596**

*Value of Letters of credit and guarantees outstanding as at March 31, 2023 is ₹8,568 (March 31, 2022 is ₹12,088)

There were no delays in registration or satisfaction of charges with Registrar of Companies beyond the statutory period.

Note 18(e): Net Debt reconciliation

This section sets out the changes in liabilities arising from financing activities in the statement of cash flows:

Particulars	March 31, 2023	March 31, 2022
Borrowings outstanding at the year end	-	-
Cash and cash equivalents	(14,417)	(1,19,956)
Net debt /(surplus)	**(14,417)**	**(1,19,956)**
Net debt obligations	**-**	**-**

	Liabilities from financing activities	Other assets	Net debt/ (Surplus)
	Current borrowings	Cash and bank overdraft	
Net debt/(surplus) as at April 01,2021	35	(2,01,630)	(2,01,595)
Cash Flows	(35)	81,674	81,639
Interest Expense	(21)	-	(21)
Interest paid	21	-	21
Net debt /(surplus) as at March 31, 2022	**-**	**(1,19,956)**	**(1,19,956)**
Net debt /(surplus) as at April 01, 2022	-	(1,19,956)	(1,19,956)
Cash flows	-	1,05,539	1,05,539
Interest expense	(18)	-	(18)
Interest paid	18	-	18
Net debt /(surplus) as at March 31, 2023	**-**	**(14,417)**	**(14,417)**

Notes to the Standalone Financial Statements

(All amounts in Indian Rupees Lakhs, except equity shares and per share data unless otherwise stated)

Note 19: Trade Payables

	March 31, 2023	March 31, 2022
Current		
Trade payables -micro and small enterprises (Refer note no. 41)	3,749	2,478
Trade payables -others	70,515	74,652
Total trade payables	**74,264**	**77,130**

(a) Ageing of Trade Payables

As at March 31, 2023

Particulars	Unbilled	Not due	Outstanding for following periods from due date of payment				Total
			Less than 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed trade payables							
Micro and small enterprises	-	3,749	-	-	-	-	3,749
Others	14,240	38,100	18,161	14	-	-	70,515
Total trade payables	**14,240**	**41,849**	**18,161**	**14**	**-**	**-**	**74,264**

As at March 31, 2022

Particulars	Unbilled	Not due	Outstanding for following periods from due date of payment				Total
			Less than 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed trade payables							
Micro and small enterprises	-	1,971	507	-	-	-	2,478
Others	19,506	21,443	33,703	-	-	-	74,652
Total trade payables	**19,506**	**23,414**	**34,210**	**-**	**-**	**-**	**77,130**

(b) There are no trade payables with no specified due date of payments as at March 31, 2023 and March 31, 2022.

(c) There are no disputed trade payables as at March 31, 2023 and March 31, 2022.

Note 20: Other Financial Liabilities

	March 31, 2023	March 31, 2022
Current		
Capital creditors	3,669	5,543
Unclaimed dividend	114	107
Accrual for rebates / discounts	556	639
Total other financial liabilities	**4,339**	**6,289**

Note 21: Other Current Liabilities

	March 31, 2023	March 31, 2022
Statutory dues payable	1,271	1,170
Deferred revenue government grants	87	76
Employee benefits payable	23,244	30,097
For corporate social responsibility activity (Net of advances of ₹105) [refer note 29(b)(i)]	868	-
Advance from customers	3,272	1,663
Total Other current liabilities	**28,742**	**33,006**

Notes to the Standalone Financial Statements

(All amounts in Indian Rupees Lakhs, except equity shares and per share data unless otherwise stated)

Note 22: Revenue from Operations

	March 31, 2023	March 31, 2022
Sale of products	7,50,437	8,70,810
Sale of services	1,936	1,112
Other operating revenue:		
Sale of scrap out of manufacturing process	8,287	10,695
Export incentives	1,870	5,365
Total revenue from operations	**7,62,530**	**8,87,982**

Note 22(a): Reconciliation of Revenue Recognised with Contract Price:

	March 31, 2023	March 31, 2022
Contract price	7,65,839	8,87,001
Rebates / Discounts	(5,179)	(4,384)
Revenue from contracts with customers	**7,60,660**	**8,82,617**

Note 22(b): Disaggregation of Revenue:

The Company derives revenue from operations viz., Sale of products and services and other operating revenue from the following geographical areas(based on where products and services are delivered):

Region	March 31, 2023			March 31, 2022		
	Revenue from contracts with customers	Other operating Revenue	Total revenue from operations	Revenue from contracts with customers	Other operating revenue	Total revenue from operations
America	2,19,637	-	2,19,637	3,83,291	-	3,83,291
Asia	1,04,124	-	1,04,124	79,807	-	79,807
Europe	3,06,288	-	3,06,288	2,86,480	-	2,86,480
India	95,688	1,870	97,558	98,419	5,365	1,03,784
Rest of the world	34,923	-	34,923	34,620	-	34,620
	7,60,660	**1,870**	**7,62,530**	**8,82,617**	**5,365**	**8,87,982**

Note 23: Other Income

	March 31, 2023	March 31, 2022
Interest income from financial assets at amortised cost	20,459	6,896
Change in fair value of non-curent investments -OCDs	504	-
Net gain on foreign currency transactions and translations	13,402	3,798
Miscellaneous income	526	423
Government grants	10	9
Total other income	**34,901**	**11,126**

Note 24: Cost of Raw Materials Consumed

	March 31, 2023	March 31, 2022
Raw materials at the beginning of the year	75,476	69,495
Add: Purchases	3,17,035	3,49,960
Less: Raw materials at the end of the year	94,562	75,476
Total cost of raw materials consumed	**2,97,949**	**3,43,979**

Notes to the Standalone Financial Statements

(All amounts in Indian Rupees Lakhs, except equity shares and per share data unless otherwise stated)

Note 25: Changes in Inventories of Finished Goods and Work-in-progress

	March 31, 2023	March 31, 2022
Opening Balance:		
Finished goods	15,437	14,263
Work-in-progress	1,53,159	1,09,334
	1,68,596	**1,23,597**
Closing Balance:		
Finished goods	11,009	15,437
Work-in-progress	1,52,571	1,53,159
	1,63,580	**1,68,596**
Total changes in inventories of finished goods and work-in-progress	**5,016**	**(44,999)**

Note 26: Employee Benefits Expense

	March 31, 2023	March 31, 2022
Salaries, wages, bonus and other allowances*	90,387	88,202
Contribution to provident fund and other fund	2,560	2,108
Contribution to ESI	342	311
Staff welfare expenses	2,016	2,034
Total employee benefits expense	**95,305**	**92,655**

*Net of ₹133 (March 31, 2022 ₹131) transferred to capital work-in-progress (Refer Note 4)

Note 27: Finance Costs

	March 31, 2023	March 31, 2022
Interest and finance charges on financial liabilities carried at amortised cost	18	21
Interest on income tax	-	1
Charges for letters of credit / bank guarantees	34	43
Total finance costs	**52**	**65**

Note 28: Depreciation and Amortisation Expense

	March 31, 2023	March 31, 2022
Depreciation on property, plant and equipment	33,815	30,737
Amortisation of intangible assets	392	318
Total depreciation and amortisation expense	**34,207**	**31,055**

Notes to the Standalone Financial Statements

(All amounts in Indian Rupees Lakhs, except equity shares and per share data unless otherwise stated)

Note 29: Other Expenses

	March 31, 2023	March 31, 2022
Consumption of stores and spares	6,832	6,364
Packing materials consumed	5,553	5,939
Power and fuel*	49,529	38,753
Repairs and maintenance- buildings	3,974	2,910
Repairs and maintenance- machinery	16,781	15,593
Repairs and maintenance- others	193	188
Insurance	2,899	2,602
Rates and taxes, excluding taxes on income	1,496	1,690
Non-executive directors' remuneration including sitting fees	211	217
Printing and stationery	696	701
Rental charges	1,139	1,033
Communication expenses	145	149
Travelling and conveyance	8,777	4,871
Vehicle maintenance	124	109
Payments to auditors (Refer note no.29(a))	70	66
Legal and professional charges	1,452	759
Factory upkeep	682	483
Environment management expenses	5,018	4,013
Advertisement and publication expenses	6	8
Research and development expenses (Refer note no.29(c))	3,005	2,029
Sales commission	949	1,159
Carriage outward	8,079	9,589
General expenses	6,135	5,021
Electricity service line charges	132	252
Provision for doubtful debts/ (written back) including bad debts recovered	-	(277)
Corporate social responsibility activities (CSR) (Refer note no.29(b))	5,385	4,167
Loss on disposal / discard of assets	113	205
Bank charges	117	108
Total Other expenses	**1,29,492**	**1,08,701**

*Net of ₹29 (March 31, 2022: ₹39) transferred to capital work in progress (refer note 4)

Note 29(a): Details of Payments to Auditors

	March 31, 2023	March 31, 2022
As statutory auditor	40	40
For quarterly reviews	26	24
Reimbursement of expenses	4	2
Total payments to auditors	**70**	**66**

Notes to the Standalone Financial Statements

(All amounts in Indian Rupees Lakhs, except equity shares and per share data unless otherwise stated)

Note 29(b)(i): Expenditure on Corporate Social Responsibility Activities(CSR)

The Company has spent amounts as specified below towards various schemes of Corporate Social Responsibility activities as prescribed under Section 135 of the Companies Act, 2013.

	March 31, 2023	March 31, 2022
(i) Construction / acquisition of any asset	-	-
(ii) On purposes other than (i) above	4,224	4,213
Total Amount spent during the year	4,224	4,213
Add: Excess amount of CSR expenditure spent under 135(5) of the act in the earlier years.	293	247
Less: Amount required to be spent for the year	5,385	4,167
Excess amount of CSR expenditure spent under 135(5) of the act	-	293
Amount of shortfall for the year	868	-
Amount of cumulative shortfall at the end of the year	868	-
Reason for shortfall	*	N/A
iii) Nature of CSR activities	Promoting healthcare, education, Rural development, Empowering women, safe drinking water, Environmental sustainability, Rural sports, Swatch Bharat programme, support to differently abled, livelihood enhancement etc.,	

* The unspent amount of ₹868, is on account of ongoing projects, which has been transferred to unspent CSR account after year end and will be spent in accordance with the CSR amendment rules.

i) There are no transactions with related parties / trusts controlled by the company with respect to CSR Expenditure.

Note 29(c): Research and Development Expenses*

	March 31, 2023	March 31, 2022
Salaries, wages, bonus and other allowances	3,722	3,268
Contribution to provident and other funds	165	158
Contribution to ESI	12	8
Staff welfare expenses	30	32
Consumption of stores and spares	1,107	749
Power and fuel	290	233
Repairs to buildings	47	26
Repairs to machinery	479	526
Repairs to other assets	24	18
Rates and taxes, excluding taxes on income	9	5
Printing and stationery	25	20
Professional and consultancy charges	964	398
Miscellaneous expenses	60	54
Total research and development expenses	**6,934**	**5,495**

* Research and development expenditure to the extent of ₹3,929(March 31, 2022: ₹3,466) is grouped under employee benefit expenses (consists of Salaries, wages, bonus and other allowances, contribution to provident and other funds and staff welfare expenses) and ₹3,005(March 31, 2022: ₹2,029) is grouped under other expenses

Notes to the Standalone Financial Statements

(All amounts in Indian Rupees Lakhs, except equity shares and per share data unless otherwise stated)

Note 30(a): Tax Expense

	March 31, 2023	March 31, 2022
(i) Current tax expense		
Current tax on profits for the year	43,818	63,439
Current tax charge /(reversals) of earlier years	(60)	281
Total current tax expense	**43,758**	**63,720**
(ii) Deferred tax expense *		
Decrease /(Increase) in deferred tax assets	(1,053)	635
(Decrease) /Increase in deferred tax liabilities	11,890	8,443
Total deferred tax expense/(benefit)	**10,837**	**9,078**
(iii) Tax expense recognised in statement of profit and loss (i+ii)	**54,595**	**72,798**
(iv) Tax expense recognised in other comprehensive income	126	117
Total tax expense (iii+iv)	**54,721**	**72,915**

*Entire deferred tax as on March 31, 2023 and March 31, 2022 relates to origination and reversal of temporary differences.

30 (b): The Company benefits from the tax holiday available for units set up under the Special Economic Zone Act, 2005. These tax holidays are available for a period of fifteen years from the date of commencement of operations. Under the SEZ scheme, the unit which begins production of Goods/services on or after April 01, 2005 and on or before June 30, 2020 will be eligible for deductions of 100% of profits or gains derived from export of Goods/services for the first five years, 50% of such profits or gains for a further period of five years and 50% of such profits or gains for the balance period of five years subject to creation of special economic zone re-investment reserve out of profits of eligible SEZ units and utilisation of such reserve in terms of the provisions of the Income Tax Act, 1961.

30 (c) Reconciliation of Tax Expense and the Accounting Profit Multiplied by Tax Rate:

	March 31, 2023	March 31, 2022
Profit from operations before income tax expenses	2,35,410	3,67,652
Tax at the rate of 34.944%	**82,262**	**1,28,472**
Tax effect of amounts which are not deductible/ (includible) in calculating taxable income:		
Expenses not deductible for tax purpose	1,882	1,239
Income not includible for tax purpose	(35,016)	(59,176)
Adjustments for current tax of prior periods	(60)	281
Income includible for tax purpose	6,186	837
Others	(533)	1,262
Total tax expense	**54,721**	**72,915**

Notes to the Standalone Financial Statements

(All amounts in Indian Rupees Lakhs, except equity shares and per share data unless otherwise stated)

Financial instruments and risk management

Note 31: Categories of Financial Instruments

Particulars	Notes	Level	March 31, 2023 Carrying value / fair value	March 31, 2022 Carrying value / fair value
A. Financial assets	6	3		
Mandatorily measured at fair value through profit or loss				
Investment in equity instruments of other companies			1	1
Investment in optionally convertible debentures (OCDs) of other companies*			7,704	7,200
Mandatorily measured at amortised cost				
Investment in equity instruments of subsidiary companies	6		736	736
Trade receivables	10		1,96,430	2,56,990
Security deposits	13(a)		4,931	5,609
Cash and cash equivalents and other bank balances	11 and 12		4,18,756	2,80,368
Other financial assets	13(a) and 13(b)		771	638
Total financial assets			**6,29,329**	**5,51,542**
B. Financial liabilities				
Mandatorily measured at amortised cost				
Trade payables	19		74,264	77,130
Borrowings	18		-	-
Capital creditors	20		3,669	5,543
Other financial liabilities	20		670	746
Total financial liabilities			**78,603**	**83,419**

Note 32: Fair Value Hierarchy

Fair value of the financial instruments is classified in various fair value hierarchies based on the following three levels:

Level 1: Quoted prices (unadjusted) in active market for identical assets or liabilities.

Level 2: Inputs other than quoted price included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices). The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

Level 3: Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs). If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case with listed instruments where market is not liquid and for unlisted instruments.

* Optionally convertible debentures are redeemable at 10th year at 70% premium, if not converted. Incase of an early redemption, debenture holder is eligible to get prorated premium. At any point of tenure, company can opt for conversion to equity shares at mutually agreed terms. These are secured by way of first charge created over the aircraft.

Valuation Technique used to Determine Fair Value:

Specific valuation techniques used to value financial instruments include:

- the use of quoted market prices or dealer quotes for similar instruments.
- the fair value of remaining financial instruments is determined using discounted cash flow analysis.

Valuation Process:

The Level 3 inputs for investment in equity shares and OCDs are derived using the discounted cash flow analysis.

Notes to the Standalone Financial Statements

(All amounts in Indian Rupees Lakhs, except equity shares and per share data unless otherwise stated)

Note 33: Financial Risk Management

The Company's activities expose it to credit risk, market risk, price risk and liquidity risk. The Company emphasizes on risk management and has an enterprise wide approach to risk management. The Company's risk management and control procedures involve prioritisation and continuing assessment of these risks and devise appropriate controls, evaluating and reviewing the control mechanism.

(A) Credit Risk:

Credit risk management

I. Credit risk on cash and cash equivalents is limited as the Company generally invests in deposits with banks that are majorly owned by the Government of India thereby minimising its risk.

II. Credit risk on security deposits, term deposits, trade receivables and other financial assets are evaluated as follows:

Expected Credit Loss for Financial Assets:

Category	Basis for recognition of expected credit loss provision	Asset Group
Financial assets for which credit risk has not increased significantly since initial recognition	Loss allowance measured at 12 month expected credit losses	Other Non-Current Financial assets Other Current Financial assets

Expected Credit Loss for Financial Assets:

Asset Group	March 31, 2023			March 31, 2022		
	Gross carrying amount	Expected credit loss	Carrying amount net of provision	Gross carrying amount	Expected credit loss	Carrying amount net of provision
Other Non-Current Financial assets	5,095	-	5,095	5,763	-	5,763
Other Current Financial assets	607	-	607	484	-	484

Expected Credit Loss from Treasury Operations and for Trade Receivables:

Credit risk is the risk of financial loss to the Company if a customer to a financial instrument fails to meet its contractual obligations and arises primarily from trade receivables, treasury operations etc. Credit risk of the Company is managed at the Company level. In the area of treasury operations, the Company is presently exposed to risk relating to term deposits made with State Bank of India and Scheduled banks. The Company regularly monitors such deposits and credit ratings of the banks thereby minimising the risk.

The credit risk related to trade receivables is influenced mainly by the individual characteristics of each customer. The credit risk is managed by the company by establishing credit limits and continuously monitoring the credit worthiness of the customer. The Company also provides for expected credit losses, based on the payment profiles of sales over a period of 12 months before the reporting date and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables where it believes that there is high probability of default. The Company has considered possible effect on Credit risks including forward looking information to develop expected credit losses.

As the management deals with highly credit worthy customers and in past three years there were no instances of defaults w.r.t the receivables from customers, accordingly provision matrix has not been disclosed.

Following are the Expected Credit Loss for Trade Receivables under Simplified Approach:

	March 31, 2023	March 31, 2022
Gross carrying amount of trade receivables	1,96,502	2,57,062
Expected credit losses (loss allowance provision)	72	72
Net carrying amount of trade receivables	1,96,430	2,56,990

Notes to the Standalone Financial Statements

(All amounts in Indian Rupees Lakhs, except equity shares and per share data unless otherwise stated)

Expected Credit Loss for Trade Receivables under Simplified Approach as at March 31, 2023

Ageing	Not due	Outstanding			Total
		for less than 90 days	more than 90 days & less than 180 days	for more than 180 days	
Gross carrying amount of trade receivables	1,54,711	30,338	7,208	4,245	1,96,502
Provision for doubtful debts (specific)	-	-	-	(55)	(55)
Expected credit losses (loss allowance provision)	-	-	-	(17)	(17)
Net carrying amount of trade receivables	**1,54,711**	**30,338**	**7,208**	**4,173**	**1,96,430**

Expected Credit Loss for Trade Receivables under Simplified Approach as at March 31, 2022

Ageing	Not due	Outstanding			Total
		for less than 90 days	more than 90 days & less than 180 days	for more than 180 days	
Gross carrying amount of trade receivables	2,19,552	29,946	7,295	269	2,57,062
Provision for doubtful debts (specific)	-	-	-	(55)	(55)
Expected credit losses (loss allowance provision)	-	-	-	(17)	(17)
Net carrying amount of trade receivables	**2,19,552**	**29,946**	**7,295**	**197**	**2,56,990**

Reconciliation of Loss Allowance Provision in Respect of Trade Receivables:

	Total
Loss allowance on April 01, 2021	**209**
Change in loss allowance	
Add: Current year loss allowance provided	-
Less: Recoveries / Writeback	(137)
Less: Bad debts written off	-
Loss allowance on March 31, 2022	**72**
Loss allowance on April 01, 2022	**72**
Change in loss allowance	
Add: Current year loss allowance provided	-
Less: Recoveries / Writeback	-
Less: Bad debts written off	-
Loss allowance on March 31, 2023	**72**

(B) Market Risk:

The Company has substantial exposure to foreign currency risk due to the significant exports. Sales to overseas customers and purchases from overseas suppliers are exposed to risk associated with fluctuation in the currencies of those countries vis-a-vis the functional currency i.e. Indian rupee. The Company manages currency fluctuations by having a better geographic balance in revenue mix and ensures a foreign currency match between liabilities and earnings. The Company notes that historically rupee has depreciated against major foreign currencies, and hence no additional measures taken to hedge the foreign currency risk exposure. The Company is also very cautious towards hedging as it has a cost as well as its own risks. Further, Company continually reassesses the cost structure impact of the currency volatility and engages with customers addressing such risks.

Notes to the Standalone Financial Statements

(All amounts in Indian Rupees Lakhs, except equity shares and per share data unless otherwise stated)

(i) Foreign currency risk exposure:

	Currency	March 31, 2023		March 31, 2022	
		Amount in foreign currency	Amount in ₹	Amount in foreign currency	Amount in ₹
Receivables	ACU	2	174	-*	26
	EUR	236	21,155	225	19,048
	GBP	139	14,181	172	17,090
	USD	1,729	1,42,160	2,602	1,97,249
	AED	4	89	-	-
Payable to suppliers	USD	(424)	(34,863)	(439)	(33,276)
	EUR	(13)	(1,198)	(7)	(560)
	GBP	-	-	-	-
	JPY	-	-	(430)	(267)
Net Foreign currency exposure Asset/(Liability)			**1,41,698**		**1,99,310**

	Impact on profit after tax (Income) / Expense	
	March 31, 2023	March 31, 2022
USD Sensitivity:		
INR/USD -Increase by 6% (March 31, 2022: 3%)	(4,188)	(3,200)
INR/USD -Decrease by 6% (March 31, 2022: 3%)	4,188	3,200
ACU Sensitivity:		
INR/ACU -Increase by 3% (March 31, 2022: 3%)	(3)	(1)
INR/ACU -Decrease by 3% (March 31, 2022: 3%)	3	1
EUR Sensitivity:		
INR/EUR -Increase by 4% (March 31, 2022: 2%)	(520)	(240)
INR/EUR -Decrease by 4% (March 31, 2022: 2%)	520	240
GBP Sensitivity:		
INR/GBP -Increase by 1% (March 31, 2022: 1%)	(92)	(111)
INR/GBP -Decrease by 1% (March 31, 2022: 1%)	92	111
JPY Sensitivity:		
INR/JPY -Increase by 1% (March 31, 2022: 1%)	-	10
INR/JPY -Decrease by 1% (March 31, 2022: 1%)	-	(10)
AED Sensitivity:		
INR/AED -Increase by 6%(March 31, 2022:Nil)	(3)	-
INR/AED -Decrease by 6% (March 31, 2022: Nil)	3	-

* Amount is below the rounding off norm adopted by the company

Notes to the Standalone Financial Statements

(All amounts in Indian Rupees Lakhs, except equity shares and per share data unless otherwise stated)

(ii) Cash Flow and fair value interest rate risk:

Interest rate exposure: The Company does not have long term borrowings. Below is the sensitivity analysis, which presents impact on the cash flow due to the increase/decrease in the interest rates with all other variables held constant.

	Impact on profit after tax (Income) / Expense	
	March 31, 2023	March 31, 2022
Short term borrowings from banks:		
Interest rate-increase by 100 basis points	-*	-*
Interest rate-Decrease by 100 basis points	-*	-*

* Amount is below the rounding off norm adopted by the company

(C) Price Risk:

There are no company's investments which are subjected to price risk

(D) Liquidity Risk:

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding to meet obligations when due. Company's treasury maintains flexibility in funding by maintaining availability under deposits in banks, adequate limits in the current accounts etc.

