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Corporate Information

Registered Office

7-1-77/E/1/303, Divi Towers, Dharam Karan Road,
Ameerpet, Hyderabad - 500 016.
CIN : L24110TG1990PLC011854
Tel. : +91 40 2378 6300; Fax : +91 40 2378 6460
E-mail : mail@divislaboratories.com
URL : www.divislaboratories.com

Manufacturing Facilities

Choutuppal Unit :
Lingojigudem Village, Choutuppal Mandal,
Nalgonda Dist. (TG), Pin : 508 252.

Export Oriented Unit :
Chippada Village, Bheemunipatnam Mandal,
Visakhapatnam Dist. (AP), Pin : 531 163

Divi's Pharma SEZ :
Chippada Village, Bheemunipatnam Mandal,
Visakhapatnam Dist. (AP), Pin : 531 163

DSN SEZ Unit :
Chippada Village, Bheemunipatnam Mandal,
Visakhapatnam Dist. (AP), Pin : 531 163

Registrar & Share Transfer Agent

Karvy Computershare Private Limited
Plot No. 17-24, Vittal Rao Nagar,
Madhapur, Hyderabad - 500 081.

Bankers

State Bank of Hyderabad
State Bank of India
The Lakshmi Vilas Bank Limited
Bank of Nova Scotia

Subsidiaries

Divis Laboratories (USA) Inc, New Jersey, USA.

Divi's Laboratories Europe AG, Basel, Switzerland.

R&D Centres

B-34, Industrial Estate, Sanathnagar,
Hyderabad - 500 018.

Lingojigudem Village, Chotuppal Mandal,
Nalgonda Dist. (TG), Pin : 508 252.

Chippada Village, Bheemunipatnam Mandal,
Visakhapatnam Dist. (AP), Pin : 531 163

Auditors

Statutory Auditor

M/s. P.V.R.K. Nageswara Rao & Co.,
Chartered Accountants, 109, Metro Residency,
6-3-1247, Rajbhavan Road, Hyderabad - 500 082.

Cost Auditor

EVS & Associates, Cost Accountants
206, Raghava Ratna Towers, Chirag Ali Lane,
Hyderabad - 500 001.

CFO : L. KISHORE BABU

CS : P.V. LAKSHMI RAJANI

Performance Highlights

(₹ Lakhs)

Particulars	2009-10	2010-11	2011-12	2012-13	2013-14
Turnover and Profit					
Sales	92929	130544	183949	212395	**251397**
Sales Growth %	(22%)	41%	41%	15%	**18%**
Other Income	3069	3860	7120	5345	**8390**
Total Income	95998	134404	191069	217740	**259787**
Total Income Growth %	(21%)	40%	42%	14%	**19%**
Profit before Interest, Depreciation and Tax (PBDIT)	44255	53459	76063	87026	**110276**
Finance Charges	276	219	374	178	**206**
Depreciation	5145	5335	6203	7690	**9206**
Profit Before Tax (PBT)	38834	47905	69486	79158	**100864**
PBT Growth %	(15%)	23%	45%	14%	**27%**
Provision for Taxation	4414	4348	14889	18016	**21692**
Profit After Tax (PAT)	34420	43557	54597	61142	**79172**
PAT Growth %	(19%)	27%	25%	12%	**29%**
Dividend, Share Capital and Capital Employed					
Dividend	300%	500%	650%	750%	**1000%**
Dividend (and tax thereon) payout	9246	15411	20055	23294	**31059**
Dividend payout %	26.9%	35.4%	36.7%	38.1%	**39.2%**
Equity Share Capital	2643	2652	2655	2655	**2655**
Reserves & Surplus	151565	180153	214825	252673	**300787**
Networth	154208	182805	217480	255328	**303442**
Networth growth %	22%	19%	19%	17%	**19%**
Gross Fixed Assets	83265	88534	109163	133788	**173979**
Net Fixed Assets	58967	58973	73819	90850	**122160**
Total Assets	162683	190600	280297	319591	**378396**
Key Financial Indicators					
Earnings per share (face value of ₹ 2/-each) ₹	26.40	32.90	41.15	46.06	**59.65**
Cash Earnings Per Share (face value of ₹ 2/-each) ₹	29.94	36.93	45.83	51.86	**66.58**
Gross Turnover Per share (face value of ₹ 2/-each) ₹	72.65	101.51	144.01	164.04	**195.72**
Book Value per share (face value of ₹ 2/-each) ₹	116.70	138.06	163.92	192.36	**228.61**
Total Debt to Equity	0.02	0.01	0.02	0.01	**0.01**
EBDIT / Gross Turnover %	46%	40%	40%	40%	**42%**
Net Profit Margin on sales %	37%	33%	30%	29%	**31%**
Return On Networth %	22%	24%	25%	24%	**26%**

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Management Discussion And Analysis

Economy

In the emerging markets and developing economies, growth is due to stronger external demand from advanced economies which are seeing green shoots after several years of economic slowdown. The economic outlook in Emerging Asia remains robust over the medium term, anchored by the steady rise in domestic demand. India's economic growth, however, has been weighed down by various factors, such as high inflation, a weak currency, a drop in foreign investment and slowdown in manufacturing sector.

Industry Outlook

Global spending on medicines is expected to meet the $1 trillion threshold in 2014 and reach $1.17 trillion by 2017, according to a report by Pharmaceutical market research firm, IMS Healthcare Informatics. Spending during this period will likely be marked by greater cost pressures and a higher bar for product innovation that reflects an increased demand for value from both regulators and payers. The next 5 years also sees a continuing growth split between developed and pharmerging markets.

IMS forecasts that the developed markets of North America, Europe and Japan will see modest single-digit spending during the next five years due to a combination of economic and healthcare austerity measures and savings realized from the growing availability of lower cost generic versions of brands following patent expiry, and also on account of greatest impact from implementation of the Affordable Care Act in the USA.

The high-potential "pharmerging" markets offer tremendous opportunities for pharmaceutical manufacturers that face mounting pressures in the mature markets. As more pharma companies target these new growth markets, they also face the challenge of an increasingly complex, demanding and fast-changing logistics and regulatory environment. Traditional approaches to manufacturing and distribution are being challenged by shorter market cycles, outsourced production, and increasing government regulation.

Globalisation continues to have a profound impact on the pharma supply chain. As a growing amount of R&D and manufacturing migrates to Asia, the industry has to manage resources that are much more widely dispersed and to cope with greater potential for pandemics. Innovation, the ultimate engine of growth for the global provision of medicines, will see revival of activity through 2017, with increases in the number of global innovative launches since 2010.

Your company continues to support its customers in the generic as well as the custom synthesis segments in the changing dynamics of pharmaceutical business.

Company infrastructure

Divi operates from its Headquarters and Registered Office at Hyderabad. The company has four multi-purpose manufacturing facilities with all support infrastructure like Utilities, environment management and safety systems.

Unit I: The 1st Facility at village Lingojigudem, Choutuppal Mandal, Nalgonda district, about 60 KM from Hyderabad developed on a 500 acre site and comprises of 13 production buildings, a Pilot Plant and a kilo lab. The plant consists of around **356** reactors totaling a capacity of **1697** m^3 supported with all utility and service units. The production buildings have clearly defined finished product areas for APIs with clean air, purified water systems that operate under full cGMP as per US-FDA guidelines.

Export Oriented Unit : The 2nd Facility is at village Chippada, Bheemunipatnam Mandal, Visakhapatnam Dist. about 30 KM from the port city of Visakhapatnam on the east coast. The Unit has 8 production blocks with around **186** reactors totalling a capacity of **1539** m^3 with all utility and service units.

SEZ Unit : The 3rd facility is at village Chippada, Bheemunipatnam Mandal, Visakhapatnam Dist. An area of 260 acres was approved and notified as Sector Specific Special Economic Zone in Pharma Sector with Divi's Laboratories Limited as a Developer and Divi's (SEZ) as a production unit. The Unit has 9 production blocks with around **324** reactors totaling a capacity of **2567** m^3 with all required utility and infrastructure.

DSN SEZ Unit : The 4th facility is at Pharma SEZ at village Chippada, Bheemunipatnam Mandal, Visakhapatnam Dist. The Unit has 5 production blocks with around **234** reactors totaling a capacity of **2245** m^3 with all required utility and infrastructure.

Research Centres : The company has 4 Research Centers with the well defined functional focus on custom synthesis, contract research for MNC companies as also future generics involving processes like route design, route selection, establishing gram scale process and structural confirmation, process optimization, impurity profile, pilot studies, pre-validation batches, validation of process and transfer of technology to Plant, review efficiency of processes and ongoing process.

The company has constantly been augmenting capacities to cater to increasing business needs.

Internal Control systems

The Company maintains a system of well established policies and procedures for internal control of operations and activities, and these are continually reviewed for effectiveness. The internal control system is supported by qualified personnel and a continuous program 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.

We believe that the company's overall system of internal control is adequate given the size and nature of operations and effective implementation of internal control self assessment procedures and ensure compliance to policies, plans and statutory requirements. Effective internal control implies that the organization generates reliable financial reporting and substantially complies with the laws and regulations that apply to it.

Divi encourages and recognizes improvements in work practices. The internal control system of the company is also reviewed by the Audit Committee periodically. The Management duly considers and takes appropriate action on the recommendations made by the statutory auditors, internal auditors and the independent Audit Committee. They assess whether the controls are properly designed, implemented and working effectively, and make recommendations on how to improve internal control.

Risks and Concerns

Divi 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. Through this approach, the company strives to identify opportunities that enhance organisational values while managing or mitigating risks that can adversely impact its future performance.

Divi is engaged in manufacture of generic APIs, custom synthesis of active ingredients for innovator companies, other specialty chemicals and nutraceuticals. The company constantly reviews its policies and procedures to adhere to conformity to the various regulatory approvals for its manufacturing facilities and its commitment to IPR. The company is very selective in its product portfolio with a focus on export markets within the domain of its capabilities and does not transgress in unrelated expansions, diversification or acquisitions.

The company continues its initiatives aimed at assessment and avoidance 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 current and fixed assets as well as products are adequately insured against various risks. Over 81% of sales constitute supplies to regulated markets in Europe and USA and the company devotes significant importance to the regulatory compliances.

The company's risk management and control procedures involve prioritization and continuing assessment of these risks and devise appropriate controls, evaluating and reviewing the control mechanism and redesigning it from time to time in the light of its effectiveness.

Regulatory Filings/Approvals

Divi has triple Certifications ISO-9001 (Quality Systems), ISO-14001 (Environment Management Systems) and OHSAS-18001 (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 22000:2010 for vitamins and carotenoids. All the manufacturing sites have been inspected by US-FDA.

Divi has a total of 38 drug master files (DMFs) with US-FDA and 214 EDMFs and 18 CoS (Certificates of Suitability) with various European Union authorities. Divi has filed a total of 8 patents for generic products.

Business distribution

Our product portfolio comprises of two broad segments i) Generic APIs (active pharma ingredients) and Nutraceuticals and ii) Custom Synthesis of APIs, intermediates 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. Business has been growing decently across both these segments and is broadly equal distributed. Among Divi's well distributed products range, some of the components of the business is given below :

Particulars	2013-14	2012-13
Exports	**91%**	90%
Imports (% of material consumption)	**47%**	41%
Largest Product	**19%**	17%
Top 5 Products	**46%**	48%
Top 5 Customers	**46%**	45%
Exports in $ terms	**78%**	79%
Exports in Pounds	**15%**	16%
Exports in Euro	**5%**	5%

Performance and Operations Review

Analysis of profitability for the current and the last financial years is given hereunder :

(Rs. in lakhs)

Particulars	2013-14	2012-13	Growth %
Net Sales & Service Income	**250718**	212395	18%
Other Operating Income	**679**	494	
Other Income	**8390**	4851	
Total Income	**259787**	217740	19%
Expenditure	**149511**	130714	
PBDIT	**110276**	87026	27%
Finance Cost	**206**	178	
Depreciation	**9206**	7690	
Profit before tax (PBT)	**100864**	79158	27%
Provision for tax : Current Tax	**20547**	15300	
MAT Credit Utilisation/ (Entitlement)	**(2367)**	790	
Deferred Tax Liability	**3512**	1926	
Profit after tax (PAT)	**79172**	61142	29%
Earnings per Share (EPS) a) Basic & Diluted	**59.65**	46.06	

Your company has achieved a sales growth of 18% for the year, on the back of a growth of 15% achieved during the last year. PBDIT increased by 27% at Rs. 110276 lakhs.

During the year, there has been a wide fluctuation in the currencies. Gain for the current and previous year is given below. :

(Rs. in lakhs)

Particulars	2013-14	2012-13
Forex gain/(loss)	**5041.79**	1516.40

Provision has been made for Rs. 18180 lakhs towards Income-tax for the current year (net of MAT credit entitlement of Rs.2368 lakhs). Provision for last year amounted to Rs.16090 lakhs (including MAT credit utilization of Rs.790 lakhs). An amount of Rs. 3512 lakhs has been provided towards Deferred Tax Liability during the year as against Rs. 1926 lakhs during the previous year.

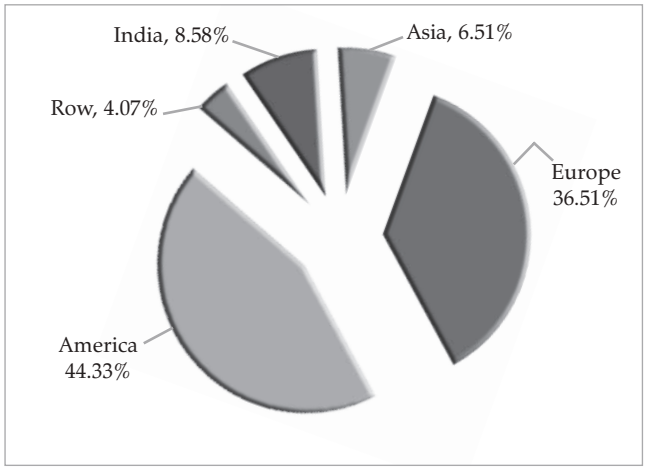
PAT for the year amounted to Rs.79172 lakhs, reflecting a growth of 29%. Earnings Per Share of Rs.2/- each works out to Rs. 59.65 for the year as against Rs. 46.06 last year.

Your company continues to work towards optimizing the capacities created at its multi-purpose manufacturing facilities and also adding additional capacities aimed at the business opportunities available to it in its domain of capability in line with its strategy to work with innovators playing a complementary role and non-compete model with its generic customers.

Exports

Exports constituted 91% of gross sales during the year. Exports to advanced markets comprising Europe and America accounted for 81% of business.

Region	2013-14		2012-13	
	Sales Rs. lakhs	% Share	Sales Rs. lakhs	% Share
Asia	**16276**	**6.51%**	12219	5.81%
Europe	**91240**	**36.51%**	72210	34.35%
America	**110792**	**44.33%**	89255	42.46%
Rest of the World	**10177**	**4.07%**	16104	7.66%
India	**21435**	**8.58%**	20431	9.72%
Total	**249920**	**100.00%**	210219	100.00%



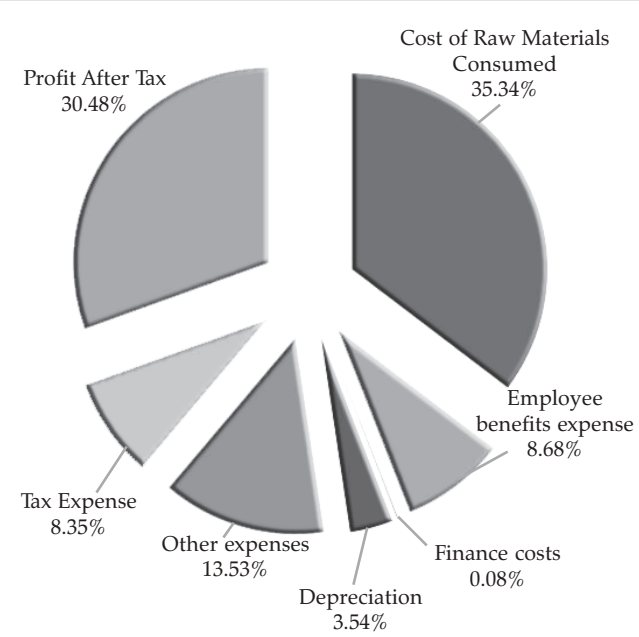
Other Income

While Other Operating Income comprises duty drawback credits and sale of waste materials from manufacturing process, Other Income (non-operating) comprises interest income, dividend income on investments, gain on foreign currency transactions and other miscellaneous income.

Other Operating Income for the year amounted to Rs.679 lakhs as against Rs. 494 lakhs in the previous year.

On Other income, we earned a dividend income of Rs.2574 lakhs on our investments in liquid funds Income as against a dividend income of Rs. 2981 lakhs during last year. We had a gain of Rs.5042 lakhs for the year on foreign currency transactions as against a gain of Rs. 1516 lakhs last year.

Distribution of Total Income :



Material Costs

(Rs. in lakhs)

Particulars	2013-14	2012-13
Material consumption	**103189**	89799
Changes in inventories of finished goods, stock-in-trade and work-in-progress	**(11375)**	(10033)
Net Material Consumption	**91814**	79766
Total Income	**259787**	217740
% of consumption to total income	**35.34%**	36.63%

Material consumption varies from product to product. The company manufactures several products of 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 35% of total income during the year as compared to 37% during the last year, variation being the result of product mix as each product will have a different material consumption.

Employee Benefits Expense

Employee benefits expense represent salaries and benefits to employees and directors; as also managerial commission to Directors as approved by members.

Costs for the year have amounted to Rs.22543 lakhs as against Rs. 19120 lakhs during the last year. Of this, remuneration to Directors including commission accounted to Rs. 6332 lakhs during the year as against Rs. 5062 lakhs last year.

Increase in salaries is on account of the induction of additional staff at the manufacturing facilities as well as pay revision of employees.

Employee cost for the year works out to about 9% of sales for the year (Same as last year).

Research and Development Expenses

R&D Expenses during the year amounted to Rs.2539 lakhs as against Rs. 2400 lakhs during the last year. Major components are Salaries and consumable stores.

Other Expenses

Other Expenses comprise Power and Fuel, Carriage Outward, Stores & Spares, Repairs and packing materials, besides miscellaneous expenses.

During the year, we have written off bad debts aggregating Rs.167 lakhs, also written off claims aggregating Rs.153 lakhs and provided for book deficit of Rs.245 lakhs on assets discarded.

Other Expenses account for 13% of sales of which Manufacturing expenses accounted for 9.1% of sales.

Earnings before Depreciation, Interest and Taxes (EBITA)

EBITA for the year grew by about 27% to Rs. 110276 lakhs as against Rs. 87026 lakhs during the previous year. EBITA to Net Sales works out to 44% for the year as against 41% last year.

Finance Cost

Finance Cost for the year amounted to Rs.206 lakhs as against Rs. 178 lakhs during the previous year. As the company has generated significant cash surpluses, utilization of working capital has been minimal.

Depreciation

Deprecation charge for the current year came to Rs.9206 lakhs as compared to Rs. 7690 lakhs during the last year.

During the year, addition to Fixed Assets accounted to Rs.40881 lakhs as against Rs. 24790 lakhs in the previous year.

Taxation

For the current year, our tax liability came to Rs.18180 lakhs net of MAT credit entitlement of Rs.2368 lakhs. For the last year, the Tax provision amounted to Rs. 16090 lakhs including MAT Credit utilisation of Rs. 790 lakhs.

Deferred Tax

Divi has also provided for Deferred Tax Liability of Rs. 3512 lakhs for the year as against Rs. 1926 lakhs last year.

Profit after Tax

Profit after Tax for the year accounted for Rs.79172 lakhs as against Rs. 61142 lakhs during the previous year resulting in a growth of 30% over last year.

Earnings Per Share

Earnings Per Share for the year works out to Rs.59.65 per share of Rs.2 each as against Rs. 46.06 last year on Basic as well as Diluted basis.

Dividend

Your Board has recommended a dividend of Rs.20 per share of face value Rs.2 each i.e., 1000% for the year 2013-14. Dividend for the previous year was Rs.15 per share.

Outgo this year accounts for Rs.26547 lakhs as against Rs. 19910 lakhs last year. An amount of Rs. 4512 lakhs (Rs. 3384 lakhs last year) has been provided during the year towards Corporate Dividend Tax. Dividend pay-out including dividend tax for the year works out to 39.23% of profits earned as against 38.1% last year.

Transfer to General Reserves

We propose to transfer an amount of Rs.15000 lakhs to General Reserve for facilitating the dividend for the year.

Reserves and Surplus

Total Reserves of your company, including the surplus in the Statement of Profit & Loss after provision for dividend, as at the end of the year stand at Rs. 300787 lakhs.

Long Term Borrowings

Long-Term borrowings comprise sales tax deferment aggregating to Rs.155 lakhs, repayable over the next 4 years.

Deferred Tax Liabilities

Deferred tax Liabilities at the end of the year amounted to Rs.12167 lakhs as against Rs. 8655 lakhs last year. Addition during the year was Rs.3512 lakhs. Deferred Taxes are mainly the result of timing difference between the depreciation allowed under the Income-tax Act vis-à-vis the depreciation under the Companies Act.

Long-term Provisions

We have a long-term provision for leave encashment aggregating to Rs.318 lakhs as against Rs. 239 lakhs.

Short Term Borrowings

Working capital loans as at the end of the year amounted to Rs.1632 lakhs as against Rs. 3051 lakhs. Of this, an amount of Rs.1.37 lakhs has been utilized as loan against a fixed deposit of Rs.2500 lakhs pledged with the banks. This way, we will be paying interest on the borrowing only when there is shortfall of liquid funds or mismatch between inflows-outflows and we earn some interest on our deposits.

Utilisation at the year-end reflects outstanding cheques or overnight balances which will get cleared with fresh inflows of sale proceeds.

Trade Payables

Trade Payables being Sundry Creditors for Raw Materials/Services amounted to Rs.14869 lakhs as at the end of the year as against Rs. 15831 lakhs as at the end of last year.

Other Current Liabilities

(Rs. in lakhs)

Particulars	31-03-2014	31-03-2013
Secured Long Term Loans payable within one year and interest accrued (sales tax deferment)	**55**	46
Advance from Customers	**1285**	1773
Unpaid dividends	**42**	43
Creditors for Capital Works	**1578**	2174
Statutory Liabilities	**387**	355
Employee benefits payable	**7217**	5797
Others	**4091**	2747
Total	**14655**	12935

Short Term Provisions

(Rs. in lakhs)

Particulars	31-03-2014	31-03-2013
Provision for employee benefits (leave encashment/ gratuity)	**99**	48
Proposed Dividend	**26547**	19910
Provision for tax on Proposed Dividend	**4512**	3384
Total	**31158**	23342

Capital Expenditure

During the year, the company has capitalized assets of an aggregate amount of Rs. 40881 lakhs. An amount of

Rs.14448 lakhs is being carried forward as Capital WIP and these assets would be capitalized and would commence operations during the next financial year.

Capex programmes undertaken during the period include completion of the production blocks at DSN Unit, Installation of Multi purpose Vapour Permeation System for solvent recovery, and Multiple Effect Evaporators and enhancing capacity and upgrading utilities in order to conform to best environment practices and zero discharge of effluents.

As the company has significant accumulation of cash reserves, all capex has been funded with internal accruals.

Deductions during the year amounted to Rs.690 lakhs representing assets discarded.

Non-current Investment

This comprises of investment in subsidiaries :

(Rs. in lakhs)

Particulars	31-03-2014	31-03-2013
Divi's Laboratories USA Inc.	**246**	246
Divis Laboratories Europe AG	**36**	36
Total	**282**	282

Long-Term Loans and Advances

(Rs. in lakhs)

Particulars	31-03-2014	31-03-2013
Capital Advances	**1149**	1985
Security Deposits	**1346**	1230
Advances to related parties (subsidiaries)	**4796**	4486
Pre-paid Expenses	**9**	7
Pre-paid Taxes	**3832**	2331
Other Loans and Advances	**770**	688
Total	**11902**	10727

Security Deposits comprise mainly electricity deposits. Of the Advances outstanding from last year, we have received an amount of Rs. 374 lakhs from the subsidiaries during the year towards repayment of advances to subsidiaries. Difference is on account of currency fluctuation.

Other Loans and Advances comprise VAT claims.

Investments in Subsidiaries and Advances

The company has invested the following amounts in the subsidiaries M/s. Divis Laboratories (USA) Inc., in the United States of America and M/s. Divi's Laboratories Europe AG in Switzerland.

(Rs. in lakhs)

Particulars	DIVI USA		DIVI Swiss	
	As on 31.03.2014	As on 31.03.2013	As on 31.03.2014	As on 31.03.2013
Subscription to Equity	**246** **($550,000)**	246 ($550,000)	**36** **(CHF 100,000)**	36 (CHF 100,000)
Advances to Subsidiaries	**1805**	1905	**2991**	2581
Total	**2051**	2151	**3027**	2617

Increase in advances over last year for the Europe Subsidiary is only due to currency translation. During the year, we have received back a small part of the advance from the subsidiaries.

Current Investments

The company has been deploying its surplus cash accruals into medium-short term funds of SBI Mutual Fund

(Rs. in lakhs)

Particulars	31-03-2014	31-03-2013
SBI Mutual Fund - short term direct fund	**45187**	38779
SBI Mutual Fund - short term regular Fund	**5001**	2002
Total	**50188**	40781

We have earned a dividend income (net of tax) of Rs.2574 lakhs during the year on these Investments as against an income of Rs. 2981 lakhs during the last year.

Inventories

(Rs. in lakhs)

Particulars	As on 31-03-2014	As on 31-03-2013
Raw Materials	**28265**	29415
Work-in-Progress	**50797**	40521
Finished Goods	**3932**	2883
Stock-in-Trade	**1**	9
Stores and Spares	**6332**	7767
Total	**89327**	80595

Increase in Work-in-Progress is due to increased level of operations besides commencement of operations at the recently commissioned facilities. The company undertakes campaign production of high-volume products like Naproxen and Dextromethorphan by running the plant at full stream and stock these products for sale - thus freeing the multi-purpose facilities for producing other products. As the company has a very large market share for these products, we do not foresee any problem with selling these products.

Slow moving and non-moving items have been fully provided for.

Trade Receivables

(Rs. in lakhs)

Particulars	As on 31-03-2014	As on 31-03-2013
Outstanding for a period exceeding six months from the date they became due for payment	**1244**	1202
Others	**77920**	54688
Total	**79164**	55890
Average Receivables (days)	**115**	96

Trade Receivables at the year end came to Rs.79164 lakhs as against Rs. 55890 lakhs as at 31-03-2013. Increase in debtors is due to higher sales towards the fag end of the year. Some of these receivables have already been received.

Trade Receivables outstanding for a period exceeding six months from the date they became due for payment amounted to Rs.1244 lakhs (Rs.1202 lakhs last year) constituting about 1.57% of total outstandings.

Bad debts for the year amounted to Rs.167 lakhs as against bad debts of Rs.10 lakhs last year.

Short-Term Loans and Advances

(Rs. in lakhs)

Particulars	As on 31-03-2014	As on 31-03-2013
Central Excise duty deposits	**1421**	1142
Prepaid Expenses	**318**	261
Advances to suppliers	**2006**	2538
Advances to employees	**25**	8
Other advances/receivables	**1305**	2029
MAT Credit Entitlements	**1663**	11
Total	**6738**	5989

Other Current Assets

(Rs. in lakhs)

Particulars	As on 31-03-2014	As on 31-03-2013
Interest accrued on deposits	**148**	144
Export Incentives	**200**	294
Insurance claims receivable	**134**	170
Other receivables	**129**	60
Total	**611**	668

Cautionary Statement

This report may also 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 judgments 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, patent laws and domestic and international fiscal policies.

Corporate Governance Report

Report in line with the requirements of the stock exchanges under clause 49 of the Listing Agreement, on the practices followed by the company and other voluntary compliances is furnished below :

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 and suppliers.

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 conducting 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.

2. BOARD OF DIRECTORS

2.1 Composition

The Company has an Executive Chairman. The Board comprises of eight directors, four of whom are Executive and remaining are non-executive independent directors, which is in conformity with clause 49 of the listing agreement. The category of directors as on 31st March 2014 is as follows :

Name of the Director	Status / Designation	Category
Dr. Murali K. Divi	Chairman and Managing Director	Promoter and Executive Director
Sri. N. V. Ramana	Executive Director	Executive Director
Sri. Madhusudana Rao Divi	Director - Projects	Executive Director
Sri. Kiran S. Divi	Director & President - Operations	Executive Director
Dr. K. Satyanarayana*	Director	Non-executive Independent Director
Sri. S. Vasudev*	Director	Non-executive Independent Director
Dr. G. Suresh Kumar	Director	Non-executive Independent Director
Sri. R. Ranga Rao	Director	Non-executive Independent Director

*Resigned w.e.f. 23.06.2014

Note : Sri. K.V.K. Seshavataram and Smt. S. Sridevi have been appointed as additional directors w.e.f. 23.06.2014.

2.2 Board Procedures

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 Company Secretary, in consultation with the Chairman and Managing Director, prepares the agenda for the meeting and circulates the same along with relevant enclosures to the Board members sufficiently in advance of the meeting. Information and data that are more important to the Board's understanding of the business in general and related matters are tabled for discussion. The meetings of the Board of Directors are generally held 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 required to be placed before Board, inter alia, include :

- ⇑ Annual operating plans and budgets including capital budgets and any updates.
- ⇑ Quarterly results for the company and its operating divisions or business segments.
- ⇑ Minutes of meetings of audit committee and other committees of the board.
- ⇑ The information on recruitment and remuneration of senior officers just below the board level, including appointment or removal of Chief Financial Officer and the Company Secretary.
- ⇑ Show cause, demand, prosecution notices and penalty notices which are materially important.
- ⇑ Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems.
- ⇑ Any material default in financial obligations to and by the company, or substantial nonpayment for goods sold by the company.
- ⇑ Any issue, which involves possible public or product liability claims of substantial nature, including any judgement or order which, may have passed strictures on the conduct of the company or taken an adverse view regarding another enterprise that can have negative implications on the company.
- ⇑ Details of any joint venture or collaboration agreements.
- ⇑ Transactions that involve substantial payment towards goodwill, brand equity, or intellectual property.
- ⇑ Significant labour problems and their proposed solutions. Any significant development in Human Resources/ Industrial Relations front like signing of wage agreement, implementation of Voluntary Retirement Scheme etc.
- ⇑ Sale of material nature, of investments, subsidiaries, assets, which is not in normal course of business.
- ⇑ Quarterly details of foreign exchange exposures and the steps taken by management to limit the risks of adverse exchange rate movement, if material.
- ⇑ Non-compliance of any regulatory, statutory or listing requirements and shareholders service such as non-payment of dividend, delay in share transfer etc.

2.3 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. During the financial year the Board has met four times, i.e. on 20th May 2013, 3rd August 2013, 8th November 2013 and 3rd February 2014. Director's attendance at the Board and General Meetings held during the financial year 2013-14 and number of other Directorships and Chairmanship/ Membership of Committees of each Director in various companies is as follows :

Name of the Director	Attendance Particulars			No. of Directorships and Committee member / chairmanship in other Companies		
	No. of Board Meetings		Last AGM	Directorships	Committee Memberships	Committee Chairmanships
	Held	Attended				
Dr. Murali K. Divi	4	4	Yes	7	1	-
Sri. N. V. Ramana	4	4	Yes	2	-	-
Sri. Madhusudana Rao Divi	4	4	Yes	-	-	-
Sri. Kiran S. Divi	4	3	Yes	3	-	-
Dr. K. Satyanarayana**	4	3	Yes	-	-	-
Sri. S. Vasudev**	4	3	No	-	-	-
Prof. C. Ayyanna*	4	1	No	-	-	-
Dr. G. Suresh Kumar	4	4	Yes	-	-	-
Sri. R. Ranga Rao	4	3	No	-	-	-

*Resigned w.e.f. 20.05.2013

**Resigned w.e.f. 23.06.2014

No Director holds membership of more than 10 committees of Boards nor is a Chairman of more than 5 Committees of Boards of all the companies in which he is a Director.

Brief profile of the directors seeking appointment / re-appointment at this Annual General Meeting :

Dr. Murali K. Divi (DIN: 00005040)

Dr. Divi holds a post graduate degree in Pharmaceutical Sciences from College of Pharmacy, Manipal, Karnataka and a doctorate degree in Pharmaceutical Sciences from Kakatiya University, Warangal, Telangana. He is a member of American Institute of Chemical Engineers, American Chemical Society, American Cosmetic Society and American Pharmaceutical Association. He has an extensive experience of over 30 years in the Active pharmaceutical ingredients industry.

Dr. Divi joined the Board in 1990. He has considerable expertise in implementing and managing bulk fine chemical manufacturing facilities conforming to GMP/ US-FDA standards. He has led R&D teams and developed efficient processes for speciality chemicals, pharmaceutical intermediates, herbicides and rodenticides and custom synthesis.

Directorships held in other companies

Divi's Biotech Private Limited

Divi's Pharmaceuticals Private Limited

Divi's Resorts Private Limited

Pridhvi Asset Reconstruction and Securitisation Co. Limited

Divi's Properties Private Limited

Divis Laboratories (USA) Inc.,

Touchstone Equities Limited

Memberships/ Chairmanships of committees in other companies

Member of Executive Committee of Pridhvi Asset Reconstruction and Securitisation Co. Limited.

Shareholding in the company

He is Promoter of the Company and holds 77,83,500 equity shares of the Company as on March 31, 2014.

Mr. N. V. Ramana (DIN: 00005031)

Mr. Ramana is a graduate in chemistry from Osmania University, Hyderabad and is a Member of American Chemical Society.

He joined the company in 1994 and since 26.12.1994, he is a Whole-time Director designated as Executive Director on the Board of the Company.

Mr. Ramana has over 25 years of experience in Pharmaceutical Industry and handled all the varied functions in the active pharmaceutical ingredients industry including Custom Manufacturing and Contract research.

Directorships held in other companies

Divi's Pharmaceuticals Private Limited

Divis Laboratories (USA) Inc.,

Memberships/ Chairmanships of committees in other companies

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

Shareholding in the company

He holds 6,56,470 equity shares of the Company as on March 31, 2014.

Mr. Kiran S. Divi (DIN: 00006503)

Mr. Kiran S. Divi holds a post graduate degree in Pharmacy from Jawaharlal Nehru Technological University (JNTU), Kakinada, Andhra Pradesh.

He joined the company in 2001 and since 27.08.2001 he is a Whole-time Director designated as Director & President - Operations on the Board of the Company.

He was involved in understanding the markets in USA in respect of active Pharma ingredients and intermediates for about two years before joining the Board. He is responsible for marketing the company's generic products in the USA, which is considered an important value market for the Pharma ingredients.

Directorships held in other companies

Divi's Biotech Private Limited

Divi's Resorts Private Limited

Divi's Properties Private Limited

Memberships/ Chairmanships of Committees in other companies

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

Shareholding in the company

He holds 2,30,00,000 equity shares of the Company as on March 31, 2014.

Dr. G. Suresh Kumar (DIN: 00183128)

Dr. G Suresh Kumar holds an MBBS degree from Gandhi Medical College, Hyderabad and M.S. (General Surgery) from Gulbarga University, Karnataka. He worked with the Ministry of Health, Government of Algeria between 1978 and 1983. He is a practicing Consultant Surgeon at several multispecialty hospitals at Hyderabad.

Dr. Suresh Kumar joined the company as Director on 10.03.2001.

Directorships held in other companies

He is not a director of any other company

Memberships/ Chairmanships of Committees in other companies

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

Shareholding in the company

He is not holding any equity shares of the Company as on March 31, 2014.

Mr. R. Ranga Rao (DIN: 06409742)

Mr. R. Ranga Rao holds a Post-graduate degree in Pharmacy from College of Pharmacy, Manipal, Karnataka.

He started his career as an Analyst in a Pharma unit at Vijayawada. In 1978, he joined the State Government service in the Drugs Control Department. He worked at different levels and retired as Director, Drugs Control Administration, Govt. of Andhra Pradesh in the year 2009.

He also served as a member of different committees formed by Director General, Drugs Controller, Govt. of India to assist the department for the betterment of availability of safe and quality drugs to the public. He also served as a President, Indian Pharmaceutical Association, AP State Branch for two years.

Mr. R. Ranga Rao joined the company as Director on 03.11.2012.

Directorships held in other companies

He is not a director of any other company

Memberships/ Chairmanships of Committees in other companies

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

Shareholding in the company

He is not holding any equity shares of the Company as on March 31, 2014.

Mr. K.V.K. Seshavataram (DIN: 00060874)

Mr. K.V.K. Seshavataram is a qualified Chartered Accountant, Cost Accountant and Company Secretary and is a member of the Institute of Chartered Accountants of India, the Institute of Cost Accountants of India and the Institute of Company Secretaries of India. He retired as Chairman and Managing Director of M/s. Hindustan Zinc Ltd.,

Mr. Seshavataram has a varied experience of over 35 years in financial and general management, both in the private and public sector.

Mr. Seshavataram was inducted into the company's Board as an Additional Director on 23.06.2014.

Directorships held in other companies

He is not a director of any other company

Memberships/ Chairmanships of Committees in other companies

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

Shareholding in the company

He is not holding any equity shares of the Company as on March 31, 2014.

Mrs. S. Sridevi (DIN: 06879138)

Mrs. S. Sridevi holds a Masters degree in Nutrition from Sri Venkateswara University, Tirpuati, Andhra Pradesh. She has worked as Senior Manager with Andhra Bank and has diverse knowledge of the corporate finance and banking.

Mrs. S. Sridevi was inducted into the company's Board as an Additional Director on 23.06.2014.

Directorships held in other companies

She is not a director of any other company

Memberships/ Chairmanships of Committees in other companies

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

Shareholding in the company

She holds 10,000 equity shares of the Company as on March 31, 2014.

3. COMMITTEES OF BOARD

a) 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. The Committee comprising of three Independent Directors, met four times during the year, i.e. on 20th May 2013, 3rd August 2013, 8th November 2013 and 3rd February 2014.

Name	Designation	No. of Meetings	
		Held	Attended
Sri. S. Vasudev*	Chairman	4	3
Dr. G. Suresh Kumar	Member	4	4
Sri. R. Ranga Rao	Member	4	3

*Mr. S. Vasudev Chairman of the Committee resigned as Director from 23.06.2014 and Mr. K.V.K. Seshavataram, who was appointed as additional director by the Board w.e.f 23.06.2014, has been appointed as Chairman of the Audit Committee in place of Mr. S. Vasudev.

The Company Secretary acts as Secretary to the Committee. The meetings of the Audit Committee were also attended by the Executive Director, the Chief Financial Officer, internal auditor and representatives of Statutory Auditors of the Company.

The constitution, terms of reference, role and scope are in line with those prescribed by Clause 49 of the Listing Agreement with the stock exchanges read with Section 177 of the Companies Act, 2013.

Role of Audit Committee includes the following :

1. 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;
2. Recommendation for appointment, remuneration and terms of appointment of auditors of the company;

3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
4. Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
    a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of section 134 of the Companies Act, 2013
    b. Changes, if any, in accounting policies and practices and reasons for the same
    c. Major accounting entries involving estimates based on the exercise of judgment by management
    d. Significant adjustments made in the financial statements arising out of audit findings
    e. Compliance with listing and other legal requirements relating to financial statements
    f. Disclosure of any related party transactions
    g. Qualifications in the draft audit report
5. Reviewing, with the management, the quarterly financial statements before submission to the board for approval;
6. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
7. Review and monitor the auditor's independence and performance, and effectiveness of audit process;
8. Approval or any subsequent modification of transactions of the company with related parties;
9. Scrutiny of inter-corporate loans and investments;
10. Valuation of undertakings or assets of the company, wherever it is necessary;
11. Evaluation of internal financial controls and risk management systems;
12. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
13. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
14. Discussion with internal auditors of any significant findings and follow up there on;
15. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
16. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
17. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
18. To review the functioning of the Whistle Blower mechanism;
19. Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;
20. Carrying out such other functions as may be specifically referred to the Committee by the Company's Board of Directors and/or other Committees of Directors.
21. **Reviewing the following information :**
    1. Management discussion and analysis of financial condition and results of operations;

2. Statement of significant related party transactions (as defined by the Audit Committee), submitted by management;
3. Management letters / letters of internal control weaknesses issued by the statutory auditors;
4. Internal audit reports relating to internal control weaknesses; and
5. The appointment, removal and terms of remuneration of the Chief internal auditor shall be subject to review by the Audit Committee.

b) Compensation, Nomination and Remuneration Committee

The 'Remuneration and Compensation Committee' was re-designated as 'Compensation, Nomination and Remuneration Committee' by the Board on May 24, 2014 in line with the requirements of provisions of the Companies Act, 2013, Clause 49 of the Listing Agreement and Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, as amended from time to time.

Composition of the Committee

Name	Category	Designation
Dr. K. Satyanarayana*	Independent Director	-
Sri. S. Vasudev*	Independent Director	-
Dr. G. Suresh Kumar**	Independent Director	Chairman
Sri. R. Ranga Rao	Independent Director	Member
Smt. S. Sridevi**	Independent Director	Member

* Ceased as a member of the committee w.e.f. 23-06-2014.

** Inducted into the committee w.e.f. 23-06-2014

Terms of Reference of the Committee 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 Independent Directors and the Board
- To devise a policy on Board diversity
- To identify persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down and to recommend to the Board their appointment and/ or removal.
- To administer, monitor and formulate detailed terms and conditions of the Employees' Stock Option Scheme including :
  - the quantum of options to be granted under Employees' Stock Option Scheme per employee and in aggregate;
  - the conditions under which option vested in employees may lapse in case of termination of employment for misconduct;
  - the exercise period within which the employee should exercise the option, and that the option would lapse on failure to exercise the option within the exercise period;
  - the specified time period within which the employee shall exercise the vested options in the event of termination or resignation of an employee;
  - the right of an employee to exercise all options vested in him at one time or various points of time within the exercise period;
  - the procedure for making a fair and reasonable adjustment to the number of options and to the exercise price in case of corporate actions, such as rights issues, bonus issues, merger, sale of division and others;
  - the granting, vesting and exercising of options in case of employees who are on long leave; and the procedure for cashless exercise of options
- To carry out any other function as is mandated by the Board from time to time and / or enforced by any statutory notification, amendment or modification, as may be applicable

Remuneration and Compensation committee met once during the year on 8th November 2013 and the attendance of each member of the Committee is as follows :

Name	Designation	No. of Meetings	
		Held	Attended
Dr. K. Satyanarayana	Chairman	1	1
Sri. S. Vasudev	Member	1	1
Sri. R. Ranga Rao	Member	1	1

Details of Remuneration to Executive Directors

(Rs. in lakhs)

Name	Salary	PF	Perks	Commission	Total
Dr. Murali K. Divi	90.00	10.80	15.49	3222.28	3338.57
Sri. N. V. Ramana	84.00	10.08	12.62	1611.14	1717.84
Sri. D. Madhusudana Rao	78.00	9.36	12.00	-	99.36
Sri. Kiran S. Divi	78.00	9.36	15.09	1074.09	1176.54
Total	**330.00**	**39.60**	**55.20**	**5907.51**	**6332.31**

Non-Executive Directors

The Company does not pay any remuneration to Non-Executive Directors except sitting fees and reimbursement of travelling and out of pocket expenses for attending the Board/Committee meetings. The details of sitting fee paid to Non-Executive Directors during the year 2013-14 is as follows :

Name of the Non-Executive Director	Designation	No. Shares Held	Sitting fees (Rs. in lakhs)
Dr. K. Satyanarayana**	Director	10000	0.80
Sri. S. Vasudev**	Director	Nil	1.40
Prof. C. Ayyanna*	Director	Nil	0.20
Dr. G. Suresh Kumar	Director	Nil	1.60
Sri. R. Ranga Rao	Director	Nil	1.40

*Resigned w.e.f. 20.05.2013

**Resigned w.e.f. 23.06.2014

Payment of Sitting Fees to the Non-Executive Directors and payment of Salary, Commission and Perquisites to the Whole time Directors are made in accordance with industry norms and subject to the overall ceilings imposed by the Companies Act, 1956 and other applicable statutes, if any.

c) Stakeholders Relationship Committee

The 'Stakeholders Relationship Committee' was constituted by the Board on May 24, 2014 consequent to the dissolution of the 'Shareholders'/Investors' Grievance Committee'. The composition and the terms of reference of committee are in line with the requirements of provisions of the Companies Act, 2013 and Clause 49 of the Listing Agreement.

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

Composition of the Committee

Name	Category	Designation
Sri. N.V. Ramana*	Executive Director	-
Dr. G. Suresh Kumar*	Independent Director	-
Smt. S. Sridevi**	Independent Director	Chairman
Sri. K.V. K. Seshavataram**	Independent Director	Member
Sri. L. Kishore Babu	Chief Financial Officer	Member

* Ceased as a member of the committee w.e.f. 23-06-2014.

** Inducted into the committee w.e.f. 23-06-2014

Terms of Reference of the Committee include the following :

- To redress the grievances of shareholders, debenture holders and other security holders
- To resolve the grievances of the security holders of the company including complaints related to transfer of shares, non-receipt of annual reports, non-receipt of declared dividends.
- To approve issue of the Company's duplicate share / debenture certificates
- To review the performance of the Company's Registrars and Transfer Agents
- To carry out such other functions as may be referred by the Board from time to time or enforced by any statutory notification / amendment or modification as may be applicable

The Stakeholders Relationship Committee consists of two Independent Non-Executive Directors and Chief Financial Officer of the Company.

Shareholders'/ Investors' Grievance Committee met once during the year on 11th October, 2013 and considered rematerialisation of shares and other investor grievances. The attendance of each member of the Committee is as follows :

Name	Designation	No. of Meetings	
		Held	Attended
Dr. G. Suresh Kumar	Chairman	1	1
Sri. N. V. Ramana	Member	1	1
Sri. L. Kishore Babu	Member	1	1

Ms. P. V. Lakshmi Rajani, Company Secretary is the Compliance Officer of the Company for attending to Complaints / Grievances of the members.

Complaints / Grievances received and attended

During the year under review, company has received a total of 54 complaints from investors. All were replied / resolved to the satisfaction of the investors and no complaints were outstanding.

d) Corporate Social Responsibility Committee

As per the Section 135 of the Companies Act, 2013, every company having net worth of Rs. 500 crore or more, or turnover of Rs. 1000 crore or more or a net profit of Rs.5 crore or more during any financial year shall constitute a Corporate Social Responsibility Committee of the Board consisting of three or more directors, out of which at least one director shall be an independent director.

Accordingly, the Corporate Social Responsibility (CSR) Committee was constituted by the Board on March 25, 2014. The Committee's responsibility is to assist the Board in undertaking CSR activities by way of formulating and monitoring CSR Policy of the company.

Composition of the Committee

Name	Category	Designation
Mr. R. Ranga Rao	Independent Director	Chairman
Dr. Murali K. Divi	Chairman & Managing Director	Member
Mr. N. V. Ramana	Executive Director	Member
Mr. Madhusudana Rao Divi	Director - Projects	Member

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

(a) Formulate and recommend to the Board, a Corporate Social Responsibility Policy 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.

e) 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 commitee were held during the year.

Composition of the Committee

Name	Category	Designation
Dr. G. Suresh Kumar	Independent Director	Chairman
Mr. R. Ranga Rao	Independent Director	Member
Mr. Kiran S. Divi	Director & President - Operations	Member

The Company Secretary is the Secretary of the Committee.

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.

Disclosure on legal proceedings pertaining to shares

There are no pending cases pertaining to shares as on 31.03.2014.

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 mentioned in Para V of clause 49 of the listing agreement and the required certificate is appended.

Code of ethics and business conduct

The Company has adopted the Code of ethics and business conduct for Directors and Senior Management. The code is comprehensive in nature and applicable to all 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.divislaboratories.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 Chairman & Managing Director is as follows :

I 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 of ethics and business conduct for directors and senior management in respect of the financial year 2013-14.

For and on behalf of the Board of Directors

Dr. Murali K. Divi
Chairman & Managing Director

Hyderabad
23rd June 2014

4. GENERAL BODY MEETINGS

Particulars of last three Annual General Meetings :

AGM	Year ended	Venue	Date & Time	Special Resolutions passed for
23rd	31.03.2013	KLN Prasad Auditorium, FAPCCI Premises, 11-6-841, Red Hills, Hyderabad - 500 004	05.08.2013 10 AM	NIL
22nd	31.03.2012		06.08.2012 10 AM	Appointment of a relative of Director to an office or place of profit U/s 314.
21st	31.03.2011		08.08.2011 10 AM	NIL

SPECIAL RESOLUTIONS THROUGH POSTAL BALLOT

The Company sought approval through Postal Ballot dated 20.03.2014 from the Members for re-appointment of a relative of the Director to hold an office or place of profit u/s 314(1B) of the Companies Act, 1956. Mr. V. Bhaskara Rao, Practicing Company Secretary has been appointed as Scrutinizer for conducting Postal Ballot. The results were declared on 5th May 2014.

The results of the postal ballot as per the report dated 5th May, 2014 submitted by Mr. V. Bhaskara Rao, Scrutinizer are as follows :

S.No.	Particulars	Physical	Electronic (E-voting)	TOTAL
1.	Total Postal Ballot Forms received	587	126	713
2.	Less: Invalid Postal Ballot Forms	20	Nil	20
3.	Valid Postal Ballot Forms	567	126	693
4.	Total No. of valid votes Casted	88703071	3373070	92076141
5.	Total No. of votes assented to the resolution	88685213	3372932	92058145
6.	Total No. of votes dissented to the resolution	17858	138	17996
7.	Percentage of valid votes casted in favour of the resolution	99.98%		
8.	Percentage of valid votes casted against the resolution	0.02%		
9.	Result	Passed with requisite majority		

The Company has complied with the procedures for the Postal Ballot in terms of the Companies (Passing of Resolution by Postal Ballot) Rules, 2011 and amendments thereto.

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

5. DISCLOSURES

A) Disclosures on Materially Significant Related Party Transactions

The Company does not have any related party transactions, which may have potential conflict with the interest of the Company. Other related party transactions have been reported at **item No.29 (II) (12) of other explanatory information**. The Register of Contracts containing transactions, in which Directors are interested, is placed before the Board regularly.

B) Cases of Non-Compliances / Penalties

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

C) Risk Management

The company has been addressing various risks impacting the company and the policy of the company on risk management is provided elsewhere in this annual report in Management Discussion and Analysis.

D) Whistle Blower Policy

To strengthen its policy of corporate transparency, the company has established an innovative and empowering mechanism for employees. Employees can report to the management their concerns about unethical behaviour, actual or suspected fraud or violation of the company's code of conduct or ethics policy. No personnel have been denied access to the Audit Committee.