(i) Contractual maturities of financial liabilities:

	March 31, 2023				March 31, 2022			
	Less than 6 months	6-12 months	More than 12 months	Total	Less than 6 months	6-12 months	More than 12 months	Total
Current Borrowings	-	-	-	-	-	-	-	-
Trade payables	74,264	-	-	74,264	77,130	-	-	77,130
Other financial liabilities	4,339	-	-	4,339	6,289	-	-	6,289
Total	**78,603**	**-**	**-**	**78,603**	**83,419**	**-**	**-**	**83,419**

Note 34: Capital Management

(a) The Company's financial strategy aims to provide adequate capital for its growth plans for sustained stakeholder value. The company's objective is to safeguard its ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders. And depending on the financial market scenario, nature of the funding requirements and cost of such funding, the Company decides the optimum capital structure. The Company aims at maintaining a strong capital base so as to maintain adequate supply of funds towards future growth plans as a going concern.

Net debt to equity ratio

	March 31, 2023	March 31, 2022
Net debt	-	
Total Equity	12,70,542	11,69,135
Net debt to equity ratio	NA	NA

Notes to the Standalone Financial Statements

(All amounts in Indian Rupees Lakhs, except equity shares and per share data unless otherwise stated)

(b) Dividend:

Dividend paid on equity shares

	March 31, 2023	March 31, 2022
Dividends paid:		
Final dividend	79,641	53,094

Proposed dividend not recognised at the end of the reporting period:

	March 31, 2023	March 31, 2022
On equity shares of ₹2 each		
Dividend per equity share	30	30
Dividend amount	79,641	79,641

Note: The dividend for the year ended March 31, 2023 proposed and recommended, is subject to the approval of shareholders at the ensuing annual general meeting.

Note 35: Segment Information

Description of segments and principal activities

The Managing Director has been identified as Chief Operating Decision Maker(CODM). Operating segments are defined as components of an enterprise for which discrete financial information is available. This is evaluated regularly by the CODM, in deciding how to allocate resources and assessing the Company's performance. The company is engaged in the manufacture of Active Pharmaceutical Ingredients (API's), Intermediates and Nutraceutical Ingredients and operates in a single operating segment.

The reportable segments have been provided in the Consolidated Financial Statements of the Company and therefore no separate disclosure on segment information is given in this standalone financial statements.

Note 36: Short Term Lease

The Company has lease for office premise, which is renewable on a periodical basis and cancellable at the option of the lessee and lessor. Rental expenses for short term lease recognised in statement of profit and loss for the year is ₹915 (March 31, 2022: ₹870).

Note 37: Related Party Transactions

(a) Subsidiaries
: Divis Laboratories (USA) Inc.
: Divi's Laboratories Europe AG.

(b) Key Management personnel(KMP)
: Dr. Murali. K. Divi (Managing Director)
: Mr. N.V. Ramana (Executive Director)
: Mr. Madhusudana Rao Divi ((Whole-time Director- Projects)
: Dr. Kiran S. Divi (Whole-time Director and Chief Executive Officer)
: Ms. Nilima Prasad Divi (Whole-time Director- Commercial)

(c) Non-Executive Directors
: Mr. K.V.K. Seshavataram (Independent Director)
: Mr. R. Ranga Rao (Independent Director)
: Dr. G. Suresh Kumar (Independent Director)
: Dr. Ramesh B. V. Nimmagadda (Independent Director)
: Dr. S. Ganapaty (Independent Director)
: Prof. Sunaina Singh (Independent Director)
: Mr. K. V. Chowdary (Independent Director)

Notes to the Standalone Financial Statements

(All amounts in Indian Rupees Lakhs, except equity shares and per share data unless otherwise stated)

(d) Relative of Key Management personnel
: Mr. Babu Rajendra Prasad Divi
: Mr. Divi Radha Krishna Rao
: Mr. Sri Ramachandra Rao Divi
: Mrs. Jhansilakshmi Pendyala
: Mrs. Divi Swarna Latha
: Mrs. Divi Raja Kumari
: Mr. Divi Satyasayee Babu
: Mrs. Shanti Chandra Attaluri
: Mrs. N. Nirmala Kumari
: Mrs. N. Chandrika Lakshmi
: Mr. N. Venkata Aniruddh
: Mrs. N. Monisha
: Mr. N. Prashanth
: Mrs. L. Vijaya Lakshmi

(e) Other related party
: Divi's Laboratories Employees' Gratuity Trust.
: Divi's Foundation for Gifted Children Trust.

(f) List of Related Parties over which Control / Significant Influence exists with whom the company has transactions:

Name	Relationship
Divis Laboratories (USA) Inc.	Wholly owned subsidiary
Divi's Laboratories Europe AG	Wholly owned subsidiary
Divi's Properties Private Limited	Company in which key management personnel have significant influence
Divi's Biotech Private Limited	Company in which key management personnel have significant influence
Divi's Laboratories Employees' Gratuity Trust.	Post employment benefit plan of Divi's Laboratories Ltd*

*Refer Note No. 16(i) for information on transactions with post employment benefit plan mentioned above.

(g) Summary of Related Party transactions and balances:

	March 31, 2023		March 31, 2022	
	Amount (transactions)	Outstanding balance as at March 31, 2023	Amount (transactions)	Amount (transactions)
(i) Managerial remuneration and short term employee benefits to Key Management Personnel -refer 37(h) (i)	15,737	15,216	24,300	23,870
(ii) Remuneration and Sitting fees to non-executive directors-refer 37(h)(ii)	211	-	217	-
(iii) Dividend paid to key management personnel -refer 37(h)(iii)	34,840	-	23,228	-
(iv) Dividend paid to relatives of key management personnel -refer 37(h)(iv)	4,479	-	2,988	-
(v) Salary and allowances to relatives of key management personnel - Mr. Anirudh Nimmagadda	17	2	15	2
(vi) Dividend paid to company in which key management personnel have significant influence - M/s Divi's Biotech Private Limited	2,400	-	1,600	-
(vii) Lease Rent to a company in which key management personnel have significant influence - M/s Divi's Properties Private Limited	915	-	870	-
(viii) Lease Rent to a company in which key management personnel have significant influence - M/s Divi's Biotech Private Limited	11	-	-	-
(ix) Rent deposit to a company in which key management personnel have significant influence - M/s Divi's Properties Private Limited	-	342	-	342
(x) Sales / Receivable - Subsidiary- Divi's Laboratories Europe AG	13,988	18,716	19,182	16,398
(xi) Sales / Receivable - Subsidiary- Divis Laboratories (USA) Inc.	18,032	10,521	16,332	10,472
(xii) Purchase / payable - Subsidiary -Divi's Laboratories USA Inc.	11	-	-	-

Notes to the Standalone Financial Statements

(All amounts in Indian Rupees Lakhs, except equity shares and per share data unless otherwise stated)

Committed future sales to related parties as at the year end:	March 31, 2023	March 31, 2022
(i) Subsidiary- Divi's Laboratories Europe AG	492	455

(h) Transactions with Related Parties:

	March 31, 2023		March 31, 2022	
	Amount (transactions)	Outstanding balance as at March 31, 2023	Amount (transactions)	Outstanding balance as at March 31, 2022
(i) Managerial Remuneration and short term employee benefits to Key Management Personnel				
1. Dr. Murali K. Divi	7,049	7,016	11,041	11,013
2. Mr. N.V. Ramana	3,631	3,514	5,627	5,510
3. Mr. Madhusudana Rao Divi	115	6	115	-
4. Dr. Kiran S. Divi	2,479	2,340	3,767	3,676
5. Ms. Nilima Prasad Divi	2,463	2,340	3,750	3,671
	15,737	**15,216**	**24,300**	**23,870**
(ii) Remuneration including Sitting fees to non-executive directors				
1. Mr. K.V.K. Seshavataram	30	-	29	-
2. Dr.G Suresh Kumar	32	-	32	-
3. Mr. R Ranga Rao	34	-	34	-
4. Dr. S. Ganapaty	28	-	29	-
5. Dr. Ramesh B V Nimmagadda	32	-	33	-
6. Prof. Sunaina Singh	25	-	27	-
7. Mr. K V Chowdary	30	-	33	-
	211	**-**	**217**	**-**
(iii) Dividend paid to Key Management Personnel				
1. Dr. Murali K. Divi	2,270	-	1,513	-
2. Dr. Kiran S Divi	16,200	-	10,800	-
3. Ms. Nilima Prasad Divi	16,200	-	10,800	-
4. Mr. Madhusudana Rao Divi	89	-	61	-
5. Mr. N.V. Ramana	81	-	54	-
	34,840	**-**	**23,228**	**-**
(iv) Dividend paid to Relatives of Key Management Personnel				
1. Mr. Babu Rajendra Prasad Divi	8	-	5	-
2. Mr. Divi Radha Krishna Rao	1	-	1	-
3. Mrs. Jhansilakshmi Pendyala	2	-	2	-
4. Mrs. Divi Swarna Latha	4,200	-	2,800	-
5. Mrs. Divi Raja Kumari	5	-	3	-
6. Mrs. Shanti Chandra Attaluri	83	-	55	-
7. Mrs. N. Nirmala Kumari	12	-	8	-
8 Mrs. N. Chandrika Lakshmi	16	-	11	-
9. Mr. N. Venkata Aniruddh	50	-	34	-
10. Mrs. N. Monisha	92	-	63	-
11. Mr. N. Prashanth	10	-	6	-
	4,479	**-**	**2,988**	**-**

(i) Terms and Conditions

Transactions relating to dividends were on the same terms and conditions that applied to other equity shareholders

Notes to the Standalone Financial Statements
(All amounts in Indian Rupees Lakhs, except equity shares and per share data unless otherwise stated)

Note 38: Contingent Liabilities:

	March 31, 2023	March 31, 2022
Claims against the Company not acknowledged as debts in respect of:		
Disputed demands for excise duty, customs duty, sales tax, service tax and Goods and service tax for various periods	8,903	8,903

(a) It is not practicable for the company to estimate the timings of cash flows, if any, in respect of the above pending resolution of the respective proceedings.

Note 39: Additional Regulatory Information Required under Schedule III of Companies Act 2013:

(i) Details of Benami Property held

No proceedings have been initiated on or are pending against the company for holding benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder.

(ii) Relationship with Struck Off Companies

The company has no transactions with the companies struck off under Companies Act, 2013 or Companies Act, 1956.

(iii) Compliance with Number of Layers of Companies

The company has complied with the number of layers prescribed under the Companies Act, 2013.

(iv) Compliance with Approved Scheme(s) of Arrangements

The company has not entered into any scheme of arrangements which has an accounting impact on current and previous financial year.

(v) Utilisation of Borrowed Funds and Share Premium

A The company has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:

a. directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or

b. provide any guarantee, security or the like to or on behalf of the ultimate beneficiaries

B. The company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the company shall:

a. directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the funding party (Ultimate Beneficiaries) or

b. provide any guarantee, security or the like on behalf of the ultimate beneficiaries

(vi) Undisclosed Income

There is no income surrendered or disclosed as income during the current or previous year in the tax assessments under the Income Tax Act, 1961.

(vii) Loans or Advances to Specified Persons

The company has not granted any loans or advances in the nature of loans to promoters, directors, KMP's and the related parties as defined under Companies Act, 2013.

(viii) Details of Crypto Currency or Virtual Currency

The company has not traded or invested in crypto currency or virtual currency during the current or previous year.

Notes to the Standalone Financial Statements
(All amounts in Indian Rupees Lakhs, except equity shares and per share data unless otherwise stated)

Note 40: Commitments

	March 31, 2023	March 31, 2022
Property, Plant and Equipment:		
(i) Estimated amount of contracts remaining to be executed on capital account and not provided for ((Net of advances of ₹1,866 (March 31, 2022: ₹4,786))	6,828	14,035
Others:		
(ii) On account of bonds or legal agreements executed with Central excise/ Customs authorities/ SEZ development commissioners	57,967	43,967

Note 41: Dues to Micro and Small Enterprises

The Company has certain dues to Micro and Small enterprises registered (suppliers) under Micro, Small and Medium Enterprises Development Act, 2006 ('MSMED Act'). The disclosures pursuant to the said MSMED Act, to the extent the information is available with the company, are as follows.

	March 31, 2023	March 31, 2022
a (i) Principal amounts due to suppliers remaining unpaid as at the year-end	3,749	2,478
(ii) Interest due to suppliers remaining unpaid as at the year-end	-	-
b. Interest on payments beyond the appointed day paid to the suppliers during the year	-	
c. Interest due and payable for the delay in making payment to suppliers during the year	-	-
d. Amount of interest accrued and remaining unpaid to suppliers at the end of the year	-	-
e. Amount of further interest remaining due and payable to suppliers in succeeding years	-	-

Note 42: Analytical Ratios

S.No	Description	Numerator	Denominator	March 31, 2023	March 31, 2022	% Variance
a	Current Ratio	Total current assets	Total current liabilities	8.56	7.10	20.56%
b	Debt - Equity Ratio #	Borrowings (Refer note 18)	Total Equity	NA	NA	NA
c	Debt Service Coverage Ratio #	Earnings available for debt service	Debt service	NA	NA	NA
d	Return on Equity Ratio*	Profit after tax	Average Total Equity	14.82%	28.13%	-47.32%
e	Inventory Turnover Ratio*	Revenue from sale of products (Refer note 22)	Average Inventory	2.80	3.76	-25.53%
f	Trade Receivables Turnover Ratio	Total Revenue from operations (Refer note 22)	Average trade receivables	3.36	4.09	-17.85%
g	Trade Payables Turnover Ratio	Net credit purchases	Average trade payables	5.89	5.55	6.13%
h	Net Capital Turnover Ratio*	Total Revenue from operations (Refer note 22)	Average working capital	1.00	1.46	-31.51%
i	Net Profit Ratio*	Profit after tax	Total Income	22.67%	32.79%	-30.86%
j	Return on Capital Employed*	Earnings before interest and taxes	Average capital employed	18.57%	33.85%	-45.14%
k	Return on Investment*	Profit after tax	Average total assets	13.07%	24.54%	-46.74%

*Reduction in revenue from operations and operating margin resulted in adverse variances.

There is no debt obligation (net) to the Company during the current year and previous year.

Notes to the Standalone Financial Statements

(All amounts in Indian Rupees Lakhs, except equity shares and per share data unless otherwise stated)

Description of Numerator and Denominator:

a **Current Ratio**

Current Ratio is computed as a ratio of total current assets to total current liabilities

b **Debt - Equity Ratio**

Debt - Equity Ratio is computed as a ratio of borrowings to total equity

c **Debt Service Coverage Ratio**

Debt Service Coverage Ratio is computed as a ratio of earnings available for debt service to debt service

i) Earnings available for debt service is sum of proft after tax, finance cost and non cash expenditure

ii) Debt service is sum of finance cost and principal repayments

d **Return on Equity Ratio**

Return on Equity Ratio is computed as a ratio of profit after tax to average of opening & closing total equity (i.e., Average Total Equity)

e **Inventory Turnover Ratio**

Inventory Turnover Ratio is computed as a ratio of revenue from sale of products to average of opening & closing inventory(i.e., Average Inventory)

f **Trade Receivables Turnover Ratio**

Trade Receivables Turnover Ratio is computed as a ratio of revenue from operations to average of opening & closing trade receivables(i.e., Average trade receivables)

g **Trade Payables Turnover Ratio**

Trade Payables Turnover Ratio is computed as a ratio of net credit purchases to average of opening & closing trade payables (i.e., Average trade payables)

Net credit purchases consists of purchase of raw material, packing material, stores, spares & other products and services

h **Net Capital Turnover Ratio**

Net Capital Turnover Ratio is computed as a ratio of revenue from operations to average of opening & closing working capital (i.e., Average working capital)

i **Net Profit Ratio**

Net Profit Ratio is computed as a ratio of profit after tax to total income

j **Return on Capital Employed**

Return on Capital Employed is computed as a ratio of profit before interest & taxes to average of opening & closing capital employed (i.e., Average Capital employed). Capital employed consists of total equity and deferred tax liability

k **Return on Investment**

Return on investment is computed as ratio of Profit after tax to average of the opening and closing total assets(i.e., Average total assets)

Notes to the Standalone Financial Statements

(All amounts in Indian Rupees Lakhs, except equity shares and per share data unless otherwise stated)

Note 43: Earnings Per Share

	March 31, 2023	March 31, 2022
(a) Basic EPS		
Basic earnings per share attributable to the equity holders of the company	68.11	111.07
(b) Diluted EPS		
Diluted earnings per share attributable to the equity holders of the company	68.11	111.07

There are no potential dilutive shares.

(c) Reconciliation of earnings used in calculating earnings per share

	March 31, 2023	March 31, 2022
Basic earnings per share		
Profit attributable to the equity holders of the company used in calculating basic earnings per share	1,80,815	2,94,854
Adjustments for calculation of diluted earnings per share	-	-
Diluted earnings per share		
Profit attributable to the equity holders of the company used in calculating diluted earnings per share	1,80,815	2,94,854

(d) Weighted average number of shares used as the denominator

	March 31, 2023	March 31, 2022
Weighted average number of equity shares used as the denominator in calculating basic earnings per share	26,54,68,580	26,54,68,580
Adjustments for calculation of diluted earnings per share:	-	-
Weighted average number of equity shares used as the denominator in calculating diluted earnings per share	26,54,68,580	26,54,68,580

The accompanying notes are an integral part of the financial statements

For **Price Waterhouse Chartered Accountants LLP**
Firm registration number: 012754N/N500016

For and on behalf of the Board of Directors of
Divi's Laboratories Limited

N.K. Varadarajan
Partner
Membership number: 90196

Dr. Murali K Divi
Managing Director
DIN: 00005040

N.V. Ramana
Executive Director
DIN: 00005031

Dr. Kiran S Divi
Whole-time Director and
Chief Executive Officer
DIN: 00006503

Nilima Prasad Divi
Whole-time Director
(Commercial)
DIN: 06388001

Place: Hyderabad
Date:20-05-2023

L. Kishorebabu
Chief Financial Officer

M. Satish Choudhury
Company Secretary
Membership No: F12493

Independent Auditor's Report

To the Members of **Divi's Laboratories Limited**

Report on the Audit of the Consolidated Financial Statements

Opinion

1. We have audited the accompanying consolidated financial statements of Divi's Laboratories Limited (hereinafter referred to as the "Holding Company") and its subsidiaries (Holding Company and its subsidiaries together referred to as "the Group"), (refer Note 1 to the attached consolidated financial statements), which comprise the Consolidated Balance sheet as at March 31, 2023, and the Consolidated Statement of profit and loss (including Other comprehensive income), the Consolidated Statement of changes in equity and the Consolidated Statement of cash flows for the year then ended, and Notes to the Consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group, as at March 31, 2023, and consolidated total comprehensive income (comprising of profit and other comprehensive income), consolidated changes in equity and its consolidated cash flows for the year then ended.

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those Standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in India in terms of the Code of Ethics issued by the Institute of Chartered Accountants of India and the relevant provisions of the Act, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in paragraph 14 of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

4. Key audit matters are those matters that, in our professional Judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

A. Appropriateness of Recognition of Revenue from Sale of Products in Correct Period

Refer to Note 2.4(i) of the summary of significant accounting policies to the consolidated financial statements.

The Holding Company has earned revenue of ₹750,437 lakhs from sale of products during the year. Revenue in respect of sale of products is recognised when the customer obtains control of the company's product, which occurs at a point in time.

The Holding Company has many customers operating in various geographies and sale contracts with customers have differing incoterms which influence the timing of recognition of revenue.

The above was considered to be a key audit matter, since revenue is one of the key performance indicators of the Holding Company and there is a risk of recognition of revenue in an incorrect period, given the differing terms with the customers

How our Audit Addressed the Key Audit Matter

Our procedures included the following:

- We evaluated relevant accounting policies and assessed whether it's in compliance with applicable accounting standards.
- We have performed walkthrough and obtained detailed understanding of the holding company's revenue recognition process.
- We evaluated the design, implementation and tested the operating effectiveness of controls around recognition of revenue from sale of products.
- Tested revenue from sale of products including sales occurred close to year end period, to their underlying supporting documents like purchase order, invoice, shipping documents etc., on sample basis to ensure whether revenue has been recognised in correct period.
- We also ensured the presentation and disclosures are in accordance with applicable accounting standards and reporting framework.

Our procedures did not identify any sales that is inappropriately recognised.

B. Appropriateness of Capitalisation of Costs as per Ind AS 16 Property, Plant and Equipment

Refer to Note 3(ii) & 4(c) to the consolidated financial statements.

During the year, the holding company has incurred capital expenditure aggregating to ₹67,464 lakhs on Property, Plant and Equipment (representing Plant and Machinery & Roads and Buildings) and ₹48,335 lakhs on Capital work in progress towards assets under construction at various locations.

With regard to capitalisation of Plant and Machinery, Roads and Buildings and Capital work in progress, Management of holding company has identified specific expenditure including employee costs and other specific overheads relating to each of the assets and has applied judgement to assess if the costs incurred in relation to these assets meet the recognition criteria of Property, Plant and Equipment in accordance with Ind AS 16.

This has been determined as a key audit matter due to the significance of the capital expenditure during the year and the risk that the elements of costs that are eligible for capitalisation are not appropriately capitalised or costs capitalised are not in accordance with the recognition criteria provided in Ind AS 16.

How our Audit Addressed the Key Audit Matter

Our procedures included the following:

- Understood, evaluated and tested the design and operating effectiveness of key controls relating to capitalisation of various costs incurred, including in relation to Roads and Building, Plant and Machinery and Capital work-in-progress.
- Tested the direct and indirect costs capitalised, on a sample basis, with the underlying supporting documents to ascertain the nature of costs and the basis for allocation, where applicable, and evaluated whether they meet the recognition criteria provided in the Ind AS 16, Property, Plant and Equipment.
- Tested, on a sample basis, the appropriateness of employee costs capitalised in relation to Plant and Machinery and Roads and Buildings based on verification of their timesheets etc.
- Tested other costs debited to Statement of profit and loss account, on a sample basis, to ascertain whether these meet the criteria of capitalisation
- Assessed the adequacy of disclosures in the consolidated financial statements.

Our procedures did not identify, any costs that are eligible for capitalisation are not appropriately capitalised or costs capitalised are not in accordance with the recognition criteria provided in Ind AS 16.

Other Information

5. The Holding Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report, Business Responsibility and Sustainability Report, performance highlights, corporate social responsibility report and Corporate Governance report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed and the reports of the other auditors as furnished to us (Refer paragraph 14 below), we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

6. The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows, and changes in equity of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making Judgements and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

7. In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

8. The respective Board of Directors of the companies included in the Group are responsible for overseeing the financial reporting process of the Group.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

9. Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

10. As part of an audit in accordance with SAs, we exercise professional Judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3) (i) of the Act, we are also responsible for expressing our opinion on whether the Holding company has adequate internal financial controls with reference to consolidated financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the consolidated financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

11. We communicate with those charged with governance of the Holding Company of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

12. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

13. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

14. The financial statements of two subsidiaries located outside India, included in the consolidated financial statements, which constitute total assets of ₹43,224 lakhs and net assets of ₹10,371 lakhs as at March 31, 2023, total revenue of ₹51,538 lakhs, total comprehensive income (comprising of profit and other comprehensive income) of ₹3,403 lakhs and net cash flows amounting to ₹1,033 lakhs for the year then ended, have been prepared in accordance with accounting principles generally accepted in their respective countries and have been audited by other auditors under generally accepted auditing standards applicable in their respective countries. The Holding Company's management has converted the financial statements of such subsidiaries located outside India from the accounting principles generally accepted in their respective countries to the accounting principles generally accepted in India. We have audited these conversion adjustments made by the Holding Company's management. Our opinion in so far as it relates to the balances and affairs of such subsidiaries located outside India, including other information, is based on the report of other auditors and the conversion adjustments prepared by the management of the Holding Company and audited by us.

    Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements certified by the Management.

Report on Other Legal and Regulatory Requirements

15. This report does not contain a statement on the matter specified in paragraph 3(xxi) of 'the Companies (Auditor's Report) Order, 2020' ("CARO 2020") issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act as, in our opinion, and according to the information and explanations given to us, CARO 2020 is not applicable to any of the subsidiaries included in these consolidated financial statements.

    As required by Section 143(3) of the Act, we report, to the extent applicable, that:

    (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.

    (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.

    (c) The Consolidated Balance sheet, the Consolidated Statement of profit and loss (including other comprehensive income), the Consolidated Statement of changes in equity and the Consolidated Statement of cash flows dealt with by this Report are in agreement with the relevant books of account and records maintained for the purpose of preparation of the consolidated financial statements.

(d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act.

(e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2023 taken on record by the Board of Directors of the Holding Company, none of the directors of the Holding company is disqualified as on March 31, 2023 from being appointed as a director in terms of Section 164(2) of the Act.

(f) As there are no subsidiaries incorporated in India, this report does not contain a separate report on the internal financial controls with reference to consolidated financial statements of the Group under clause (i) of sub-section 3 of 143 of the Act.

(g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. The consolidated financial statements disclose the impact, if any, of pending litigations on the consolidated financial position of the Group – Refer Note 40 to the consolidated financial statements.

ii. The Group did not required to recognise a provision as at March 31, 2023 under the applicable law or accounting standards, as it does not have any material foreseeable losses on long-term contract. The Group did not have any derivative contracts as at March 31, 2023.

iii. There has been no delay in transferring amounts required to be transferred to the Investor Education and Protection Fund by the Holding Company.

iv. (a) The management of the Holding Company has represented that, to the best of their knowledge and belief, as disclosed in the notes to the accounts, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind Of funds) by the Holding Company or any of such subsidiaires to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Group ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries. (Refer Note 41(v)(A) to the consolidated financial statements).

(b) The management of the Holding Company have represented that, to the best of their knowledge and belief, as disclosed in the notes to the accounts, no funds have been received by the Holding Company or any of such subsidiaries from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company or any of such subsidiaries shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries. (Refer Note 41(v)(B) to the consolidated financial statements).

(c) Based on the audit procedures, that has been considered reasonable and appropriate in the circumstances, performed by us nothing has come to our notice that has caused us to believe that the representations under sub-clause (a) and (b) contain any material misstatement.

Reporting under Rule 11(e) of Companies (Audit and Auditors) Amendment Rules, 2021 is not applicable to the subsidiaries of the Holding company, as there are no subsidiaries incorporated in India.

v. The dividend declared and paid during the year by the Holding Company, is in compliance with Section 123 of the Act.

Reporting under Rule 11(f) of Companies (Audit and Auditors) Amendment Rules, 2021 is not applicable to the subsidiaries of the Holding Company, as there are no subsidiaries incorporated in India.

vi. As proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 (as amended), which provides for books of account to have the feature of audit trail, edit log and related matters in the accounting software used by the Group, is applicable to the Group only with effect from financial year beginning April 1, 2023, the reporting under clause (g) of Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), is currently not applicable.

16. The holding Company has paid/ provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

For **Price Waterhouse Chartered Accountants LLP**
Firm Registration Number: 012754N/N500016

N.K. Varadarajan
Partner
Membership Number: 90196
UDIN: 23090196BGYZIU3763

Place: Hyderabad
Date: May 20, 2023

Consolidated Balance Sheet

(All amounts in Indian Rupees Lakhs, except equity shares and per share data unless otherwise stated)

Particulars	Note No.	As at March 31, 2023	As at March 31, 2022
ASSETS			
Non-current assets			
Property, plant and equipment	3	4,71,417	4,31,412
Right of use assets	3(a)	315	344
Capital work-in-progress	4	21,188	46,993
Intangible assets	5	528	749
Financial assets			
(i) Investments	6	7,705	7,201
(ii) Other financial assets	14(a)	5,109	5,775
Income tax assets (net)	7(a)	2,917	2,917
Deferred tax asset	18(a)	1,424	1,447
Other non-current assets	9	2,100	5,483
Total Non-current assets		**5,12,703**	**5,02,321**
Current assets			
Inventories	10	3,00,041	2,82,862
Financial assets			
(i) Trade receivables	11	1,79,253	2,42,388
(ii) Cash and cash equivalents	12	16,970	1,21,476
(iii) Bank balances other than (ii) above	13	4,04,339	1,60,412
(iv) Other financial assets	14(b)	607	489
Income tax assets (net)	7(b)	9,787	5,768
Other current assets	15	20,177	21,755
Total Current assets		**9,31,174**	**8,35,150**
TOTAL ASSETS		**14,43,877**	**13,37,471**
EQUITY AND LIABILITIES			
Equity:			
Equity share capital	16(a)	5,309	5,309
Other equity	16(b)	12,71,400	11,67,509
Total Equity		**12,76,709**	**11,72,818**
Liabilities			
Non-current liabilities			
Financial liabilities			
(i) Lease liabilities	3(b)	277	287
Provisions	17	3,062	2,671
Deferred tax liabilities (net)	18(b)	53,721	42,140
Total non-current liabilities		**57,060**	**45,098**
Current liabilities			
Financial liabilities			
(i) Borrowings	19	-	-
(ii) Lease liabilities	3(b)	49	82
(iii) Trade payables	20		
a) Total outstanding dues of micro and small enterprises		3,749	2,478
b) Total outstanding dues other than (iii) (a) above		72,502	77,092
(iv) Other financial liabilities	21	4,339	6,289
Current tax liabilities (net)	8	221	168
Other current liabilities	22	28,756	33,031
Provisions	17	492	415
Total current liabilities		**1,10,108**	**1,19,555**
TOTAL LIABILITIES		**1,67,168**	**1,64,653**
TOTAL EQUITY AND LIABILITIES		**14,43,877**	**13,37,471**

The accompanying notes are an integral part of the Consolidated financial statements

This is the Consolidated Balance Sheet referred
to in our report of even date

For **Price Waterhouse Chartered Accountants LLP**
Firm registration number: 012754N/N500016

For and on behalf of the Board of Directors of
Divi's Laboratories Limited

N.K. Varadarajan
Partner
Membership number: 90196

Dr. Murali K Divi
Managing Director
DIN: 00005040

N.V. Ramana
Executive Director
DIN: 00005031

Dr. Kiran S Divi
Whole-time Director and
Chief Executive Officer
DIN: 00006503

Nilima Prasad Divi
Whole-time Director
(Commercial)
DIN: 06388001

Place: Hyderabad
Date:20-05-2023

L. Kishorebabu
Chief Financial Officer

M. Satish Choudhury
Company Secretary
Membership No: F12493

Consolidated Statement of Profit and Loss

(All amounts in Indian Rupees Lakhs, except equity shares and per share data unless otherwise stated)

Particulars	Note No.	For the year ended March 31, 2023	For the year ended March 31, 2022
Income			
Revenue from operations	23	7,76,751	8,95,983
Other income	24	34,466	11,387
Total Income		**8,11,217**	**9,07,370**
Expenses			
Cost of raw materials consumed	25	3,00,836	3,47,656
Purchase of Stock-in-trade		2,233	1,441
Changes in inventories of finished goods, work-in-progress and stock-in-trade	26	2,303	(52,383)
Employee benefits expense	27	97,502	94,616
Finance costs	28	67	80
Depreciation and amortisation expense	29	34,318	31,151
Other expenses	30	1,37,095	1,16,459
Total expenses		**5,74,354**	**5,39,020**
Profit before tax		**2,36,863**	**3,68,350**
Tax expense	31		
Current tax		43,917	64,400
Deferred tax		10,608	7,905
Total tax expense		54,525	72,305
Profit after tax for the year		**1,82,338**	**2,96,045**
Other comprehensive income			
(A) Items that will not be reclassified to profit or loss			
Gain on remeasurements of post-employment benefit obligations		359	335
Income tax relating to these items		(126)	(117)
(B) Items that will be reclassified to profit or loss			
Exchange differences on translation of foreign operations		1,179	233
Income tax relating to these items		(218)	(45)
Other comprehensive income after tax for the year		**1,194**	**406**
Total comprehensive income for the year		**1,83,532**	**2,96,451**
Earnings per share (par value of ₹2 each)			
- Basic and Diluted	45	68.69	111.52

The accompanying notes are an integral part of the Consolidated financial statements

This is the Consolidated Statement of profit and loss
referred to in our report of even date

For **Price Waterhouse Chartered Accountants LLP**
Firm registration number: 012754N/N500016

For and on behalf of the Board of Directors of
Divi's Laboratories Limited

Partner
Membership number: 90196

Dr. Murali K Divi
Managing Director
DIN: 00005040

N.V. Ramana
Executive Director
DIN: 00005031

Dr. Kiran S Divi
Whole-time Director and
Chief Executive Officer
DIN: 00006503

Nilima Prasad Divi
Whole-time Director
(Commercial)
DIN: 06388001

Place: Hyderabad
Date:20-05-2023

L. Kishorebabu
Chief Financial Officer

M. Satish Choudhury
Company Secretary
Membership No: F12493

Consolidated Statement of Cash Flows

(All amounts in Indian Rupees Lakhs, except equity shares and per share data unless otherwise stated)

Particulars	Note No.	For the year ended March 31, 2023	For the year ended March 31, 2022
Cash flows from operating activities			
Profit before tax		2,36,863	3,68,350
Adjustments for:			
Depreciation and amortisation expense	29	34,318	31,151
Unrealised foreign exchange gain		(209)	(544)
Exchange differences on translation of foreign operations		1,179	233
Interest income from financial assets at amortised cost	24	(20,459)	(6,896)
Change in fair value of investments in optionally convertible debentures	24	(504)	-
Provision for doubtful debts / (written back) [including bad debts recovered]	30	33	(203)
Interest expense	28	33	36
Loss on disposal / discard of property plant and equipment and intangible assets	30	113	205
Amortisation of government grants	24	(10)	(9)
		2,51,357	**3,92,323**
Change in operating assets and liabilities			
(Increase) /Decrease in trade receivables	11	65,041	(74,162)
(Increase)/Decrease in inventories	10	(17,179)	(68,339)
Increase / (Decrease) in trade payables	20	(3,406)	3,427
(Increase) /Decrease in other non current assets	9	450	125
(Increase) /Decrease in other non-current financial assets	14(a)	666	(88)
(Increase) /Decrease in other current financial assets	14(b)	(118)	458
(Increase) /Decrease in other current assets	15	1,578	(6,436)
(Decrease) /Increase in long term employee benefit obligation	17	750	481
Increase /(Decrease) in short term employee benefit obligation	17	77	164
Increase/ (Decrease) in other financial liabilities	21	(83)	284
Increase/(Decrease) in other current liabilities	22	(5,895)	7,041
Cash generated from operations		**2,93,238**	**2,55,278**
Income taxes paid including withholding tax and net of refunds	7,8	(47,265)	(64,098)
Net cash inflow from operating activities		**2,45,973**	**1,91,180**
Cash flows from investing activities			
Payments for property, plant and equipment	3,4,5	(47,302)	(71,320)
Proceeds from sale of property, plant and equipment		1	-
Payments for investments in optionally convertible debentures	6	-	(7,200)
Interest received	24	20,459	6,681
Proceeds from withdrawal of deposits	13	1,60,118	5,050
Investment in deposits	13	(4,04,038)	(1,52,703)
Net cash inflow /(outflow) from investing activities		**(2,70,762)**	**(2,19,492)**

Consolidated Statement of Cash Flows

(All amounts in Indian Rupees Lakhs, except equity shares and per share data unless otherwise stated)

Particulars	Note No.	For the year ended March 31, 2023	For the year ended March 31, 2022
Cash flows from financing activities			
Proceeds/(repayment) from working capital loans	19	-	(35)
Interest paid	28	(33)	(36)
Principal elements of lease liabilites paid	3(b)	(43)	(79)
Dividend paid to company's shareholders		(79,641)	(53,094)
Net cash outflow from financing activities		**(79,717)**	**(53,244)**
Net (Decrease)/ increase in cash and cash equivalents		**(1,04,506)**	**(81,556)**
Cash and cash equivalents at the beginning of the year		1,21,476	2,03,032
Cash and cash equivalents at end of the year		**16,970**	**1,21,476**
Reconciliation of cash and cash equivalents at the end of the year			
Cash and cash equivalents	11	16,970	1,21,476
Balances as per Statement of cash flows		**16,970**	**1,21,476**

1. The Consolidated statement of cash flows has been prepared under the indirect method as set out in Indian accounting standard (Ind AS 7) Statement of cash flows.
2. The accompanying notes are an integral part of the Consolidated financial statements.

This is the Consolidated Statement of cash flows referred to in our report of even date

For **Price Waterhouse Chartered Accountants LLP**
Firm registration number: 012754N/N500016

N.K. Varadarajan
Partner
Membership number: 90196

Place: Hyderabad
Date:20-05-2023

For and on behalf of the Board of Directors of **Divi's Laboratories Limited**

Dr. Murali K Divi
Managing Director
DIN: 00005040

N.V. Ramana
Executive Director
DIN: 00005031

Dr. Kiran S Divi
Whole-time Director and Chief Executive Officer
DIN: 00006503

Nilima Prasad Divi
Whole-time Director (Commercial)
DIN: 06388001

L. Kishorebabu
Chief Financial Officer

M. Satish Choudhury
Company Secretary
Membership No: F12493

Consolidated Statement of Changes in Equity

(All amounts in Indian Rupees Lakhs, except equity shares and per share data unless otherwise stated)

a. Equity Share Capital

S.No	Particulars	As at March 31, 2023	As at March 31, 2022
i	Balance at the beginning of the reporting period	5,309	5,309
ii	Balance at the end of the reporting period	5,309	5,309

b. Other Equity

S. No	Particulars	Reserves and surplus				Other comprehensive Income	Total
		Securities premium	SEZ reinvestment reserve	General reserve	Retained earnings	Exchange differences on translating the financial statements of foreign operations	
As at March 31, 2023							
i	Balance at the beginning of the current reporting period	7,988	59,085	1,00,000	9,98,885	1,551	11,67,509
ii	Profit after tax for the year	-	-	-	1,82,338	-	1,82,338
iii	Other Comprehensive Income after tax for the year	-	-	-	233	961	1,194
iv	Total comprehensive income for the current year	-	-	-	1,82,571	961	1,83,532
v	Dividends paid to Company's shareholders	-	-	-	(79,641)	-	(79,641)
vi	Transfer from retained earnings to SEZ reinvestment reserve	-	14,559	-	(14,559)	-	-
vii	Transfer to retained earnings from SEZ reinvestment reserve	-	(8,555)	-	8,555	-	-
viii	**Balance at the end of the current reporting period**	**7,988**	**65,089**	**1,00,000**	**10,95,811**	**2,512**	**12,71,400**
As at March 31, 2022							
i	Balance at the beginning of the previous reporting period	7,988	55,029	1,00,000	7,59,772	1,363	9,24,152
ii	Profit after tax for the year	-	-	-	2,96,045	-	2,96,045
iii	Other Comprehensive Income after tax for the year	-	-	-	218	188	406
iv	Total comprehensive income for the previous year	-	-	-	2,96,263	188	2,96,451
v	Dividends paid to Company's shareholders	-	-	-	(53,094)	-	(53,094)
vi	Transfer from retained earnings to SEZ reinvestment reserve	-	12,520	-	(12,520)	-	-
vii	Transfer to retained earnings from SEZ reinvestment reserve	-	(8,464)	-	8,464	-	-
viii	**Balance at the end of the previous reporting period**	**7,988**	**59,085**	**1,00,000**	**9,98,885**	**1,551**	**11,67,509**

The accompanying notes are an integral part of the financial statements

This is the Consolidated Statement of changes in equity referred to in our report of even date

For **Price Waterhouse Chartered Accountants LLP**
Firm registration number: 012754N/N500016

N.K. Varadarajan
Partner
Membership number: 90196

Place: Hyderabad
Date:20-05-2023

For and on behalf of the Board of Directors of
Divi's Laboratories Limited

Dr. Murali K Divi
Managing Director
DIN: 00005040

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Whole-time Director
(Commercial)
DIN: 06388001

L. Kishorebabu
Chief Financial Officer

M. Satish Choudhury
Company Secretary
Membership No: F12493

Notes to the Consolidated Financial Statements

(All amounts in Indian Rupees Lakhs, except equity shares and per share data unless otherwise stated)

1. Corporate Information:

1.1 Divi's Laboratories Limited ("Divi's/'Company') is a Company limited by shares, incorporated and domiciled in India. The Company is engaged in the manufacture of Active Pharmaceutical ingredients (API's), Intermediates and Nutraceutical ingredients with predominance in exports. In addition to generic business, the company, through its Custom synthesis business, supports innovator pharma companies for their patented products business right from gram scale requirements for clinical trials to launch as well as late life cycle management. The Company is a public limited company and the Company's equity shares are listed in BSE Limited (BSE) and National Stock Exchange of India Limited (NSE) in India. The Company has two subsidiaries i.e., Divis Laboratories USA, Inc., ("Divis USA") incorporated in United States of America, Divi's Laboratories Europe AG ("Divi's Europe") incorporated in Switzerland, for marketing the Nutraceutical products (dietary supplements) and pharmaceutical ingredients of the Company. Divi's Laboratories Limited, Divis Laboratories USA Inc., and Divi's Laboratories Europe AG are hereinafter referred to as 'the Group'.

1.2 The Consolidated financial statements are approved for issue by the Company's Board of Directors on May 20, 2023.

2. Summary of Significant Accounting Policies

Significant accounting policies adopted in the preparation of these consolidated financial statements are detailed below. These policies have been consistently applied to all the years presented, unless otherwise stated. The consolidated financial statements are for the group consisting of Divi's and its subsidiaries.

2.1 Basis of Preparation:

(i) Compliance with Ind AS

The consolidated financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under section 133 of the Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015] and other relevant provisions of the Act and guidelines issued by Securities and Exchange Board of India (SEBI).

(ii) Historical cost convention

The consolidated financial statements have been prepared on a historical cost basis, except for the following:

- Certain financial assets and liabilities that are measured at fair value; (refer accounting policy regarding financial instruments)
- Defined benefit plans – plan assets measured at fair value

(iii) New and amended standards adopted by the Group

The Ministry of Corporate Affairs had vide notification dated 23 March 2022 notified Companies (Indian Accounting Standards) Amendment Rules, 2022 which amended certain accounting standards, and are effective 1 April 2022. These amendments did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

(iv) New and amended standards issued but not effective

The Ministry of Corporate Affairs has vide notification dated 31 March 2023 notified Companies (Indian Accounting Standards) Amendment Rules, 2023 (the 'Rules') which amends certain accounting standards, and are effective 1 April 2023.

The Rules predominantly amend Ind AS 12, Income taxes, and Ind AS 1, Presentation of financial statements. The other amendments to Ind AS notified by these rules are primarily in the nature of clarifications.

These amendments are not expected to have a material impact on the group in the current or future reporting periods and on foreseeable future transactions. Specifically, no changes would be necessary as a consequence of amendments made to Ind AS 12 as the group's accounting policy already complies with the now mandatory treatment.

(v) Principles of Consolidation

Subsidiaries

Subsidiaries are entities over which Divi's has control. Divi's controls an entity where Divi's is exposed to, or has rights to, variable returns from its investment with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to Divi's and the same are deconsolidated from the date the control ceases.

Notes to the Consolidated Financial Statements

(All amounts in Indian Rupees Lakhs, except equity shares and per share data unless otherwise stated)

The group combines the financial statements of the parent and its subsidiaries line by line adding together like items of assets, liabilities, equity, income, and expenses. Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

(vi) Current and non-current classification

An asset / liability is classified as current if:

(a) The amount is expected to be realised or sold or consumed in the group's normal operating cycle; the liability is expected to be settled in normal operating cycle;

(b) Asset / liability is held primarily for the purpose of trading;

(c) Asset / Liability is expected to be realised/ settled within twelve months after the reporting period; or

(d) The asset is cash or a cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period. The group has no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other assets / liabilities are classified as non-current.

The operating cycle is the time between acquisition of assets for processing and their realisation in cash and cash equivalents. Based on the nature of products and time between acquisition of assets for processing and their realisation in cash and cash equivalents, the group has ascertained its operating cycle as 12 months for the purpose of current/non-current classification of assets and liabilities.

2.2 Segment Reporting:

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker. Managing director of the group has been identified as being the chief operating decision maker. Refer note 37 for the segment information presented.

2.3 Foreign Currency Translation:

(i) Functional and presentation currency

Items included in the consolidated financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Indian rupee (INR), which is Divi's (the Company's) functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in statement of profit and loss. A monetary item for which settlement is neither planned nor likely to occur in the foreseeable future is considered as a part of the entity's net investment in that foreign operation.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. Translation differences on non- monetary assets and liabilities such as equity instruments held at fair value through profit or loss are recognised in statement of profit and loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equity investments classified as FVOCI are recognised in other comprehensive income.

(iii) Group Companies

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities are translated at the closing rate at the date of that balance sheet
- income and expenses are translated at average exchange rates (unless this is not a reasonable

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(All amounts in Indian Rupees Lakhs, except equity shares and per share data unless otherwise stated)

approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and

- All resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities are recognised in other comprehensive income. When a foreign operation is sold, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

2.4 Revenue Recognition:

Revenue is measured at the transaction price determined under IND AS 115- Revenue from contracts with customers. Amounts disclosed as revenue are net of returns, trade allowances, rebates, Goods & Service Tax (GST) collections and amounts collected on behalf of third parties.

(i) Revenue from Sale of Goods:

Revenue from sale of goods is recognised when the customer obtains control of the Group's product, which occurs at a point in time with payment terms typically in the range of 60 to 180 days after invoicing depending on product and geographic region. Taxes collected from customers relating to product sales and remitted to government authorities are excluded from revenues.

The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the group does not adjust any of the transaction prices for the time value of money.

For contracts with multiple performance obligations, the Group allocates the transaction price to each performance obligation based on the relative standalone selling price.

(ii) Revenue from Sale of Services:

Revenue from Sale of services is recognised as per the terms of the contracts with customers when the related services are performed, or the agreed milestones are achieved.

(iii) Export Incentives

Export incentives comprise of Duty draw back and MEIS (Merchandise Exports Incentive scheme) scrips.

Duty drawback is recognised as income when the right to receive credit as per the terms of the scheme is established in respect of the exports entitled for this benefit made and where there is no significant uncertainty regarding the ultimate collection of the relevant export proceeds.

MEIS scrips are freely transferable and can be utilised for the payment of customs duty. MEIS scrips are recognised either on transfer/sale of such scrips or when it is reasonably certain that such scrips can be utilised against import duties.

(iv) Dividend Income:

Dividends are received from financial assets at fair value through profit or loss. Dividends are recognised as other income in profit or loss when the right to receive payment is established. This applies even if they are paid out of pre-acquisition profits unless the dividend clearly represents a recovery of part of the cost of the investment.