E) Compliance with mandatory requirements and adoption of non mandatory requirements of Clause 49

The Company has complied with all the mandatory requirements of the code of corporate governance as stipulated in clause 49 of the listing agreement with the stock exchanges. Certificates from Mr. V. Bhaskara Rao, Practicing Company Secretary, Dr. Murali K. Divi, Chairman and Managing Director and Mr. L Kishore Babu, Chief Financial Officer, confirming compliance with the conditions of Corporate Governance as stipulated under clause 49 of the Listing Agreement, are annexed.

The company has constituted Remuneration committee. A detailed note on compensation / remuneration is provided elsewhere in the report.

As on date, the company has not adopted other non-mandatory requirements i.e., half-yearly declaration of financial performance to shareholders, training of board members, mechanism for evaluating non-executive board members.

6. MEANS OF COMMUNICATION

- Quarterly, half-yearly and annual financial results of the Company are communicated to the Stock Exchanges immediately after the same are considered by the Board and are published in the all India editions of Financial Express and Hyderabad edition of Andhra Prabha.
- The results, official news releases of the Company and other shareholder information are also made available on the Company's website, i.e. www.divislaboratories.com.
- The Annual Report containing, inter alia, Audited Annual Accounts, Consolidated Financial Statements, Directors' 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 sent to Stock Exchanges.
- 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 Corporate Compliance & Listing Centre.

7. MANAGEMENT DISCUSSION AND ANALYSIS

This information is set out in a separate section included in this annual report.

8. GENERAL SHAREHOLDER INFORMATION

Annual General Meeting
Date : 25th August 2014
Time : 10.00 AM

Venue
KLN Prasad Auditorium,
FAPCCI Premises, 11-6-841,
Red Hills, Hyderabad - 500 004

Financial Year
1st April 2013 to 31st March 2014

Book Closure Date
4th August 2014 to 8th August 2014

Dividend payment date
On or before 8th September 2014

Listing on Stock Exchanges
BSE Limited
Phiroze Jeejeebhoy Towers, Dalal Street,
Mumbai - 400 001

National Stock Exchange of India Limited
Exchange Plaza, Bandra-Kurla Complex,
Bandra (East), Mumbai - 400051.

Stock Code
BSE - 532488
NSE - DIVISLAB

ISIN No
INE361B01024

Corporate Identity Number (CIN)
The CIN allotted to the Company by the Ministry of Corporate Affairs, Government of India is **L24110TG1990PLC011854**

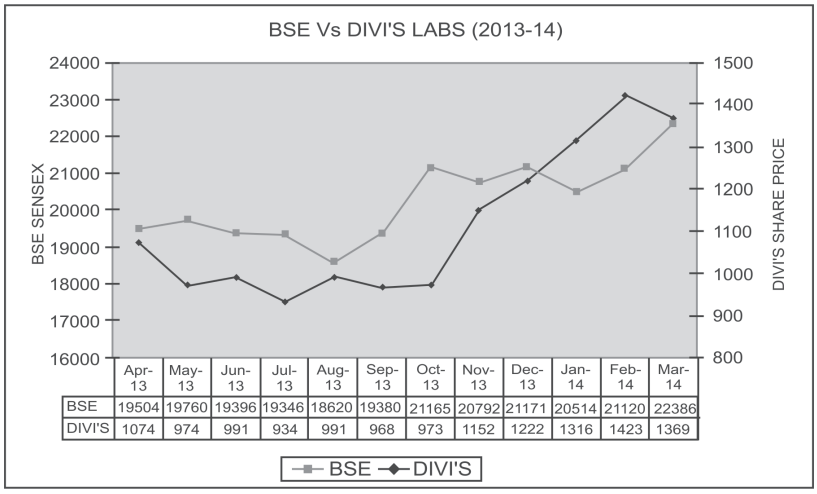
The Company has paid listing fees for the year 2014-15 to both the above Stock Exchanges.

9. MARKET PRICE DATA

Monthly high and low quotations as well as the volume of shares traded at BSE and National Stock Exchanges for the financial year 2013-14 are as follows :

Month	BSE Limited			National Stock Exchange		
	Low	High	Volume	Low	High	Volume
Apr-13	988.00	1103.95	133049	986.80	1103.55	2644732
May-13	966.40	1150.00	348146	965.95	1152.00	4117678
Jun-13	927.00	1000.90	190603	927.10	1002.20	3154421
Jul-13	906.15	1025.80	295749	905.25	1025.45	4063952
Aug-13	905.00	1015.00	426268	910.00	1017.45	3643251
Sep-13	931.00	1034.80	255653	930.25	1035.00	3748237
Oct-13	962.80	1065.00	229713	957.25	1064.90	3541426
Nov-13	968.75	1184.00	1020815	969.00	1183.45	6208951
Dec-13	1095.10	1236.85	298415	1097.00	1236.75	3728505
Jan-14	1220.00	1342.60	724435	1220.00	1342.55	4088575
Feb-14	1297.00	1445.00	488590	1295.05	1447.00	3628494
Mar-14	1301.55	1459.00	277328	1305.10	1455.00	3896454

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



10. UNCLAIMED DIVIDEND AMOUNTS

Pursuant to the provisions of Section 205A of the Companies Act, 1956, the dividend for the following years, which remain unclaimed for seven years, will be transferred to Investor Education and Protection Fund (IEPF) established by the Central Government pursuant to Section 205C of the Companies Act, 1956.

Members who have not so far encashed the dividend warrant(s) are requested to seek issue of duplicate dividend warrant(s) in writing to the Company's Registrar and Transfer Agents, M/s. Karvy Computershare Private Limited immediately. **Members are requested to note that no claims shall lie against the Company in respect of any amounts which were unclaimed and unpaid for a period of seven years from the dates that they first became due for payment and no payment shall be made in respect of any such claims.**

Members are also advised to update their correspondence address in their demat accounts in case of their holdings in electronic form or inform their latest correspondence address to the Registrars in case of holdings in physical form.

Information in respect of such unclaimed dividends due for transfer to the Investor Education and Protection Fund (IEPF) is as follows :

Financial Year	Date of declaration of dividend	Amount outstanding as on 31.03.2014 (Rs. in lakhs)	Due for transfer to IEPF on
2007-2008	16.08.2008	4.23	15.09.2015
2008-2009	17.08.2009	5.90	16.09.2016
2009-2010	13.08.2010	5.64	12.09.2017
2010-2011	08.08.2011	11.04	07.09.2018
2011-2012	06.08.2012	6.88	05.09.2019
2012-2013	05.08.2013	5.79	04.09.2020

11. SHARE TRANSFER SYSTEM

The Stakeholders Relationship Committee approves transfer of shares in physical mode. The Company's RTA transfers the shares within 15 days of receipt of request, subject to documents being valid and complete in all respects. Dematerialization is done within 15 days of receipt of request along with the shares through the Depository Participant of the shareholder. The Stakeholders Relationship Committee will meet as often as required to approve share transfers and for attending to any grievances or complaints received from the members.

Members may please note that Securities and Exchange Board of India (SEBI) has made it mandatory to furnish PAN particulars for registration of physical share transfer requests. Hence, all members are required to furnish their PAN particulars in the transfer deed while seeking transfer of shares.

12. DISTRIBUTION OF SHAREHOLDING

Category	As on 31st March, 2014				As on 31st March, 2013			
	No.of Members		No.of Shares		No.of Members		No.of Shares	
	Total	%	Total	%	Total	%	Total	%
1 - 5000	**31125**	**96.26**	**3864427**	**2.91**	33759	96.85	4209666	3.17
5001 - 10000	**422**	**1.31**	**1692928**	**1.28**	428	1.23	1706318	1.28
10001 - 20000	**284**	**0.88**	**2142093**	**1.61**	254	0.73	1948166	1.47
20001 - 30000	**119**	**0.37**	**1481852**	**1.12**	93	0.27	1175694	0.89
30001 - 40000	**59**	**0.18**	**1035660**	**0.78**	45	0.13	784540	0.59
40001 - 50000	**45**	**0.14**	**1029749**	**0.78**	40	0.11	910315	0.69
50001 - 100000	**112**	**0.35**	**3983516**	**3.00**	89	0.25	3266947	2.46
100001 & above	**167**	**0.52**	**117504065**	**88.53**	149	0.43	118732644	89.45
TOTAL	**32333**	**100**	**132734290**	**100**	34857	100	132734290	100

13. (i) SHAREHOLDING PATTERN

Category	As on 31.03.2014		As on 31.03.2013	
	No. of shares	% to share capital	No. of shares	% to share capital
Promoters	**69130616**	**52.08**	69222100	52.15
Mutual Funds and UTI	**15862213**	**11.95**	17599044	13.26
Banks/Financial institutions	**172522**	**0.13**	70178	0.05
Foreign Institutional Investors	**24163231**	**18.20**	18597857	14.01
Private Corporate Bodies	**12234045**	**9.22**	14893368	11.22
Indian Public	**9137683**	**6.88**	10008144	7.54
Non-Resident Indians/ Overseas Corporate Bodies	**903780**	**0.68**	1045130	0.79
Clearing Members	**319977**	**0.24**	428252	0.32
Trusts	**143753**	**0.11**	203247	0.15
Directors (Not having control over the Company)	**666470**	**0.50**	666970	0.51
Grand Total	**132734290**	**100**	132734290	100

(ii) SHAREHOLDING PROFILE

Mode of Holding	As on 31.03.2014			As on 31.03.2013		
	No. of Holders	No. of shares	% to Equity	No. of Holders	No. of shares	% to Equity
Demat	**32261**	**132038607**	**99.48**	34781	132008575	99.45
Physical	**72**	**695683**	**0.52**	76	725715	0.55
Total	**32333**	**132734290**	**100**	34857	132734290	100

14. DEMATERIALIZATION 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 Depository Registrar are confirmed within the statutory period.

The International Securities Identification Number (ISIN) allotted for the Company by NSDL and CDSL is **INE361B01024**. In case a member wants his shares to be dematerialized, he may send the shares along with the request through his depository participant (DP) to the Registrars, M/s. Karvy Computershare Private Limited.

The Company's Depository Registrars promptly intimate the DPs in the event of any deficiency and the shareholder is also kept abreast. Pending demat requests in the records of the Depositories, if any, are continually reviewed and appropriate action initiated.

As on March 31, 2014, 99.48 % of the shares were in demat mode.

15. Outstanding GDRs/ADRs/warrants or any convertible instruments, conversion date and likely impact on equity

We have no GDRs/ADRs or any commercial instrument.

16. PLANT LOCATIONS

Choutuppal Unit :
Lingojigudem Village,
Choutuppal Mandal
Nalgonda Dist. (TG),
Pin Code - 508 252.

Export Oriented Unit :
Chippada Village
Bheemunipatnam Mandal
Visakhapatnam Dist. (A.P.)
Pin Code - 531 163

Divi's Pharma SEZ :
Chippada Village
Bheemunipatnam Mandal
Visakhapatnam Dist. (A.P.)
Pin Code - 531 163

DSN SEZ Unit :
Chippada Village
Bheemunipatnam Mandal
Visakhapatnam Dist. (A.P.)
Pin Code - 531 163

17. CORRESPONDENCE ADDRESS

Depository Registrar and Transfer Agent

M/s. Karvy Computershare Private Limited
Plot No 17-24, Vittal Rao Nagar,
Madhapur, HYDERABAD - 500 081
CIN : U74140TG2003PTC041636
Phone No. 040-44655000 ; Fax : 040-23420814
Toll Free No. 1800-3454-001
Email: einward.ris@karvy.com

Company Secretary & Compliance Officer

Ms. P V Lakshmi Rajani
Divi's Laboratories Limited
Divi Towers', 7-1-77/E/1/303, Dharam Karan Road,
Ameerpet, Hyderabad - 500 016, INDIA
CIN : L24110TG1990PLC011854
Phone : 040-2378 6300
Fax : 040-2378 6460
E-mail : cs@divislaboratories.com

For and on behalf of the Board of Directors

Dr. Murali K. Divi
Chairman & Managing Director

Hyderabad
23rd June 2014

Certification of Chairman and Managing Director and Chief Financial Officer pursuant to Clause 49 of the Listing Agreement

We, Dr. Murali K. Divi, Chairman and Managing Director appointed in terms of the Companies Act, 1956 and Mr. L.Kishore Babu, Chief Financial Officer of the Company to the best of our knowledge and belief, certify that:

a. We have reviewed balance sheet and statement of profit and loss (consolidated and unconsolidated) and notes on accounts as well as the cash flow statements and the directors' report :
   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 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

Hyderabad	**Dr. MURALI K. DIVI**	**L. KISHORE BABU**
24.05.2014	Chairman and Managing Director	Chief Financial Officer

Certificate

To

The Members of

DIVI'S LABORATORIES LIMITED

We have examined the Compliance of conditions of Corporate Governance by DIVI'S LABORATORIES LIMITED (the company), for the year ended 31st March 2014 as stipulated in clause 49 of the Listing Agreement of the said Company with the Stock Exchanges in India.

The Compliance of the conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the company has complied with the conditions of Corporate Governance as stipulated in the above mentioned listing agreement.

We further state that such compliance 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

Hyderabad
23.06.2014

Directors' Report

Dear Shareholders,

Your Directors have pleasure in placing before you the Twenty Fourth Annual Report of the Company together with the Audited Accounts for the year ended 31st March 2014.

FINANCIAL RESULTS

The Company's financial performance, for the year ended 31st March, 2014 is summarized below :

(Rs. in lakhs)

Particulars	Standalone		Consolidated	
	2013-14	2012-13	2013-14	2012-13
Net Sales	**250718**	212395	**252535**	213990
Other Operating Income	**679**	494	**679**	494
Other Income	**8390**	4851	**7061**	4481
Total Income	**259787**	217740	**260275**	218965
Expenditure	**149511**	130714	**151765**	132968
PBDIT	**110276**	87026	**108510**	85997
Depreciation	**9206**	7690	**9212**	7695
Finance Cost	**206**	178	**206**	178
Profit before tax (PBT)	**100864**	79158	**99092**	78124
Provision for tax :				
Current Tax	**20547**	15300	**20547**	15300
MAT Credit (Entitlement)/ Utilisation	**(2367)**	790	**(2367)**	790
Deferred Tax	**3512**	1926	**3578**	1833
Profit after tax (PAT)	**79172**	61142	**77334**	60201
Earnings per Share (EPS) (Rs.)				
a) Basic	**59.65**	46.06	**58.26**	45.35
b) Diluted	**59.65**	46.06	**58.26**	45.35

RESULTS OF OPERATIONS

Standalone

Your company has achieved a sales growth of 18% for the year, on the back of a growth of 15% achieved during the last year. PBDIT increased by 27% at Rs. 110276 lakhs.

Profit after Tax for the year amounted to Rs.79172 lakhs, reflecting a growth of 29%. Earnings Per Share of Rs.2/- each works out to Rs. 59.65 for the year as against Rs. 46.06 last year.

Out of the total revenue, 44% came from North America, 37% from Europe, 6% from Asia, 9% from India and 4% from Rest of the World.

There has been a wide fluctuation in the exchange rates of currencies worldwide. Gain for the current and previous year is given below :

(Rs. in lakhs)

Particulars	2013-14	2012-13
Forex gain/(loss)	**5041.79**	1516.40

Provision has been made for Rs. 18180 lakhs towards Income-tax for the current year (net of MAT credit entitlement of Rs.2367 lakhs). Provision for last year amounted to Rs.16090 lakhs including a MAT credit utilization of Rs.790 lakhs. An amount of Rs. 3512 lakhs has been provided towards Deferred Tax Liability for the year as against Rs. 1926 lakhs during the previous year.

Consolidated

Our total income on consolidated basis increased to Rs. 252535 lakhs from Rs. 213990 lakhs in the previous year, recording a growth rate of 18%. PBDIT amounted to Rs. 108510 lakhs as against Rs. 85997 lakhs in the previous year. Profit after Tax for the year increased by 28% at Rs. 77334 lakhs as against Rs. 60201 lakhs in the previous year.

DIVIDEND

Your Directors are pleased to recommend a dividend of Rs.20 per equity share of Rs.2/- each, i.e., 1000% (last year Rs. 15 per equity share) for the financial year ended 31st March, 2014, subject to approval of members at the ensuing Annual General Meeting.

The total dividend payout for the current year amounts to Rs. 31059 lakhs (inclusive of tax of Rs.4512 lakhs) as against Rs. 23294 lakhs in the previous year. Dividend (including dividend tax) as a percentage of profits is 39% as compared to 38% in the previous year.

The dividend on equity shares, if declared at the AGM, will be paid to members whose names appear in the Register of Members as on 2nd August, 2014. In respect of shares held in dematerialised form, it will be paid to members whose names are furnished by Depositories as beneficial owners as on that date.

SUBSIDIARIES

Our subsidiaries viz., M/s. Divis Laboratories (USA) Inc., in USA and M/s. Divi's Laboratories Europe AG in Switzerland are engaged in marketing/distribution of nutraceutical products and to provide a greater reach to customers within these regions. During the year, the subsidiaries have achieved aggregate sales of Rs.12618 lakhs as against sales of Rs. 9078 lakhs previous year resulting in growth of 39% for the nutraceutical products in North America and Europe.

Brief operations of the subsidiaries are as under :

(Rs. in lakhs)

Particulars	**Divis Laboratories (USA) Inc.,**		**Divi's Laboratories Europe AG**	
Year ended	31-03-2014	31-03-2013	31-03-2014	31-03-2013
Sales	**8764**	6202	**3854**	2876
Other Income	**0**	0	**1**	1
Total Income	**8764**	6202	**3855**	2877
Materials Consumption	**7182**	5464	**2399**	1666
Operating Profit	**1582**	738	**1456**	1211
Salaries & Wages	**528**	518	**176**	134
Other Expenses	**1232**	707	**2053**	1169
Depreciation	**4**	4	**1**	1
Loss before tax	**182**	491	**774**	93
Tax Expense/(Asset)	**66**	(93)	**0**	0
Net Loss	**248**	398	**774**	93

Subsidiaries have achieved good growth in operating profit. Loss on forex currency translation for the year accounted to Rs.632 lakhs for US subsidiary and Rs.698 for Europe subsidiary.

Auditors of these subsidiaries have observed that the subsidiaries have suffered recurring losses, lack sufficient liquidity to continue operations and to continue as a going-concern depends on the temporary funding by the parent and successful realization of their business plans.

In accordance with the general circular issued by the Ministry of Corporate Affairs, Government of India, the Balance Sheet, Statement of Profit and Loss and other documents of the subsidiary companies are not being attached with the Balance Sheet of the Company. Shareholders who wish to have a copy of the full report and accounts of the subsidiaries will be provided the same on receipt of a written request from them. These documents will be available for inspection at the Registered Office of the Company and that of the respective subsidiary companies on any working day during business hours. The Consolidated Financial Statements presented by the Company include the financial results of its subsidiary companies.

EMPHASIS OF MATTER

Our Auditors have observed that the networth of the subsidiaries has eroded and consequent possibility of any temporary impairment of investment by way of equity in subsidiaries amounting to Rs.281.61 lakhs and non-recovery of loans of Rs.4796.31 lakhs given to the subsidiaries.

Over the last few years, we have made significant progress in terms of implementing the nutra facility and stabilising operations. Approvals have since been received from several major users and the outlook now looks very positive.

During the year, the subsidiaries have achieved good growth of business and have achieved operating profit. Net loss could have reduced significantly, but for the loss on account of foreign currency translation. With the significant efforts having been made towards optimizing operations and cost efficiency, the company is confident of achieving profitability at the subsidiaries and recovery of the loans given in the foreseeable future.

CONSOLIDATED ACCOUNTS

As stipulated in the listing agreement with the stock exchanges, the consolidated financial statements have been prepared by the Company in accordance with the relevant accounting standards under the Companies Act, 1956. The audited consolidated financial statements together with Auditors Report thereon form part of the Annual report.

DIRECTORS

Appointments :

Pursuant to the provisions of Section 161(1) of the Companies Act, 2013 and the Articles of Association of the Company, Mr. K.V.K. Seshavataram and Smt. S. Sridevi have been appointed as Additional Directors designated as Independent Directors w.e.f. 23rd June, 2014 and they shall hold office up to the date of the ensuing Annual General Meeting. The Company has received requisite notice in writing from a member proposing Mr. K.V.K. Seshavataram and Smt. S. Sridevi for appointment as Independent Directors.

Impending notification of Section 149 and other applicable provisions of the Companies Act, 2013, your Directors are seeking appointment of Dr. G. Suresh Kumar and Mr. R. Ranga Rao as Independent Directors for a term of five consecutive years upto 31st March, 2019.

Details of the proposal for appointment of Mr. K. V. K. Seshavataram, Smt. S. Sridevi, Dr. G. Suresh Kumar and Mr. R. Ranga Rao are mentioned in the Explanatory Statement under Section 102 of the Companies Act, 2013 of the Notice of the Annual General Meeting.

The Company has received declarations from all the Independent Directors of the Company confirming that they meet with the criteria of independence as prescribed both under sub-section (6) of Section 149 of the Companies Act, 2013 and under Clause 49 of the Listing Agreement with the Stock Exchanges.

Re-appointments:

As per the provisions of the Companies Act, 2013 Mr. Kiran S. Divi will retire by rotation at the ensuing Annual General Meeting and, being eligible, offer himself for re-appointment.

The Board of Directors at its meeting held on June 23, 2014, subject to the approval of the shareholders, re-appointed Dr. Murali K. Divi as the Chairman & Managing Director of the Company for a further period of five years from October 10, 2014 and Mr. N. V. Ramana as Executive Director of the company for a further period of five years from December 26, 2014.

Resignations:

Prof. C. Ayyanna has resigned as a Director of the company with effect from 20th May, 2013 due to personal reasons and other pre-occupations. The Directors place on record their appreciation for the contribution made by Prof. C. Ayyanna during his long tenure on the Board since 10.03.2001.

Dr. K. Satyanarayana, Independent Director has resigned from the Board with effect from 23rd June, 2014. Dr. K. Satyanarayana joined the Board on 08.08.1995 and has been part of Divis journey for 19 years. The Board would like to thank him for his long association with the company.

Mr. S. Vasudev, Independent Director has resigned from the Board with effect from 23rd June, 2014. Sri S. Vasudev has been part of the Board from 09.08.2004. The Board sincerely appreciates his contribution to the company during his tenure as member of the Board.

DIRECTORS' RESPONSIBILITY STATEMENT

As required under Section 217 (2AA) of the Companies Act, 1956, Directors of your company hereby state and confirm that :

a) the applicable accounting standards have been followed in the preparation of the annual accounts;

b) the 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 31st March, 2014 and its profit for the year ended on that date;

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.

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

During the year, your directors have constituted the Corporate Social Responsibility Committee (CSR Committee). The said Committee has formulated and recommended to the Board, a Corporate Social Responsibility Policy (CSR Policy) indicating the activities to be undertaken by the Company, monitoring the implementation of the framework of the CSR Policy and recommending the amount to be spent on CSR activities.

AUDITORS

The Auditors, M/s. P.V.R.K. Nageswara Rao & Co., Chartered Accountants, Hyderabad retire at the ensuing Annual General meeting and, being eligible, offer themselves for reappointment.

The Company has received letter from the auditors to the effect that their re-appointment, if made, would be within the prescribed limits under Section 141(3)(g) of the Companies Act, 2013 and that they are not disqualified for re-appointment.

COST AUDIT

Pursuant to Section 233B of the Companies Act, 1956, the Central Government has prescribed Cost Audit for the company. Based on recommendations of the audit committee and subject to approval of the Central Government, M/s. EVS & Associates, Cost Accountants, Hyderabad have been appointed as Cost Auditors for the year 2013-14.

The relevant cost audit report for the financial year 2012-13 has been filed within the due date on 3rd September, 2013. The due date for filing the report was 30th September, 2013.

MANAGEMENT DISCUSSION AND ANALYSIS

A report on Management Discussion & Analysis for the year under review is provided in a separate section forming part of this Annual Report.

CORPORATE GOVERNANCE AND SHAREHOLDERS' INFORMATION

A report on Corporate Governance is included as a part of this Annual Report. Certificate from the Practicing Company Secretary Mr. V. Bhaskara Rao confirming the compliance with the conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement is attached to this report.

TRANSFER OF AMOUNTS TO INVESTOR EDUCATION AND PROTECTION FUND

Pursuant to the provisions of Section 205A(5) and 205C of the Companies Act, 1956, relevant amounts which remained unpaid or unclaimed for a period of seven years have been transferred by the Company, from to time to time on due dates, to the Investor Education and Protection Fund.

Pursuant to the provisions of Investor Education and Protection Fund (Uploading of information regarding unpaid and unclaimed amounts lying with companies) Rules, 2012, the Company has uploaded the details of unpaid and unclaimed amounts lying with the Company as on August 05, 2013 (date of last Annual General Meeting) on the websites of the Company and Ministry of Corporate Affairs.

RELATED PARTY TRANSACTIONS

As a matter of policy, your Company carries out transactions with related parties on an arms-length basis. Statement of these transactions is given in other explanatory information attached in compliance of Accounting Standard No.AS-18.

FIXED DEPOSITS

Your Directors wish to inform that the Company has not accepted any deposits from public covered by provisions of Section 58A of the Companies Act, 1956.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS & OUTGO

Particulars required under Section 217 (1) (e) of the Companies Act, 1956 read with Rule 2 of the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is given in the Annexure – I to this report.

HUMAN RESOURCES

Particulars of employees required to be furnished under Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 are given in the Annexure - II attached and forms part of this Report.

ACKNOWLEDGEMENTS

The Board expresses its gratefully appreciation for the continued assistance and co-operation received from Government authorities, Financial Institutions, Banks, customers, suppliers and investors. The Board also wishes to place on record its appreciation for the dedication and commitment extended by its employees at all levels and their contribution to the growth and progress of the company.

For and on behalf of the Board of Directors

Dr. Murali K. Divi
Chairman & Managing Director

Hyderabad
23rd June 2014

Annexure - I

Information pursuant to Section 217(1)(e) of the Companies Act 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988.

FORM - A

Form for disclosure of particulars with respect to Conservation of Energy

A. **CONSERVATION OF ENERGY**

Power and Fuel consumption

Particulars	2013-14	2012-13
1. Electricity		
(a) Purchases :		
Units	**16,00,75,780**	14,42,26,769
Total Amount - (Rs.lakhs)	**10698**	9526
Rate/Unit - Rs.	**6.68**	6.60
(b) Own generation :		
Through diesel Generator Units	**15,75,897**	51,11,404
Units per Lt. of diesel	**3.36**	3.41
Cost/Unit - Rs.	**16.10**	13.22
2. Coal (D/C grade)		
Quantity (Kgs)	**10,10,90,000**	8,20,65,000
Total Cost - (Rs.lakhs)	**3944**	3068
Average rate - Rs.	**3.90**	3.74

B. CONSUMPTION PER UNIT OF PRODUCTION :

Products
Electricity (Units)
Coal (D/C Grade)
Others (Specify)

} Since the Company manufactures different types of active pharmaceutical ingredients and intermediates, it is not practicable to give consumption per unit of production.

FORM - B

Form for disclosure of particulars with respect to technology absorption

RESEARCH AND DEVELOPMENT (R&D) :

1. Specific areas in which R&D is carried out by the Company. : Process development for Active Pharmaceutical Ingredients and intermediates.
2. Benefits derived as a resultof the above R&D : Developed new products and achieved cost and process efficiencies on existing products.
3. Future plan of action : To develop processes for newer products and intermediates.
4. Expenditure on R&D :

(Rs. in lakhs)

Particulars	2013-14	2012-13
a) Capital	**965**	423
b) Recurring	**2539**	2400
c) Total	**3504**	2823
d) Total R&D Expenditure as a percentage of Sales	**1.40%**	1.33%

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION :

1. Efforts in brief, made towards technology absorption and adoption. : The company has its own R&D Centre which develops technologies and processes for Active Pharmaceutical Ingredients and drug intermediates and these technologies are absorbed and implemented at the company's Plants.
2. Benefits derived as a result of the above efforts : The company constantly has been executing process developments for its product range. Process optimization has been achieved in Production, which resulted in lower cost of production and substantial exports. The developments implemented brought more green chemistry by reducing reagents, minimize wastes and increasing recoveries.
3. Information regards import of technology during the last 5 years. : There is no import of technology.

FORM - C

Foreign Exchange earnings and outgo (on accrual basis)

(Rs. in lakhs)

Particulars	2013-14	2012-13
(a) Foreign Exchange earnings :		
i) FOB Value of Exports	**225764**	186016
ii) Service charges	**421**	1877
(b) Foreign Exchange outgo		
i) Remittance in Foreign Currency : Dividend (Net of Tax)	**0.15**	7
ii) CIF value of imports :		
Raw Materials	**48426**	44799
Packing Materials	**174**	112
Lab Materials	**52**	203
Capital Goods	**1944**	1624
Components & Spares	**97**	76
iii) Expenditure in Foreign Currency towards :		
Memberships and Subscriptions	**60**	75
Books and Periodicals	**14**	10
Travelling Expenses	**128**	97
Consultancy Charges	**288**	264
Sales Commission	**392**	437
Foreign Bank Charges	**53**	49
Interest	**0**	0.10
Others	**199**	230

ANNEXURE – II

Information pursuant to Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975

Name	Age (Yrs)	Qualifications	Designation	Date of commencement of employment	Experience (Yrs)	Gross remuneration (Rs.crores)	Last employment
Dr. Murali K. Divi	63	M. Pharm. Ph. D.	Chairman & Managing Director	12-Oct-90	39	33.39	Managing Director, Cheminor Drugs Ltd.
Ramana. N.V.	56	B.Sc.(Chem)	Executive Director	26-Dec-94	29	17.18	President, Enmark Exim Services Pvt. Ltd
Madhusudana Rao Divi	70	M.E. (Structural Engg.)	Director-Projects	14-Oct-94	45	0.99	Executive Director Sadah General Trading & Const Co., Kuwait
Kiran S. Divi	38	M. Pharm.	Director & President-Operations	10-Aug-01	13	11.77	--
Chandra S. Divi *	45	B.E.	General Manager	19-Oct-94	19	0.75	--
Devendra Rao. S.	52	M. Sc.	General Manager	10-Feb-95	31	1.15	Senior Manager (Prod), Natco Pharma Ltd.
Hemanth Kumar. G.	54	M. Sc.	General Manager	1-Nov-94	31	1.06	Sr. Prodn. Manager, Sumitra Pharma Ltd.
Kishore Babu. L.	62	B.Com, FCMA	Chief Financial Officer	20-Nov-94	41	1.37	Finance Manager, Nagarjuna Fert & Chem Ltd.
Prasad. Y.T.S.	46	B.E.	General Manager	1-Nov-90	26	1.15	Engineer (Devpt), Cheminor Drugs Ltd.
Ramakrishna. S.	52	M. Sc.	General Manager	15-Feb-95	31	1.06	General Manager (Works), Vera Laboratories Ltd.
Ramesh Babu. M.	48	B. Sc.	Chief Technologist	1-Nov-90	28	1.15	R&D Incharge, Cheminor Drugs Ltd.

Name	Age (Yrs)	Qualifications	Designation	Date of commencement of employment	Experience (Yrs)	Gross remuneration (Rs.crores)	Last employment
Srinivasa Rao. P	49	M. Pharm	Chief Technologist	1-Nov-90	26	1.15	Sr. Chemist, Cheminor Drugs Ltd.
Ramesh Babu. L.	58	M.Com, MBA, LLB	Chief Information Officer & Vice President (Procurement)	20-May-09	25	1.04	Group Captain, Indian Air Force
Satya Prakash Divi	37	MS (CIS) B.Tech-(Mechanical), MBA	Vice President (Sales & Marketing)	1-Mar-13	12	1.11	VP, Marketing & IT, EF International Academy, Switzerland

* Employed for part of the year

Notes :

1) Remuneration includes salary, allowances, company contribution to provident fund, Commission, benefits and value of stock options.
2) All the above appointments are contractual.
3) Dr Murali K Divi, Chairman and Managing Director and Mr. Madhusudana Rao Divi, Director - Projects are related to each other.
4) Dr Murali K Divi, Chairman and Managing Director and Mr. Kiran S Divi, Director & President - Operations are related to each other.
5) Mr. L. Ramesh Babu, Chief Information Officer & Vice President (Procurement) is related to Mr. N. V. Ramana, Executive Director of the Company and Mr. L. Kishore Babu, Chief Financial Officer of the Company
6) No other employee mentioned above is related to any Directors of the Company.

Independent Auditors' Report

To

The Members of DIVI'S LABORATORIES LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of DIVI'S LABORATORIES LIMITED ("the Company"), which comprise the Balance Sheet as at March 31, 2014, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards notified under the Companies Act, 1956 ("the Act") read with the General Circular 15/ 2013 dated 13th September 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India :

a. in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;

b. in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and

c. in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Emphasis of Matter

We draw attention to Note No 29(II)(8)(c) regarding investments in wholly owned subsidiaries whose net worth are eroded and the consequent possibility of impairment of the equity investment of Rs. 281.61 lakhs made and non-recovery or partial recovery of loans of Rs. 4796.31 lakhs given to them by the company. For reasons explained in the said Note, including the subsidiaries future business plans and growth prospects, such impairment if any is considered to be temporary in nature and no provision is considered necessary in the accounts of the company. Our opinion is not qualified in respect of this matter.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order"), issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that :
   a. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

b. In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

c. The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;

d. In our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards notified under the Companies Act, 1956 read with the General Circular 15/2013 dated 13th September 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013;

e. On the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For P.V.R.K. NAGESWARA RAO & CO.,
Chartered Accountants
Firm's Registration Number : 002283S

N. ANKARAO
Partner
Membership Number : 23939

Hyderabad.
24.05.2014

Annexure to Independent Auditors' Report

Referred to in Paragraph 1 under the heading of 'Report on Other Legal and Regulatory Requirements' of our report of even date

1. (a) The company has maintained proper records showing full particulars including quantitative details and situation of Fixed Assets.

   (b) As explained to us, the fixed assets have been physically verified by the management according to the phased programme designed to cover all the fixed assets on rotation basis. In respect of fixed assets verified according to this programme, which is considered reasonable, no material discrepancies were noticed on such verification.

   (c) The Company has not disposed off substantial part of fixed assets during the year, which affect the going concern assumption.

2. (a) The inventories of the Company have been physically verified by the Management during the year at reasonable intervals except stocks lying with others which have been verified with reference to confirmations, certificates and other relevant documents where available.

   (b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.

   (c) The Company has maintained proper records of inventories and the discrepancies noticed on physical verification of stocks as compared to book records, which in our opinion were not material, have been properly dealt with in the books of account.

3. The Company has neither granted nor taken any loans, secured or unsecured to/from companies firms or other parties covered in the register maintained under section 301 of the Act. Consequently, the provisions of Clause 4(iiib), 4(iiic), 4(iiid), 4(iiif), and 4(iiig) of the Order are not applicable to the Company.

4. In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the Company and the nature of its business with regard to purchase of inventory, fixed assets and for the sale of goods and services, During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls with regard to purchase of inventory, fixed assets and for the sale of goods and services.

5. (a) According to the information and explanations given to us and as confirmed by the Company Secretary and Management of the Company, we are of the opinion that the particulars of contracts or arrangements that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.

   (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 and exceeding the value of Rs. 5,00,000/- in respect of each party have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.

6. According to the information and explanations given to us, the Company has not accepted any deposits from the public covered by the directives issued by the Reserve Bank of India and the provisions of Section 58A and 58AA or any other relevant provisions of the Act and the rules framed there under. Consequently, the provisions of Clause 4(vi) of the Order are not applicable to the Company.

7. In our opinion and according to the explanations given to us, the Company has an internal audit system commensurate with the size and nature of its business.

8. We have broadly reviewed the records maintained by the Company pursuant to the order made by the Central Government of India, for the maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956 and are of the opinion that prima facie the prescribed records have been maintained and are being made up. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.

9. (a) According to the records of the Company and as per the information and explanations given to us, the Company is generally regular in depositing the undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs duty, Excise duty, Cess and other material statutory dues applicable to it with the appropriate authorities. In respect of these statutory dues, there are no outstanding dues as on 31.03.2014 which are outstanding for a period of more than six months from the date they became payable.

(b) According to the records of the Company and as per the information and explanations given to us, there are no dues of Sales Tax, Wealth Tax and Cess which have not been deposited on account of any dispute as on 31.03.2014 except Excise Duty, Customs Duty, Service Tax and Income Tax, the details of which are as given under :

Name of the Statute	Period to which the amount relates	Nature of dues	Amount Rs. In Lakhs	Forum where dispute is pending
Customs Act, 1962	August 2005	Penalty and fine	0.30	Customs, Excise & Service Tax Appellate Tribunal, south Zonal Bench, Bangalore
Customs Act, 1962	January, 2007	Penalty	10.00	Customs, Excise & Service Tax Appellate Tribunal, south Zonal Bench, Chennai
Customs Act, 1962	June, 2006 to July, 2008	Customs duty and Penalty	16.00	Customs, Excise & Service Tax Appellate Tribunal, south Zonal Bench, Bangalore
Customs Act, 1962	August, 2008 to December, 2008	Penalty	2.00	Customs, Excise & Service Tax Appellate Tribunal, south Zonal Bench, Bangalore
Central Excise Act, 1944	September, 2006 to December, 2008	Excise duty and penalty	244.09	Customs, Excise & Service Tax Appellate Tribunal, south Zonal Bench, Bangalore
Customs Act, 1962	June, 2009 to March, 2010	Penalty	1.25	Customs, Excise & Service Tax Appellate Tribunal, south Zonal Bench, Bangalore
Central Excise Act, 1944	July, 2009 to March, 2010	Excise duty and penalty	9.37	Customs, Excise & Service Tax Appellate Tribunal, south Zonal Bench, Bangalore
Central Excise Act, 1944	June, 2010 to March, 2011	Excise duty and penalty	39.04	Customs, Excise & Service Tax Appellate Tribunal, south Zonal Bench, Bangalore
Service Tax under the Finance Act, 1944	April, 2006 to December, 2006	Penalty	22.69	Customs, Excise & Service Tax Appellate Tribunal, south Zonal Bench, Bangalore

Name of the Statute	Period to which the amount relates	Nature of dues	Amount Rs. In Lakhs	Forum where dispute is pending
Income Tax Act, 1961	2005-06	Interest	0.41	Additional Commissioner of Income Tax, Range-1 Hyderabad.
Income Tax Act, 1961	2007-08	Income Tax and Interest	63.09	Commissioner of Income Tax, (Appeals) - II Hyderabad.
Income Tax Act, 1961	2008-09	Income Tax and Interest	226.27	Commissioner of Income Tax, (Appeals) - II Hyderabad.
Income Tax Act, 1961	2009-10	Income Tax and Interest	104.91	Commissioner of Income Tax, (Appeals) - II Hyderabad.

10. As per the information and explanations given to us and on an overall examination of the financial statements of the company for the current and immediately preceding financial year, we report that the Company does not have any accumulated losses at the end of the current financial year nor incurred cash losses in the current and immediately preceding financial year.
11. According to records of the Company, during the year the Company has not defaulted in repayment of dues to financial institutions or banks or debenture holders.
12. As per the information and explanations given to us, as the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities to any body during the year.
13. In our opinion, as the Company is not a chit fund or a nidhi or mutual benefit fund or society, the provisions of Clause 4 (xiii) of the Order are not applicable to the Company for this year.
14. In our opinion, the Company is not dealing in or trading in Shares, Securities, debentures and other investments.
15. As per information and explanations given to us, the Company has not given any guarantees for loans taken by others from banks or financial institutions.
16. According to records of the Company, as the Company has not raised any term loans during the year, the provisions of Clause 4 (xvi) of the Order are not applicable to the Company for this year.
17. According to records and on an overall examination of the balance sheet of the company, we report that the funds raised on short term basis have not been used for long term investments.
18. As per the information and explanations given to us, the Company has not made any preferential allotment of shares to parties covered in the Register maintained under section 301 of the Act during the year.
19. As the Company has not issued any debentures during the year, which requires the creation of security or charge, the provisions of Clause 4(xix) are not applicable to the Company.
20. As the Company has not raised any money by public issues during the year, the provisions of Clause 4(xx) are not applicable to the Company.
21. 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 as per the representation given by the Company and relied on by us, we have neither come across any instance of material fraud on or by the Company, noticed or reported during the year, nor have we been informed of such cases by the management.

For P.V.R.K. NAGESWARA RAO & CO.,
Chartered Accountants
Firm's Registration Number : 002283S

N. ANKARAO
Partner
Membership Number : 23939

Hyderabad.
24.05.2014

Balance Sheet as at 31st March, 2014

(Rs. in Lakhs)

Particulars	Note No.	As At 31st March, 2014		As At 31st March, 2013	
EQUITY AND LIABILITIES					
Shareholders' funds					
Share capital	1	**2654.69**		2654.69	
Reserves and surplus	2	**300786.93**	**303441.62**	252673.12	255327.81
Non-current liabilities					
Long-term borrowings	3	**155.06**		210.04	
Deferred tax liabilities (Net)	4	**12167.17**		8655.21	
Long-term provisions	5	**318.21**	**12640.44**	239.09	9104.34
Current liabilities					
Short-term borrowings	6	**1632.37**		3051.45	
Trade payables	7	**14869.29**		15830.73	
Other current liabilities	8	**14654.85**		12935.35	
Short-term provisions	9	**31157.76**	**62314.27**	23341.64	55159.17
TOTAL			**378396.33**		319591.32
ASSETS					
Non-current assets					
Fixed assets					
Tangible assets	10	**122160.15**		90849.90	
Capital work -in- progress		**14448.46**		30341.44	
		136608.61		121191.34	
Non-current investments	11	**281.61**		281.61	
Long-term loans and advances	12	**11902.39**		10727.05	
Other non-current assets	13	**-**	**148792.61**	-	132200.00
Current assets					
Current investments	14	**50187.62**		40781.36	
Inventories	15	**89327.05**		80594.84	
Trade receivables	16	**79163.59**		55890.06	
Cash and Bank balances	17	**3576.76**		3468.28	
Short-term loans and advances	18	**6737.51**		5989.11	
Other current assets	19	**611.19**	**229603.72**	667.67	187391.32
TOTAL			**378396.33**		319591.32
Summary of Significant Accounting Policies and Other Explanatory Information	29				

For and on behalf of the Board

Per Our Report of Even Date
For P.V.R.K. NAGESWARA RAO & CO
Chartered Accountants
Firm's Registration Number : 002283S

Dr. MURALI K. DIVI
Chairman and Managing Director

N.V. RAMANA
Executive Director

N. ANKA RAO
Partner
Membership Number : 23939

L. KISHOREBABU
Chief Financial Officer

P.V. LAKSHMI RAJANI
Company Secretary

Hyderabad
24.05.2014

Statement of Profit and Loss for the Year ended 31st March, 2014

(Rs. in Lakhs)

Particulars	Note No.	For the year ended 31st March, 2014		For the year ended 31st March, 2013	
REVENUE					
Revenue from operations					
Sale of products			**251872.82**		211755.17
Sale of traded goods			**9.07**		13.79
Sale of services	20		**664.26**		2162.35
Other operating revenues	21		**679.22**		493.86
			253225.37		214425.17
Less : Excise duty			**1828.83**		1536.18
			251396.54		212888.99
Other income	22		**8390.26**		4851.25
Total Revenue			**259786.80**		217740.24
EXPENSES					
Cost of Raw materials consumed	23		**103189.44**		89789.81
Purchases of Stock-in-trade			**-**		9.43
Changes in inventories of finished goods, stock-in-trade and work-in-progress	24		**(11375.05)**		(10033.10)
Employee benefits expense	25		**22542.66**		19120.18
Finance costs	26		**205.52**		177.65
Research and development expenses	27		**2539.13**		2399.87
Depreciation			**9206.18**		7689.56
Other expenses	28		**32614.85**		29428.35
Total Expenses			**158922.73**		138581.75
Profit before tax			**100864.07**		79158.49
Tax expense					
Current tax		**20615.00**		15300.00	
MAT credit utilisation / (Entitlement)		**(2368.00)**		853.00	
Deferred tax		**3511.96**		1926.49	
MAT credit Adjustments		**0.88**		(63.12)	
Income tax adjustments		**(68.08)**	**21691.76**	-	18016.37
Profit for the Year			**79172.31**		61142.12
Earnings per equity share (Face value Rs.2/- per share)					
Basic and Diluted			**59.65**		46.06
Summary of Significant Accounting Policies and Other Explanatory Information	29				

For and on behalf of the Board

Per Our Report of Even Date
For P.V.R.K. NAGESWARA RAO & CO
Chartered Accountants
Firm's Registration Number : 002283S

Dr. MURALI K. DIVI
Chairman and Managing Director

N.V. RAMANA
Executive Director

N. ANKA RAO
Partner
Membership Number : 23939

L. KISHOREBABU
Chief Financial Officer

P.V. LAKSHMI RAJANI
Company Secretary

Hyderabad
24.05.2014

Cash flow Statement for the Year ended 31st March, 2014

(Rs. in Lakhs)

Particulars	For the year ended 31st March, 2014		For the year ended 31st March, 2013	
I **CASH FLOW / (USED) FROM OPERATING ACTIVITIES :**				
Profit before tax for the year		**100864.07**		79158.49
Add/ (Less) : Adjustments for :				
Depreciation	**9206.18**		7689.56	
Provision for doubtful debts	**0.16**		36.73	
Unrealised foreign exchange loss (net)	**365.46**		876.74	
Provison for doubtful debts no longer required written back	**(39.41)**		(4.91)	
Interest expense	**91.32**		75.39	
Interest income	**(609.63)**		(272.44)	
Bad debts written off	**167.34**		10.05	
Claims written off	**152.99**		0.76	
Dividend from Current Investments	**(2573.63)**		(2980.78)	
Loss on sale of Assets (net)	**0.38**		-	
Book deficit on Assets discarded	**245.18**		69.81	
		7006.34		5500.91
		107870.41		84659.40
Add / (Less) : Adjustments for Working Capital Changes :				
(Increase) / Decrease in Long term Loans and Advances	**185.26**		(536.05)	
Decrease in other non current assets	**-**		151.25	
(Increase) in Inventories	**(8732.21)**		(15497.99)	
(Increase) in Trade Receivables	**(24657.98)**		(3629.63)	
(Increase)/Decrease in Short term Loans and Advances	**750.69**		(561.61)	
(Increase)/Decrease in Other Current assets	**60.26**		(219.13)	
Increase /(Decrease) in Trade Payables	**(756.92)**		411.56	
Increase in Other Current Liabilities	**2298.17**		1511.54	
Increase / (Decrease) in Short Term Provisions	**51.49**		(11.49)	
(Decrease) in Other Long term Liabilities	**-**		(623.61)	
Increase in Long Term Provisions	**79.12**		74.47	
		(30722.12)		(18930.69)
Cash generated from operations		**77148.29**		65728.71
Less : Direct taxes paid		**21333.73**		17445.88
Net Cash flow from operating activities		**55814.56**		48282.83

(Rs. in Lakhs)

Particulars	For the year ended 31st March, 2014	For the year ended 31st March, 2013
II **CASH FLOW / (USED) FROM INVESTING ACTIVITIES :**		
Purchase of fixed assets	**(24637.46)**	(34003.40)
Sale of Fixed assets	**9.14**	-
Proceeds / (Purchase) of Current Investments	**(9406.26)**	6922.54
Dividend from Current Investments	**2573.63**	2980.78
Investments in bank deposits (original maturity of more than three months) (net)	**347.56**	(1525.24)
Interest received	**605.85**	175.88
Net Cash (used) in Investing activities	**(30507.54)**	(25449.44)
III **CASH FLOW/ (USED) FROM FINANCING ACTIVITIES :**		
Repayment of Long-term Borrowings	**(45.65)**	(268.21)
Repayment of Short-term Borrowings (net)	**(1419.08)**	(1968.92)
Interest paid	**(91.32)**	(76.74)
(Loss) on forex hedging / swap arrangements	**-**	(707.41)
Dividend paid (including corporate dividend tax)	**(23293.87)**	(20054.73)
Net Cash (Used) in Financing Activities	**(24849.92)**	(23076.01)
IV Net Increase / (Decrease) in cash and cash equivalents	**457.10**	(242.62)
V Cash and Cash Equivalents as at the beginning of the year	**577.62**	820.24
VI Cash and Cash Equivalents as at the end of the year	**1034.72**	577.62

Note :

1. Previous year figures have been regrouped / reclassified to conform to current year classification.
2. The Cash Flow Statement has been prepared under 'Indirect Method' in accordance with the requirement of Accounting Standard-3 "Cash Flow Statement" issued under Companies (Accounting Standards) Rules, 2006.
3. Summary of Significant Accounting Policies and Other Explanatory Information (Note No 29) form an Integral part of the Cash Flow Statement.

For and on behalf of the Board

Per Our Report of Even Date
For P.V.R.K. NAGESWARA RAO & CO
Chartered Accountants
Firm's Registration Number : 002283S

Dr. MURALI K. DIVI
Chairman and Managing Director

N.V. RAMANA
Executive Director

N. ANKA RAO
Partner
Membership Number : 23939

L. KISHOREBABU
Chief Financial Officer

P.V. LAKSHMI RAJANI
Company Secretary

Hyderabad
24.05.2014

Notes to Balance Sheet

(Rs. in Lakhs)

Note No.	Particulars	As At 31st March, 2014	As At 31st March, 2013
1.	**SHARE CAPITAL**		
	Authorised :		
	15,00,00,000 (previous year: 15,00,00,000) Equity Shares of Rs.2/- each	**3000.00**	3000.00
	Issued :		
	13,27,34,290 (previous year: 13,27,34,290) Equity Shares of Rs.2/- each	**2654.69**	2654.69
	Subscribed and paid up :		
	13,27,34,290 (previous year: 13,27,34,290) Equity Shares of Rs 2/- each fully paid up	**2654.69**	2654.69

Reconciliation of the number of Equity Shares Outstanding is set out below :

Particulars	As At 31st March, 2014 Number	As At 31st March, 2013 Number
Shares outstanding at the beginning of the year	**132734290**	132734290
Shares issued during the year	**-**	-
Shares outstanding at the end of the year	**132734290**	132734290

The details of Shareholders holding more than 5% equity shares is set out below :

Name of Shareholder	As At 31st March, 2014		As At 31st March, 2013	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
PROMOTERS GROUP :				
Dr. Murali Krishna Prasad Divi	**7783500**	**5.86**	7783500	5.86
Satchandra Kiran Divi	**23000000**	**17.33**	23000000	17.33
Swarnalatha Divi	**7000000**	**5.27**	7000000	5.27
Nilima Motaparti	**27000000**	**20.34**	27000000	20.34
OTHER THAN PROMOTERS GROUP :				
Reliance Capital Trustee Company Limited	**8069537**	**6.08**	10073608	7.59

Aggregate number of bonus shares issued during the period of five years immediately preceding the reporting date

On 2nd August 2009, the company issued 6,48,47,975 equity shares of Rs. 2/- each as fully paid bonus shares by capitalisation of general reserve and other free reserves.