(v) Interest Income:

Interest income from financial assets at fair value through profit or loss is disclosed as interest income within other income. Interest income on financial assets at amortised cost is calculated using the effective interest method is recognised in the statement of profit and loss as part of other income. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

2.5 Income Taxes:

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated based on the tax laws enacted or substantively enacted at the end of the reporting period (in the countries where the company and its subsidiaries generate taxable income.) Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where

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appropriate, based on amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised, or the deferred income tax liability is settled.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities are not recognised for temporary differences between the carrying amount and tax bases of investments in subsidiaries where the Group is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets are not recognised for temporary differences between the carrying amount and tax bases of investments in subsidiaries where it is not probable that the differences will reverse in the foreseeable future and taxable profit will not be available against which the temporary difference can be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

For operations carried out in Special Economic Zones which are entitled to tax holiday under the Income tax Act, 1961 no deferred tax is recognised in respect of temporary differences which reverse during the tax holiday period, to the extent group's gross total income is subject to the deduction during the tax holiday period. Deferred tax in respect of temporary differences which reverse after the tax holiday period is recognised in the year in which temporary difference originate.

2.6 Impairment of Assets:

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

2.7 Cash and Cash Equivalents:

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

2.8 Trade Receivables:

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business and reflects group's unconditional right to consideration (that is, payment is due only on the passage of time). Trade receivables are recognised initially at the transaction price as they do not contain significant financing components. The group holds the trade receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method, less loss allowance.

2.9 Inventories:

Raw materials,stores and sparesstores, work-in-progress, traded and finished goods are stated at the lower of cost, calculated on weighted average basis, and net realisable value. Cost of raw materials and stores comprise of cost of purchases. Cost of work-in-progress and finished goods comprises cost of direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenses, the latter being allocated on the basis of normal operating capacity. Cost of inventories also include all other cost incurred in bringing the inventories to their present location and condition. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Items held for use in the production of inventory are not written below cost if the finished product in which these will be incorporated are expected to be sold at or above the cost.

2.10 Investments and other Financial Assets:

(i) Classification:

The group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- those measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income. The group reclassifies debt investments when and only when its business model for managing those assets changes.

(ii) Recognition

Purchase and sale of financial assets are recognised on trade date, the date on which group commit to purchase or sale the financial assets

(iii) Measurement

At initial recognition, the group measures a financial asset (excluding trade receivables which do not contain a significant financing component) at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Debt instruments

Subsequent measurement of debt instruments depends on the group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the group classifies its debt instruments:

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/ (losses).

Fair value through other comprehensive income (FVOCI): Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue, foreign exchange gains and losses which are recognised in profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/ (losses). Interest income from these financial assets is included in other income using the effective interest rate method.

Fair value through profit or loss: Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss and presented net in the statement of profit and loss within other gains/(losses) in the period in which it arises. Interest income from these financial assets is included in other income.

Equity instruments

The group subsequently measures all equity investments at fair value. Where the group's management has elected to present fair value gains and losses on equity investments in other

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comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss. Dividends from such investments are recognised in profit or loss as other income when the group's right to receive payments is established. Changes in the fair value of financial assets at fair value through profit or loss are recognised in other income in the statement of profit and loss. Impairment losses (and reversal of impairment losses) on equity investments measured at fair value are not reported separately from other changes in fair value.

(iv) Impairment of financial assets

The group assesses on a forward-looking basis, the expected credit losses associated with its assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 34 details how the group determines whether there has been a significant increase in credit risk.

For trade receivables only, the group applies the simplified approach permitted by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

(v) Derecognition of financial assets

A financial asset is derecognised only when

- the group has transferred the rights to receive cash flow from the financial asset or
- retains the contractual rights to receive the cash flows of the financial assets but assumes a contractual obligation to pay cash flows to one or more recipients.

Where the entity has transferred an asset, the group evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognised. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset the same is not derecognised.

Where the entity has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognised. Where the group retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

2.11 Offsetting Financial Instruments:

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the group or the counterparty.

2.12 Property, Plant & Equipment:

Freehold land is carried at historical cost. All other items of property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. On transition to Ind AS, the group had elected to continue with the carrying value of all its property, plant and equipment recognised as at 1st April 2015 measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Capital work-in-progress includes cost of property, plant and equipment under installation / under development as at the balance sheet date.

(i) Depreciation methods, estimated useful lives and residual value

Depreciation on Property, Plant & Equipment is provided on straight-line basis to allocate their cost, net of residual value over the estimated useful lives of the assets. The useful lives have been determined in order to reflect the actual usage of the assets and are consistent with the useful lives prescribed under Schedule II of the Companies Act, 2013.

Following are the estimated useful lives:

Plant & Machinery	7.5-25 years
Roads and Buildings	10 - 60 years
Furniture and Fixtures	10 years
Vehicles	8 & 10 years
Office Equipment	5 years
Laboratory Equipment	10 years
Computer and data processing units	3-6 years

The residual values are not more than 5% of the original cost of the asset. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposal are determined by comparing proceeds with carrying amount. These are included in profit or loss within other income/ other expenses

2.13 Intangible Assets:

(i) Computer software

Computer software is stated at historical cost less amortisation. Historical cost includes expenditure that is directly attributable to the acquisition of the computer software. Costs associated with maintaining software programmes are recognised as an expense as incurred.

On transition to Ind AS, the group had elected to continue with the carrying value of all of intangible assets recognised as at 1st April 2015 measured as per the previous GAAP and use that carrying value as the deemed cost of intangible assets.

(ii) Research and development

Research and Development expenses that do not meet the criteria of property, plant and equipment are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

(iii) Amortisation methods and periods

The group amortises intangible assets over a period of 3 years based on their estimated useful lives.

2.14 Trade and Other Payables:

These amounts represent liabilities for goods and services provided to the group prior to the end of financial year which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

2.15 Borrowings:

Borrowings are initially recognised at fair value, net of transaction cost incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other gains/(losses).

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period. Where there is a breach of a material provision of a long-term loan arrangement on or before the end of the reporting period with the effect that the liability becomes payable on demand on the reporting date, the entity does not classify the liability as current, if the lender agreed, after the reporting period and before the approval of consolidated financial statements for issue, not to demand payment as consequence of the breach.

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2.16 Borrowing Costs:

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing cost eligible for capitalisation. Other borrowings costs are expensed in the period in which they are incurred.

2.17 Provisions:

Provision for legal claims are recognised when the group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provisions due to the passage of time is recognised as interest expense. Provision for litigation related obligation represents liabilities that are expected to materialise in respect of matters in appeal.

2.18 Employee Benefits:

(i) Short-term obligations

Liabilities for wages and salaries, bonus, ex-gratia etc. that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

(ii) Other Long-term employee benefit obligations

The liabilities for compensated absences are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligations. Remeasurements as a result of the experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

(iii) Post-employment obligations

The group operates the following post-employment schemes:

(a) Defined benefit plans-Gratuity obligations

The liability or assets recognised in the balance sheet in respect of defined benefit gratuity plans is the present value of the defined benefit obligations at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method.

The present value of the defined benefit obligation denominated in INR is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation. The benefits which are denominated in currency other than INR, the cash flows are discounted using market yields determined by reference to high-quality corporate bonds that are denominated in the current in which the benefits will be paid, and that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit and loss.

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Remeasurement gains and losses arising from experience adjustments and change in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service cost.

In respect of funded post-employment defined benefit plans, amounts due for payment within 12 months to the fund may be treated as 'current'. Regarding unfunded post-employment benefit plans, settlement obligations which are due within 12 months in respect of employees who have resigned or expected to resign or are due for retirement within the next 12 months is 'current'. The remaining amount attributable to other employees, who are likely to continue in the services for more than a year, is classified as "non-current".

Group uses the work of an actuary in determining the current and non current liability for unfunded post employee benefit obligations.

(b) Defined contribution plans

The group pays provident fund contributions to publicly administered funds as per local regulations. The group has no further payment obligations once the contributions have been paid. The contributions are accounted for as defined contribution plans and the contributions are recognised as employee benefit expense when they are due.

Termination benefits in the nature of voluntary retirement benefits are recognised in the Statement of Profit and Loss as and when incurred.

2.19 Dividends:

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

2.20 Contributed Equity:

Equity shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.21 Earnings per Share:

(i) Basic earnings per share

Basic earnings per share is calculated by dividing:

- The profit attributable to owners of the group
- By the weighted average number of equity shares outstanding during the financial year, adjusted for bonus elements in equity shares issued during the year

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and
- the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

2.22 Leases:

As a lessee

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the group. Contracts may contain both lease and non-lease components. The group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the group under residual value guarantees

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- the exercise price of a purchase option if the group is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the group which does not have recent third party financing, and
- makes adjustments specific to the lease, e.g. term, country, currency and security.

The group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Short-term leases of equipment and all leases of low-value assets are recognised as expense over the lease term on straight-line basis or another systematic basis if that basis is more representative of the pattern of the benefit. Short-term leases are leases with a lease term of 12 months or less.

2.23 Contingent Liability & Commitments:

Contingent liability is disclosed in the case of:

- a present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation;
- a present obligation arising from past events, when no reliable estimate possible;
- a possible obligation arising from past events, unless the probability of outflow of resources is remote.

Commitments include the amount of purchase order (net of advances) issued to parties for completion of assets.

2.24 Critical Estimates and Judgements:

The preparation of consolidated financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also exercise judgement in applying the group's accounting policies.

Detailed information about the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. Detailed information about each of these estimates and judgements is included in relevant notes together with information about the basis of calculation for each affected line item in the consolidated financial statements.

The areas involving critical estimates or judgements are:

(i) Estimation of current tax expense and payable – refer note: 31(b)

(ii) Estimation of defined benefit obligations- refer note: 17

(iii) Allowance for uncollected accounts receivable and advances. Trade receivables do not carry any interest and are stated at their nominal value as reduced by appropriate allowances for estimated irrevocable amounts. Individual trade receivables are written off when management deems them not to be collectible. Impairment is made on the expected credit losses, which are the present value of the cash shortfall over the expected life of the financial assets- refer note: 34 (A).

(iv) Estimation of useful lives and residual value of property, plant and equipment and intangible assets– refer above para 2.12(i).

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the group and that are believed to be reasonable under the circumstances.

2.25 Government Grants:

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the group will comply with all attached conditions.

Government grants relating to income are deferred and recognised in the profit or loss over the period necessary to match them with the costs that they are intended to compensate and presented within other income.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to profit or loss on a straight-line basis over the expected lives of the related assets and presented within other income.

Export incentives comprise of Duty draw back and MEIS (Merchandise Exports Incentive scheme) scrips.

Export entitlements from government authorities are recognised in the statement of profit and loss as a income or reduction from "Cost of materials consumed", when there is reasonable assurance that the entity will comply with the conditions attaching to them and the grants will be received.

2.26 Rounding of Amounts:

All amounts disclosed in the consolidated financial statements and notes have been rounded off to the nearest lakhs as per the requirement of Schedule III of the Companies Act, 2013, unless otherwise stated.

Notes to the Consolidated Financial Statements

(All amounts in Indian Rupees Lakhs, except equity shares and per share data unless otherwise stated)

Note 3: Property, Plant and Equipment

	Freehold Land	Plant and Machinery	Roads and Buildings	Furniture and Fixtures	Vehicles	Office Equipment	Laboratory Equipment	Computer and data processing units	Total
Year ended March 31, 2022									
Gross carrying amount									
At the beginning of the year	17,151	3,06,509	1,14,205	4,400	1,349	3,244	17,716	2,135	4,66,709
Additions	123	56,575	29,299	616	1,255	645	4,002	387	92,902
Disposals	-	(231)	(2)	-	-	-	-	-	(233)
At the end of the year	**17,274**	**3,62,853**	**1,43,502**	**5,016**	**2,604**	**3,889**	**21,718**	**2,522**	**5,59,378**
Accumulated depreciation									
At the beginning of the year	-	72,988	12,264	1,721	478	1,927	6,700	1,165	97,243
Depreciation charge during the year	-	23,230	4,386	451	215	409	1,687	373	30,751
Disposals	-	(28)	-	-	-	-	-	-	(28)
At the end of the year	**-**	**96,190**	**16,650**	**2,172**	**693**	**2,336**	**8,387**	**1,538**	**1,27,966**
Net carrying amount as at March 31, 2022	**17,274**	**2,66,663**	**1,26,852**	**2,844**	**1,911**	**1,553**	**13,331**	**984**	**4,31,412**
Year ended March 31, 2023									
Gross carrying amount									
At the beginning of the year	17,274	3,62,853	1,43,502	5,016	2,604	3,889	21,718	2,522	5,59,378
Additions	2,189	54,990	12,474	716	138	505	2,662	266	73,940
Disposals	(40)	(30)	(36)	-	(1)	-	-	-	(107)
At the end of the year	**19,423**	**4,17,813**	**1,55,940**	**5,732**	**2,741**	**4,394**	**24,380**	**2,788**	**6,33,211**
Accumulated depreciation									
At the beginning of the year	-	96,190	16,650	2,172	693	2,336	8,387	1,538	1,27,966
Depreciation charge for the year	-	25,543	4,850	486	264	439	1,883	363	33,828
Disposals	-			-		-	-	-	-
At the end of the year	**-**	**1,21,733**	**21,500**	**2,658**	**957**	**2,775**	**10,270**	**1,901**	**1,61,794**
Net carrying amount as at March 31, 2023	**19,423**	**2,96,080**	**1,34,440**	**3,074**	**1,784**	**1,619**	**14,110**	**887**	**4,71,417**

Notes:

(i) Contractual obligations and other commitments: refer note 42 for disclosure of contractual and other commitments for the acquisition of property, plant and equipment.

(ii) The gross carrying amounts of roads and buildings and plant and machinery and capital work in progess in note 4 includes staff cost of ₹570(March 31, 2022: ₹437) relating to projects team involved in supervision and monitoring of these projects and cost of power consumed of ₹310 (March 31, 2022: ₹281)

(iii) The Group has not revalued its Property, plant and equipment during the year or in the previous year

Notes to the Consolidated Financial Statements

(All amounts in Indian Rupees Lakhs, except equity shares and per share data unless otherwise stated)

Note 3(a): Right of use Assets

	Amount
Year ended March 31, 2022	
Gross carrying amount	
At the beginning of the year	530
Additions	-
At the end of the year	**530**
Accumulated Depreciation	
At the beginning of the year	104
Depreciation charge during the year	82
At the end of the year	**186**
Net carrying amount as at March 31, 2022	**344**
Year ended March 31, 2023	
Gross carrying amount	
At the beginning of the year	530
Additions	32
Foreign operations translation adjustments	43
At the end of the year	**605**
Accumulated Depreciation	
At the beginning of the year	186
Depreciation charge during the year	98
Foreign operations translation adjustments	6
At the end of the year	**290**
Net carrying amount as at March 31, 2023	**315**

Note 3(b): Lease Liabilities

	March 31, 2023	March 31, 2022
Non-current		
Lease liabilities	277	287
Current		
Lease liabilities	49	82
	326	**369**

Note 3(c): Amounts Recognised in the Consolidated Statement of Profit and Loss:

	Note	March 31, 2023	March 31, 2022
Depreciation on right of use assets	29	98	82
Interest expenses included in finance costs	28	15	15

Notes to the Consolidated Financial Statements

(All amounts in Indian Rupees Lakhs, except equity shares and per share data unless otherwise stated)

Note 4: Capital Work-in-progress

	Amount
Year ended March 31, 2022	
At the beginning of the year	71,062
Additions	69,387
Capitalisations	(93,456)
As at March 31, 2022	**46,993**
Year ended March 31, 2023	
At the beginning of the year	46,993
Additions	48,335
Capitalisations	(74,140)
As at March 31, 2023	**21,188**

Note 4(a): Capital Work-in-progress ageing schedule

As at March 31, 2023	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	16,517	2,723	964	984	21,188
Projects temporarily suspended	-	-	-	-	-

As at March 31, 2022	Amount in CWIP for a period of				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Projects in progress	39,708	5,161	1,332	792	46,993
Projects temporarily suspended	-	-	-	-	-

Note 4(b): There are no capital-work-in progress, whose completion is overdue or has exceeded its cost compared to its original plan as at March 31, 2023 and March 31, 2022.

Note 4(c): Assets under construction majorly consist of roads & buildings, plant & machinery and corresponding internal development costs. During the year, the company has incurred capital costs of ₹48,335 on Capital work-in-progress at various locations and which includes staff cost of ₹133 (March 31, 2022: ₹131) relating to projects team involved in supervision and monitoring of these projects and cost of power consumed ₹29 (March 31, 2022: ₹39)

Note 5: Intangible Assets

	Computer software
Year ended March 31, 2022	
Gross carrying amount	
At the beginning of the year	1,947
Additions	572
Disposals	-
At the end of the year	**2,519**
Accumulated amortisation	
At the beginning of the year	1,452
Amortisation charges during the year	318
Disposals	-
At the end of the year	**1,770**
Net carrying amount as at March 31, 2022	**749**

Notes to the Consolidated Financial Statements

(All amounts in Indian Rupees Lakhs, except equity shares and per share data unless otherwise stated)

	Computer software
Year ended March 31, 2023	
Gross carrying amount	
At the beginning of the year	2,519
Additions	218
Disposals	(77)
At the end of the year	**2,660**
Accumulated amortisation	
At the beginning of the year	1,770
Amortisation charge during the year	392
Disposals	(30)
At the end of the year	**2,132**
Net carrying amount as at March 31, 2023	**528**

Note:

(a) The Group has not revalued intangible assets during the year or in the previous year

Note 6: Non-current Investments

	March 31, 2023	March 31, 2022
(Unquoted, fully paid up)		
(a) Investment in equity instruments in other companies (at FVPL)		
12000 (March 31, 2022: 12000) Equity Shares of ₹10/- each of Pattan Cheru Enviro Tech Limited	1	1
Total equity instrument	**1**	**1**
(b) Investment in debentures in other companies (at FVPL)		
Redeemable 0.25%, 7,20,00,000 optionally convertible debentures (OCDs) of ₹10/- each	7,704	7,200
(Including change in fair value of investments in OCDs ₹504 (March 31, 2022: Nil))		-
Total debentures	**7,704**	**7,200**
Total Non-current investments	**7,705**	**7,201**
Aggregate amount of unquoted investments	**7,705**	**7,201**
Aggregate amount of quoted investments and market value thereof	-	-
Aggregate amount of impairment in the value of investment	-	-

Note 7: Income Tax Assets (net)

	March 31, 2023	March 31, 2022
7(a) Income Tax assets - Non-current		
Prepaid income taxes	2,917	2,917
	2,917	**2,917**
7(b) Income Tax asset - Current		
Prepaid income taxes	52,987	131,657
Provision for income tax	(43,200)	(125,889)
	9,787	**5,768**
Total Income Tax asset 7(a)+7(b)	**12,704**	**8,685**

Notes to the Consolidated Financial Statements

(All amounts in Indian Rupees Lakhs, except equity shares and per share data unless otherwise stated)

Note 7(c): Movement in income tax assets

	March 31, 2023	March 31, 2022
Income tax assets - at the beginning of the year	8,685	10,287
Add: Taxes paid during the year	47,159	66,780
Less: Others (refund received)	-	(3,801)
Add/(Less): Adjustments of current tax for prior years	60	(281)
Add: MAT credit utilisation	744	-
Less: Current tax provision	(43,944)	(64,300)
Net income tax assets - at the end of the year	**12,704**	**8,685**

Note 8: Current Tax Liabilities (net)

	March 31, 2023	March 31, 2022
Provision for income tax	840	680
Prepaid income taxes	619	512
Total current tax liabilities (net)	**221**	**168**

Note 8(a): Movement in current tax liabilities

	March 31, 2023	March 31, 2022
Current tax liabilities - at the beginning of the year	168	598
Add: Foreign operations translation adjustment	(9)	45
Less: Taxes paid during the year	(97)	(1,119)
Add: Adjustments	-	(36)
Add: Current tax provision	159	680
Net current tax liability - at the end of the year	**221**	**168**

Note 9: Other Non-current Assets

	March 31, 2023	March 31, 2022
Capital advances	1,899	4,832
Pre-paid expenses	117	89
Other receivables including indirect tax refund claims	84	562
Total other non-current assets	**2,100**	**5,483**

Note 10: Inventories

	March 31, 2023	March 31, 2022
(Valued at lower of cost and net realisable value)		
Raw materials	97,169	77,302
Work-in-progress	1,52,571	1,53,159
Finished goods	29,897	31,678
Stock in trade	303	237
Packing material	936	916
Stores and spares	19,165	19,570
Total Inventories	**3,00,041**	**2,82,862**

Raw materials and finished goods consists of goods in transit of ₹6,049 (March 31, 2022- ₹7,306) and ₹12,385 (March 31, 2022- ₹16,257) respectively.

Notes to the Consolidated Financial Statements

(All amounts in Indian Rupees Lakhs, except equity shares and per share data unless otherwise stated)

Amounts Recognised in Profit and Loss

Write-downs of inventories to net realisable value and on account of slow moving inventory amounted to ₹1,459 (March 31, 2022 - ₹533). These were recognised in statement of profit and loss and included in 'Changes in inventories of finished goods and work-in-progress ' and 'Cost of raw materials consumed'.

Note 11: Trade Receivables

	March 31, 2023	March 31, 2022
Trade receivables	1,79,840	2,42,900
Less: Loss allowance	587	512
Total Trade receivables	**1,79,253**	**2,42,388**
Current portion	1,79,253	2,42,388
Non-current portion	-	-

(a) Security wise break-up of Trade Receivables

	March 31, 2023	March 31, 2022
Trade receivables considered good- secured	-	-
Trade receivables considered good - unsecured	1,79,253	2,42,388
Trade receivables which have significant increase in credit risk	570	495
Trade receivables - credit impaired	17	17
Total	**1,79,840**	**2,42,900**
Less: Loss allowance	587	512
Total trade receivables	**1,79,253**	**2,42,388**

(b) Ageing of Trade Receivables

Particulars	Unbilled	Not due	Outstanding for following periods from due date of payment					Total
			Less than 6 months	6 Months - 1 year	1-2 years	2-3 years	More than 3 years	
March 31, 2023								
Undisputed trade receivables								
considered good	-	1,51,628	27,157	341	124	3	-	1,79,253
which have significant increase in credit risk	-	-	37	-	14	141	323	515
credit impaired	-	-	-	-	17	-	-	17
Disputed trade receivables								
considered good	-	-	-	-	-	-	-	-
which have significant increase in credit risk	-	-	-	-	-	-	55	55
credit impaired	-	-	-	-	-	-	-	-
Total	**-**	**1,51,628**	**27,194**	**341**	**155**	**144**	**378**	**1,79,840**
Less: Loss allowance	-	-	37	-	31	141	378	587
Total trade receivables								**1,79,253**

Notes to the Consolidated Financial Statements

(All amounts in Indian Rupees Lakhs, except equity shares and per share data unless otherwise stated)

Particulars	Unbilled	Not due	Outstanding for following periods from due date of payment					Total
			Less than 6 months	6 Months - 1 year	1-2 years	2-3 years	More than 3 years	
March 31, 2022								
Undisputed trade receivables								
considered good	-	2,15,036	26,856	312	100	48	36	2,42,388
which have significant increase in credit risk	-	-	-	-	88	89	263	440
credit impaired	-	-	-	17	-	-	-	17
Disputed trade receivables								
considered good	-	-	-	-	-	-	-	-
which have significant increase in credit risk	-	-	-	-	-	-	55	55
credit impaired	-	-	-	-	-	-	-	-
Total	**-**	**2,15,036**	**26,856**	**329**	**188**	**137**	**354**	**2,42,900**
Less: Loss allowance	-	-	-	17	88	89	318	512
Total trade receivables								**2,42,388**

Note 12: Cash and Cash Equivalents

	March 31, 2023	March 31, 2022
Balances with banks		
- in current accounts	2,801	2,117
- in terms deposits with maturity period not more than three months	14,077	1,19,288
Cash on hand	92	71
Total cash and cash equivalents*	**16,970**	**1,21,476**

*There are no repatriation restrictions on cash and cash equivalents as at the end of the current year and previous year.