Terms/rights attached to equity shares :

The company has only one class of equity shares having a par value of Rs.2/- per share. Each holder of equity shares is entitled to one vote per share. The company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

During the year ended 31st March 2014, the amount of per share dividend recognised as distribution to equity shareholders was Rs. 20/-(31st March 2013 : Rs. 15/-)

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.

(Rs. in Lakhs)

Note No.	Particulars	As At 31st March, 2014		As At 31st March, 2013	
2.	**RESERVES AND SURPLUS**				
	Capital Reserve		**32.58**		32.58
	Securities Premium Account		**10642.33**		10642.33
	General Reserve :				
	As Per Last Account	**55000.00**		40000.00	
	Add : Amount transferred from Statement of Profit and Loss	**15000.00**	**70000.00**	15000.00	55000.00
	Balance in Statement of Profit and Loss (Surplus) :				
	As Per Last Account	**186998.21**		164149.96	
	Add : Profit as per Statement of Profit and Loss	**79172.31**		61142.12	
	Total available for allocations and appropriations	**266170.52**		225292.08	
	Less : Allocations and appropriations :				
	Proposed Dividend	**26546.86**		19910.14	
	Provision for Corporate Dividend Tax	**4511.64**		3383.73	
	Amount transferred to General Reserve	**15000.00**		15000.00	
	Profit carried forward to next year		**220112.02**		186998.21
			300786.93		252673.12
3.	**LONG-TERM BORROWINGS**				
	Deferred Payment Liabilities (Unsecured) :				
	Deferred Sales Tax Credit	**210.04**		255.69	
	Less : Current maturities of long-term debt	**54.98**	**155.06**	45.65	210.04
	1. Term of Repayment :				
	Period : 14 Years				
	Number of Installments due : 4				
	Rate of Interest : Interest free				
	2. The above liability due thereon has been paid upto date and there are no continuing defaults.				
			155.06		210.04
4.	**DEFERRED TAX LIABILITIES(NET)**				
	Opening balance at the beginning of the year		**8655.21**		6728.72
	Add : Adjustments during the year Refer Note No. 29 (II)(15)		**3511.96**		1926.49
			12167.17		8655.21
5.	**LONG-TERM PROVISIONS**				
	Provision for employee benefits Refer Note No. 29 (II)(10)		**318.21**		239.09
			318.21		239.09

(Rs. in Lakhs)

Note No.	Particulars	As At 31st March, 2014		As At 31st March, 2013	
6.	**SHORT-TERM BORROWINGS**				
	Loans repayable on demand :				
	Working Capital Loans from banks (Secured) :		**1631.00**		2188.03
	1. Nature of Security : (Secured by hypothecation of stocks, book debts and receivables and further secured by second charge on fixed assets of the company)				
	2. There are no defaults in repayment of loans and interest				
	3. The above loans carry interest @ 10% to 12.50% p.a.				
	Overdraft against Fixed Deposits from banks (Secured) :		**1.37**		863.42
	1. Nature of Security : (Secured by hypothecation of Fixed Deposits of the company)				
	2. There are no defaults in repayment of loans and interest				
	3. The above loans carry interest @ 9.00% to 9.75% p.a.				
			1632.37		3051.45
7.	**TRADE PAYABLES**				
	Dues of Micro and Small Enterprises		**-**		-
	Dues of Enterprises other than Micro and Small Enterprises Refer Note No. 29 (II)(7)		**14869.29**		15830.73
			14869.29		15830.73
8.	**OTHER CURRENT LIABILITIES**				
	Current maturities of long-term debt		**54.98**		45.65
	Advance from customers		**1285.21**		1772.68
	Unpaid dividends (Of the above, there is no amount due and outstanding to be credited to Investor Education and Protection Fund)		**42.02**		43.08
	Other Payables :				
	Creditors for Capital Works	**1577.91**		2173.72	
	Statutory liabilities	**387.22**		355.56	
	Employee benefits payable	**7216.59**		5797.05	
	Others	**4090.92**	**13272.64**	2747.61	11073.94
			14654.85		12935.35
9.	**SHORT-TERM PROVISIONS**				
	Provision for employee benefits Refer Note No. 29 (II)(10)		**99.26**		47.77
	Proposed Dividend		**26546.86**		19910.14
	Provision for Tax on Proposed Dividend		**4511.64**		3383.73
			31157.76		23341.64

10. Fixed Assets (Rs. in lakhs)

S.No.	Description	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		Cost as at 01.04.2013	Additions	Deductions	Total Upto 31.03.2014	Upto 01.04.2013	For the Year	On Deductions	Total Upto 31.03.2014	As at 31.03.2014	As at 31.03.2013
A	**TANGIBLE ASSETS**										
1	Freehold land and Development	2438.49	285.21	-	**2723.70**	-	-	-	**-**	**2723.70**	2438.49
2	Buildings	25443.10	7927.52	0.85	**33369.77**	4011.22	820.90	0.20	**4831.92**	**28537.85**	21431.88
3	Plant and Equipment	95720.45	31117.43	641.48	**126196.40**	35848.56	7831.08	288.82	**43390.82**	**82805.58**	59871.89
4	Laboratory Equipment	6616.02	786.27	1.39	**7400.90**	1664.96	333.24	0.15	**1998.05**	**5402.85**	4951.06
5	Furniture and Fittings	624.12	273.98	0.54	**897.56**	291.64	53.98	0.17	**345.45**	**552.11**	332.48
6	Vehicles	599.92	47.05	44.41	**602.56**	425.03	38.59	35.79	**427.83**	**174.73**	174.89
7	Office and other Equipment	1848.00	335.42	1.25	**2182.17**	412.99	79.37	0.08	**492.28**	**1689.89**	1435.01
8	Computers	497.93	108.26	-	**606.19**	283.73	49.02	-	**332.75**	**273.44**	214.20
	Total	133788.03	40881.14	689.92	**173979.25**	42938.13	9,206.18	325.21	**51819.10**	**122160.15**	90849.90
	Previous year Total	109163.21	24789.78	164.96	**133788.03**	35343.72	7689.56	95.15	**42938.13**	**90849.90**	73819.49
B	**CAPITAL WORK IN PROGRESS**	30341.44	24298.23	40191.21	**14448.46**	-	-	-	**-**	**14448.46**	30341.44

Note :

Additions to fixed assets during the year include value of capital expenditure towards Research and Development aggregating to Rs. 965.50 lakhs (Previous year Rs.423.46 lakhs) (Refer Note No. 29 (II)(9). Depreciation for the year includes depreciation amounting to Rs. 128.02 lakhs (previous year: Rs. 114.16 lakhs) on assets used for Research and Development.

(Rs. in Lakhs)

Note No.	Particulars	As At 31st March, 2014		As At 31st March, 2013	
11.	**NON-CURRENT INVESTMENTS** *(Long Term Investments)*				
	Investments in Equity Instruments (Non Trade, Unquoted, fully paid up) : (At Cost less provision for other than temporary diminution in value)				
	In Subsidiary Companies :				
	- Divis Laboratories (USA) Inc 2,000 (previous year: 2,000) Ordinary Shares of US$ 0.01 each		**245.43**		245.43
	- Divi's Laboratories EUROPE AG 200 (previous year : 200) Shares of CHF 500 each		**36.18**		36.18
	In Other Companies :				
	Pattancheru Enviro - Tech Limited 12,000 (previous year : 12,000) Equity Shares of Rs.10/- each	**1.20**		1.20	
	Less : Provision for diminution in value of Investments	**1.20**	**-**	1.20	-
			281.61		281.61
	Aggregate amount of unquoted Investments		**282.81**		282.81
	Aggregate provision made for diminution in value of investments		**1.20**		1.20
12.	**LONG-TERM LOANS AND ADVANCES** (Unsecured, considered good)				
	Capital Advances		**1148.81**		1985.31
	Security Deposits		**1345.99**		1229.30
	Loans and advances to related parties Refer Note No. 29(II) (12)		**4796.31**		4486.31
	Pre-paid Expenses		**9.03**		7.21
	Prepaid Taxes (Net of Provision for Taxation of Rs. 52326.00 Lakhs, previous year Rs 38603.58 Lakhs)		**3832.62**		2330.77
	Other Loans and advances		**769.63**		688.15
			11902.39		10727.05
13.	**OTHER NON CURRENT ASSETS**				
	Long term trade receivables :				
	Unsecured , considered doubtful	**20.09**		59.35	
	Less : Provision for doubtful debts	**20.09**	**-**	59.35	-
	Other receivables :				
	Unsecured , considered doubtful	**0.60**		0.60	
	Less : Provision for doubtful debts	**0.60**	**-**	0.60	-
			-		-

(Rs. in Lakhs)

Note No.	Particulars	As At 31st March, 2014		As At 31st March, 2013	
14.	**CURRENT INVESTMENTS**				
	Investments in Mutual Funds :				
	Unquoted (At lower of Cost and Fair Value) SBI Mutual Fund - SBI-SHF-Ultra Short Term Plan Institutional Plan - Direct daily Dividend Scheme 4509564 (previous year 3872911) Units of Rs.1000/- each Fair Value : Rs.45222.04 Lakhs (Previous Year : Rs.38780.76 Lakhs)		**45187.02**		38779.09
	SBI-ULTRA Short term Debt Fund -Regular daily Dividend Plan 499123 (previous year 199970) Units of Rs.1000/- each Fair Value Rs. 5005.81 Lakhs (Previous Year Rs.2002.27)		**5000.60**		2002.27
			50187.62		40781.36
	Aggregate amount of unquoted investments		**50187.62**		40781.36
	Aggregate Provision for diminution in value of Investments		**-**		-
15.	**INVENTORIES (Valued at lower of Cost and Net realisable Value)**				
	Raw Materials (including stock in transit of Rs.Nil (previous year Rs.945.91 lakhs)		**28264.54**		29414.96
	Work - in - Progress		**50797.04**		40521.12
	Finished Goods (including stock in transit of Rs.17.72 Lakhs (previous year Rs.Nil)		**3932.24**		2882.55
	Stock - in - Trade		**0.87**		9.53
	Stores and Spares		**6332.36**		7766.68
			89327.05		80594.84
16.	**TRADE RECEIVABLES (Unsecured, Considered Good)**				
	Outstanding for a period exceeding six months from the date they became due for payment		**1244.09**		1201.71
	Others		**77919.50**		54688.35
			79163.59		55890.06
17.	**CASH AND BANK BALANCES**				
	Cash and Cash Equivalents :				
	Cash on Hand	**12.08**		4.26	
	Balance with Banks				
	In Current Accounts	**1022.64**	**1034.72**	573.36	577.62
	Other Bank Balances :				
	In Unclaimed Dividend accounts		**42.02**		43.08
	Balances with banks to the extent held as Margin Money (Towards margin on Letters of Credit and Guarantees issued by banks)		**2500.02**		2847.58
			3576.76		3468.28

(Rs. in Lakhs)

Note No.	Particulars	As At 31st March, 2014	As At 31st March, 2013
18.	**SHORT-TERM LOANS AND ADVANCES** (Unsecured, considered good)		
	Central excise duty deposit	**1420.75**	1141.48
	Prepaid expenses	**318.45**	260.76
	Advances to suppliers	**2005.46**	2538.30
	Advances to employees	**24.77**	8.44
	Other advances and receivables	**1305.01**	2029.14
	MAT Credit Entitlements	**1663.07**	10.99
		6737.51	5989.11
19.	**OTHER CURRENT ASSETS**		
	Interest accrued on deposits	**147.88**	144.10
	Export Incentives receivable	**200.00**	294.32
	Insurance claims receivable	**133.69**	169.78
	Other receivables	**129.62**	59.47
		611.19	667.67

Notes to Statement of Profit and Loss

(Rs. in Lakhs)

Note No.	Particulars	For the Year Ended 31st March, 2014		For the Year Ended 31st March, 2013	
20.	**SALE OF SERVICES**				
	Contract research fee		**638.64**		255.14
	Job work charges		**25.62**		1907.21
			664.26		2162.35
21.	**OTHER OPERATING REVENUES**				
	Export incentives		**138.54**		136.14
	Sale of scrap out of manufacturing process		**540.68**		357.72
			679.22		493.86
22.	**OTHER INCOME**				
	Interest income		**609.63**		272.44
	Dividend income from current investments		**2573.63**		2980.78
	Net gain on foreign currency transactions and translations		**5041.79**		1516.40
	Sale of other scrap		**67.75**		18.40
	Provision for liabilities no longer required written back		**11.73**		44.88
	Provison for doubtful debts no longer required written back		**39.41**		4.91
	Other non-operating Income		**46.32**		13.44
			8390.26		4851.25
23.	**COST OF RAW MATERIALS CONSUMED** Refer Note No. 29 (II)(16)				
	Opening Inventory		**29414.96**		24553.89
	Add : Purchases during the year		**102039.02**		94650.88
			131453.98		119204.77
	Less : Closing Inventory		**28264.54**		29414.96
			103189.44		89789.81
24.	**CHANGE IN INVENTORY OF FINISHED GOODS, STOCK-IN-TRADE AND WORK-IN-PROGRESS**				
	Finished Goods :				
	Closing Inventory	**3932.24**		2882.55	
	Opening Inventory	**2882.55**	**(1049.69)**	1851.70	(1030.85)
	Excise duty adjustment in movement in finished goods inventory		**58.10**		(86.03)
			(1107.79)		(944.82)
	Stock - in - Trade :				
	Closing Inventory	**0.87**		9.53	
	Opening Inventory	**9.53**	**8.66**	7.42	(2.11)
	Work-in-Progress :				
	Closing Inventory	**50797.04**		40521.12	
	Opening Inventory	**40521.12**	**(10275.92)**	31434.95	(9086.17)
			(11375.05)		(10033.10)

(Rs. in Lakhs)

Note No.	Particulars	For the Year Ended 31st March, 2014	For the Year Ended 31st March, 2013
25.	**EMPLOYEE BENEFITS EXPENSE**		
	Salaries, wages, bonus and other allowances	**21323.79**	18108.09
	Contribution to Provident and other funds	**366.71**	301.70
	Contribution to ESI	**123.65**	125.50
	Staff welfare expenses	**728.51**	584.89
		22542.66	19120.18
26.	**FINANCE COSTS**		
	Interest expense	**36.48**	49.55
	Interest on Income Tax	**54.84**	25.84
	Other borrowing costs	**114.20**	100.51
	Net loss on foreign currency transactions and translations	**-**	1.75
		205.52	177.65
27.	**RESEARCH AND DEVELOPMENT EXPENSES**		
	Raw Materials Consumed	**128.81**	50.66
	Salaries, wages, bonus and other allowances	**1553.60**	1418.52
	Contribution to Provident and other funds	**36.48**	51.60
	Contribution to ESI	**6.67**	8.29
	Staff Welfare expenses	**2.43**	2.12
	Stores consumed	**228.85**	400.52
	Power and fuel	**120.07**	182.03
	Repairs to Buildings	**21.39**	3.47
	Repairs to Machinery	**213.98**	103.65
	Repairs to other assets	**14.94**	89.32
	Rates and taxes, excluding taxes on income	**70.46**	31.43
	Printing and stationery	**8.98**	8.62
	Communication expenses	**1.13**	1.86
	Travelling and conveyance	**12.92**	0.57
	Vehicle maintenance	**0.01**	0.24
	Professional and consultancy charges	**71.64**	0.42
	Miscellaneous expenses	**46.28**	46.21
	Bank charges and commission	**0.49**	0.34
		2539.13	2399.87
28.	**OTHER EXPENSES**		
	Consumption of stores and spare parts	**2159.82**	2002.18
	Packing materials consumed	**2209.02**	1775.35
	Power and fuel	**14739.68**	13102.09
	Repairs to Buildings	**535.03**	238.05
	Repairs to Machinery	**3108.94**	2717.56
	Repairs to other assets	**100.12**	84.28
	Insurance	**339.86**	271.12
	Rates and taxes, excluding taxes on income	**506.73**	326.56

(Rs. in Lakhs)

Note No.	Particulars	For the Year Ended 31st March, 2014	For the Year Ended 31st March, 2013
	Directors sitting fees	**5.40**	7.40
	Printing and stationery	**246.10**	203.42
	Rent	**65.53**	59.97
	Communication expenses	**87.34**	77.45
	Travelling and conveyance	**422.54**	319.18
	Vehicle maintenance	**206.40**	196.19
	Payment to Auditors :		
	As Statutory Audit	**24.00**	20.00
	As Tax Auditors	**12.00**	10.00
	For Certification	**13.00**	11.50
	For Quarterly Reviews	**10.50**	9.00
	For Taxation Matters	**5.00**	-
	For Reimbursement of expenses	**1.01**	0.97
	Professional and consultancy charges	**267.44**	305.93
	Factory upkeep	**234.56**	276.67
	Environment management expenses	**772.85**	626.76
	Advertisement	**17.54**	8.61
	Sales commission	**486.74**	529.05
	Carriage outward	**3460.03**	4232.47
	General expenses	**1922.07**	1817.81
	Bad debts written off	**167.34**	10.05
	Provision for doubtful debts	**0.16**	36.73
	Donations	**1.02**	1.03
	Loss on sale of assets (Net of profit on sale of Assets of Rs.0.78 lakhs (previous year Rs. Nil))	**0.38**	-
	Book deficit on assets discarded	**245.18**	69.81
	Claims Written off	**152.99**	0.76
	Bank charges	**87.05**	78.06
	Prior year expenses	**1.48**	2.34
		32614.85	29428.35

29. Summary of Significant Accounting Policies and Other Explanatory Information:

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PREPARATION :

The financial statements have been prepared in accordance with the generally accepted accounting principles in India under the historical cost convention on an accrual basis to comply in all material respects with the notified Accounting Standards by the Companies (Accounting Standards) Rules, 2006(as amended), other pronouncements of the Institute of Chartered Accountants of India, the relevant provisions of the Companies Act, 1956 and also the guidelines issued by the Securities and Exchange Board of India (SEBI). The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year. The financial statements are presented in Indian rupees rounded off to the nearest lakh.

All assets and liabilities have been classified as current or non-current as per the company's normal operating cycle and other criteria set out in Revised Schedule VI to the Companies Act, 1956. Based on the nature of products and time between acquisition of assets for processing and their realization 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.

B. USE OF ESTIMATES :

The preparation of financial statements in conformity with generally accepted accounting principles requires the management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities on the date of financial statements and reported amounts of revenues and expenses for the year. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates. Difference between actual results and estimates are recognised in the period in which the results are known / materialised.

C. FIXED ASSETS AND DEPRECIATION :

i. Fixed assets are stated at cost of acquisition including freight, duties and installation expenses and expenditure during construction where applicable and net of CENVAT and Value Added Tax credit availed against Tax or cess paid on such items.

ii. Depreciation on Fixed Assets is provided under Straight Line Method at the rates and in the manner specified in Schedule XIV of the Companies Act, 1956.

iii. Depreciation is provided at one hundred per cent for assets costing less than Rs.5,000/-

iv. Depreciation on Fixed Assets used for the Project under construction is included under Expenditure during construction period Pending Capitalisation.

v. Expenditure directly relating to construction activity is capitalised. Indirect expenditure is capitalised to the extent those relate to the construction activity or is incidental thereto. Income earned during the construction period is deducted from the total expenditure relating to construction activity.

D. IMPAIRMENT OF ASSETS :

The company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the Statement of Profit and Loss. If at the balance sheet date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of amortised historical cost.

E. INVESTMENTS :

i. Investments that are readily realisable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long term investments.

ii. Current investments are carried at lower of cost and fair value determined on individual investment basis.

iii. Long-term investments are carried at cost of acquisition. Provision is made for decline, other than temporary, in the value of investments.

iv. On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.

F. INVENTORIES :

Raw materials, stores and spares are valued at lower of cost, calculated on weighted average basis, and net realisable value. Items held for use in the production of inventories are not written down below cost if the finished product in which these will be incorporated are expected to be sold at or above cost.

Finished goods and work-in-progress are valued at lower of cost and net realisable value. Cost includes materials, labour and a proportion of appropriate overheads based on normal operating capacity. Cost of finished goods includes excise duty. Cost is determined on a weighted average basis.

Trading goods are valued at lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business, reduced by the estimated costs of completion and costs to effect the sale.

Obsolete, defective and unserviceable inventories are duly provided for.

G. RESEARCH AND DEVELOPMENT :

Revenue Expenditure incurred for Research and Development is written off in the same year. Capital expenditure on Research and Development is shown as additions to Fixed Assets.

H. EXCISE DUTY :

Excise Duties recovered are included in "Gross Sales". Excise duty on sales is shown as an item of expense and deducted from Gross Sales. The value of closing stock of finished goods includes excise duty paid / payable on such stocks wherever applicable.

I. FOREIGN EXCHANGE TRANSACTIONS :

i. Initial Recognition: Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and foreign currency at the date of the transaction.

ii. Conversion: Foreign currency monetary items are reported at year-end rates. Non-monetary items which are carried in terms of historical cost denominated in foreign currency are reported using the exchange rate at the date of the transaction.

iii. Exchange difference: Exchange differences arising on the settlement of monetary items or on reporting monetary items of Company at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or as expense in the year in which they arise.

iv. Forward exchange contracts not intended for trading purpose: In case of forward exchange contracts, difference between forward rate and the exchange rate on the date of transaction is recognised as expense or income over the life of the contract. Exchange differences on such contracts are recognised in the statement of profit and loss in the year in which the exchange rates change. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognised as income or as expense for the year.

J. EMPLOYEE BENEFITS :

i. <u>Short-Term Benefits :</u>

Short Term Employee Benefits are charged off to the Statement of Profit and Loss at the undiscounted amount in the year in which the services have been rendered.

ii. <u>Long-Term Benefits :</u>

a. The Contributions to Provident Fund and Employee State Insurance Schemes, which are defined contribution schemes, to the relevant funds administered and managed by the Central Government of India, are charged off to the Statement of Profit and Loss as and when incurred. The Company has no further obligations under these plans beyond its monthly contributions.

b. Gratuity :

The Company makes contribution to a scheme administered by the Life Insurance Corporation of India ('LIC') to discharge gratuity liabilities to the employees. Annual contribution to the fund as determined by the LIC is expensed in the year of contribution. The shortfall between the accumulated funds available

with LIC and liability as determined on the basis of an actuarial valuation is provided for at the year-end. The actuarial gains / losses are immediately taken to the Statement of profit and loss.

Leave Encashment : The Company records its unavailed leave liability based on actuarial valuation using projected unit credit method.

c. Actuarial gains / losses arising during the year are recognised in the Statement of Profit and Loss.

iii. Terminal Benefits are recognised as an expense as and when incurred.

K. TAXES ON INCOME :

i. Tax expense is the aggregate of current year income tax, deferred income tax charged or credited to the Statement of Profit and Loss.

ii. Current Year Income Tax :

The Provision for taxation is based on assessable profits of the company as determined under the Income Tax Act, 1961. The Company also provides for such disallowances made on completion of assessment pending appeals, as considered appropriate depending on the merits of each case.

iii. Deferred Income Tax :

Deferred Income Taxes are recognised for the future tax consequences attributable to timing differences between the financial statement determination of income and their recognition for tax purposes. The effect of a change in tax rates on deferred tax assets and liabilities is recognised in income using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where the company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits.

In the situations where the company is entitled to tax holiday under the Income tax Act, 1961 no deferred tax is recognised in respect of timing 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 timing differences which reverse after the tax holiday period is recognised in the year in which timing difference originate.

Unrecognised deferred tax assets of earlier years are reassessed and recognised to the extent that it has become reasonably certain or virtually certain, as the case may be that future taxable income will be available against which such deferred tax assets can be realised.

The carrying amount of deferred tax assets is reviewed at each balance sheet date. The Company writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realised. Any such write-down is reversed to the extent that it becomes reasonable certainty or virtual certainty, as the case may be, that sufficient future taxable income will be available.

iv. Minimum Alternate Tax (MAT) Credit :

MAT credit is recognised, as an Asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified year. In the year in which the Minimum Alternative tax (MAT) credit becomes eligible to be recognised as an asset in accordance with the recommendation contained in Guidance Note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the Statement of profit and loss and shown as MAT Credit Entitlement. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal Income Tax during the specified period.

L. EXPORT BENEFITS :

Export benefits on account of duty drawback and export promotion schemes are accrued and accounted in the year of export, and are included in other operating revenue. Other benefits in the form of advance authorisation for imports are accounted for on purchase of imported materials.

M. REVENUE RECOGNITION :

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured.

i. SALES :

Revenue from sale of goods is recognised when significant risks and rewards in respect of ownership of products are transferred to the customers. Revenue from domestic sales is recognised on delivery of products to customers from the factories of the company. Revenue from export sales is recognised when the significant risks and rewards of ownership are transferred to the customers which is based upon the terms of the applicable contract.

Revenue from product sales is stated exclusive of returns, sales tax and applicable trade discounts and allowances.

ii. Interest income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

iii. Dividend on shares held by the company is recognised when the right of the company to receive the same is established.

iv. Service income is recognised as per the terms of the contracts with customers when the related services are performed or the agreed milestones are achieved.

N. BORROWING COSTS :

Borrowing cost includes interest, ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

Borrowing costs directly attributable to acquisition or construction of Fixed Assets which necessarily take a Substantial period of time to get ready for their intended use, incurred till the time of commencement of commercial production or their intended use are capitalised. All other borrowing costs are expensed in the period they occur.