Note 13: Bank Balances other than Cash and Cash Equivalents

	March 31, 2023	March 31, 2022
Balances in earmarked accounts with banks:		
- Unclaimed dividend	114	107
Balances in term deposit accounts with maturity period of more than three months and not more than twelve months:		
- pledged towards margin on guarantees issued by bank	7,557	7,241
- pledged towards overdraft facilities with banks	402	374
- other unencumbered deposits	3,96,266	1,52,690
Total bank balances other than cash and cash equivalents	**4,04,339**	**1,60,412**

Note 14: Other Financial Assets

	March 31, 2023	March 31, 2022
Note 14(a): Other financial assets-non-current		
Security deposits	4,945	5,621
Term deposits with bank with maturity period exceeding twelve months (pledged towards margin on guarantees issued by bank)	164	154
Total Other financial assets - non -current	**5,109**	**5,775**
Note 14(b): Other financial assets-current		
Export incentive receivable	43	105
Rental deposits	342	347
Others deposits	219	11
Insurance claims receivable	3	26
Total other financial assets - current	**607**	**489**
Total other financial assets (a+b)	**5,716**	**6,264**

Notes to the Consolidated Financial Statements

(All amounts in Indian Rupees Lakhs, except equity shares and per share data unless otherwise stated)

Note 15: Other Current Assets

	March 31, 2023	March 31, 2022
Indirect taxes- input credits	13,937	10,186
Prepaid expenses	2,720	2,709
Advances to suppliers	3,389	8,731
Other receivables includes indirect tax refund claims	131	129
Total other current assets	**20,177**	**21,755**

Note: 16 Equity Share Capital and Other Equity

Note16 (a): Equity Share Capital

(i) Authorised equity share capital

Particulars	Number of shares	Amount
As at April 1, 2021	30,00,00,000	6,000
Movement during the year	-	-
As at March 31, 2022	**30,00,00,000**	**6,000**
Movement during the year	-	-
As at March 31, 2023	**30,00,00,000**	**6,000**

(ii) Issued, subscribed and paid-up equity share capital

Particulars	Number of shares	Amount
As at April 1, 2021	26,54,68,580	5,309
Movement during the year	-	-
As at March 31, 2022	**26,54,68,580**	**5,309**
Movement during the year	-	-
As at March 31, 2023	**26,54,68,580**	**5,309**

Terms and rights attached to equity shares

The company has only one class of equity shares having par value of ₹2 per share. The company declares and pays dividends in Indian rupees. In the event of liquidation of the Group, the holders of equity shares will be entitled to receive remaining assets of the Group, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders. Every holder of equity shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

(iii) Details of shareholders holding more than 5% shares in the company

Particulars	March 31, 2023		March 31, 2022	
	Number of shares	% holding	Number of shares	% holding
Dr. Satchandra Kiran Divi	5,40,00,000	20.34%	5,40,00,000	20.34%
Mrs. Swarnalatha Divi	1,40,00,000	5.27%	1,40,00,000	5.27%
Ms. Nilima Prasad Divi	5,40,00,000	20.34%	5,40,00,000	20.34%
SBI Mutual Fund	2,04,76,057	7.71%	1,38,35,574	5.21%
Life Insurance Corporation of India	1,47,30,917	5.55%	62,43,609	2.35%

Notes to the Consolidated Financial Statements

(All amounts in Indian Rupees Lakhs, except equity shares and per share data unless otherwise stated)

(iv) Shareholdings of Promoter and promoter group:

Promoter Name	March 31, 2023			March 31, 2022		
	No. of shares	% of total shares	% of change during the year	No. of shares	% of total shares	% of change during the year
Dr. Murali Krishna Prasad Divi	75,67,000	2.85%	0.00%	7,567,000	2.85%	0.00%
Dr. Satchandra Kiran Divi	5,40,00,000	20.34%	0.00%	54,000,000	20.34%	0.00%
Ms. Nilima Prasad Divi	5,40,00,000	20.34%	0.00%	54,000,000	20.34%	0.00%
Mrs. Swarnalatha Divi	1,40,00,000	5.27%	0.00%	14,000,000	5.27%	0.00%
Divi's Biotech Private Limited	80,00,000	3.01%	0.00%	8,000,000	3.01%	0.00%
Mr. Madhusudana Rao Divi	2,89,600	0.11%	0.00%	297,600	0.11%	0.00%
Mr. Babu Rajendra Prasad Divi	26,600	0.01%	0.00%	26,600	0.01%	0.00%
Mr. Radhakrishna Rao Divi	-	0%	-100%	3,000	0.00%	0.00%

Note 16 (b): Other Equity

	March 31, 2023	March 31, 2022
Reserves and surplus		
Securities premium reserve	7,988	7,988
General reserve	100,000	100,000
Retained earnings	1,095,811	998,885
Special economic zone re-investment reserve	65,089	59,085
	1,268,888	**1,165,958**
Other comprehensive Income		
Exchange difference on foreign operations	2,512	1,551
Total other equity	**1,271,400**	**1,167,509**

(i) There is no movement in securities premium reserve and general reserve during the reporting year and previous year.

(ii) Retained earnings

	March 31, 2023	March 31, 2022
At the beginning of the year	9,98,885	759,772
Profit after tax for the year	1,82,338	2,96,045
Transfer to special economic zone re-investment reserve	(14,559)	(12,520)
Transfer from special economic zone re-investment reserve	8,555	8,464
Dividends paid to company's shareholders	(79,641)	(53,094)
Items of other comprehensive income recognised directly in retained earnings:		
- Remeasurements of post employment benefit obligation, net of tax	233	218
At the end of the year	**1,095,811**	**998,885**

(iii) Special economic zone re-investment reserve

	March 31, 2023	March 31, 2022
At the beginning of the year	59,085	55,029
Transfer from retained earnings	14,559	12,520
Transferred to retained earnings	(8,555)	(8,464)
At the end of the year	**65,089**	**59,085**

Notes to the Consolidated Financial Statements

(All amounts in Indian Rupees Lakhs, except equity shares and per share data unless otherwise stated)

Nature and purpose of reserves:

Securities premium reserve:

Securities premium reserve is used to record the premium on issue of shares. The reserve is utilised in accordance with the provisions of the Act.

General Reserve:

General reserves represent amounts transferred from retained earnings in earlier years under the provisions of the erstwhile Companies Act, 1956.

Special economic zone re-investment reserve

Under the SEZ scheme, the unit which begins production of goods/ services on or after April 1, 2005 is eligible for deduction of 100% of profits or gains derived from export of goods/ services for the first five years, 50% of such profits or gains for a further period of five years and 50% of such profits or gains for the balance period of five years subject to creation of special economic zone re-investment reserve out of profits of eligible SEZ units and utilisation of such reserve by the company for acquiring new plant and equipment for the purpose of its business as per the provisions of the Income Tax Act, 1961.

Note 17: Provisions - Employee Benefit Obligations

	March 31, 2023			March 31, 2022		
	Current	Non-current	Total	Current	Non-current	Total
compensated absences	492	3,062	3,554	415	2,671	3,086
Gratuity (Refer Note 17(b))	-	-	-	-	-	-
	492	**3,062**	**3,554**	**415**	**2,671**	**3,086**

(a) Compensated Absences Obligations:

The Compensated absences covers the company's liability for earned leave which is classified as other long-term benefits. The liabilities for earned leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured at the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefit is discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligations. Remeasurements as a result of the experience adjustments and changes in actuarial assumptions are recognised in statement of profit and loss.

(b) Post-employment Obligations - Gratuity: (Defined benefit)

The company provides gratuity for employees as per the payment of gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity benefit. The amount of gratuity payable on retirement/termination is the employees' last drawn basic salary per month computed proportionately for 15 days' salary multiplied for the number of years of service. The gratuity plan is a funded plan and the company makes contributions, through an approved trust, to recognised funds administered by life insurance corporation of India (Insurer).

Notes to the Consolidated Financial Statements

(All amounts in Indian Rupees Lakhs, except equity shares and per share data unless otherwise stated)

(i) The amounts recognised in the balance sheet and the movements in the net defined benefit obligation over the year are as follows:

	Present value of obligation	Fair value of plan assets	Net amount
As at April 01, 2021	**3,788**	**(3,881)**	**(93)**
Current service cost	328	-	328
Interest expense/(income)	259	(277)	(18)
Amount recognised in Statement of profit and loss	**587**	**(277)**	**310**
Remeasurements			
Return on plan assets, excluding amounts included in interest expense/(income)	-	9	9
(Gain)/loss from change in demographic assumptions	-	-	-
(Gain)/loss from change in financial assumptions	(268)	-	(268)
Experience (gains)/loss	167	-	167
Amount recognised in other comprehensive income	**(101)**	**9**	**(92)**
Amount recognised in total comprehensive income	**486**	**(268)**	**218**
Employer contributions	-	(362)	(362)
Benefit payments	(57)	57	-
As at March 31, 2022	**4,217**	**(4,454)**	**(237)**

	Present value of obligation	Fair value of plan assets	Net amount
As at April 01, 2022	**4,217**	**(4,454)**	**(237)**
Current service cost	354	-	354
Interest expense/(income)	310	(299)	11
Amount recognised in Statement of profit and loss	**664**	**(299)**	**365**
Remeasurements			
Return on plan assets, excluding amounts included in interest expense/(income)	-	1	1
(Gain)/loss from change in demographic assumptions	-	-	-
(Gain)/loss from change in financial assumptions	(71)	-	(71)
Experience (gains)/loss	(74)	-	(74)
Amount recognised in other comprehensive income	**(145)**	**1**	**(144)**
Amount recognised in total comprehensive income	**519**	**(298)**	**221**
Employer contributions	-	(62)	(62)
Benefit payments	(47)	47	-
As at March 31, 2023	**4,689**	**(4,767)**	**(78)**

The net liability disclosed above relates to funded plans are as follows:

	March 31, 2023	March 31, 2022
Present value of funded obligations	4,689	4,217
Fair value of plan assets	(4,767)	(4,454)
Surplus of funded plans*	(78)	(237)

* Included under note 15 'Other current assets'

Notes to the Consolidated Financial Statements

(All amounts in Indian Rupees Lakhs, except equity shares and per share data unless otherwise stated)

The significant actuarial assumptions were as follows:

	March 31, 2023	March 31, 2022
Discount rate	7.52%	7.39%
Salary growth rate	6%	6%
Attrition rate depending on age	1% to 3%	1% to 3%
Retirement age	60 years	60 years
Average balance future service	28.41 years	29.38 years
Mortality table	IALM (2012-14)	IALM (2012-14)

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

	March 31, 2023	March 31, 2022
Defined benefit obligation under base scenario	4,689	4,217
Increase / (Decrease) in Defined benefit obligation:		
Discount rate:(% change compared to base due to sensitivity)		
Increase: +1%	(494)	(456)
Decrease: -1%	595	551
Salary growth rate:(% change compared to base due to sensitivity)		
Increase: +1%	528	511
Decrease: -1%	(452)	(454)
Attrition rate:(% change compared to base due to sensitivity)		
Increase : +1%	91	77
Decrease: -1%	(105)	(88)

The above sensitivity analysis are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as and when calculating the defined benefit liability recognised in the balance sheet. The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior year.

(c) Defined Benefit Liability

The company has established a trust to administer its obligation for payment of gratuity to employees. The trust in turn contributes to a scheme administered by the Life Insurance Corporation of India (Insurer). Every year, the insurer carries out a funding valuation based on the latest employee data provided by the company. Any deficit in the assets arising as a result of such valuation is funded by the company. Any deficit in the assets arising as a result of such valuation is funded by the company.. The trust has not changed the process used to manage the risks from previous years.

	March 31, 2023	March 31, 2022
*Fund managed by Life Insurance Corporation of India (Unquoted)	100%	100%

*Fund is managed by LIC as per IRDA guidelines, category-wise composition of the plan assets is not available.

Contributions to post employment benefit plan for the year ending March 31, 2024 is expected to be ₹543

Notes to the Consolidated Financial Statements

(All amounts in Indian Rupees Lakhs, except equity shares and per share data unless otherwise stated)

The weighted average duration of the defined benefit obligation is 17.73 years (March 31, 2022 - 13.32 Years). The expected maturity analysis of undiscounted gratuity is as follows:

Particulars	Less than a year	Between 1-2 years	Between 2-5 years	Between 6-10 years	Over 10 years	Total
March 31, 2023						
Defined benefit obligation-gratuity	543	212	664	1,432	11,549	14,400
March 31, 2022						
Defined benefit obligation-gratuity	409	222	607	1,239	10,519	12,996

(d) Risk Exposure

Through its defined benefit plans, the company is exposed to a number of risks, the most significant of which are detailed below:

Interest rate risk: The plan exposes the company to the risk of fall in interest rates. A fall in interest rates will result in an increase in the ultimate cost of providing the above benefit and will thus result in an increase in the value of the liability.

Liquidity risk: This is the risk that the company is not able to meet the short term gratuity pay-out. This may arise due to non-availability of enough cash / cash equivalents to meet the liabilities or holdings liquid assets not being sold in time.

Salary escalation risk: The present value of the defined benefit plans calculated with the assumption of salary increase rate of plan participants in future. Deviation in the rate of increase of salary in future for plan participants from the rate of increase in salary used to determine the present value obligation will have a bearing on the plan's liability.

Demographic risk: The company has used certain mortality and attrition assumptions in valuation of the liability. The company is exposed to the risk of actual experience turning out to be worse compared to the assumption.

Regulatory risk: Gratuity benefits are paid in india in accordance with the requirements of the Payment of Gratuity Act, 1972 (as amended from time to time). There is a risk of change in regulations requiring higher gratuity payouts (e.g. Increase in the maximum limit on gratuity.)

Asset liability mismatching or market risk: The duration of the liability is longer compared to duration of assets, exposing the company to market risk for volatilities/fall in interest rate.

Changes in fund yields: A decrease in fund yields will increase plan liabilities, although this will be partially off-set by an increase in the value of the plan's fund holdings.

(e) Defined Contribution Plans

Employer's contribution to provident fund: Contributions are made to provident fund in India for employees at the rate of 12% of the employee's qualifying salary as per regulations. The contributions are made to registered provident fund administered by the Government. The obligation of the company is limited to the amount contributed and it has no further contractual nor any constructive obligation. The expense recognised during the year towards defined contribution plan is ₹2,560 (March 31, 2022- ₹2,108).

Employer's contribution to state insurance scheme: Contributions are made to state insurance scheme for employees at the rate of 3.25%. The contributions are made to employee state insurance corporation (ESI), a corporation administered by the government. The obligation of the company is limited to the amount contributed and it has no further contractual nor any constructive obligation. The expense recognised during the period towards defined contribution plan is ₹342 (March 31, 2022- ₹311)

Notes to the Consolidated Financial Statements

(All amounts in Indian Rupees Lakhs, except equity shares and per share data unless otherwise stated)

Note 18: Deferred Tax:

The balance comprises temporary differences attributable to:

Particulars	March 31, 2023	March 31, 2022
Deferred tax asset:		
Deferred tax on intra group adjustments	1,325	1,379
Others	99	68
Deferred tax asset	**1,424**	**1,447**

The balance comprises temporary differences attributable to:

Particulars	March 31, 2023	March 31, 2022
Deferred tax liability /(asset)		
Property, plant and equipment	55,288	44,297
MAT credit entitlement	-	(744)
Employee benefits	(1,701)	(1,392)
Others	134	(21)
Net deferred tax liabilities	**53,721**	**42,140**

Particulars	April 01, 2021	Changes through Profit and Loss	Changes through OCI	MAT credit (created)/utilised	March 31, 2022
Property, plant and equipment	35,110	9,187	-	-	44,297
Employee benefit expenses	(1,225)	(167)	-	-	(1,392)
Others including intra-group adjustments	(402)	(1,111)	45	(744)	(2,212)
Foreign operations translation adjustment	-	(4)	-	-	-
Net Deferred tax liability/(asset)	**33,483**	**7,905**	**45**	**(744)**	**40,693**
Deferred tax asset-refer note 18(a)					1,447
Deferred tax liability- refer note 18(b)					42,140

Particulars	April 01, 2022	Changes through Profit and Loss	Changes through OCI	MAT credit (created)/utilised	March 31, 2023
Property, plant and equipment	44,297	10,991	-	-	55,288
Employee benefit expenses	(1,392)	(309)	-	-	(1,701)
Others including intra-group adjustments	(2,212)	(40)	218	744	(1,290)
Foreign operations translation adjustment	-	(34)	-	-	-
Net Deferred tax liability/(asset)	**40,693**	**10,608**	**218**	**744**	**52,297**
Deferred tax asset-Refer Note 18(a)	1,447				1,424
Deferred tax liability- Refer Note 18(b)	**42,140**				**53,721**

Notes to the Consolidated Financial Statements

(All amounts in Indian Rupees Lakhs, except equity shares and per share data unless otherwise stated)

Note 19: Current Borrowings

Particulars	Maturity date and terms of payment	Interest rate	March 31, 2023	March 31, 2022
Loans payable on demand:				
From banks - secured				
- Working capital loans from banks	Payable on demand	8.20%	-	-
- Overdraft facilities from banks	Payable on demand	8.15%	-	-
Total current borrowings			**-**	**-**

a) Utilisation of borrowings availed from banks

The borrowings obtained by the company from banks have been applied for the purposes for which such loans were taken.

b) Quarterly statements filed with banks

The quarterly statements of current assets filed by the company in respect of its working capital facilities with banks are in agreement with the books of accounts.

c) Wilful defaulter

The company has not been declared as wilful defaulter by any bank or financial institutions or government or any government authority.

Secured borrowings and assets pledged as security

Working capital loans are secured by pari-passu first charge on Inventories, receivables and other current assets of the company.

Overdraft facilities from banks are secured by pledge of specific term deposits with banks.

Note 19(d): Assets pledged as security

The carrying amounts of Company's assets pledged as security for working capital loans from banks:

Particulars	March 31, 2023	March 31, 2022
Current Assets*		
Inventory	2,78,045	2,64,405
Trade receivables	1,96,430	2,56,990
Other Current assets	4,49,070	3,08,201
	9,23,545	**8,29,596**
	-	**-**

*Value of Letters of credit and guarantees outstanding as at March 31, 2023 is Rs. 8,568 (March 31, 2022 is Rs. 12,088)

There were no delays in registration or satisfication of charges with Registrar of Companies beyond the statutory period.

Note 19(e): Net debt reconciliation

This section sets out the changes in liabilities arising from financing activities in the statement of cash flows:

Particulars	March 31, 2023	March 31, 2022
Borrowings outstanding at the year end	-	-
Cash and cash equivalents	(16,970)	(1,21,476)
Net Debt /(Surplus)	**(16,970)**	**(1,21,476)**
Net Debt Obligations	**-**	**-**

Notes to the Consolidated Financial Statements

(All amounts in Indian Rupees Lakhs, except equity shares and per share data unless otherwise stated)

	Liabilities from financing activities	Other assets	Net debt/ (Surplus)
	Current borrowings	Cash and bank overdraft	
Net Debt/(surplus) as at April 01,2021	35	(2,03,032)	(2,02,997)
Cash flows	(35)	81,556	81,521
Interest expense	21	-	21
Interest paid	(21)	-	(21)
Net Debt /(surplus) as at March 31, 2022	**-**	**(1,21,476)**	**(1,21,476)**
Net Debt /(surplus) as at April 01, 2022	-	(1,21,476)	(1,21,476)
Cash flows	-	1,04,506	1,04,506
Interest expense	(33)	-	(33)
Interest paid	33	-	33
Net Debt /(surplus) as at March 31, 2023	**-**	**(16,970)**	**(16,970)**

Note 20: Trade Payables

Particulars	March 31, 2023	March 31, 2022
Current		
Trade payables -micro and small enterprises (refer note no.43)	3,749	2,478
Trade payables -others	72,502	77,092
Total trade payables	**76,251**	**79,570**

(a) Ageing of Trade Payables

As at March 31, 2023

Particulars	Unbilled	Not due	Outstanding for following periods from due date of payment				Total
			Less than 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed trade payables							
Micro and small enterprises	-	3,749	-	-	-	-	3,749
Others	14,240	39,855	18,384	16	2	5	72,502
Total Trade payables	**14,240**	**43,604**	**18,384**	**16**	**2**	**5**	**76,251**

As at March 31, 2022

Particulars	Unbilled	Not due	Outstanding for following periods from due date of payment				Total
			Less than 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed trade payables							
Micro and small enterprises	-	1,971	507	-	-	-	2,478
Others	19,506	22,982	34,600	-	4	-	77,092
Total Trade payables	**19,506**	**24,953**	**35,107**	**-**	**4**	**-**	**79,570**

(b) There are no trade payables with no specified due date of payments as at March 31, 2023 and March 31, 2022.

(c) There are no disputed trade payables as at March 31, 2023 and March 31, 2022.