O. LEASES :

Lease of assets under which all the risks and rewards of ownership are effectively retained by the lessor are classified as operating leases. Lease payments under operating leases are recognised as an expense on a straight line basis over the period of lease.

P. PROPOSED / INTERIM DIVIDEND :

Dividends, if any, as recommended by the directors are accounted in the books of account, pending approval at the Annual General Meeting.

Q. EARNINGS PER SHARE :

i. The basic earnings per share (EPS) is calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

ii. For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of equity shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

R. PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS :

Provisions, involving substantial degree of estimation in measurement, are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities, which are possible or present obligations that may but probably will not require outflow of resources, are not recognised but are disclosed in the explanatory information to the financial statements. Contingent Assets are neither recognised nor disclosed in the financial statements.

S. CASH AND CASH EQUIVALENTS :

Cash and cash equivalents for the purpose of cash flow statement comprise cash at bank and in hand, demand deposits with banks and short-term investments with an original maturity of three months or less.

II. OTHER EXPLANATORY INFORMATION :

1. CORPORATE INFORMATION :

Divi's Laboratories Limited (the Company or Divi's) is a manufacturer of Active Pharmaceutical Ingredients and Intermediates having headquarters at Hyderabad, India. The major portion of its turnover is on account of export of its products to European and American countries. The Company's main manufacturing and research and development facilities are located in the State of Andhra Pradesh, India. The Equity Shares of the Company are listed in The Bombay Stock Exchange Limited, Mumbai and The National Stock Exchange, Mumbai.

2. Previous year figures have been regrouped/ recast/ rearranged wherever necessary to conform to current year classification.

3. CONTINGENT LIABILITIES AND COMMITMENTS :

(Rs. in Lakhs)

Particulars	2013-14	2012-13
A. **CONTINGENT LIABILITIES**		
(i) On account of Letter of Credit and Guarantees issued by the bankers	**5435.30**	3878.06
(ii) Demands being disputed / contested by the Company	**2644.98**	2681.39
B. **COMMITMENTS**		
(i) Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of advances)	**2056.62**	3663.91
(ii) On account of bonds and / or legal agreements executed with Central Excise/ Customs authorities/ Development Commissioners	**11950.00**	11950.00

4. In the opinion of Board, assets other than Fixed Assets and non-current investments have a value on realization in the ordinary course of business atleast equal to the amount at which they are stated and provision for all known liabilities have been made.

5. Excise duty on sales for the year has been disclosed as reduction from turnover. Excise duty relating to the difference between closing stock and opening stock has been included in Note No. 24 " Change in Inventory of Finished Goods, Stock-in-Trade and Work-in-Progress".

6. DERIVATIVE INSTRUMENTS :

The details of net foreign currency exposures that are not hedged by any derivative instruments or otherwise are as under :

(Rs. in Lakhs)

Particulars	Type of Foreign Currency	As on 31.3.2014		As on 31.3.2013	
		Foreign Currency	Amount	Foreign Currency	Amount
1. Payable for Supplies and services	EURO	**-**	**-**	3.66	254.45
	USD	**124.20**	**7464.43**	125.82	6843.28
	NOK	**-**	**-**	9.47	93.50
2. Advance Payments to Supplies and Services	EURO	**0.22**	**18.06**	0.54	37.39
	JPY	**-**	**-**	17.13	9.89
	USD	**7.22**	**433.71**	17.63	958.84
	NOK	**1.37**	**13.77**	-	-
	GBP	**0.06**	**5.52**	-	-

(Rs. in Lakhs)

Particulars	Type of Foreign Currency	As on 31.3.2014		As on 31.3.2013	
		Foreign Currency	Amount	Foreign Currency	Amount
3. Receivables for Supplies and Services	EURO	**35.71**	**2948.82**	58.45	4064.63
	GBP	**119.32**	**11914.52**	89.78	7390.46
	USD	**942.74**	**56658.59**	713.60	38812.43
	ACU	**1.80**	**108.47**	-	-
4. Advance Receipts for Supplies and Services	EURO	**0.41**	**33.96**	0.002	0.12
	GBP	**0.97**	**96.87**	1.66	136.65
	USD	**18.15**	**1090.63**	28.83	1568.18
5. Loans and Advances	CHF	**44.19**	**2991.45**	45.19	2580.99
	USD	**30.03**	**1804.86**	35.03	1905.32
	TOTAL		**85583.66**		64656.13

7. DUES OF MICRO AND SMALL ENTERPRISES :

The information as required to be disclosed under Schedule VI of the Companies Act, 1956 w.r.t. Micro and Small Enterprises under the Micro, Small and Medium Enterprises Development Act, 2006(Act) is as given below and the information mentioned at Note No. 7 - Trade Payables w.r.t. dues of Micro and Small Enterprises, has been determined to the extent such parties have been identified on the basis of information available with the Company and relied on by the auditors :

Particulars	2013-14	2012-13
a. Principal amount remaining unpaid as on 31st March	**NIL**	NIL
b. Interest due thereon as on 31st March	**NIL**	NIL
c. Interest paid by the Company in terms of Section 16 of Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of payment made to the supplier beyond the appointed day during the year	**NIL**	NIL
d. Interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Act	**NIL**	NIL
e. Interest accrued and remaining unpaid as at 31st March	**NIL**	NIL
f. Further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under Section 23 of the Act	**NIL**	NIL

8. ADVANCES TO SUBSIDIARIES :

a. The Company has undertaken to provide financial assistance to its wholly owned subsidiaries Viz., Divis Laboratories (USA) Inc., and Divi's Laboratories Europe AG by way of loans with no specific repayment schedule. In respect of loan to Divi's Laboratories Europe AG, the same is subordinated to other creditors to the extent of CHF 45.00 lakhs equivalent to Rs.3046.05 lakhs (Previous year CHF 45.00 lakhs equivalent to Rs. 2569.95 Lakhs.)

b. Information pursuant to Clause 32 of Listing Agreement with Stock Exchanges w.r.t. Loans and Advances in the nature of interest free loans to wholly owned Subsidiaries is as given below :

(Rs. in Lakhs)

Particulars	Balance as on		Maximum Balance Outstanding during the Year	
	31.03.2014	31.03.2013	31.03.2014	31.03.2013
Divi's Laboratories (USA) Inc	**1804.86**	1905.32	**2199.15**	1905.32
Divi's Laboratories Europe AG	**2991.45**	2580.99	**3148.62**	2580.99

c. In respect of above loans to subsidiaries, Management is confident to achieve profitability and continued development of current and new sales bases and the introduction of new profitable products in its current markets. Based on improved market at subsidiaries, the management is confident to achieve good progress on turnover and profitability of these subsidiaries. As per the projections/ cash in-flows submitted by the wholly owned subsidiaries, the accumulated losses will be recovered in future. The advances will be repaid by the subsidiaries in near future. In view of the above, no provision for decline in value of investment / advances has been made in accounts for the year ended 31.03.2014 as the decline is temporary in nature.

9. Details of capital expenditure incurred for Research and Development are given below.

(Rs. in Lakhs)

Particulars	2013-14	2012-13
Buildings	**137.89**	59.20
Plant and machinery	**230.29**	28.96
Lab equipment	**588.65**	296.67
Data processing equipment	**-**	4.90
Office equipment	**0.86**	8.75
Furniture and fittings	**7.81**	24.98
Total	**965.50**	423.46

10. EMPLOYEE BENEFITS :

The disclosures required under Accounting Standard 15 "Employee Benefits" notified in the Companies (Accounting Standards) Rules 2006, are given below :

I. Defined Contribution Schemes :
Contributions to Defined Contribution Schemes charged off for the year are as under :

(Rs. in Lakhs)

Particulars	2013-14	2012-13
Employer's Contribution to Provident Fund	**309.60**	286.57
Employer's Contribution to State Insurance Scheme	**130.32**	133.79

II. Defined Benefit Plans :

GRATUITY

(Rs. in Lakhs)

Particulars	2013-14	2012-13
A) Components of Employer Expense		
Current Service Cost	**40.04**	35.07
Interest Cost on Benefit Obligation	**52.75**	41.42
Expected Return On Plan Assets	**(46.48)**	(53.40)
Net Actuarial Gain /Loss Recognised	**61.99**	79.23
Past Service Cost	**Nil**	0.67
Total expense recognised in Statement of Profit and Loss	**108.30**	102.99

(Rs. in Lakhs)

Particulars	2013-14	2012-13
B) Actual Return on Plan Assets	**(46.48)**	(53.40)
C) Net Asset /Liability recognised in Balance Sheet		
Defined Benefit Obligation	**765.87**	659.30
Fair Value of Plan Assets	**(701.23)**	(692.39)
Status(Surplus/Deficit)	Nil	(33.09)
Unrecognised Past Service Cost	Nil	Nil
Net Asset/Liability recognised in Balance Sheet	**64.64**	Nil
D) Changes in the PV of DBO		
Opening Defined Benefit Obligation	**659.30**	517.82
Interest Cost	**52.75**	41.42
Current Service Cost	**40.04**	35.07
Benefits Paid	**(48.21)**	(14.24)
Actuarial(gains) / losses on obligation	**61.99**	79.23
Closing Defined Benefit obligation	**765.87**	659.30
E) Changes in Fair Value of Plan Assets		
Opening Fair Value of Plan Assets	**692.39**	517.82
Expected Return	**46.48**	53.40
Contributions	**Nil**	135.41
Benefits Paid	**(37.64)**	(14.24)
Actuarial Gain/loss	**Nil**	Nil
Closing Fair value of Plan Assets	**701.23**	692.39
F) Movement in Balance Sheet		
Opening liability	**(33.09)**	Nil
Expenses as above	**108.30**	102.99
Contribution Paid	**Nil**	(136.08)
Direct Payments	**(10.57)**	Nil
Closing Net Liability	**64.64**	(33.09)
G) Actuarial assumptions		
Retirement age	**60years**	60years
Future Salary Rise	**7%**	7%
Rate of Discounting	**8%**	8%
Attrition Rate	**6%**	6%
Rate of Return on Plan Assets	**6.75%**	9.25%
Av Balance Future Service	**30.82 Years**	31.29 Years
Mortality Table	**LIC (1994 -96)**	LIC (1994 -96)

III.Defined Benefit Plans :

LEAVE ENCASHMENT (UNFUNDED) :

The present value of obligation in respect of Provision for Payment of Leave encashment is determined, based on actuarial valuation using the Projected Unit Credit Method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation, recognised and charged off during the year are as under :

(Rs. in Lakhs)

Particulars	2013-14	2012-13
A) Reconciliation of opening and closing balances of Defined Benefit obligation :		
Defined Benefit obligation at beginning of the year	**286.86**	223.88
Current Service Cost	**19.66**	18.77
Interest Cost	**22.95**	17.91
Actuarial (gain)/loss	**60.58**	40.96
Benefits paid	**(37.21)**	(14.66)
Defined Benefit obligation at year end	**352.84**	286.86
B) Expenses recognised during the year :		
Current Service Cost	**19.66**	18.77
Interest Cost on benefit obligation	**22.95**	17.91
Expected return on plan assets		
Actuarial (gain)/loss	**60.58**	40.96
Net benefit expense	**103.19**	77.64
C) Actuarial assumptions :		
Mortality Table (L.I.C)	**1994-96 (Ultimate)**	1994-96 (Ultimate)
Discount rate (per annum)	**8.00%**	8.00%
Attrition Rate (per annum)	**6.00%**	6.00%
Rate of escalation in salary (per annum)	**7.00%**	7.00%

The estimates of rate of escalation in salary considered in actuarial valuation, is determined after taking into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is certified by the actuary.

11. SEGMENT REPORTING :

Segments are identified in line with AS 17 "Segment Reporting", taking into consideration the internal organisation and management structure as well as the differential risk and returns of the segment.

a. Identification of reportable segments :

(i) Business Segments :

The company is engaged in manufacturing and sale of Active Pharma Ingredients and Intermediates which is considered the Primary reportable business segment.

(ii) Geographical Segments :

Revenue is segregated into two segments namely India (Sales to customers with in India) and other countries (Sales to customers outside India) on the basis of geographical location of customers for the purpose of reporting geographical segments.

b. In accordance with Accounting Standard 17 - Segment Reporting, segment information has been provided in the Consolidated Financial Statements of the Company and therefore no separate disclosure on segment information is given in these standalone financial statements.

12. DISCLOSURE OF RELATED PARTIES/RELATED PARTY TRANSACTIONS PURSUANT TO ACCOUNTING STANDARD (AS) 18 "RELATED PARTY DISCLOSURES":

(i) Names of Key Management Personnel with whom transactions were carried out during the year :

1. Dr. Murali. K. Divi
2. Mr. N.V. Ramana
3. Mr. D. Madhusudana Rao
4. Mr. Kiran S. Divi

(ii) Names of Relatives of Key Management Personnel with whom transactions were carried out during the year :

1. Mrs. D. Swarna Latha
2. Mrs. M. Nilima
3. Mr. D. Babu Rajendra Prasad
4. Mr. D. Radha Krishna Rao
5. Mrs. D. Raja Kumari
6. Mr. D. Satyasayee Babu
7. Mrs. A. Shanti Chandra
8. Mrs. N. Nirmala Kumari
9. Mrs. N. Chandrika Ramana
10. Mr. N.V.Anirudh
11. Miss. N. Monisha
12. Mr. N. Prashanth
13. Mrs. L. Vijaya Lakshmi

(iii) List of Related Parties over which Control exists and status of transactions entered during the year :

S.No.	NAME OF THE RELATED PARTY	RELATIONSHIP	TRANSACTIONS ENTERED DURING THE YEAR (Yes / No)
1.	Divis Laboratories (USA) Inc	Wholly Owned Subsidiary	Yes
2.	Divi's Laboratories EUROPE AG	Wholly Owned Subsidiary	Yes
3.	Divi's Biotech Private Limited	Company In Which Key Management Personnel have Significant Influence	Yes
4.	Divis Pharmaceuticals Private Limited	Company In Which Key Management Person has Significant Influence	No
5.	Divi's Resorts Private Limited	Company In Which Key Management Personnel have Significant Influence	No
6.	Touchstone Equities Limited	Company In Which Key Management Person has Significant Influence	No
7.	Divi's Properties Private Limited	Company In Which Key Management Personnel have Significant Influence	No

Transactions with Related Parties :

(Rs. in Lakhs)

S.No.	Particulars	2013 - 14		2012 - 13	
		Amount	Outstanding as at 31.03.2014	Amount	Outstanding as at 31.03.2013
1.	Managerial Remuneration to Key Management Personnel	**6332.31**	**5926.56**	5061.64	4660.43
2.	Dividend paid to Key Management Personnel	**4770.04**	**-**	4139.24	-
3.	Lease Rent to Key Management Personnel	**32.77**	**3.09**	29.99	2.70
4.	Lease Rent to Relative of Key Management Personnel	**32.77**	**3.09**	29.98	2.70
5.	Dividend paid to Relatives of Key Management Personnel	**5211.60**	**-**	4520.27	-
6.	Salary and Allowances to Relatives of Key Management Personnel	**14.24**	**1.16**	13.74	1.09
7.	Dividend paid to Company in which Key Management Personnel have Significant Influence	**600.00**	-	520.00	-
8.	Advances to Subsidiaries	**-**	**4796.31**	-	4486.31
9.	Repayment of Advance from Subsidiaries	**374.03**	**-**	-	-
10.	Sales to Subsidiaries	**9603.96**	**9207.64**	6512.25	6107.72
11.	Purchases of Materials from Subsidiaries	**2.24**	**-**	20.66	-

Disclosure in respect of transactions which are more than 10% of the total transactions of the same type with related parties during the year :

(Rs. in Lakhs)

Nature of transaction	Name of the party	2013-14	2012-13
Managerial Remuneration	Dr. Murali. K. Divi	**3338.57**	2645.68
	Mr. N.V. Ramana	**1717.83**	1371.19
	Mr. D. Madhusudana Rao	**99.36**	99.36
	Mr. Kiran S. Divi	**1176.55**	945.41
Salary and Allowances	Mr. N. Laxmana Rao	**-**	1.68
	Mr. D.Mallikarjuna Rao	**-**	2.23
	Mrs. Nilima Motaparti	**13.15**	9.83
Rent	Mr. Kiran S. Divi	**32.77**	29.99
	Mrs. Nilima Motaparti	**32.77**	29.98
Dividend Paid	Dr. Murali. K. Divi	**1167.53**	1011.86
	Mr. Kiran S. Divi	**3450.00**	2990.00
	Mrs. Nilima Motaparti	**4050.00**	3510.00
Sales to Subsidiaries	Divis Laboratories (USA) Inc.	**7888.65**	4566.85
	Divi's Laboratories EUROPE AG	**1715.31**	1945.40
Repayment of Advance from Subsidiaries	Divis Laboratories (USA) Inc.	**306.24**	-
	Divi's Laboratories EUROPE AG	**67.79**	-
Purchases of Materials from Subsidiary	Divis Laboratories (USA) Inc.	**2.24**	20.66

13. LEASES :

The Company has operating lease for office premise, which is renewable on a periodical basis and cancellable at its option. Rental expenses for operating lease recognised in Statement of Profit and Loss for the year is Rs.65.53 Lakhs (Previous Year Rs. 59.97 Lakhs).The future minimum lease payments are as given below :

(Rs. in Lakhs)

Year Ending	2013-14	2012-13
Not later than one year	**73.49**	64.18
Later than one year and not later than five years	**249.88**	234.92
Later than Five years	**-**	-

14. EARNINGS PER SHARE (EPS) :

The Numerator and denominator used to calculate Earnings Per Share :

(Rs. in lakhs except earnings per share)

Particulars	2013-14	2012-13
A. EARNINGS:		
Profit attributable to Equity Shareholders	**79172.31**	61142.12
B. NO. OF SHARES :		
Weighted average number of Equity shares outstanding during the year (Nos.)	**13,27,34,290**	13,27,34,290
C. EARNINGS PER SHARE :		
Earnings Per Share of Par Value of Rs. 2/- each – Basic and Diluted	**59.65**	46.06

15. DEFERRED TAX :

Movement of Provision for Deferred Tax for the year ended 31.03.2014 is as given below :

(Rs. in Lakhs)

Particulars	As at 01.04.2013	(Charges) / Credit for the year	As at 31.03.2014
Timing Differences on account of :			
Deferred Tax Liability:			
Depreciation on Assets	8859.21	3541.56	**12400.77**
Total (A)	8859.21	3541.56	**12400.77**
Deferred Tax Assets :			
Expenses allowable on the basis of Payment	183.22	42.94	**226.16**
Others	20.78	(13.34)	**7.44**
Total (B)	204.00	29.60	**233.60**
Net (A-B)	8655.21	3511.96	**12167.17**

16. DETAILS OF RAW MATERIALS CONSUMED :

(Rs. in Lakhs)

Raw Materials	2013-14	2012-13
Toluene	**5744.64**	4912.38
Beta Naphthol	**4951.25**	2482.85
Methanol	**3470.71**	3235.92
Ethyl acetate	**3147.05**	2792.25
Caustic soda lye	**3374.02**	2940.42
Para anisaldehyde	**1215.59**	2252.29
Secondary butyl alcohol	**1775.62**	1497.58
1,1 Cyclo hexane diacetic acid	**6544.43**	4262.28
Aluminium chloride	**1327.03**	1078.47
Others	**71639.10**	64335.37
TOTAL	**103189.44**	89789.81

17. PURCHASE OF TRADED GOODS :

(Rs. in Lakhs)

Particulars	Purchases	
	2013-14	2012-13
Active Pharma Ingredients and Intermediates	**-**	9.43

18. DETAILS OF FINISHED GOODS :

(Rs. in Lakhs)

Particulars	Sales Value		Closing Inventory		Opening Inventory	
	2013 - 14	2012 - 13	2013 - 14	2012 - 13	2013 - 14	2012 - 13
Manufactured Goods						
Active Pharma Ingredients and Intermediates	**251872.82**	211755.17	**3932.24**	2882.55	**2882.55**	1851.70
Traded Goods						
Active Pharma Ingredients and Intermediates	**9.07**	13.79	**0.87**	9.53	**9.53**	7.42

19. DETAILS OF WORK-IN-PROGRESS :

(Rs. in Lakhs)

Particulars	Closing Inventory	
	2013 - 14	2012 - 13
Active Pharma Ingredients and Intermediates	**50797.04**	40521.12

20. VALUE OF IMPORTS CALCULATED ON C.I.F BASIS :

(Rs. in Lakhs)

Particulars	2013-14	2012-13
Raw Materials	**48425.87**	44798.98
Packing Material	**174.45**	111.66
Lab Chemicals	**52.15**	203.01
Components, Spare parts and Others	**97.47**	75.72
Capital goods	**1943.65**	1624.25

21. EXPENDITURE IN FOREIGN CURRENCY (On accrual basis) :

(Rs. in Lakhs)

Particulars	2013-14	2012-13
Membership and Subscription	**59.90**	74.90
Books and Periodicals	**14.03**	10.48
Travelling Expenses	**128.49**	97.27
Consultancy charges	**288.15**	264.33
Sales commission	**392.24**	436.63
Foreign Bank charges	**53.46**	48.83
Interest	**-**	0.70
Others	**199.09**	207.90

22. VALUE OF ALL IMPORTED RAW MATERIALS, SPARE PARTS AND COMPONENTS CONSUMED DURING THE FINANCIAL YEAR AND THE TOTAL VALUE OF ALL INDIGENOUS RAW MATERIALS, SPARE PARTS AND COMPONENTS SIMILARLY CONSUMED AND THE PERCENTAGE OF EACH TO THE TOTAL CONSUMPTION:

(Rs. in Lakhs)

Particulars	2013-14		2012-13	
	Value	%	Value	%
A. Raw Materials				
Imported	**48816.59**	**47.31**	37029.06	41.24
Indigenous	**54372.85**	**52.69**	52760.75	58.76
Total	**103189.44**	**100.00**	89789.81	100.00
B. Spare parts and components				
Imported	**47.60**	**3.47**	225.26	17.91
Indigenous	**1325.46**	**96.53**	1032.28	82.09
Total	**1373.06**	**100.00**	1257.54	100.00

23. AMOUNT REMITTED IN FOREIGN CURRENCY ON ACCOUNT OF DIVIDENDS :

Particulars		2013-14	2012-13
A. Total No. of Non-resident Shareholders	(Nos.)	**1**	3
B. Total No. of Shares held by them (Equity Shares of Rs. 2/- each)	(Nos.)	**1000**	51000
C. Year to which dividend related to		2012-13	2011-12
D. Amount of dividend Remitted(Net of Tax Rs. NIL)	(Rs.in Lakhs.)	**0.15**	6.63

24. EARNINGS IN FOREIGN EXCHANGE (On accrual basis) :

(Rs. in Lakhs)

Particulars	2013-14	2012-13
FOB Value of Exports	**225764.30**	186016.33
Export of Services	**421.00**	1877.43

25. The Ministry of Corporate Affairs, Government of India, vide General Circular No. 2 and 3 dated 8th February 2011 and 21st February 2011 respectively has granted a general exemption from compliance with section 212 of the Companies Act, 1956, subject to fulfillment of conditions stipulated in the circular. The Company has satisfied the conditions stipulated in the circular and hence is entitled to exemption. Necessary information relating to the subsidiaries has been included in Consolidated Financial Statements.

For and on behalf of the Board

Per Our Report of Even Date
For P.V.R.K. NAGESWARA RAO & CO
Chartered Accountants
Firm's Registration Number : 002283S

Dr. MURALI K. DIVI
Chairman and Managing Director

N.V. RAMANA
Executive Director

N. ANKA RAO
Partner
Membership Number : 23939

L. KISHOREBABU
Chief Financial Officer

P.V. LAKSHMI RAJANI
Company Secretary

Hyderabad
24.05.2014

Statement Pursuant to Section 212 of the Companies Act, 1956 Relating to Subsidiary Companies.

Particulars	Divis Laboratories (USA) Inc.	Divi's Laboratories Europe AG.
REVENUE		
1. Financial year of the Subsidiary company ended on	31st March 2014	31st March 2014
2. Holding Company's Interest	100% in Equity Shares	100% in Equity Shares
3. No. of Shares held by the holding company in the subsidiary	2000	200
4. The net aggregate of profits or losses of the subsidiary for the current period so far as it concerns the members of the holding company		
a. Dealt with or provided for in the accounts of the holding company	NIL	NIL
b. Not dealt with or provided for in the accounts of the holding company	Rs.(247.79) Lakhs USD 153295	Rs. (773.9) Lakhs CHF (117849.61)
5. The net aggregate of profits or losses for previous financial years of the subsidiary so far as it concerns the members of the holding company		
a. Dealt with or provided for in the accounts of the holding company (INR in lakhs)	NIL	NIL
b. Not dealt with or provided for in the accounts of the holding company	Rs. (2462.30) Lakhs USD (3125251)	Rs. (3396.82) Lakhs CHF (4361987.9)
6. Changes in the interest of Divi's Laboratories Limited, between the end of the last financial year and 31st March, 2014	NIL	NIL
7. Material changes between the end of the last financial year and 31st March, 2014	NIL	NIL

For and on behalf of the Board

Hyderabad
24.05.2014

Dr. MURALI K. DIVI
Chairman and Managing Director

Independent Auditors' Report

To

The Board of Directors of

DIVI'S LABORATORIES LIMITED

We have audited the accompanying consolidated financial statements of DIVI'S LABORATORIES LIMITED ("the Company") and its subsidiaries; hereinafter referred to as the "Group", which comprise the consolidated Balance Sheet as at March 31, 2014, and the consolidated Statement of Profit and Loss and consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the cirumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

We report that the consolidated financial statements have been prepared by the Company's Management in accordance with the requirements of Accounting Standard (AS) 21 - Consolidated Financial Statements, notified under the Companies Act, 1956 ('the Act") read with the General Circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013.