Notes to the Consolidated Financial Statements

(All amounts in Indian Rupees Lakhs, except equity shares and per share data unless otherwise stated)

Note 21: Other Financial Liabilities

	March 31, 2023	March 31, 2022
Current		
Capital creditors	3,669	5,543
Unclaimed dividend	114	107
Accrual for rebates / discounts	556	639
Total other financial liabilities	**4,339**	**6,289**

Note 22: Other Current Liabilities

	March 31, 2023	March 31, 2022
Statutory dues payable	1,285	1,195
Deferred revenue government grants	87	76
Employee benefits payable	23,244	30,097
For corporate social responsibility activity (Net of advances of ₹105) [refer note 29(b)(i)]	868	-
Advance from customers	3,272	1,663
Total other current liabilities	**28,756**	**33,031**

Note 23: Revenue from Operations

	March 31, 2023	March 31, 2022
Sale of products	7,64,658	8,78,811
Sale of services	1,936	1,112
Other operating revenue:		
Sale of scrap out of manufacturing process	8,287	10,695
Export incentives	1,870	5,365
Total revenue from operations	**7,76,751**	**8,95,983**

Note 23(a): Reconciliation of revenue recognised with contract price:

	March 31, 2023	March 31, 2022
Contract price	7,80,060	8,93,454
Rebates / Discounts	(5,179)	(2,836)
Revenue from contracts with customers	**7,74,881**	**8,90,618**

Note 23(b): Disaggregation of revenue:

The Group derives revenue from operations viz., (Sale of products and services and other operating revenue) from following geographical areas (based on where products and services are delivered):

Region	March 31, 2023			March 31, 2022		
	Revenue from contracts with customers	Other operating Revenue	Total revenue from operations	Revenue from contracts with customers	Other operating revenue	Total revenue from operations
America	2,21,420	-	2,21,420	3,89,762	-	3,89,762
Asia	1,04,124	-	1,04,124	79,807	-	79,807
Europe	3,18,726	-	3,18,726	2,88,010	-	2,88,010
India	95,688	1,870	97,558	98,419	5,365	1,03,784
Rest of the world	34,923	-	34,923	34,620	-	34,620
	7,74,881	**1,870**	**7,76,751**	**8,90,618**	**5,365**	**8,95,983**

Notes to the Consolidated Financial Statements

(All amounts in Indian Rupees Lakhs, except equity shares and per share data unless otherwise stated)

Note 24: Other Income

	March 31, 2023	March 31, 2022
Interest income from financial assets at amortised cost	20,459	6,896
Change in fair value of Optionally Convertible Debentures	504	-
Net gain on foreign currency transactions and translations	12,967	4,058
Miscellaneous income	526	424
Government grants	10	9
Total other income	**34,466**	**11,387**

Note 25: Cost of Raw Materials Consumed

	March 31, 2023	March 31, 2022
Raw materials at the beginning of the year	77,302	70,551
Add: Purchases	3,20,703	3,54,407
Less: Raw materials at the end of the year	97,169	77,302
Total cost of raw materials consumed	**300,836**	**347,656**

Note 26: Changes in Inventories of Finished Goods, Work-in-progress and Stock-in-trade

	March 31, 2023	March 31, 2022
Opening Balance:		
Finished goods	31,678	23,215
Stock-in-trade	237	142
Work-in-progress	1,53,159	1,09,334
	1,85,074	**1,32,691**
Closing Balance:		
Finished goods	29,897	31,678
Stock-in-trade	303	237
Work-in-progress	1,52,571	1,53,159
	1,82,771	**1,85,074**
Total changes in inventories of finished goods, work-in-progress and stock-in-trade	**2,303**	**(52,383)**

Note 27: Employee Benefits Expense

	March 31, 2023	March 31, 2022
Salaries, wages, bonus and other allowances*	92,245	89,843
Contribution to provident fund and other funds	2,899	2,428
Contribution to ESI	342	311
Staff welfare expenses	2,016	2,034
Total employee benefits expense	**97,502**	**94,616**

*Net of ₹133 (March 31, 2022 ₹131) transferred to capital work in progress (refer note 4)

Notes to the Consolidated Financial Statements

(All amounts in Indian Rupees Lakhs, except equity shares and per share data unless otherwise stated)

Note 28: Finance Costs

	March 31, 2023	March 31, 2022
Interest and finance charges on financial liabilities carried at amortised cost	18	21
Interest on lease liabilities	15	15
Interest on income tax	-	1
Charges for letters of credit / bank guarantees	34	43
Total finance costs	**67**	**80**

Note 29: Depreciation and Amortisation Expense

	March 31, 2023	March 31, 2022
Depreciation on property, plant and equipment	33,828	30,751
Depreciation charge on right -of-use assets	98	82
Amortisation of intangible assets	392	318
Total depreciation and amortisation expense	**34,318**	**31,151**

Note 30: Other Expenses

	March 31, 2023	March 31, 2022
Consumption of stores and spare parts	6,832	6,364
Packing materials consumed	5,749	6,110
Conversion Charges	2,709	2,756
Power and fuel*	49,529	38,753
Repairs and maintenance- buildings	3,974	2,910
Repairs and maintenance- machinery	16,781	15,593
Repairs and maintenance- others	193	188
Insurance	2,974	2,693
Rates and taxes, excluding taxes on income	1,497	1,690
Non-executive directors' remuneration including sitting fees	211	217
Printing and stationery	761	758
Rental charges	1,187	1,077
Communication expenses	186	191
Travelling and conveyance	9,096	5,030
Vehicle maintenance	168	159
Payments to auditors (Refer note No. 30(a))	106	79
Legal and professional charges	1,656	1,000
Factory upkeep	682	483
Environment management expenses	5,018	4,013
Advertisement and publication expenses	15	16
Research and development expenses (refer note no. 30(c))	3,005	2,029
Sales commission	1,144	1,341
Carriage outward	10,223	11,344
General expenses	7,607	6,896
Electricity service line charges	132	480
Provision for doubtful debts/ (written back) including bad debts recovered	33	(203)
Corporate social responsibility activities (refer note no.30(b))	5,385	4,167
Loss on disposal / discard of assets	113	205
Bank charges	129	120
Total Other expenses	**1,37,095**	**1,16,459**

*Net of ₹29 (March 31, 2022: ₹39) transferred to capital work in progress (refer note 4)

Notes to the Consolidated Financial Statements

(All amounts in Indian Rupees Lakhs, except equity shares and per share data unless otherwise stated)

Note 30(a): Details of payments to auditors of parent company

	March 31, 2023	March 31, 2022
As statutory auditor	40	40
For quarterly reviews	26	24
Reimbursement of expenses	4	2
Total payments to auditors	**70**	**66**

Note 30(b)(i): Expenditure on corporate social responsibility activities (CSR)

The Company has spent amounts as specified below towards various schemes of corporate social responsibility activities as prescribed under Section 135 of the Companies Act, 2013.

	March 31, 2023	March 31, 2022
(i) Construction / acquisition of any asset	-	-
(ii) On purposes other than (i) above	4,224	4,213
Total amount spent during the year	4,224	4,213
Add: Excess amount of CSR expenditure spent under 135(5) of the act in the earlier years.	293	247
Less: Amount required to be spent for the year	5,385	4,167
Excess amount of CSR expenditure spent under 135(5) of the act	-	293
Amount of shortfall for the year	868	-
Amount of cumulative shortfall at the end of the year	868	-
Reason for shortfall	*	NA
iii) Nature of CSR activities	Promoting healthcare, education, Rural development, Empowering women, safe drinking water, Environmental sustainability, Rural sports, Swatch Bharat programme, support to differently abled, livelihood enhancement etc.,	

* The unspent amount of ₹868, is on account of ongoing projects, which has been transferred to unspent CSR account after year end and will be spent in accordance with the CSR amendment rules.

i) There are no transactions with related parties / trusts controlled by the company with respect to CSR expenditure.

Note 30(c): Research and development expenditure*

	March 31, 2023	March 31, 2022
Salaries, wages, bonus and other allowances	3,722	3,268
Contribution to provident and other funds	165	158
Contribution to ESI	12	8
Staff welfare expenses	30	32
Consumption of stores and spares	1,107	749
Power and fuel	290	233
Repairs to buildings	47	26
Repairs to machinery	479	526
Repairs to other assets	24	18
Rates and taxes, excluding taxes on income	9	5
Printing and stationery	25	20
Professional and consultancy charges	964	398
Miscellaneous expenses	60	54
Total research and development expenditure	**6,934**	**5,495**

* Research and development expenditure to the extent of ₹3,929 (March 31, 2022: ₹3,466) is grouped under employee benefit expenses (consists of Salaries, wages, bonus and other allowances, contribution to provident and other funds and staff welfare expenses) and ₹3,005 (March 31, 2022: ₹2,029) is grouped under other expenses.

Notes to the Consolidated Financial Statements

(All amounts in Indian Rupees Lakhs, except equity shares and per share data unless otherwise stated)

Note 31(a): Tax Expense

	March 31, 2023	March 31, 2022
(i) Current tax expense		
Current tax on profits for the year	44,518	64,155
Current tax charge /(reversals) of earlier years	(601)	245
Total current tax expense	**43,917**	**64,400**
(ii) Deferred tax expense *		
Decrease /(Increase) in deferred tax assets	(1,030)	(534)
Foreign operations translation adjustment	(34)	(4)
(Decrease) /Increase in deferred tax liabilities	11,672	8,443
Total deferred tax expense/(benefit)	**10,608**	**7,905**
iii. Current tax expense recognised in statement of profit and loss (i+ii)	**54,525**	**72,305**
iv. Current tax expense /(benefit) recognised in Other Comprehensive Income		
Current tax expense /(benefit)	126	117
Deferred tax expense / (benefit)	218	45
Total current tax expense recognised in Other Comprehensive Income	**344**	**162**
Total current tax expense (iii+iv)	**54,869**	**72,467**

* Entire deferred tax for the year ended March 31, 2023 and March 31, 2022 relates to origination and reversal of temporary differences.

31(b): The Company benefits from the tax holiday available for units set up under the special economic zone act, 2005 in India. These tax holidays are available for a period of fifteen years from the date of commencement of operations. Under the SEZ scheme, the unit which begins production of goods/services on or after April 1, 2005 and on or before june 30,2020 will be eligible for deduction of 100% of profits or gains derived from export of goods/services for the first five years, 50% of such profits or gains for a further period of five years and 50% of such profits or gains for the balance period of five years subject to creation of special economic zone re-investment reserve out of profits of eligible SEZ units and utilisation of such reserve in terms of the provisions of the Income Tax Act, 1961.

31(c): Reconciliation of Tax Expense and the Accounting Profit Multiplied by India's Tax Rate:

	March 31, 2023	March 31, 2022
Profit from operations before income tax expenses	2,36,863	3,68,350
Tax at the Indian tax rate of 34.944%	**82,769**	**1,28,716**
Tax effect of amounts which are not deductible/ (includible) in calculating taxable income:		
Expenses not deductible for tax purpose	1,882	1,239
Income not includible for tax purpose	(35,016)	(59,176)
Difference in overseas tax rates	182	(656)
Adjustments for current tax of prior periods	(601)	245
Income includible for tax purpose	6,186	837
Others	(533)	1,262
Total tax expense	**54,869**	**72,467**

Notes to the Consolidated Financial Statements

(All amounts in Indian Rupees Lakhs, except equity shares and per share data unless otherwise stated)

Financial Instruments and Risk Management

Note 32: Categories of Financial Instruments

Particulars	Notes	Level	March 31, 2023 Carrying value / fair value	March 31, 2022 Carrying value / fair value
A. Financial assets				
Measured at fair value through profit or loss				
Investment in equity instruments of other companies	6	3	1	1
Investment in optionally convertible debentures (OCDs) of other companies*			7,704	7,200
Measured at amortised cost				
Trade receivables	11		1,79,253	2,42,388
Security deposits	14(a)		4,945	5,621
Cash and cash equivalents and other bank balances	12 and 13		4,21,309	2,81,888
Other financial assets	14(a) and 14(b)		771	643
Total financial assets			**6,13,983**	**5,37,741**
B. Financial liabilities				
Measured at amortised cost				
Trade payables	20		76,251	79,570
Capital creditors	21		3,669	5,543
Other financial liabilities	21		670	746
Total financial liabilities			**80,590**	**85,859**

Note 33: Fair Value Hierarchy

Fair value of the financial instruments is classified in various fair value hierarchies based on the following three levels:

Level 1: Quoted prices (unadjusted) in active market for identical assets or liabilities.

Level 2: Inputs other than quoted price included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices). The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

Level 3: Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs). If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case with listed instruments where market is not liquid and for unlisted instruments.

* Optionally convertible debentures are redeemable at 10th year at 70% premium, if not converted. Incase of an early redemption, debenture holder is eligible to get prorated premium. At any point of tenure, group can opt for conversion to equity shares at mutually agreed terms. These are secured by way of first charge created over the aircraft.

Valuation technique used to determine fair value:

Specific valuation techniques used to value financial instruments include:

- the use of quoted market prices or dealer quotes for similar instruments.
- the fair value of remaining financial instruments is determined using discounted cash flow analysis.

Valuation Process:

The Level 3 inputs for investment in equity shares and OCDs are derived using the discounted cash flow analysis.

Notes to the Consolidated Financial Statements

(All amounts in Indian Rupees Lakhs, except equity shares and per share data unless otherwise stated)

Note 34: Financial Risk Management

The Group's activities expose it to credit risk, market risk, price risk and liquidity risk. The Group emphasises on risk management and has an enterprise wide approach to risk management. The Group's risk management and control procedures involve prioritisation and continuing assessment of these risks and devise appropriate controls, evaluating and reviewing the control mechanism.

(A) Credit Risk:

Credit risk management

I. Credit risk on cash and cash equivalents and investments is limited as the group generally invests in deposits with banks that are majorly owned by the government of India, thereby minimising its risk.

II. Credit risk on security deposits, investments and trade receivables are evaluated as follows:

Expected credit loss for security deposits and loans:

Category	Basis for recognition of expected credit loss provision	Asset Group
Financial assets for which credit risk has not increased significantly since initial recognition	Loss allowance measured at 12 month expected credit losses	Other Non-current financial assets Other Current financial assets

Expected credit loss for security deposits and loans:

Asset Group	March 31, 2023			March 31, 2022		
	Gross carrying amount	Expected credit loss	Carrying amount net of provision	Gross carrying amount	Expected credit loss	Carrying amount net of provision
Other Non-current financial assets	5,109	-	5,109	5,775	-	5,775
Other Current Financial assets	607	-	607	489	-	489

Expected credit loss from treasury operations and for trade receivables:

Credit risk is the risk of financial loss to the group if a customer to a financial instrument fails to meet its contractual obligations and arises primarily from trade receivables, treasury operations etc. Credit risk of the group is managed at the group level. In the area of treasury operations, the group is presently exposed to risk relating to term deposits made with State Bank of India and Scheduled banks. The group regularly monitors such deposits and credit ratings of the banks thereby minimising the risk.

"The credit risk related to trade receivables is influenced mainly by the individual characteristics of each customer. The credit risk is managed by the group by establishing credit limits and continuously monitoring the credit worthiness of the customer. The group also provides for expected credit losses, based on the payment profiles of sales over a period of 12 months before the reporting date and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables where it believes that there is high probability of default. The group has considered possible effect from the pandemic relating to Covid-19 on Credit risks including forward looking information to develop expected credit losses. As the management deals with highly credit worthy customers and in past three years there were no instances of defaults w.r.t the receivables from customers, accordingly provision matrix has not been disclosed."

Following are the expected credit loss for trade receivables under simplified approach:

	March 31, 2023	March 31, 2022
Gross carrying amount of trade receivables	1,79,840	2,42,900
Less: Expected credit losses (Loss allowance provision)	(587)	(512)
Net carrying amount of trade receivables	1,79,253	2,42,388

Notes to the Consolidated Financial Statements

(All amounts in Indian Rupees Lakhs, except equity shares and per share data unless otherwise stated)

Expected credit loss for trade receivables under simplified approach as at March 31, 2023

Ageing	Not due	Outstanding			Total
		for less than 90 days	more than 90 days & less than 180 days	for more than 180 days	
Gross carrying amount of trade receivables	1,51,628	27,194	341	677	1,79,840
Less: Provision for doubtful debts (specific) (Net of recoveries)	-	-	37	533	570
Less: Expected credit losses (loss allowance provision)	-	-	-	17	17
Net carrying amount of trade receivables	**1,51,628**	**27,194**	**304**	**127**	**1,79,253**

Expected credit loss for trade receivables under simplified approach as at March 31, 2022

Ageing	Not due	Outstanding			Total
		for less than 90 days	more than 90 days & less than 180 days	for more than 180 days	
Gross carrying amount of trade receivables	2,15,036	23,347	3,509	1,008	2,42,900
Less: Provision for doubtful debts (specific)	-	-	-	495	495
Less: Expected credit losses (loss allowance provision)	-	-	-	17	17
Net carrying amount of trade receivables	**2,15,036**	**23,347**	**3,509**	**496**	**2,42,388**

Reconciliation of loss allowance provision in respect of trade receivables:

	Total
Loss allowance on April 01, 2021	**555**
Change in loss allowance	
Add: Current year loss allowance provided	190
Add: Foreign operations translation adjustment	20
Less: Recoveries / Write back	(253)
Less: Bad debts written off	-
Loss allowance on March 31, 2022	**512**
Loss allowance on April 01, 2022	512
Change in loss allowance	
Add: Current year loss allowance provided	104
Add: Foreign operations translation adjustment	42
Less: Recoveries / Write back	(71)
Less: Bad debts written off	-
Loss allowance on March 31, 2023	**587**

(B) Market Risk:

The group has substantial exposure to foreign currency risk due to the significant exports. Sales to overseas customers and purchases from overseas suppliers are exposed to risk associated with fluctuation in the currencies of those countries vis-a-vis the functional currency i.e. Indian rupee. The group manages currency fluctuations by having a better geographic balance in revenue mix and ensures a foreign currency match between liabilities and earnings. The group notes that, historically rupee has depreciated aganist major foreign currencies, and hence no additional measures were taken to hedge the foreign currency risk exposure. The group is also very cautious towards hedging as it has costs as well as its own risks. The group continually reassesses the cost structure impact of the currency volatility and engages with customers/suppliers addressing such risks.

Notes to the Consolidated Financial Statements

(All amounts in Indian Rupees Lakhs, except equity shares and per share data unless otherwise stated)

(i) Foreign currency risk exposure:

	Currency	March 31, 2023		March 31, 2022	
		Amount in foreign currency	Amount in ₹	Amount in foreign currency	Amount in ₹
Receivables	ACU	2	174	-*	26
	EUR	113	10,126	119	10,075
	GBP	139	14,181	172	17,123
	USD	1,656	1,36,151	2,540	1,92,557
	AED	4	89	-	-
Payable to suppliers and services	USD	(426)	(35,024)	(405)	(30,703)
	EUR	(19)	(1,703)	(71)	(5,969)
	GBP	-	-	-	-
	CHF	(1)	(90)	(1)	(81)
	JPY	-	-	(430)	(268)
Net foreign currency exposure asset/(liability)			**1,23,904**		**1,82,760**

	Impact on profit after tax (Income) / Expense	
	March 31, 2023	March 31, 2022
USD Sensitivity:		
INR/USD -Increase by 6% (March 31, 2022: 3%)	(3,947)	(3,159)
INR/USD -Decrease by 6% (March 31, 2022: 3%)	3,947	3,159
ACU Sensitivity:		
INR/AUC -Increase by 3% (March 31, 2022: 3%)	(3)	(1)
INR/AUC -Decrease by 3% (March 31, 2022: 3%)	3	1
CHF Sensitivity:		
INR/CHF -Increase by 5% (March 31, 2022: 5%)	3	3
INR/CHF -Decrease by 5% (March 31, 2022: 5%)	(3)	(3)
EUR Sensitivity:		
INR/EUR -Increase by 4% (March 31, 2022: 2%)	(219)	(53)
INR/EUR -Decrease by 4% (March 31, 2022: 2%)	219	53
GBP Sensitivity:		
INR/GBP -Increase by 1% (March 31, 2022: 1%)	(92)	(111)
INR/GBP -Decrease by 1% (March 31, 2022: 1%)	92	111
JPY Sensitivity:		
INR/JPY -Increase by 6% (March 31, 2022: 6%)	-	10
INR/JPY -Decrease by 6% (March 31, 2022: 6%)	-	(10)
AED Sensitivity:		
INR/AED -Increase by 6% (March 31, 2022: NA)	(3)	-
INR/AED -Decrease by 6% (March 31, 2022: NA)	3	-

(ii) Cash Flow and fair value interest rate risk:

Interest rate exposure: The Company does not have long term borrowings. Below is the sensitivity analysis, which presents impact on the cash flow due to the increase/decrease in the interest rates with all other variables held constant.

	Impact on profit after tax (Income) / Expense	
	March 31, 2023	March 31, 2022
Short term borrowings from Banks:		
Interest rate-Increase by 100 basis points	-	-*
Interest rate-Decrease by 100 basis points	-	-*

* Amount is below the rounding off norm adopted by the Group

Notes to the Consolidated Financial Statements

(All amounts in Indian Rupees Lakhs, except equity shares and per share data unless otherwise stated)

(C) Price Risk:

There are no group's investments which are subjected to price risk.

(D) Liquidity Risk:

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding to meet obligations when due. Group's treasury maintains flexibility in funding by maintaining availability under deposits in banks, adequate limits in working capital loan accounts etc.

(i) Contractual maturities of financial liabilities:

	March 31, 2023				March 31, 2022			
	Less than 6 months	6-12 months	More than 12 months	Total	Less than 6 months	6-12 months	More than 12 months	Total
Lease liabilities	25	24	277	326	40	42	287	369
Trade payables	76,251	-	-	76,251	79,570	-	-	79,570
Other financial liabilities	4,339	-	-	4,339	6,289	-	-	6,289
Total	**80,615**	**24**	**277**	**80,916**	**85,899**	**42**	**287**	**86,228**

Note 35: Capital Management

a) The group's financial strategy aims to provide adequate capital for its growth plans for sustained stakeholder value. The group's objective is to safeguard its ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders. And depending on the financial market scenario, nature of the funding requirements and cost of such funding, the group decides the optimum capital structure. The group aims at maintaining a strong capital base so as to maintain adequate supply of funds towards future growth plans as a going concern.

Net debt to equity ratio

	March 31, 2023	March 31, 2022
Net debt	-	-
Total Equity	12,76,709	11,72,818
Net debt to equity ratio	**NA**	**NA**

(b) Dividend:

Dividend paid on equity shares:

	March 31, 2023	March 31, 2022
Dividends paid:		
Final dividend	79,641	53,094

Proposed dividend not recognised at the end of the reporting period:

	March 31, 2023	March 31, 2022
On Equity Shares of ₹2 each		
Dividend per equity share	30	30
Dividend amount	79,641	79,641

Note: The dividend for the year ended March 31, 2023 proposed and recommended, is subject to the approval of shareholders at the ensuing annual general meeting.

Notes to the Consolidated Financial Statements

(All amounts in Indian Rupees Lakhs, except equity shares and per share data unless otherwise stated)

Note 36: Interest in Other Entities

The Company's subsidiaries as at March 31, 2023 are set out below. Unless otherwise stated, they have share capital consisting solely equity that are held directly by the Company.

Name of the entity	Place of Business/ Country of incorporation	Ownership interest held by the Company		Ownership interest held by Non-Controlling interests		
		March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	Principal activity
Divis Laboratories (USA) Inc	USA	100%	100%	0%	0%	Manufacturing and Trading of API
Divi's Laboratories Europe AG	Switzerland	100%	100%	0%	0%	Manufacturing and Trading of API

Note 37: Segment Information

Description of segments and principal activities

The Managing Director has been identified as being the Chief Operating Decision Maker (CODM). Operating segments are defined as components of an enterprise for which discrete financial information is available. This is evaluated regularly by the CODM, in deciding how to allocate resources and assessing the group's performance. The group is engaged in the manufacture of Active Pharmaceutical Ingredients (API's) and Intermediates and operates in a single operating segment.

The amount of revenue from operations from each country (based on where products and services are delivered) exceeding 10% of total revenue of the group and non-current assets broken down by location of the assets respectively are as follows:

	India		USA		Other countries	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
Revenue	97,558	103,784	1,84,662	2,00,469	4,94,531	5,91,730
Non-current assets	4,98,081	4,87,553	271	279	113	140

The revenue from transactions with one external customer exceeds 10% of the total revenue of the group for each of the two years ended March 31, 2023 and March 31, 2022

Note 38: Foreign Subsidiaries Considered for Consolidation

Name of the entity	Place of Business/ Country of incorporation	March 31, 2023	March 31, 2022
Divis Laboratories (USA) Inc	USA	100%	100%
Divi's Laboratories Europe AG	Switzerland	100%	100%

Notes to the Consolidated Financial Statements

(All amounts in Indian Rupees Lakhs, except equity shares and per share data unless otherwise stated)

Note 39: Related Party Transactions

(a) Key Management personnel (KMP)

: Dr. Murali. K. Divi (Managing Director)
: Mr. N.V. Ramana (Executive Director)
: Mr. Madhusudana Rao Divi (Whole-time Director -Projects)
: Dr. Kiran S. Divi (Whole-time Director and Chief Executive Officer)
: Ms. Nilima Prasad Divi (Whole-time Director-Commercial)

(b) Non-Executive Directors

: Mr. K. V. K. Seshavataram (Independent Director)
: Mr. R. Ranga Rao (Independent Director)
: Dr. G. Suresh Kumar (Independent Director)
: Dr. Ramesh B. V. Nimmagadda (Independent Director)
: Dr. S. Ganapaty (Independent Director)
: Prof. Sunaina Singh (Independent Director)
: Mr. K. V. Chowdary (Independent Director)

(c) Relative of Key Management personnel

: Mr. Babu Rajendra Prasad Divi
: Mr. Divi Radha Krishna Rao
: Mr. Sri Ramachandra Rao Divi
: Mrs. Jhansilakshmi Pendyala
: Mrs. Divi Swarna Latha
: Mrs. Divi Raja Kumari
: Mr. Divi Satyasayee Babu
: Mrs. Shanti Chandra Attaluri
: Mrs. N. Nirmala Kumari
: Mrs. N. Chandrika Lakshmi
: Mr. N. Venkata Aniruddh
: Mrs. N. Monisha
: Mr. N. Prashanth
: Mrs. L. Vijaya Lakshmi

(d) Other related party

: Divi's Laboratories Employees' Gratuity Trust.
: Divi's Foundation for Gifted Children Trust.

(e) List of related parties over which control / significant influence exists with whom the group has transactions:

Name	Relationship
Divi's Properties Private Limited	Company in which key management personnel have significant influence
Divi's Biotech Private Limited	Company in which key management personnel have significant influence
Divi's Laboratories Employees' Gratuity Trust.	Post employment benefit plan of Divi's Laboratories Ltd*

*Refer Note No. 17(i) for information on transactions with post employment benefit plan mentioned above.

Notes to the Consolidated Financial Statements

(All amounts in Indian Rupees Lakhs, except equity shares and per share data unless otherwise stated)

	March 31, 2023		March 31, 2022	
	Amount (transactions)	Outstanding balance as at March 31, 2023	Amount (transactions)	Outstanding balance as at March 31, 2022
(i) Managerial remuneration and short term employee benefits to key management personnel -refer 39(g) (i)	15,737	15,216	24,340	23,870
(ii) Remuneration including sitting fees to non-executive directors-refer 39(g) (ii)	211	-	217	-
(iii) Dividend paid to key management personnel -refer 39(g) (iii)	34,840	-	23,228	-
(iv) Dividend paid to relatives of key management personnel -refer 39(g) (iv)	4,479	-	2,988	-
(v) Salary and allowances to relatives of key management personnel - Mr. Anirudh Nimmagadda	17	2	15	2
(vi) Dividend paid to company in which key management personnel have significant influence - M/s Divi's Biotech Private Limited	2,400	-	1,600	-
(vii) Lease Rent to a company in which key management personnel have significant influence - M/s Divi's Properties Private Limited	915	-	870	-
(viii) Lease Rent to a company in which key management personnel have significant influence - M/s Divi's Biotech Private Limited	11	-		
(ix) Rent deposit to a company in which key management personnel have significant influence - M/s Divi's Properties Private Limited	-	342	-	342

(g) Transactions with Related Parties:

	March 31, 2023		March 31, 2022	
	Amount (transactions)	Outstanding balance as at March 31, 2023	Amount (transactions)	Outstanding balance as at March 31, 2022
(i) Managerial Remuneration and short term employee benefits to Key Management Personnel				
1. Dr. Murali K. Divi	7,049	7,016	11,041	11,013
2. Mr. N.V. Ramana	3,631	3,514	5,627	5,510
3. Mr. Madhusudana Rao Divi	115	6	115	-
4. Dr. Kiran S Divi	2,479	2,340	3,807	3,676
5. Ms. Nilima Prasad Divi	2,463	2,340	3,750	3,671
	15,737	**15,216**	**24,340**	**23,870**
(ii) Remuneration including sitting fees to non-executive directors				
1. Mr. K.V.K. Seshavataram	30	-	29	-
2. Dr.G Suresh Kumar	32	-	32	-
3. Mr. R Ranga Rao	34	-	34	-
4. Dr.S. Ganapaty	28	-	29	-
5. Dr. Ramsh B V Nimmagadda	32	-	33	-
6. Prof. Sunaina Singh	25	-	27	-
7. Mr. K.V. Chowdary	30	-	33	-
	211	**-**	**217**	**-**
(iii) Dividend paid to Key Management Personnel				
1. Dr. Murali K. Divi	2,270	-	1,513	-
2. Dr. Kiran S Divi	16,200	-	10,800	-
3. Ms. Nilima Prasad Divi	16,200	-	10,800	-
4. Mr. Madhusudana Rao Divi	89	-	61	-
5. Mr. N.V. Ramana	81	-	54	-
	34,840	**-**	**23,228**	**-**

Notes to the Consolidated Financial Statements

(All amounts in Indian Rupees Lakhs, except equity shares and per share data unless otherwise stated)

	March 31, 2023		March 31, 2022	
	Amount (transactions)	Outstanding balance as at March 31, 2023	Amount (transactions)	Outstanding balance as at March 31, 2022
(iv) Dividend paid to Relatives of Key Management Personnel				
1. Mr. Babu Rajendra Prasad Divi	8	-	5	-
2. Mr. Divi Radha Krishna Rao	1	-	1	-
3. Mrs. Jhansilakshmi Pendyala	2	-	2	-
4. Mrs. Divi Swarna Latha	4,200	-	2,800	-
5. Mrs. Divi Raja Kumari	5	-	3	-
6. Mrs. Shanti Chandra Attaluri	83	-	55	-
7. Mrs. N. Nirmala Kumari	12	-	8	-
8. Mrs. N. Chandrika Lakshmi	16	-	11	-
9. Mr. N. Venkata Aniruddh	50	-	34	-
10. Mrs. N. Monisha	92	-	63	-
11. Mr. N. Prashanth	10	-	6	-
	4,479	**-**	**2,988**	**-**

Transactions relating to dividends were on the same terms and conditions that applied to other equity shareholders.

Note 40: Contingent Liabilities:

	March 31, 2023	March 31, 2022
Claims against the Group not acknowledged as debts in respect of: Disputed demands for excise duty, customs duty, sales tax, service tax and Goods and service tax for various periods	8,903	8,903

It is not practicable for the Group to estimate the timings of cash flows, if any, in respect of the above pending resolution of the respective proceedings.

Note 41: Additional Regulatory Information Required under Schedule III of Companies Act 2013:

(i) Details of Benami Property held

No proceedings have been initiated on or are pending against the group for holding benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and Rules made thereunder.

(ii) Relationship with struck off companies

The Group has no transactions with the companies struck off under Companies Act, 2013 or Companies Act, 1956.

(iii) Compliance with number of layers of companies

The Group has complied with the number of layers prescribed under the Companies Act, 2013.

(iv) Compliance with approved scheme(s) of arrangements

The Group has not entered into any scheme of arrangements which has an accounting impact on current and previous financial year.

Notes to the Consolidated Financial Statements

(All amounts in Indian Rupees Lakhs, except equity shares and per share data unless otherwise stated)

(v) Utilisation of borrowed funds and share premium

A. The Group has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:

a. directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the group (Ultimate Beneficiaries) or

b. provide any guarantee, security or the like to or on behalf of the ultimate beneficiaries

B. The Group has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the group shall:

a. directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the funding party (Ultimate Beneficiaries) or

b. provide any guarantee, security or the like on behalf of the ultimate beneficiaries

(vi) Undisclosed income

There is no income surrendered or disclosed as income during the current or previous year in the tax assessments under the Income Tax Act, 1961.

(vii) Loans or advances to specified persons

The Group has not granted any loans or advances in the nature of loans to promoters, directors, KMP's and the related parties as defined under Companies Act, 2013.

(viii) Details of crypto currency or virtual currency

The Group has not traded or invested in crypto currency or virtual currency during the current or previous year.

Note 42: Commitments

	March 31, 2023	March 31, 2022
Property, Plant and Equipment:		
(i) Estimated amount of contracts remaining to be executed on capital account and not provided for ((Net of advances of ₹1,866 (March 31,2022: ₹4,786)	6,828	14,035
Others:		
(ii) On account of bonds or legal agreements executed with Central Excise/ Customs authorities/ SEZ development commissioners	57,967	43,967

Note 43: Dues to Micro and Small Enterprises

The Company has certain dues to Micro and small enterprises registered (suppliers) under Micro, Small and Medium Enterprises Development Act, 2006 ('MSMED Act'). The disclosures pursuant to the said MSMED Act, to the extent the information is available with the company, are as follows.

	March 31, 2023	March 31, 2022
a (i) Principal amounts due to suppliers remaining unpaid as at the year end	3,749	2,478
(ii) Interest due to suppliers remaining unpaid as at the year end	-	-
b. Interest on payments beyond the appointed day paid to the suppliers during the year	-	-
c. Interest due and payable for the delay in making payment to suppliers during the year	-	-
d. Amount of interest accrued and remaining unpaid to suppliers at the end of the year	-	-
e. Amount of further interest remaining due and payable to suppliers in succeeding years	-	-

Notes to the Consolidated Financial Statements

(All amounts in Indian Rupees Lakhs, except equity shares and per share data unless otherwise stated)

Note 44: Other Disclosures:

Additional Information required by Schedule III of the Act

March 31, 2023	Net Assets (Total Assets minus Total Liabilities)		Share in Profit or (Loss)		Share in Other Comprehensive Income		Share in Total Comprehensive Income	
Name of the entity in the group	As % of Consolidated net assets	Amount	As % of Consolidated Profit or (Loss)	Amount	As % of Consolidated Other Comprehensive Income	Amount	As % of Consolidated Total Comprehensive Income	Amount
Parent:								
Divi's Laboratories Limited	99.19%	12,70,542	98.53%	1,80,815	24.87%	233	98.16%	1,81,048
Sub-total (A)		**12,70,542**		**1,80,815**		**233**		**1,81,048**
Subsidiaries (Foreign):								
Divis Laboratories (USA) Inc	0.63%	8,091	1.07%	1,970	55.50%	520	1.35%	2,490
Divi's Laboratories Europe AG	0.18%	2,280	0.40%	729	19.64%	184	0.49%	913
Sub-total of subsidiaries (B)		**10,371**		**2,699**		**704**		**3,403**
Sub-total (A+B)	**100%**	**12,80,913**	**100%**	**1,83,514**	**100%**	**937**	**100%**	**1,84,451**
Adjustments arising out of Consolidation (C)		(4,204)		(1176)		257		(919)
Total (A+B+C)		**12,76,709**		**1,82,338**		**1,194**		**1,83,532**

Note 45: Earnings Per Share (EPS)

	March 31, 2023	March 31, 2022
(a) Basic EPS		
Basic earnings per share attributable to the equity holders of the company	68.69	111.52
(b) Diluted EPS		
Diluted earnings per share attributable to the equity holders of the company	68.69	111.52

(c) Reconciliation of earnings used in calculating earnings per share

	March 31, 2023	March 31, 2022
Basic earnings per share		
Profit attributable to the equity holders of the company used in calculating basic earnings per share	1,82,338	2,96,045
Adjustments for calculation of diluted earnings per share	-	-
Diluted earnings per share		
Profit attributable to the equity holders of the company used in calculating diluted earnings per share	1,82,338	2,96,045

Notes to the Consolidated Financial Statements

(All amounts in Indian Rupees Lakhs, except equity shares and per share data unless otherwise stated)

(d) Weighted average number of shares used as the denominator

	March 31, 2023	March 31, 2022
Weighted average number of equity shares used as the denominator in calculating basic earnings per share	26,54,68,580	26,54,68,580
Adjustments for calculation of diluted earnings per share	-	-
Weighted average number of equity shares used as the denominator in calculating diluted earnings per share	26,54,68,580	26,54,68,580

The accompanying notes are an integral part of the Consolidated financial statements

For **Price Waterhouse Chartered Accountants LLP**
Firm registration number: 012754N/N500016

N.K. Varadarajan
Partner
Membership number: 90196

Place: Hyderabad
Date:20-05-2023

For and on behalf of the Board of Directors of
Divi's Laboratories Limited

Dr. Murali K Divi
Managing Director
DIN: 00005040

N.V. Ramana
Executive Director
DIN: 00005031

Dr. Kiran S Divi
Whole-time Director and
Chief Executive Officer
DIN: 00006503

Nilima Prasad Divi
Whole-time Director
(Commercial)
DIN: 06388001

L. Kishorebabu
Chief Financial Officer

M. Satish Choudhury
Company Secretary
Membership No: F12493

Notice of the 33rd Annual General Meeting

NOTICE is hereby given that the Thirty-Third Annual General Meeting (AGM) of the Members of Divi's Laboratories Limited ('the Company') will be held on Monday, August 28, 2023 at 10.00 a.m. IST through video conferencing ("VC") / other audio-visual means ("OAVM") to transact the following business:

Ordinary Business:

Item No. 1 – Adoption of financial statements

To consider and adopt the audited financial statements of the Company, both standalone and consolidated, for the financial year ended March 31, 2023, and the reports of the Board of Directors' and Auditors' thereon.

Item No. 2 – Declaration of dividend for the financial year 2022-23

To declare dividend of ₹30/- per equity share of face value ₹2/- each (i.e. @ 1500%) for the financial year ended March 31, 2023.

Item No. 3 – Appointment of Dr. Kiran S. Divi, who retires by rotation, as Director of the Company

To appoint a director in place of Dr. Kiran S. Divi (DIN: 00006503), who retires by rotation at this Annual General Meeting and being eligible, offers himself for re-appointment.

Item No. 4 – Appointment of Ms. Nilima Prasad Divi, who retires by rotation, as Director of the Company

To appoint a director in place of Ms. Nilima Prasad Divi (DIN: 06388001), who retires by rotation at this Annual General Meeting and being eligible, offers herself for re-appointment.

By Order of the Board of Directors

M. Satish Choudhury
Company Secretary
Membership No. F12493

Place: Hyderabad
Date: May 20, 2023

Registered Office:
1-72/23(P)/DIVIS/303, Divi Towers,
Cyber Hills, Gachibowli, Hyderabad – 500 032
CIN: L24110TG1990PLC011854
Website: www.divislabs.com
e-mail: mail@divislabs.com
Tel: +91 40 66966300
Fax: +91 40 66966460

NOTES:

1. In view of the COVID-19 pandemic, the Ministry of Corporate Affairs, Government of India ("MCA") issued General Circular Nos. 14/2020, 17/2020, 20/2020, 02/2021, 19/2021, 21/2021, 2/2022 and 10/2022 dated April 8, 2020, April 13, 2020, May 5, 2020, January 13, 2021, December 8, 2021, December 14, 2021, May 5, 2022 and December 28, 2022, respectively, ("MCA Circulars") allowing, inter-alia, conducting of AGMs through Video Conferencing / Other Audio-Visual Means facility on or before September 30, 2023, in accordance with the requirements provided in paragraphs 3 and 4 of the MCA General Circular No. 20/2020. The Securities and Exchange Board of India ("SEBI") also vide its Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated May 12, 2020; Circular No. SEBI/HO/CFD/ CMD2/CIR/P/2022/62 dated May 13, 2022; and Circular No. SEBI/HO/CFD/PoD-2/P/CIR/2023/4 dated January 5, 2023 ("SEBI Circulars") has provided certain relaxations from compliance with certain provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"). In compliance with these Circulars, provisions of the Act and SEBI Listing Regulations, the 33rd AGM of the Company is being conducted through VC / OAVM facility, without the physical presence of Members at a common venue.

   The deemed venue for the 33rd AGM shall be the Registered Office of the Company. As the AGM shall be conducted through VC / OAVM, the facility for appointment of Proxy by the Members is not available for this AGM and hence the Proxy Form and Attendance Slip including Route Map are not annexed to this Notice.

2. Members attending the AGM through VC / OAVM shall be reckoned for the purpose of quorum under Section 103 of the Act.

3. In terms of the provisions of Section 152 of the Act, Dr. Kiran S. Divi and Ms. Nilima Prasad Divi, Directors of the Company, retire by rotation at the AGM. The Compensation, Nomination and Remuneration Committee and the Board of Directors of the Company commend their respective re-appointments. Details of Directors seeking re-appointment at the AGM, as required under Regulation 36(3) of SEBI Listing Regulations and the Secretarial Standard -2 on General Meetings issued by the

Institute of Company Secretaries of India are provided in the "Annexure" to the Notice of AGM.

4. The Register of directors and key managerial personnel and their shareholding, maintained under Section 170 of the Act, and the Register of Contracts or Arrangements in which the directors are interested, maintained under Section 189 of the Act, will be available electronically for inspection by the members during the AGM. All documents referred to in the Notice will also be available for electronic inspection without any fee by the members from the date of circulation of this Notice up to the date of AGM, i.e. August 28, 2023. Members seeking to inspect such documents can send an email to cs@divislabs.com.

5. The Board of Directors at its meeting held on May 20, 2023, has recommended a dividend of ₹30/- per equity share of ₹2/- each (i.e. 1500%) for the financial year 2022-23, subject to the approval of the shareholders at the 33rd AGM. **The record date for determining the names of the members eligible for dividend on equity shares, if approved, is August 11, 2023.**

   If the dividend, as recommended by the Board of Directors, is approved at the AGM, payment of such dividend subject to deduction of tax at source will be made on and from Monday, September 04, 2023 as under:

   a. To all Beneficial Owners in respect of shares held in dematerialised form as per the data as may be made available by the National Securities Depository Limited ("NSDL") and the Central Depository Services (India) Limited ("CDSL"), collectively referred to as "Depositories", as on record date.

   b. To all Members in respect of shares held in physical form, after giving effect to valid transmission or transposition requests lodged with the Company as on record date.

   Payment of dividend shall be made through electronic mode to the Members who have updated their bank account details. Dividend warrants / demand drafts will be dispatched to the registered address of the Members who have not updated their bank account details. We urge members to update their bank details for receiving dividends by following the process stated in note no. 9 below.

   Pursuant to the Finance Act, 2020, dividend income is taxable in the hands of shareholders effective April 1, 2020 and the Company is required to deduct tax at source from dividend paid to the Members at the rates prescribed in the Income Tax Act, 1961 ('the IT Act'). In general, to enable compliance with TDS requirements, Members are requested to complete and/ or update their Residential status, PAN, Category as per the IT Act with their Depository Participants ('DPs') or in case shares are held in physical form, with the Company/Registrars and Transfer Agents ('RTA') by sending documents through e-mail on or before August 11, 2023 to enable the Company to determine the appropriate TDS/withholding tax rate applicable, verify the documents and provide exemption. For the detailed process, please click here: https://www.divislabs.com/investor-relations/statutory-communication/#2023-24 and refer **'Information regarding deduction of Income tax at source on dividend for FY 2022-23'.** The members may also refer to the e-mail being sent to members in this regard.

6. Unclaimed dividend for the year(s) 2016-17, 2017-18, 2018-19, 2019-20 (interim dividend), 2020-21 and 2021-22 are held in separate bank accounts and shareholders who have not received the dividend/ encashed the warrants are advised to write to the Company or to Registrar and Transfer Agent (RTA) of the Company, KFin Technologies Limited ("Kfin") with complete details.

   The Company has transferred the unpaid or unclaimed dividends declared up to financial years 2015-16, from time to time, to Investor Education and Protection Fund Authority ("IEPF"). Details of dividends so far transferred to the IEPF Authority are available on the website of IEPF Authority and the same can be accessed through the link: www.iepf.gov.in.

   The details of unpaid and unclaimed dividends lying with the Company as on March 31, 2023 are uploaded on the website of the Company and can be accessed through the link https://www.divislabs.com/investor-relations/reports-and-filings/unclaimed-dividend/.

   Pursuant to the applicable provisions of the Act read with Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 (as amended from time to time), equity shares in respect of which dividend has not been paid or claimed for seven consecutive years or more will be transferred to the demat account of IEPF Authority. The Company has already initiated necessary action for transfer of shares in respect of which dividend has not been paid or claimed by members for seven consecutive years or more. Members are advised to visit the website of the Company at https://www.divislabs.com/investor-relations/reports-and-filings/unclaimed-dividend/ to ascertain the details of shares liable for transfer/transferred in the name of IEPF Authority.

   Details of shares so far transferred to the IEPF Authority are available on the website of the Company www.divislabs.com and the details have also been uploaded on the website of the IEPF Authority and can be accessed through the link: www.iepf.gov.in.

   Members whose unclaimed dividend/ shares are transferred to the IEPF Authority can claim their unclaimed dividend and shares from the IEPF Authority by filing Form No IEPF-5 and following the Refund Procedure as detailed on the website of IEPF Authority i.e. www.iepf.gov.in.

   The concerned Members/investors are advised to visit the weblink of the IEPF Authority http://iepf.gov.in/IEPF/refund.html, or contact Company's RTA for detailed procedure to lodge the claim with IEPF Authority.

7. SEBI has mandated the submission of PAN, KYC details and nomination by holders of physical securities by October 1, 2023, and linking PAN with Aadhaar by June 30, 2023 vide its circular dated March 16, 2023. Shareholders are requested to submit their PAN, KYC and nomination details to the Company's RTA, at einward.ris@kfintech.com. Intimation letters for furnishing the required details were sent by the Company. The forms for updating the same are available at https://www.divislabs.com/investor-relations/shareholders-contact/.

   Members holding shares in electronic form are requested to submit their PAN, KYC details and nominations to their Depository Participant(s) ("DP").

   In case a holder of physical securities fails to furnish PAN and KYC details before October 1, 2023 or link their PAN with Aadhaar before June 30, 2023, in accordance with the SEBI circular dated March 16, 2023, RTA is obligated to freeze such folios. The securities in the frozen folios shall be eligible to receive payments (including dividend) and lodge grievances only after furnishing the complete documents. If the securities continue to remain frozen as on December 31, 2025, the RTA / the Company shall refer such securities to the administering authority under the Benami Transactions (Prohibitions) Act, 1988, and / or the Prevention of Money Laundering Act, 2002.

8. All documents/requests and other communications relating to shares should be addressed to the Company's RTA at the address mentioned below:

   Kfin Technologies Limited
   Unit: Divi's Laboratories Limited
   Selenium Tower B, Plot No. 31 – 32, Financial District,
   Nanakramguda, Serilingampally, Hyderabad - 500032
   Phone No: +91 40-67161526, Fax: +91 40-23001153
   Toll Free No. 1800-3454-001
   E-mail: einward.ris@kfintech.com

9. We encourage members to support our commitment to environmental protection by choosing to receive the Company's communication through email. Members holding shares in demat mode, who have not registered their email addresses are requested to register their email addresses with their respective DP, and members holding shares in physical mode are requested to update their email addresses with the Company's RTA, to receive copies of the Annual Report 2022-23 in electronic mode.

   As per the provisions of Section 72 of the Act, the facility for making nomination is available for the Members in respect of the shares held by them by submitting Form SH-13 to RTA (if holding physical shares) / to their DP (if holding demat shares).

   Members may follow the process detailed below for registration of email ID to obtain the annual report, updating bank account details for the receipt of dividend and other information as per the aforementioned SEBI Circular:

Type of holder	Process to be followed	
Physical	ISR Form(s) and the supporting documents can be provided to RTA by any one of the following modes. a) Through hard copies which are self-attested, which can be shared on the address mentioned at note no 8 above; or b) Through electronic mode with e-sign by following the link: https://ris.kfintech.com/clientservices/isc/default.aspx# Detailed FAQ can be found on the link: https://ris.kfintech.com/faq.html	
	Form for availing investor services to register PAN, email address, bank details and other KYC details or changes / update thereof for securities held in physical mode	Form ISR-1
	Update of signature of securities holder	Form ISR-2
	For nomination as provided in the Rules 19 (1) of Companies (Share capital and debenture) Rules, 2014	Form SH-13
	Declaration to opt out	Form ISR-3
	Cancellation of nomination by the holder(s) (along with ISR-3) / Change of Nominee	Form SH-14
	Form for requesting issue of Duplicate Certificate and other service requests for shares / debentures / bonds, etc., held in physical form	Form ISR-4
	The forms for updating the above details are available at https://www.divislabs.com/investor-relations/shareholders-contact/#downloads	
Demat	Please contact your Depository Participant (DP) and register your email address, bank account details in your demat account and nomination, as per the process advised by your DP, where the demat account is being held.	