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on the financial statements of the subsidiaries as noted below, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

a. in the case of the consolidated Balance Sheet, of the state of affairs of the Company as at March 31, 2014.

b. in the case of the consolidated Statement of Profit and Loss, of the profit for the year ended on that date; and

c. in the case of the consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

Other Matter

We did not audit the financial statements of two subsidiaries, whose financial statements reflect total assets (net) of Rs. 8245.99 lakhs as at March 31, 2014, total revenues of Rs. 12618.62 lakhs and net cash outflows amounting to Rs. 147.15 lakhs for the year then ended. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management, and our opinion is based solely on the reports of the other auditors. Our opinion is not qualified in respect of this matter.

For P.V.R.K. NAGESWARA RAO & CO.,
Chartered Accountants
Firm's Registration Number : 002283S

N. ANKARAO
Partner
Membership Number : 23939

Hyderabad.
24.05.2014

Consolidated Balance Sheet as at 31st March, 2014

(Rs. in Lakhs)

Particulars	Note No.	As At 31st March, 2014		As At 31st March, 2013	
EQUITY AND LIABILITIES					
Shareholders' funds					
Share capital	1	**2654.69**		2654.69	
Reserves and surplus	2	**293680.28**	**296334.97**	247404.97	250059.66
Non-current liabilities					
Long-term borrowings	3	**155.06**		210.04	
Deferred tax liabilities (Net)	4	**11500.34**		7922.29	
Long-term provisions	5	**318.21**	**11973.61**	239.09	8371.42
Current liabilities					
Short-term borrowings	6	**1632.37**		3051.45	
Trade payables	7	**15170.48**		16044.40	
Other current liabilities	8	**14779.98**		13007.89	
Short-term provisions	9	**31157.76**	**62740.59**	23341.64	55445.38
TOTAL			**371049.17**		313876.46
ASSETS					
Non-current assets					
Fixed assets					
Tangible assets	10	**122184.12**		90871.64	
Capital work -in- progress		**14448.46**		30341.44	
		136632.58		121213.08	
Non-current investments	11	**-**		-	
Long-term loans and advances	12	**7118.09**		6252.23	
Other non-current assets	13	**-**	**143750.67**	-	127465.31
Current assets					
Current investments	14	**50187.62**		40781.36	
Inventories	15	**93241.76**		83569.42	
Trade receivables	16	**72370.20**		51199.93	
Cash and Bank balances	17	**4050.57**		4089.24	
Short-term loans and advances	18	**6837.16**		6103.53	
Other current assets	19	**611.19**	**227298.50**	667.67	186411.15
TOTAL			**371049.17**		313876.46
Summary of Significant Accounting Policies and Other Explanatory Information	29				

For and on behalf of the Board

Per Our Report of Even Date
For P.V.R.K. NAGESWARA RAO & CO
Chartered Accountants
Firm's Registration Number : 002283S

Dr. MURALI K. DIVI
Chairman and Managing Director

N.V. RAMANA
Executive Director

N. ANKA RAO
Partner
Membership Number : 23939

L. KISHOREBABU
Chief Financial Officer

P.V. LAKSHMI RAJANI
Company Secretary

Hyderabad
24.05.2014

Consolidated Statement of Profit and Loss for the Year ended 31st March, 2014

(Rs. in Lakhs)

Particulars	Note No.	For the year ended 31st March, 2014		For the year ended 31st March, 2013	
REVENUE					
Revenue from operations					
Sale of products			**243887.84**		206231.88
Sale of traded goods			**9811.55**		7132.29
Sale of services	20		**664.26**		2162.35
Other operating revenues	21		**679.22**		493.86
			255042.87		216020.38
Less : Excise duty			**1828.83**		1536.18
			253214.04		214484.20
Other income	22		**7060.32**		4480.78
Total Revenue			**260274.36**		218964.98
EXPENSES					
Cost of Raw materials consumed	23		**103638.90**		90062.73
Purchases of Stock-in-trade			**48.40**		30.56
Changes in inventories of finished goods, stock-in-trade and work-in-progress	24		**(12271.93)**		(10230.44)
Employee benefits expense	25		**23246.28**		19772.05
Finance costs	26		**205.52**		177.65
Research and development expenses	27		**2539.13**		2399.87
Depreciation			**9211.60**		7694.76
Other expenses	28		**34564.80**		30933.69
Total Expenses			**161182.70**		140840.87
Profit before tax			**99091.66**		78124.11
Tax expense					
Current tax		**20615.00**		15300.00	
MAT credit utilisation		**(2368.00)**		853.00	
Deferred tax		**3578.05**		1832.93	
MAT credit Adjustments		**0.88**		(63.12)	
Income tax adjustments		**(68.08)**	**21757.85**	0.00	17922.81
Profit for the Year			**77333.81**		60201.30
Earnings per equity share (Face value Rs.2/- per share)					
Basic and Diluted			**58.26**		45.35
Summary of Significant Accounting Policies and Other Explanatory Information	29				

For and on behalf of the Board

Per Our Report of Even Date
For P.V.R.K. NAGESWARA RAO & CO
Chartered Accountants
Firm's Registration Number : 002283S

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Chief Financial Officer

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Company Secretary

Hyderabad
24.05.2014

Consolidated Cash flow Statement for the Year ended 31st March, 2014

(Rs. in Lakhs)

Particulars	For the year ended 31st March, 2014		For the year ended 31st March, 2013	
I **CASH FLOW / (USED) FROM OPERATING ACTIVITIES :**				
Profit before tax for the year		**99091.66**		78124.11
Add/ (Less) : Adjustments for :				
Depreciation	**9211.60**		7694.76	
Provision for Doubtful Debts	**0.16**		36.73	
Unrealised Foreign Exchange loss (net)	**1108.42**		1295.98	
Provision for doubtful debts no longer required written back	**(39.41)**		(4.91)	
Interest Expense	**91.32**		75.39	
Interest Income	**(609.75)**		(272.65)	
Bad debts written off	**167.34**		10.36	
Claims written off	**152.99**		0.76	
Dividend from Current Investments	**(2573.63)**		(2980.78)	
Loss on Sale of Assets (Net)	**0.38**		-	
Book Deficit on Assets Discarded	**245.18**		69.81	
		7754.60		5925.45
		106846.26		84049.56
Add / (Less) : Adjustments for Working Capital Changes :				
(Increase) in Long term Loans and Advances	**(200.70)**		(535.87)	
Decrease in Other non current assets	**-**		151.25	
(Increase) in Inventories	**(9672.34)**		(15673.16)	
(Increase) in Trade Receivables	**(22567.45)**		(2869.19)	
(Increase)/Decrease in Short term Loans and Advances	**771.69**		(527.74)	
(Increase)/Decrease in Other Current Assets	**60.26**		(219.13)	
Increase/(Decrease) in Trade Payables	**(711.89)**		158.19	
Increase in Other Current Liabilities	**2350.76**		1470.96	
Increase/(Decrease) in Short Term Provisions	**51.49**		(11.49)	
(Decrease) in Other Long term Liabilities	**-**		(623.61)	
Increase in Long term Provisions	**79.12**		74.47	
		(29839.06)		(18605.32)
Cash generated from operations		**77007.20**		65444.24
Less : Direct taxes paid		**21332.25**		17447.18
Net Cash flow from operating activities		**55674.95**		47997.06

(Rs. in Lakhs)

Particulars	For the year ended 31st March, 2014	For the year ended 31st March, 2013
II **CASH FLOW / (USED) FROM INVESTING ACTIVITIES:**		
Purchase of Fixed assets	**(24645.12)**	(34008.19)
Sale of Fixed assets	**9.14**	-
Investments in bank deposits (original maturity of more than three months) (net)	**347.56**	(1525.24)
Proceeds / (Purchase) of Current Investments	**(9406.26)**	6922.54
Dividend from Current Investments	**2573.63**	2980.78
Interest Received	**605.97**	176.09
Net Cash (used) in Investing activities	**(30515.08)**	(25454.02)
III **CASH FLOW/ (USED) FROM FINANCING ACTIVITIES :**		
Repayment of Long-Term Borrowings	**(45.65)**	(268.21)
Repayment of Short-Term Borrowings	**(1419.08)**	(1968.92)
Interest Paid	**(91.32)**	(76.74)
(Loss) on Forex Hedging / Swap Arrangements	**-**	(707.41)
Dividend Paid (including Corporate Dividend Tax)	**(23293.87)**	(20054.73)
Net Cash (Used) in Financing Activities	**(24849.92)**	(23076.01)
IV Net Increase / (Decrease) in cash and cash equivalents	**309.95**	(532.97)
V Cash and Cash Equivalents as at the beginning of the year	**1198.58**	1731.55
VI Cash and Cash Equivalents as at the end of the year	**1508.53**	1198.58

Note :

1. Previous year figures have been regrouped / reclassified to conform to current year classification.
2. The Cash Flow Statement has been prepared under 'Indirect Method' in accordance with the requirement of Accounting Standard-3 "Cash Flow Statement" issued under Companies (Accounting Standards) Rules, 2006
3. Summary of Significant Accounting Policies and Other Explanatory Information (Note No 29) form an Integral part of the Cash Flow Statement

For and on behalf of the Board

Per Our Report of Even Date
For P.V.R.K. NAGESWARA RAO & CO
Chartered Accountants
Firm's Registration Number : 002283S

Dr. MURALI K. DIVI
Chairman and Managing Director

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Partner
Membership Number : 23939

L. KISHOREBABU
Chief Financial Officer

P.V. LAKSHMI RAJANI
Company Secretary

Hyderabad
24.05.2014

Notes to Consolidated Balance Sheet

(Rs. in Lakhs)

Note No.	Particulars	As At 31st March, 2014	As At 31st March, 2013
1.	**SHARE CAPITAL**		
	Authorised :		
	15,00,00,000 (previous year: 15,00,00,000) Equity Shares of Rs.2/- each	**3000.00**	3000.00
	Issued :		
	13,27,34,290 (previous year: 13,27,34,290) Equity Shares of Rs.2/- each	**2654.69**	2654.69
	Subscribed and paid up :		
	13,27,34,290 (previous year: 13,27,34,290) Equity Shares of Rs 2/- each fully paid up	**2654.69**	2654.69

Reconciliation of the number of Equity Shares Outstanding is set out below :

Particulars	As At 31st March, 2014	As At 31st March, 2013
Shares outstanding at the beginning of the year	**132734290**	132734290
Shares isssued during the year	-	-
Shares outstanding at the end of the year	**132734290**	132734290

The details of Shareholders holding more than 5% equity shares is set out below :

Name of Shareholder	As At 31st March, 2014		As At 31st March, 2013	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
PROMOTERS GROUP :				
Dr. Murali Krishna Prasad Divi	**7783500**	**5.86**	7783500	5.86
Satchandra Kiran Divi	**23000000**	**17.33**	23000000	17.33
Swarnalatha Divi	**7000000**	**5.27**	7000000	5.27
Nilima Motaparti	**27000000**	**20.34**	27000000	20.34
OTHER THAN PROMOTERS GROUP :				
Reliance Capital Trustee Company Limited	**8069537**	**6.08**	10073608	7.59

Aggregate number of bonus shares issued during the period of five years immediately preceding the reporting date

On 2nd August 2009, the company issued 6,48,47,975 equity shares of Rs. 2/- each as fully paid bonus shares by capitalisation of general reserve and other free reserves.

Terms/rights attached to equity shares :

The company has only one class of equity shares having a par value of Rs.2/- per share. Each holder of equity shares is entitled to one vote per share. The company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

During the year ended 31st March 2014, the amount of per share dividend recognised as distribution to equity shareholders was Rs. 20/- (31st March 2013 : Rs. 15/-)

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.

(Rs. in Lakhs)

Note No.	Particulars	As At 31st March, 2014		As At 31st March, 2013	
2.	**RESERVES AND SURPLUS**				
	Capital Reserve		**32.58**		32.58
	Securities Premium Account		**10642.33**		10642.33
	General Reserve :				
	As Per Last Account	**55000.00**		40000.00	
	Add : Amount transferred from Statement of Profit and Loss	**15000.00**	**70000.00**	15000.00	55000.00
	Foreign Currency Translation Reserve		**19.29**		19.29
	Balance in Statement of Profit and Loss (Surplus) :				
	As Per Last Account	**181710.77**		159803.34	
	Add : Profit as per Statement of Profit and Loss	**77333.81**		60201.30	
	Total available for allocations and appropriations	**259044.58**		220004.64	
	Less : Allocations and appropriations :				
	Proposed Dividend	**26546.86**		19910.14	
	Provision for Corporate Dividend Tax	**4511.64**		3383.73	
	Amount transferred to General Reserve	**15000.00**		15000.00	
	Profit carried forward to next year		**212986.08**		181710.77
			293680.28		247404.97
3.	**LONG-TERM BORROWINGS**				
	Deferred Payment Liabilities (Unsecured) :				
	Deferred Sales Tax Credit	**210.04**		255.69	
	Less : Current maturities of long-term debt	**54.98**	**155.06**	45.65	210.04
	1. Term of Repayment :				
	Period : 14 Years				
	Number of Installments due : 4				
	Rate of Interest : Interest free				
	2. The above liability due thereon has been paid upto date and there are no continuing defaults.		**155.06**		210.04
4.	**DEFERRED TAX LIABILITIES(NET)**				
	Opening balance at the beginning of the year		**7922.29**		6089.36
	Add : Adjustments during the year Refer Note No. 29 (II)(12)(ii)		**3578.05**		1832.93
			11500.34		7922.29
5.	**LONG-TERM PROVISIONS**				
	Provision for employee benefits Refer Note No.29 (II)(8)		**318.21**		239.09
			318.21		239.09

(Rs. in Lakhs)

Note No.	Particulars	As At 31st March, 2014		As At 31st March, 2013	
6.	**SHORT-TERM BORROWINGS**				
	Loans repayable on demand :				
	Working Capital Loans from banks (Secured) :		**1631.00**		2188.03
	1. Nature of Security : (Secured by hypothecation of stocks, book debts and receivables and further secured by second charge on fixed assets of the company)				
	2. There are no defaults in repayment of loans and interest				
	3. The above loans carry interest @ 10% to 12.50% p.a.				
	Overdraft against Fixed Deposits from banks (Secured) :		**1.37**		863.42
	1. Nature of Security : (Secured by hypothecation of Fixed Deposits of the company)				
	2. There are no defaults in repayment of loans and interest				
	3. The above loans carry interest @ 9.00% to 9.75% p.a.				
			1632.37		3051.45
7.	**TRADE PAYABLES**				
	Dues of Micro and Small Enterprises		**-**		-
	Dues of Enterprises other than Micro and Small Enterprises		**15170.48**		16044.40
			15170.48		16044.40
8.	**OTHER CURRENT LIABILITIES**				
	Current maturities of long-term debt		**54.98**		45.65
	Advance from customers		**1285.21**		1783.70
	Unpaid dividends (Of the above, there is no amount due and outstanding to be credited to Investor Education and Protection Fund)		**42.02**		43.08
	Other Payables :				
	Creditors for Capital Works	**1577.91**		2173.72	
	Statutory liabilities	**393.27**		360.81	
	Employee benefits payable	**7216.59**		5797.05	
	Others	**4210.00**	**13397.77**	2803.88	11135.46
			14779.98		13007.89
9.	**SHORT-TERM PROVISIONS**				
	Provision for employee benefits Refer Note No.29 (II)(8)		**99.26**		47.77
	Proposed Dividend		**26546.86**		19910.14
	Provision for Tax on Proposed Dividend		**4511.64**		3383.73
			31157.76		23341.64

10. Fixed Assets

(Rs. in lakhs)

S.No.	Description	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		Cost as at 01.04.2013	Additions	Deductions	Total Upto 31.03.2014	Upto 01.04.2013	For the Year	On Deductions	Total Upto 31.03.2014	As at 31.03.2014	As at 31.03.2013
	TANGIBLE ASSETS :										
1.	Freehold Land and Development	2438.49	285.21	-	**2723.70**	-	**-**	-	-	**2723.70**	2438.49
2.	Buildings	25443.10	7927.52	0.85	**33369.77**	4011.22	**820.90**	0.20	4831.92	**28537.85**	21431.88
3.	Plant and Equipment	95716.45	31117.43	641.48	**126192.40**	35848.56	**7831.08**	288.82	43390.82	**82801.58**	59867.89
4.	Laboratory Equipment	6616.02	786.27	1.39	**7400.90**	1664.96	**333.24**	0.15	1998.05	**5402.85**	4951.06
5.	Furniture and Fittings	637.72	274.44	0.54	**911.62**	297.00	**55.58**	0.17	352.41	**559.21**	340.72
6.	Vehicles	599.92	47.05	44.41	**602.56**	425.03	**38.59**	35.79	427.83	**174.73**	174.89
7.	Office and other Equipment	1860.38	336.92	1.25	**2196.05**	417.12	**80.27**	0.08	497.31	**1698.74**	1443.26
8.	Computers	522.89	113.95	-	**636.84**	299.44	**51.94**	-	351.38	**285.46**	223.45
	Total	**133834.97**	**40888.79**	**689.92**	**174033.84**	**42963.33**	**9211.60**	**325.21**	**51849.72**	**122184.12**	**90871.64**
	Previous year Total	109205.36	24794.57	164.96	**133834.97**	35363.72	**7694.76**	95.15	42963.33	90871.64	73841.64
B	**CAPITAL WORK IN PROGRESS**	30341.44	24,298.23	40191.21	14448.46	-	-	-	-	14448.46	30341.44

Note :

Additions to fixed assets during the year include value of capital expenditure towards Research and Development aggregating to Rs. 965.50 lakhs (Previous year Rs.423.46 lakhs) (Refer Note No. 29 (II)(7). Depreciation for the year includes depreciation amounting to Rs.128.02 lakhs (previous year: Rs. 114.16 lakhs) on assets used for Research and Development.

(Rs. in Lakhs)

Note No.	Particulars	As At 31st March, 2014		As At 31st March, 2013	
11.	**NON-CURRENT INVESTMENTS** *(Long Term Investments)*				
	Investments in Equity Instruments (Non Trade, Unquoted, fully paid up) : (At Cost less provision for other than temporary diminution in value)				
	In Other Companies :				
	Pattancheru Enviro - Tech Limited 12,000 (previous year: 12,000) Equity Shares of Rs.10/- each	**1.20**		1.20	
	Less : Provision for diminution in value of Investments	**1.20**	**-**	1.20	-
			-		-
	Aggregate amount of unquoted Investments		**1.20**		1.20
	Aggregate provision made for diminution in value of investments		**1.20**		1.20
12.	**LONG-TERM LOANS AND ADVANCES** (Unsecured, considered good)				
	Capital Advances		**1148.81**		1985.31
	Security Deposits		**1357.29**		1239.31
	Pre-paid Expenses		**9.03**		7.21
	Prepaid Taxes (Net of Provision for Taxation of Rs. 52326.00 Lakhs, previous year Rs 38603.58 Lakhs)		**3832.62**		2332.25
	Other Loans and advances		**770.34**		688.15
			7118.09		6252.23
13.	**OTHER NON CURRENT ASSETS**				
	Long term Trade Receivables :				
	Unsecured , considered doubtful	**20.09**		59.35	
	Less : Provision for doubtful debts	**20.09**	**-**	59.35	-
	Other receivables :				
	Unsecured , considered doubtful	**0.60**		0.60	
	Less : Provision for doubtful debts	**0.60**	**-**	0.60	-
			-		-
14.	**CURRENT INVESTMENTS**				
	Investments in Mutual Funds :				
	Unquoted (At lower of Cost and Fair Value) SBI Mutual Fund - SBI-SHF-Ultra Short Term Plan Institutional Plan - Direct daily Dividend Scheme 4509564 (previous year 3872911) Units of Rs.1000/- each Fair Value: Rs.45222.04 Lakhs (Previous Year : Rs.38780.76 Lakhs)		**45187.02**		38779.09

(Rs. in Lakhs)

Note No.	Particulars	As At 31st March, 2014		As At 31st March, 2013	
	SBI-ULTRA Short term Debt Fund -Regular daily Dividend Plan 499123 (previous year 199970) Units of Rs.1000/- each Fair Value Rs. 5005.81 Lakhs (Previous Year Rs.2002.27)		**5000.60**		2002.27
			50187.62		40781.36
	Aggregate amount of unquoted investments		**50187.62**		40781.36
	Aggregate Provision for diminution in value of Investments		**-**		-
15.	**INVENTORIES (Valued at lower of Cost and Net realisable Value)**				
	Raw Materials (including stock in transit of Rs.Nil (previous year Rs.945.91 lakhs)		**28342.11**		29460.10
	Work - in - Progress		**50797.04**		40521.12
	Finished Goods (including stock in transit of Rs.17.72 Lakhs (previous year Rs.Nil)		**4400.58**		3523.97
	Stock - in - Trade		**3342.12**		2280.82
	Stores and Spares		**6359.91**		7783.41
			93241.76		83569.42
16.	**TRADE RECEIVABLES (Unsecured, Considered Good)**				
	Outstanding for a period exceeding six months from the date they became due for payment		**355.02**		837.27
	Others		**72015.18**		50362.66
			72370.20		51199.93
17.	**CASH AND BANK BALANCES**				
	Cash and Cash Equivalents :				
	Cash on Hand	**12.20**		4.59	
	Balance with Banks				
	In Current Accounts	**1496.33**	**1508.53**	1193.99	1198.58
	Other Bank Balances :				
	In Unclaimed Dividend accounts		**42.02**		43.08
	Balances with banks to the extent held as Margin Money (Towards margin on Letters of Credit and Guarantees issued by banks)		**2500.02**		2847.58
			4050.57		4089.24

(Rs. in Lakhs)

Note No.	Particulars	As At 31st March, 2014	As At 31st March, 2013
18.	**SHORT-TERM LOANS AND ADVANCES** (Unsecured, considered good)		
	Central excise duty deposit	**1420.75**	1141.48
	Prepaid expenses	**358.12**	306.34
	Advances to suppliers	**2005.46**	2538.35
	Advances to employees	**24.77**	8.44
	Other advances and receivables	**1364.99**	2097.93
	MAT Credit Entitlements	**1663.07**	10.99
		6837.16	6103.53
19.	**OTHER CURRENT ASSETS**		
	Interest accrued on deposits	**147.88**	144.10
	Export Incentives receivable	**200.00**	294.32
	Insurance claims receivable	**133.69**	169.78
	Other receivables	**129.62**	59.47
		611.19	667.67

Notes to Consolidated Statement of Profit and Loss

(Rs. in Lakhs)

Note No.	Particulars	For the Year Ended 31st March, 2014		For the Year Ended 31st March, 2013	
20.	**SALE OF SERVICES**				
	Contract research fee		**638.64**		255.14
	Job work charges		**25.62**		1907.21
			664.26		2162.35
21.	**OTHER OPERATING REVENUES**				
	Export incentives		**138.54**		136.14
	Sale of scrap out of manufacturing process		**540.68**		357.72
			679.22		493.86
22.	**OTHER INCOME**				
	Interest income		**609.75**		272.65
	Dividend income from current investments		**2573.63**		2980.78
	Net gain on foreign currency transaction and translation		**3711.73**		1145.21
	Sale of other scrap		**67.75**		18.40
	Provision for liabilities no longer required written back		**11.73**		44.88
	Provision for doubtful debts no longer required written back		**39.41**		4.91
	Other non-operating Income		**46.32**		13.95
			7060.32		4480.78
23.	**COST OF RAW MATERIALS CONSUMED**				
	Opening Inventory		**29460.10**		24621.18
	Add : Purchases during the year		**102520.91**		94901.65
			131981.01		119522.83
	Less : Closing Inventory		**28342.11**		29460.10
			103638.90		90062.73
24 .	**CHANGE IN INVENTORY OF FINISHED GOODS, STOCK-IN-TRADE AND WORK-IN-PROGRESS**				
	Finished Goods :				
	Closing Inventory	**4400.58**		3523.97	
	Opening Inventory	**3523.97**	**(876.61)**	2466.72	(1057.25)
	Excise duty adjustment in movement in finished goods inventory		**58.10**		(86.03)
			(934.71)		(971.22)
	Stock - in - Trade :				
	Closing Inventory	**3342.12**		2280.82	
	Opening Inventory	**2280.82**	**(1061.30)**	2107.77	(173.05)
	Work-in-Progress :				
	Closing Inventory	**50797.04**		40521.12	
	Opening Inventory	**40521.12**	**(10275.92)**	31434.95	(9086.17)
			(12271.93)		(10230.44)

(Rs. in Lakhs)