10. Regulation 40 of SEBI Listing Regulations, as amended, mandates that transfer, transmission and transposition of securities of listed companies held in physical form shall be effected only in demat mode. Further, SEBI, vide its Circular dated January 25, 2022, has clarified that listed companies, with immediate effect, shall issue the securities only in demat mode while processing investor service requests pertaining to issue of duplicate securities certificate, claim from unclaimed suspense account, renewal/exchange of securities certificate, endorsement, sub-division/splitting of securities certificate, consolidation of securities certificates/ folios, transmission, transposition etc. In view of this, Members holding shares in physical form are requested to consider converting their holdings to demat mode. Any shareholder who is desirous of dematerialising their securities may write to the Company at cs@divislabs.com or to the RTA at einward.ris@kfintech.com for any clarifications, if needed.

11. Non-Resident Indian Members are requested to inform the RTA (if holding shares in physical mode) / respective DP (if holding shares in demat mode), immediately of:

    a) Change in their residential status on return to India for permanent settlement; and

    b) Particulars of their bank account maintained in India with account type, account number and name and address of the bank with pin code number, if not furnished earlier.

12. **Dispatch of Annual Report through Electronic Mode:**

    In compliance with the MCA Circulars and SEBI Circulars, Notice of the AGM along with the Annual Report 2022-23 is being sent only through electronic mode to those Members whose email addresses are registered with the Company / the Depositories / RTA. Members may note that the Notice and Annual Report 2022-23 will also be available on the Company's website www.divislabs.com, websites of the Stock Exchanges, i.e., BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com respectively. The Notice is also available on the website of Company's RTA at https://evoting.kfintech.com.

    For receiving all communication (including Annual Report) from the Company electronically, members are requested to update their email addresses with RTA (if holding shares in physical mode) / respective DP (if holding shares in demat mode) as stated above. In case of any queries/ difficulties in registering the e-mail address, Members may write to cs@divislabs.com or einward.ris@kfintech.com.

13. **Procedure for joining the AGM through VC/OAVM:**

    The Company will provide VC / OAVM facility to its Members for participating at the AGM through platform provided by Company's RTA, KFin Technologies Limited.

    a. Members will be able to attend the AGM through VC / OAVM or view the live webcast at https://emeetings.kfintech.com by using their e-voting login credentials.

       Members are requested to follow the procedure given below:

       i. Launch internet browser by typing the URL: https://emeetings.kfintech.com

       ii. Enter the login credentials (i.e., User ID and password for e-voting).

       iii. After logging in, click on "Video Conference" option

       iv. Then click on camera icon appearing against AGM event of Divi's Laboratories Limited, to attend the Meeting.

    b. Members who do not have User ID and Password for e-voting or have forgotten the User ID and Password may retrieve the same by following the procedure given in the E-voting instructions.

    c. Members will be allowed to attend the AGM through VC / OAVM on first come, first served basis.

    d. Facility to join the meeting shall be opened thirty minutes before the scheduled time of the AGM and shall be kept open throughout the proceedings of the AGM.

    e. Members who need assistance before or during the AGM, can contact Kfin on emeetings@kfintech.com or call on toll free numbers 1800-425-8998 / 1800-345-4001 . Kindly quote your name, DP ID-Client ID / Folio no. and E-voting Event Number in all your communications.

    f. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote at the AGM.

    g. Members of the Company under the category of Institutional Investors are encouraged to attend and vote at the AGM.

    h. Institutional / Corporate shareholders (i.e. other than individuals, HUF, NRI, etc.) are required to send a scanned copy (PDF / JPG Format) of their respective Board Resolution / Power of Attorney / Authorisation Letter, etc., authorising their representative to attend the AGM through VC / OAVM on their behalf. The said Resolution /Authorisation shall be sent to the Scrutiniser by e-mail on its registered e-mail address to bhaskararaoandco@gmail.com with a copy marked to evoting@kfintech.com. The scanned image of the above-mentioned documents should be in the naming format "Corporate Name EVEN".

14. Members who would like to express their views or ask questions during the AGM may register themselves by logging on to https://emeetings.kfintech.com and by clicking on the 'Speaker Registration' option available on the screen after log in. The Speaker Registration will be open during August 24, 2023 to August 25, 2023. Members shall be provided a 'queue number' before the meeting. Only those members who are registered will be allowed to express their views or ask questions. The Company reserves the right to restrict the number of questions and number of speakers, depending upon availability of time as appropriate for smooth conduct of the AGM.

15. The Members who wish to post their questions prior to the meeting can do the same by visiting https://emeetings.kfintech.com. Please login through the user id and password provided in the mail received from Kfin. On successful login, select 'Post Your Question' option which will be opened from August 24, 2023 to August 25, 2023.

16. All the shareholders attending the AGM will have option to post their comments / queries through a dedicated Chat box that will be available below the meeting screen.

17. **Procedure for 'remote e-voting' and e-voting at the AGM ('Insta Poll'):**

    I. E-voting Facility:

    Pursuant to the provisions of Section 108 and other applicable provisions, if any, of the Act read with the Companies (Management and Administration) Rules, 2014, as amended, and Regulation 44 of SEBI Listing Regulations read with circular of SEBI on e-Voting facility provided by listed entities, dated December 09, 2020, the Company is providing to its members facility to exercise their right to vote on resolutions proposed to be passed at AGM by electronic means ("e-voting"). Members may cast their votes remotely, using an electronic voting system on the dates mentioned herein below ("remote e-voting").

    Further, the facility for voting through electronic voting system will also be made available at the Meeting ("Insta Poll") and members attending the Meeting who have not cast their vote(s) by remote e-voting will be able to vote at the Meeting through Insta Poll.

    The Company has engaged the services of Kfin Technologies Limited as the agency to provide e-voting facility.

    The manner of voting, including voting remotely by (i) individual shareholders holding shares of the Company in demat mode, (ii) shareholders other than individuals holding shares of the Company in demat mode, (iii) shareholders holding shares of the Company in physical mode, and (iv) Members who have not registered their e-mail address is explained in the instructions given herein below.

    The remote e-voting facility will be available during the following voting period:

Commencement of remote e-voting:	**9:00 a.m. (IST) on August 24, 2023**
End of remote e-voting:	**5:00 p.m. (IST) on August 27, 2023**

    The remote e-voting will not be allowed beyond the aforesaid date and time and the remote e-voting module shall be forthwith disabled by KFin upon expiry of the aforesaid period.

    Voting rights of a Member /Beneficial Owner (in case of electronic shareholding) shall be in proportion to his/her share in the paid-up equity share capital of the Company as on the **cut-off date, i.e., August 22, 2023 ("Cut-off Date").**

    The Board of Directors of the Company has appointed Mr. V Bhaskara Rao, Practicing Company Secretary, (Membership No. FCS5939) as Scrutiniser to scrutinise the remote e-voting and Insta Poll process in a fair and transparent manner and he has communicated his willingness to be appointed and will be available for the said purpose.

    II. Information and instructions relating to e-voting are as under:

    a. The members who have cast their vote(s) by remote e-voting may also attend the Meeting but shall not be entitled to cast their vote(s) again at the Meeting. Once the vote on a resolution is cast by a member, whether partially or otherwise, the member shall not be allowed to change it subsequently or cast the vote again.

    b. A member can opt for only single mode of voting per EVEN, i.e., through remote e-voting or voting at the Meeting (Insta Poll). If a member casts vote(s) by both modes, then voting done through remote e-voting shall prevail and vote(s) cast at the Meeting through Insta Poll shall be treated as "INVALID".

c. A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on Cut-off Date only shall be entitled to avail the facility of remote e-voting or for participation at the AGM and voting through Insta Poll. A person who is not a member as on the cut-off date, should treat the Notice for information purpose only.

d. The Company has opted to provide the same electronic voting system at the Meeting, as used during remote e-voting, and the said facility shall be operational till all the resolutions proposed in the Notice are considered and voted upon at the Meeting and may be used for voting only by the Members holding shares as on the Cut-off Date who are attending the Meeting and who have not already cast their vote(s) through remote e-voting.

III. Remote e-voting:

a. Information and instructions for 'remote e-voting' by Individual Shareholders holding shares of the Company in demat mode

As per circular of SEBI on e-voting facility provided by Listed Entities, dated December 09, 2020, all **"individual shareholders holding shares of the Company in demat mode" can cast their vote, by way of a single login credential, through their demat accounts / websites of Depositories / Depository Participants.** The procedure to login and access remote e-voting, as devised by the Depositories / Depository Participant(s), is given below:

Procedure to login through websites of Depositories

National Securities Depository Limited ("NSDL")	Central Depository Services (India) Limited ("CDSL")
1. User already registered for IDeAS facility of NSDL may follow the following procedure: i. Type in the browser / Click on the following e-Services link: https://eservices.nsdl.com ii. Click on the button "Beneficial Owner" available for login under 'IDeAS' section. iii. A new page will open. Enter your User ID and Password for accessing IDeAS. iv. On successful authentication, you will enter your IDeAS service login. Click on "Access to e-Voting" under Value Added Services on the panel available on the left hand side. v. Click on "Active E-voting Cycles" option under E-voting. vi. You will see Company Name: "Divi's Laboratories Limited" on the next screen. Click on the e-Voting link available against Divi's Laboratories Limited or select e-Voting service provider "Kfin" and you will be re-directed to the e-Voting page of Kfin to cast your vote without any further authentication.	**1. Existing user who have opted for Easi / Easiest facility of CDSL may follow the following procedure:** i. Type in the browser / Click on any of the following links: https://web.cdslindia.com/myeasi/home/login or www.cdslindia.com and click on New System Myeasi / Login to My Easi option under Quick Login (best operational in Internet Explorer 10 or above and Mozilla Firefox) ii. Enter your User ID and Password for accessing Easi / Easiest. iii. You will see Company Name: "Divi's Laboratories Limited" on the next screen. Click on the e-Voting link available against Divi's Laboratories Limited or select e-Voting service provider "Kfin" and you will be re-directed to the e-Voting page of Kfin to cast your vote without any further authentication.
2. Users not registered for IDeAS e-Services facility of NSDL may follow the following procedure: i. To register, type in the browser / Click on the following e-Services link: https://eservices.nsdl.com ii. Select option "Register Online for IDeAS" available on the left hand side of the page iii. Proceed to complete registration using your DP ID, Client ID, Mobile Number etc. iv. After successful registration, please follow steps given under Sr. No. 1 above to cast your vote.	**2. Users not registered for Easi/Easiest facility of CDSL may follow the following procedure:** i. To register, type in the browser / Click on the following link: https://web.cdslindia.com/myeasi/Registration/EasiRegistration ii. Proceed to complete registration using your DP ID-Client ID (BO ID), etc. iii. After successful registration, please follow steps given under Sr. No. 1 above to cast your vote.
3. Users may directly access the e-Voting module of NSDL as per the following procedure: i. Type in the browser / Click on the following link: https://www.evoting.nsdl.com/ ii. Click on the button "Login" available under "Shareholder/Member" section. iii. On the login page, enter User ID (that is, 16-character demat account number held with NSDL, starting with IN), Login Type, that is, through typing Password (in case you are registered on NSDL's e-voting platform)/ through generation of OTP (in case your mobile/e-mail address is registered in your demat account) and Verification Code as shown on the screen. iv. On successful authentication, you will enter the e-voting module of NSDL. Click on "Active E-voting Cycles / VC or OAVMs" option under E-voting. You will see Company Name: "Divi's Laboratories Limited" on the next screen. Click on the e-Voting link available against Divi's Laboratories Limited or select e-Voting service provider "Kfin" and you will be re-directed to the e-Voting page of Kfin to cast your vote without any further authentication.	**3. Alternatively, by directly accessing the e-Voting website of CDSL** i. Type in the browser / Click on the following links: www.cdslindia.com / https://www.evotingindia.com ii. Provide Demat Account Number and PAN iii. System will authenticate user by sending OTP on registered Mobile & E-mail as recorded in the Demat Account. iv. On successful authentication, you will enter the e-voting module of CDSL. Click on the e-Voting link available against Divi's Laboratories Limited or select e-Voting service provider "Kfin" and you will be re-directed to the e-Voting page of Kfin to cast your vote without any further authentication.

Procedure to login through their demat accounts / Website of Depository Participant

i. Individual shareholders holding shares of the Company in Demat mode can access e-voting facility provided by the Company using login credentials of their demat accounts (online accounts) through their demat accounts / websites of Depository Participants registered with NSDL/CDSL.

ii. An option for "e-voting" will be available once they have successfully logged-in through their respective logins. Click on the option "e-voting" and they will be redirected to e-voting modules of NSDL/CDSL (as may be applicable).

iii. Click on the e-voting link available against Divi's Laboratories Limited or select e-voting service provider "Kfin" and you will be re-directed to the e-voting page of Kfin to cast your vote without any further authentication.

Members who are unable to retrieve User ID / Password are advised to use Forgot user ID and Forgot Password option available on the websites of the Depositories / Depository participants.

Contact details in case of any technical issues NSDL website	Contact details in case of any technical issues CDSL website
Please contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at toll free no.: **1800 1020 990** and **1800 22 44 30**	Please contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at **022- 23058738** or **022-23058542-43**

b. **Information and instructions for 'remote e-voting' by (i) Shareholders other than individuals holding shares of the Company in demat mode and (ii) All shareholders holding shares in physical mode:**

A. In case a Member receives an e-mail from the Company / Kfin i.e. for Members whose e-mail address is registered with the Company / Depository Participant(s):

i. Launch internet browser by typing the URL: https://evoting.kfintech.com.

ii. Enter the login credentials (User ID and password provided in the e-mail). The E-Voting Event Number+Folio No. or DP ID Client ID will be your User ID. If you are already registered with Kfin for e-voting, you can use the existing password for logging-in. If required, please visit https://evoting.kfintech.com or contact toll-free numbers 1800-309-4001 (from 9:00 a.m. to 6:00 p.m. on all working days) for assistance on your existing password.

iii. After entering these details appropriately, click on "LOGIN".

iv. 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.

v. You need to login again with the new credentials.

vi. On successful login, the system will prompt you to select the "EVEN" for Divi's Laboratories Limited and click on "Submit"

vii. 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 "AGAINST" but the total number in "FOR/AGAINST" taken together shall not exceed your total shareholding as mentioned herein above. You may also choose the option "ABSTAIN". If the Member does not indicate either "FOR" or "AGAINST" it will be treated as "ABSTAIN" and the shares held will not be counted under either head.

viii. Members holding multiple folios/demat accounts shall choose the voting process separately for each folio/ demat accounts.

ix. Voting has to be done for each item of the notice separately. In case you do not desire to cast your vote on any specific item, it will be treated as abstained.

x. You may then cast your vote by selecting an appropriate option and click on "Submit".

xi. A confirmation box will be displayed. Click "OK" to confirm else "CANCEL" to modify. Once you have voted on the resolution (s), you will not be allowed to modify your vote.

xii. Institutional / Corporate shareholders (i.e. other than individuals, HUF, NRI, etc.) are required to send a scanned copy (PDF / JPG Format) of their respective Board Resolution / Power of Attorney / Authorisation Letter, etc., authorising their representative to attend the AGM through VC / OAVM on their behalf and to vote through remote e-voting. The said Resolution / Authorisation shall be sent to the Scrutiniser by e-mail on its registered e-mail address to bhaskararaoandco@gmail.com with a copy marked to evoting@kfintech.com. The scanned image of the above-mentioned documents should be in the naming format "Corporate Name Even.".

B. In case of a Member whose e-mail address is not registered / updated with the Company / Kfin / Depository Participant(s), please follow the following steps to generate your login credentials:

i. Please follow the steps for registration of e-mail address as mentioned in note no. 9 above.

ii. After registration of email, please follow all steps above to cast your vote by electronic means.

iii. In case of any query and/or grievance, in respect of voting by electronic means, Members may refer to the Help & Frequently Asked Questions (FAQs) and E-voting user manual available at the download section of https://evoting.kfintech.com (Kfin Website) or contact at the details mentioned below for any e-voting related clarification/grievances:

Mr. P Nageswara Rao, Manager,
Kfin Technologies Limited
(Unit: Divi's Laboratories Limited)
Selenium Tower B, Plot 31-32, Gachibowli, Financial District,
Nanakramguda, Hyderabad - 500 032
Phone No. 040 – 67161526
Toll free No. 1800-309-4001
e-mail: einward.ris@kfintech.com or evoting@kfintech.com

C. e-voting at AGM (Insta Poll):

Facility to vote through Insta Poll will be made available on the Meeting page (after you log into the Meeting) and will be activated once the Insta Poll is announced at the Meeting. An icon, "Vote", will be available at the bottom left on the Meeting Screen. Once the voting at the Meeting is announced by the Chairman, Members who have not cast their vote using remote e-voting will be able to cast their vote by clicking on this icon. Insta Poll will be kept open for 15 minutes after end of the AGM.

D. e-voting Result:

The Scrutiniser will, after the conclusion of e-voting at the Meeting, scrutinise the votes cast at the Meeting (Insta Poll) and votes cast through remote e-voting, make a consolidated Scrutiniser's Report and submit the same to the Chairman. The result of e-voting will be declared within forty-eight hours of the conclusion of the Meeting and the same, along with the consolidated Scrutiniser's Report, will be placed on the website of the Company at www.divislabs.com and on the website of Kfin at: https://evoting.kfintech.com. The result will also be simultaneously be communicated to the Stock Exchanges.

Subject to receipt of requisite number of votes, the Resolutions proposed in the Notice shall be deemed to be passed on the date of the Meeting, i.e., Monday, August 28, 2023.

Annexure to Notice of AGM

Details of Directors seeking re-appointment at the 33rd AGM as required under Regulation 36(3) of SEBI Listing Regulations, and the Secretarial Standard - 2 on General Meetings

Item No. 3 – Re-appointment of Dr. Kiran S. Divi, who retires by rotation, as Director of the Company

Brief resume:

Dr. Kiran S. Divi holds a postgraduate degree in Pharmacy from Jawaharlal Nehru Technological University (JNTU), Kakinada, Andhra Pradesh. He holds a Ph.D. degree from Gandhi Institute of Technology and Management, Visakhapatnam.

Dr. Kiran S. Divi joined Divi's Laboratories Limited on August 10, 2001, as Director (Business Development). He was later designated as Whole-time Director and Chief Executive Officer of the Company. He is responsible for manufacturing operations, marketing, quality assurance, regulatory affairs and corporate HR.

Age: 46 years

Nature of his expertise in specific functional areas: Manufacturing operations, marketing, quality assurance, regulatory affairs, and corporate HR.

Disclosure of relationships inter-se between Directors, Manager and other Key Managerial Personnel: Dr. Kiran S. Divi is related to Dr. Murali K. Divi, Managing Director and Ms. Nilima Prasad Divi, Whole-time Director (Commercial) of the Company.

Directorships of Dr. Kiran S. Divi held in other companies:

- Divi's Biotech Private Limited
- Divi's Resorts and Agro Farms Private Limited
- Divi's Properties Private Limited

Name of listed entities from which Dr. Kiran S. Divi has resigned in the past three years: Nil

Memberships/Chairmanships of Committees in other companies:

As a Chairman of Committee: Nil

As a member of Committee: Member of CSR Committee of Divi's Properties Private Limited

Shareholding in the Company: Dr. Kiran S. Divi holds 5,40,00,000 equity shares of ₹2/- each of the Company.

Remuneration proposed to be paid: As per the shareholders resolution dated February 26, 2020.

Terms and conditions of appointment: In terms of Section 152(6) of the Companies Act, 2013, Dr. Kiran S. Divi who was re-appointed as a Whole-time Director and Chief Executive Officer for a period of 5 years commencing from April 01, 2020 vide shareholders resolution dated February 26, 2020, is liable to retire by rotation.

Date of first appointment on Board, last drawn remuneration and number of Board meetings attended: Dr. Kiran S. Divi joined the Board of Directors of Company on August 10, 2001. His last drawn remuneration for the financial year 2022-23 is ₹2,479 lakhs including remuneration based on net profits. He attended 4 board meetings out of 4 meetings held during the financial year 2022-23.

Item No. 4 – Re-appointment of Ms. Nilima Prasad Divi, who retires by rotation, as Director of the Company

Brief resume:

Ms. Nilima Prasad Divi has a Master's Degree in International Business from Gitam Institute of Foreign Trade, Visakhapatnam and in International Finance from Glasgow University, U.K. She has significant international exposure in UK and Scotland for over 5 years before joining the Company and acquired commercial acumen and familiarity with international business environment.

Ms. Nilima Prasad Divi joined the Company during 2012 in the management cadre of the Company. She joined the Board as a Whole-time Director on June 27, 2017. She oversees the commercial functions comprising of sourcing, risk mitigation as well as corporate finance, accounting, taxation, secretarial, investor relations, CSR projects. She is also the Chief Control Officer and works towards control mainly in matters pertaining to commercial functions as well as projects.

Age: 41 years

Nature of her expertise in specific functional areas: Sourcing, risk mitigation, corporate finance, accounting, taxation, secretarial, investor relations CSR projects.

Disclosure of relationships inter-se between Directors, Manager and other Key Managerial Personnel: Ms. Nilima Prasad Divi is related to Dr. Murali K. Divi, Managing Director and Dr. Kiran S. Divi, Whole-time Director and Chief Executive Officer of the Company.

Directorships of Ms. Nilima Prasad Divi held in other companies:

- Divi's Biotech Private Limited
- Divi's Resorts and Agro Farms Private Limited
- Divi's Properties Private Limited

Name of listed entities from which Ms. Nilima Prasad Divi has resigned in the past three years: Nil

Memberships/Chairmanships of Committees in other companies:

As a Chairman of Committee: Nil

As a member of Committee: Member of CSR Committee of Divi's Properties Private Limited

Shareholding in the Company: Ms. Nilima Prasad Divi holds 5,40,00,000 equity shares of ₹2/- each of the Company.

Remuneration proposed to be paid: As per the shareholders resolution dated March 26, 2022.

Terms and conditions of appointment: In terms of Section 152(6) of the Companies Act, 2013, Ms. Nilima Prasad Divi who was re-appointed as a Whole-time Director (Commercial) for a period of 5 years commencing from June 27, 2022 vide shareholders resolution dated March 26, 2022, is liable to retire by rotation.

Date of first appointment on Board, last drawn remuneration and number of Board meetings attended: Ms. Nilima Prasad Divi joined the Board of Directors of the Company as Whole-time Director from June 27, 2017. Her last drawn remuneration for the financial year 2022-23 is ₹2,463 lakhs including remuneration based on net profits. She attended 4 board meetings out of 4 meetings held during the financial year 2022-23.

By Order of the Board of Directors

M. Satish Choudhury
Company Secretary
Membership No. F12493

Place: Hyderabad
Date: May 20, 2023

Registered Office:
1-72/23(P)/DIVIS/303, Divi Towers,
Cyber Hills, Gachibowli, Hyderabad – 500 032
CIN: L24110TG1990PLC011854
Website: www.divislabs.com
e-mail: mail@divislabs.com
Tel: +91 40 66966300
Fax: +91 40 66966460

Divi's Laboratories Limited

Registered office:

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Cyber Hills, Gachibowli, Hyderabad - 500032
Telangana, India.

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