Note No.	Particulars	For the Year Ended 31st March, 2014	For the Year Ended 31st March, 2013
25.	**EMPLOYEE BENEFITS EXPENSE**		
	Salaries, wages, bonus and other allowances	**21947.91**	18759.96
	Contribution to Provident and other funds	**446.21**	301.70
	Contribution to ESI	**123.65**	125.50
	Staff welfare expenses	**728.51**	584.89
		23246.28	19772.05
26.	**FINANCE COSTS**		
	Interest expense	**36.48**	49.55
	Interest on Income Tax	**54.84**	25.84
	Other borrowing costs	**114.20**	100.51
	Net loss on foreign currency transaction and translation	**-**	1.75
		205.52	177.65
27.	**RESEARCH AND DEVELOPMENT EXPENSES**		
	Raw Materials Consumed	**128.81**	50.66
	Salaries, wages, bonus and other allowances	**1553.60**	1418.52
	Contribution to Provident and other funds	**36.48**	51.60
	Contribution to ESI	**6.67**	8.29
	Staff Welfare expenses	**2.43**	2.12
	Stores consumed	**228.85**	400.52
	Power and fuel	**120.07**	182.03
	Repairs to Buildings	**21.39**	3.47
	Repairs to Machinery	**213.98**	103.65
	Repairs to other assets	**14.94**	89.32
	Rates and taxes, excluding taxes on income	**70.46**	31.43
	Printing and stationery	**8.98**	8.62
	Communication expenses	**1.13**	1.86
	Travelling and conveyance	**12.92**	0.57
	Vehicle maintenance	**0.01**	0.24
	Professional and consultancy charges	**71.64**	0.42
	Miscellaneous expenses	**46.28**	46.21
	Bank charges and commission	**0.49**	0.34
		2539.13	2399.87

(Rs. in Lakhs)

Note No.	Particulars	For the Year Ended 31st March, 2014	For the Year Ended 31st March, 2013
28.	**OTHER EXPENSES**		
	Consumption of stores and spare parts	**2159.82**	2002.18
	Packing materials consumed	**2267.41**	1818.08
	Conversion Charges	**934.14**	733.51
	Power and fuel	**14739.68**	13102.09
	Repairs to Buildings	**535.03**	238.05
	Repairs to Machinery	**3108.94**	2717.56
	Repairs to other assets	**101.07**	86.25
	Insurance	**382.85**	320.00
	Rates and taxes, excluding taxes on income	**510.83**	328.08
	Directors sitting fees	**5.40**	7.40
	Printing and stationery	**265.16**	218.84
	Rent	**104.72**	93.59
	Communication expenses	**114.08**	97.61
	Travelling and conveyance	**563.55**	421.77
	Vehicle maintenance	**229.46**	212.91
	Payment to Auditors :		
	As Statutory Audit	**24.00**	20.00
	As Subsidiary Audit	**14.81**	11.77
	As Tax Auditors	**12.00**	10.00
	For Certification	**13.00**	11.50
	For Quarterly Reviews	**10.50**	9.00
	For Taxation Matters	**5.00**	-
	For Reimbursement of expenses	**1.99**	1.21
	Professional and consultancy charges	**334.05**	358.85
	Factory upkeep	**234.56**	276.67
	Environment management expenses	**772.85**	626.76
	Advertisement	**67.80**	43.67
	Sales commission	**514.45**	582.31
	Carriage outward	**3839.79**	4503.43
	General expenses	**2039.25**	1878.50
	Bad debts written off	**167.34**	10.36
	Provision for doubtful debts	**0.16**	36.73
	Donations	**1.02**	1.03
	Loss on sale of assets (Net of profit on sale of Assets of Rs.0.78 lakhs (previous year Rs. Nil))	**0.38**	-
	Book deficit on assets discarded	**245.18**	69.81
	Claims Written off	**152.99**	0.76
	Bank charges	**90.06**	81.07
	Prior year expenses	**1.48**	2.34
		34564.80	30933.69

29. Summary of Significant Accounting Policies and Other Explanatory Information:

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. BASIS OF PREPARATION :

The consolidated financial statements have been prepared under historical cost convention and on accrual basis of accounting in accordance with the generally accepted accounting principles in India. These statements have been prepared in compliance with Accounting Standards notified by Companies Accounting Standards Rules, 2006 (as amended), other pronouncements of the Institute of Chartered Accountants of India and relevant provisions of the Companies Act, 1956 and also the Guidelines Issued by the Securities and Exchange Board of India. (SEBI). The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year. The financial statements are presented in Indian rupees rounded off to the nearest lakh.

All assets and liabilities have been classified as current or non-current as per the company's normal operating cycle and other criteria set out in Revised Schedule VI to the Companies Act, 1956. Based on the nature of products and time between acquisition of assets for processing and their realization 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. PRINCIPLES OF CONSOLIDATION :

a. The consolidated financial statements include the financial statements of Divi's Laboratories Limited (Divi's), the Parent Company and its subsidiary companies in which Divi's, directly or indirectly, has an interest of more than one half voting power or otherwise has the power to control the composition of Board of Directors.

b. The consolidated financial statements have been prepared combining the financial statements of the parent company and the subsidiary companies on a line by line basis by adding together the book value of like items of assets, liabilities, income and expenses after eliminating intra-group balances and transactions and resulting unrealised profits in full. Unrealised losses resulting from intra group transactions have also been eliminated except to the extent that recoverable value of related assets is lower than their cost.

c. The consolidated financial statements have been presented to the extent possible, in the same format as that adopted by the parent company for its separate financial statements.

d. The consolidated statements have been prepared using uniform accounting principles for like transaction and other events in similar circumstances.

3. USAGE OF ESTIMATES :

The preparation of consolidated financial statements in conformity with generally accepted accounting principles requires that the management makes judgments, estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent liabilities as at the date of the consolidated financial statements and the reported amounts of revenue and expenses for the year. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates. Difference between actual results and estimates are recognised in the period in which the results are known / materialised.

4. FIXED ASSETS AND DEPRECIATION :

a. Fixed assets are stated at cost of acquisition including freight, duties and installation expenses and expenditure during construction where applicable and net of CENVAT and Value Added Tax credit availed against Tax or cess paid on such items. Borrowing costs directly attributable to acquisition or construction of Fixed Assets which necessarily take a substantial period of time to get ready for their intended use, incurred till the time of commencement of commercial production or their intended use are capitalised.

b. Depreciation on Fixed Assets is provided under Straight Line Method at the rates and in the manner specified in Schedule XIV of the Companies Act, 1956 or at the rates based on their estimated useful lives of the Assets.

c. Depreciation is provided at one hundred per cent for assets costing less than Rs.5,000/-

d. Depreciation on Fixed Assets used for the Project under construction is included under Expenditure during construction period Pending Capitalisation.

e. Expenditure directly relating to construction activity is capitalized. Indirect expenditure is capitalized to the extent those relate to the construction activity or is incidental thereto. Income earned during the construction period is deducted from the total expenditure relating to construction activity.

5. IMPAIRMENT OF ASSETS :

The company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the Statement of Profit and Loss. If at the balance sheet date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of amortised historical cost.

6. INVESTMENTS :

a) Investments that are readily realisable and are intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long term investments.

b) Current investments are carried at lower of cost and fair value determined on individual investment basis.

c) Long-term investments are carried at cost of acquisition. Provision is made for decline, other than temporary, in the value of investments.

d) On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.

7. INVENTORIES :

Raw materials, packing materials, stores, spares and consumables are valued at lower of cost, calculated on "Weighted average cost method" basis, and net realizable value. Items held for use in the production of inventories are not written down below cost if the finished product in which these will be incorporated are expected to be sold at or above cost.

Finished goods and work-in-progress are valued at lower of cost and net realizable value. Cost includes materials, labour and a proportion of appropriate overheads based on normal operating capacity. Cost of finished goods includes excise duty. Cost is determined on a weighted average basis.

Trading goods are valued at lower of cost and net realizable value.

Net realizable value is the estimated selling price in the ordinary course of business, reduced by the estimated costs of completion and costs to effect the sale.

Obsolete, defective and unserviceable inventories are duly provided for.

8. RESEARCH AND DEVELOPMENT :

Revenue Expenditure incurred for Research and Development is written off in the same year. Capital expenditure on Research and Development is shown as additions to Fixed Assets.

9. EXCISE DUTY :

Excise Duties recovered are included in "Gross Sales". Excise duty on sales is shown as an item of expense and deducted from Gross Sales. The value of closing stock of finished goods includes excise duty paid / payable on such stocks wherever applicable.

10. EMPLOYEE STOCK OPTION SCHEME :

In accordance with the Securities and Exchange Board of India guidelines, the excess of the market price of the shares, at the date of grant of option under the employee stock option scheme, over the exercise price is treated as employee compensation and amortised over the vesting period of the stock options.

11. FOREIGN EXCHANGE TRANSACTIONS :

a. Initial Recognition: Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and foreign currency at the date of the transaction.

c. Exchange difference: Exchange differences arising on the settlement of monetary items or on reporting monetary items of Company at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or as expense in the year in which they arise.

d. Forward exchange contracts not intended for trading purpose: In case of forward exchange contracts, difference between forward rate and the exchange rate on the date of transaction is recognised as expense or income over the life of the contract. Exchange differences on such contracts are recognised in the statement of profit and loss in the year in which the exchange rates change. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognised as income or as expense for the year.

e. In case of foreign subsidiaries, assets, liabilities, Income and expenditure of such subsidiaries are translated considering that the operations of the subsidiaries are in the nature of integral foreign operations. The resulting net exchange difference on translation is charged / credited to Statement of Profit and Loss.

12. EMPLOYEE BENEFITS :

i. Short-Term Benefits :

Short Term Employee Benefits are charged off to the Statement of Profit and Loss at the undiscounted amount in the year in which the services have been rendered.

ii. Long-Term Benefits :

a. The Contributions to Provident Fund and Employee State Insurance Schemes, which are defined contribution schemes, to the relevant funds administered and managed by the Central Government of India, are charged off to the Statement of Profit and Loss as and when incurred. The Company has no further obligations under these plans beyond its monthly contributions.

b. Gratuity :

The Company makes contribution to a scheme administered by the Life Insurance Corporation of India('LIC') to discharge the gratuity liabilities to the employees. Annual Contribution to the fund as determined by the Life Insurance Corporation of India is expensed in that year of contribution. The Shortfall between the accumulated funds available with LIC and liability as determined on the basis of an actuarial valuation is provided for at the year-end. The actuarial gains/ losses are immediately taken to the Statement of Profit and Loss.

Leave Encashment: The Company records its un availed leave liability based on actuarial valuation using projected unit credit method

c. Actuarial gains / losses arising during the year are recognised in the Statement of Profit and Loss.

iii. Terminal Benefits are recognised as an expense as and when incurred.

13. TAXES ON INCOME :

i. Tax expense is the aggregate of current year tax, deferred tax charged or credited to the Statement of Profit and Loss for the year.

ii. **Current Year Tax :**

The Provision for taxation is based on assessable profits of the company as determined under the relevant tax laws of the respective countries / States.

iii. **Deferred Tax :**

Deferred Income Taxes are recognized for the future tax consequences attributable to timing differences between the financial statement determination of income and their recognition for tax purposes. The effect of a change in tax rates on deferred tax assets and liabilities is recognized in income using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where the company has unabsorbed depreciation or carry forward tax losses, all deferred

tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

In the situations where the company is entitled to tax holiday under the Income tax Act, 1961 no deferred tax is recognized in respect of timing 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 timing differences which reverse after the tax holiday period is recognized in the year in which timing difference originate.

Unrecognized deferred tax assets of earlier years are reassessed and recognized to the extent that it has become reasonably Certain or virtually certain, as the case may be that future taxable income will be available against which such deferred tax assets can be realized.

The carrying amount of deferred tax assets are reviewed at each balance sheet date. The Company writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realized. Any such write-down is reversed to the extent that it becomes reasonable certainty or virtual certainty, as the case may be, that sufficient future taxable income will be available.

iv. **Minimum Alternate Tax (MAT) Credit** :

MAT credit is recognised, as an Asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified year. In the year in which the Minimum Alternative tax (MAT) credit becomes eligible to be recognised as an asset in accordance with the recommendation contained in Guidance Note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the Statement of profit and loss and shown as MAT Credit Entitlement. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal Income Tax during the specified period.

14. EXPORT BENEFITS :

Export benefits on account of duty drawback and export promotion schemes are accrued and accounted in the year of export, and are included in other operating revenue. Other benefits in the form of advance authorisation for imports are accounted for on purchase of imported materials.

15. REVENUE RECOGNITION :

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured

i. **SALES :**

Revenue from sale of goods is recognised when significant risks and rewards in respect of ownership of products are transferred to the customers. Revenue from domestic sales is recognised on delivery of products to customers from the factories of the company. Revenue from export sales is recognised when the significant risks and rewards of ownership are transferred to the customers which is based upon the terms of the applicable contract.

Revenue from product sales is stated exclusive of returns, sales tax and applicable trade discounts and allowances.

ii. Interest income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

iii. Dividend on shares held by the company is recognised when the right of the company to receive the same is established.

iv. Service income is recognised as per the terms of the contracts with customers when the related services are performed or the agreed milestones are achieved.

16. BORROWING COSTS :

Borrowing cost includes interest, ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

Borrowing costs directly attributable to acquisition or construction of Fixed Assets which necessarily take a Substantial period of time to get ready for their intended use, incurred till the time of commencement of commercial production or their intended use are capitalized. All other borrowing costs are expensed in the period they occur.

17. LEASES :

Lease of assets under which all the risks and rewards of ownership are effectively retained by the lessor are classified as operating leases. Lease payments under operating leases are recognised as an expense on a straight line basis over the period of lease.

18. PROPOSED / INTERIM DIVIDEND :

Dividends, if any, as recommended by the directors are accounted in the books of account, pending approval at the Annual General Meeting.

19. EARNINGS PER SHARE :

i. The basic earnings per share (EPS) is computed by dividing the net profit after tax for the year by the weighted average number of equity shares outstanding during the year.

ii. For the purpose of calculating diluted earnings per share, net profit after tax for the year and the weighted average number of shares outstanding during the year are adjusted for the effects of dilutive potential equity shares.

20. PRELIMINARY / SET UP EXPENDITURE :

Preliminary Expenditure is charged to Statement of Profit and Loss in the year / period in which it is incurred.

21. PROVISIONS, CONTINGENT LIABILITIES, AND CONTINGENT ASSETS :

Provisions, involving substantial degree of estimation in measurement, are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities, which are possible or present obligation that may, but probably will not require outflow of resources, are not recognised but are disclosed in the notes to the financial statements. Contingent Assets are neither recognised nor disclosed in the financial statements.

22. CASH AND CASH EQUIVALENTS :

Cash and cash equivalents for the purpose of cash flow statement comprise cash at bank and in hand, demand deposits with banks and short-term investments with an original maturity of three months or less.

II. OTHER EXPLANATORY INFORMATION

1. CORPORATE INFORMATION :

Divi's Laboratories Limited (the Company or Divi's) is manufacturer of Active Pharmaceutical Ingredients and Intermediates having headquarters at Hyderabad, India. The major portion of its turnover is on account of export of its products to European and American countries. The Company's main manufacturing and research and development facilities are located in the State of Andhra Pradesh, India. The Equity Shares of the Company are listed in The Bombay Stock Exchange Limited, Mumbai and The National Stock Exchange, Mumbai. The Company has two Subsidiaries viz., Divis Laboratories (USA) Inc., and Divis Laboratories Europe AG looking after manufacturing and marketing of Neutraceutical products in North American and European Countries.

2. LIST OF FOREIGN SUBSIDIARIES CONSIDERED FOR CONSOLIDATION :

S.No.	Name of the Entity	Country of Incorporate	Extent of Holding	
			As on 31.3.2014	As on 31.3.2013
1.	Divis Laboratories (USA) Inc	USA	**100%**	100%
2.	Divi's Laboratories Europe AG	SWITZERLAND	**100%**	100%

3. Previous year figures have been regrouped/ recast/ rearranged wherever necessary to conform to current year classification.

4. CONTINGENT LIABILITIES AND COMMITMENTS:

(Rs. in Lakhs)

Particulars	2013-14	2012-13
A. **CONTINGENT LIABILITIES**		
(i) On account of Letters of Credit and Guarantees issued by the bankers	**5435.30**	3878.06
(ii) Demands being disputed / contested by the Company	**2644.98**	2681.39
B. **COMMITMENTS**		
(i) Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of advances)	**2056.62**	3663.91
(ii) On account of bonds and / or legal agreements executed with Central Excise/ Customs authorities/ Development Commissioners	**11950.00**	11950.00
(iii) The Company leases premises in Florham Park, New Jersey for its office. The Lease will expire on April 30, 2015. The Company entered into operating lease agreement for two vehicles expiring on December 10, 2013 and March 26, 2013.	**78.23**	62.11
(iv) The Company has agreements with several of its employees which provide for, among other things, base salaries and benefits such as health insurance and Pension matching. Each employment agreement includes the confidentiality clause pertaining to any internal non- public trade information.		

5. In the opinion of Board, assets other than Fixed Assets and non-current investments have a value on realization in the ordinary course of business atleast equal to the amount at which they are stated and provision for all known liabilities have been made.

6. Excise duty on sales for the year has been disclosed as reduction from turnover. Excise duty relating to the difference between closing stock and opening stock has been included in Note No. 24 " Change in Inventory of Finished Goods, Stock-in-Trade and Work-in-Progress".

7. Details of capital expenditure incurred for Research and Development are given below :

(Rs. in Lakhs)

Particulars	2013-14	2012-13
Buildings	**137.89**	59.20
Plant and machinery	**230.29**	28.96
Lab Equipment	**588.65**	296.67
Data processing equipment	**-**	4.90
Office equipment	**0.86**	8.75
Furniture	**7.81**	24.98
Total	**965.50**	423.46

8. **EMPLOYEE BENEFITS :**

The disclosures required under Accounting Standard 15 "Employee Benefits" notified in the Companies (Accounting Standards) Rules 2006, are given below :

I. Defined Contribution Schemes :

Contributions to Defined Contribution Schemes charged off for the year are as under :

(Rs. in Lakhs)

Particulars	2013-14	2012-13
Employer's Contribution to Provident Fund	**318.66**	296.66
Employer's Contribution to State Insurance Scheme	**130.32**	133.79

II. Defined Benefit Plans :

GRATUITY

(Rs. in Lakhs)

Particulars	2013-14	2012-13
A) Components of Employer Expense		
Current Service Cost	**40.04**	35.07
Interest Cost on Benefit Obligation	**52.75**	41.42
Expected Return On Plan Assets	**(46.48)**	(53.40)
Net Actuarial Gain /Loss Recognised	**61.99**	79.23
Past Service Cost	**Nil**	0.67
Total expense recognised in Statement of Profit and Loss	**108.30**	102.99
B) Actual Return on Plan Assets	**(46.48)**	(53.40)
C) Net Asset /Liability recognised in Balance Sheet		
Defined Benefit Obligation	**765.87**	659.30
Fair Value Of Plan Assets	**(701.23)**	(692.39)
Status(Surplus/Deficit)	**Nil**	(33.09)
Unrecognised Past Service Cost	**Nil**	Nil
Net Asset/Liability recognised in Balance Sheet	**64.64**	Nil
D) Changes in the PV of DBO		
Opening Defined Benefit Obligation	**659.30**	517.82
Interest Cost	**52.75**	41.42
Current Service Cost	**40.04**	35.07
Benefits Paid	**(48.21)**	(14.24)
Actuarial(gains)losses on obligation	**61.99**	79.23
Closing Defined Benefit obligation	**765.87**	659.30

(Rs. in Lakhs)

	Particulars	2013-14	2012-13
E)	Changes in Fair Value of Plan Assets		
	Opening Fair Value of Plan Assets	**692.39**	517.82
	Expected Return	**46.48**	53.40
	Contributions	**Nil**	135.41
	Benefits Paid	**(37.64)**	(14.24)
	Actuarial Gain/loss	**Nil**	Nil
	Closing Fair value of Plan Assets	**701.23**	692.39
F)	Movement in Balance Sheet		
	Opening liability	**(33.09)**	Nil
	Expenses as above	**108.30**	102.99
	Contribution Paid	**Nil**	(136.08)
	Direct Payments	**(10.57)**	Nil
	Closing Net Liability	**64.64**	(33.09)
G)	Actuarial assumptions :		
	Retirement age	**60years**	60years
	Future Salary Rise	**7%**	7%
	Rate of Discounting	**8%**	8%
	Attrition Rate	**6%**	6%
	Rate of Return on Plan Assets	**6.75%**	9.25%
	Av Balance Future Service	**30.82 Years**	31.29 Years
	Mortality Table	**LIC (1994 -96)**	LIC (1994 -96)

III.Defined Benefit Plans :

LEAVE ENCASHMENT (UNFUNDED) :

The present value of obligation in respect of Provision for Payment of Leave encashment is determined, based on actuarial valuation using the Projected Unit Credit Method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation, recognised and charged off during the year are as under :

(Rs. in Lakhs)

	Particulars	2013-14	2012-13
A)	Reconciliation of opening and closing balances of Defined Benefit obligation :		
	Defined Benefit obligation at beginning of the year	**286.86**	223.88
	Current Service Cost	**19.66**	18.77
	Interest Cost	**22.95**	17.91
	Actuarial (gain)/loss	**60.58**	40.96
	Benefits paid	**(37.21)**	(14.66)
	Defined Benefit obligation at year end	**352.84**	286.86
B)	Expenses recognised during the year :		
	Current Service Cost	**19.66**	18.77
	Interest Cost on benefit obligation	**22.95**	17.91
	Expected return on plan assets	**Nil**	Nil
	Actuarial (gain)/loss	**60.58**	40.96
	Net benefit expense	**103.19**	77.64

(Rs. in Lakhs)

Particulars	2013-14	2012-13
C) Actuarial assumptions :		
Mortality Table (L.I.C)	**1994-96 (Ultimate)**	1994-96 (Ultimate)
Discount rate (per annum)	**8.00%**	8.00%
Attrition Rate (per annum)	**6.00%**	6.00%
Rate of escalation in salary (per annum)	**7.00%**	7.00%

The estimates of rate of escalation in salary considered in actuarial valuation, is determined after taking in to account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is certified by the actuary.

9. SEGMENT REPORTING :

Segments are identified in line with AS 17 "Segment Reporting", taking into consideration the internal organisation and management structure as well as the differential risk and returns of the segment.

a) Identification of reportable segments

(i) **Business Segments :**

The company is engaged in manufacturing and sale of Active Pharma Ingredients and Intermediates which is considered the Primary reportable business segment.

(ii) **Geographical Segments :**

Revenue is segregated into two segments namely India (Sales to customers with in India) and other countries (Sales to customers outside India) on the basis of geographical location of customers for the purpose of reporting geographical segments.

(b) Financial Information as required in respect of reportable segments is as given below :

(Rs. in Lakhs)

Details	India		Other Countries		Total	
	31.03.2014	31.03.2013	31.03.2014	31.03.2013	31.03.2014	31.03.2013
Revenue (From external Customers)	**23614.84**	23846.93	**230784.81**	191679.59	**254363.65**	215526.52
Carrying amount of Segment Assets	**364110.77**	308715.69	**6938.40**	5160.77	**371049.17**	313876.46
Additions to Fixed Assets	**40881.14**	24789.78	**7.65**	4.79	**40888.79**	24794.57

10. DISCLOSURE OF RELATED PARTIES/RELATED PARTY TRANSACTIONS PURSUANT TO ACCOUNTING STANDARD (AS) 18 "RELATED PARTY DISCLOSURES":

(i) Names of Key Management Personnel with whom transactions were carried out during the year :

1. Dr. Murali. K. Divi
2. Mr. N.V. Ramana
3. Mr. D. Madhusudana Rao
4. Mr. Kiran S. Divi

(ii) Names of Relatives of Key Management Personnel with whom transactions were carried out during the year :

1. Mrs. D. Swarna Latha
2. Mrs. M. Nilima
3. Mr. D. Babu Rajendra Prasad
4. Mr. D. Radha Krishna Rao
5. Mrs. D. Raja Kumari
6. Mr. D. Satyasayee Babu
7. Mrs. A. Shanti Chandra
8. Mrs. N. Nirmala Kumari
9. Mrs. N. Chandrika Ramana
10. Mr. N.V.Anirudh
11. Miss. N. Monisha
12. Mr. N. Prashanth
13. Mrs. L. Vijaya Lakshmi

(iii) List of Related Parties over which Control exists and status of transactions entered during the year :

S.No.	NAME OF THE RELATED PARTY	RELATIONSHIP	TRANSACTIONS ENTERED DURING THE YEAR (Yes / No)
1.	Divi's Biotech Private Limited	Company In Which Key Management Personnel have Significant Influence	Yes
2.	Divis Pharmaceuticals Private Limited	Company In Which Key Management Person has Significant Influence	No
3.	Divi's Resorts Private Limited	Company In Which Key Management Personnel have Significant Influence	No
4.	Touchstone Equities Limited	Company In Which Key Management Person has Significant Influence	No
5.	Divi's Properties Private Limited	Company In Which Key Management Personnel have Significant Influence	No

Transactions with Related Parties :

(Rs. in Lakhs)

S.No.	Particulars	2013 - 14		2012 - 13	
		Amount	Outstanding as at 31.03.2014	Amount	Outstanding as at 31.03.2013
1.	Managerial Remuneration to Key Management Personnel	**6332.31**	**5926.56**	5061.64	4660.43
2.	Dividend paid to Key Management Personnel	**4770.04**	**-**	4139.24	-
3.	Lease Rent to Key Management Personnel	**32.77**	**3.09**	29.99	2.70
4.	Lease Rent to Relative of Key Management Personnel	**32.77**	**3.09**	29.98	2.70
5.	Dividend paid to Relatives of Key Management Personnel	**5211.60**	**-**	4520.27	-
6.	Salary and Allowances to Relatives of Key Management Personnel	**14.24**	**1.16**	13.74	1.09
7.	Dividend paid to Company In Which Key Management Personnel have Significant Influence	**600.00**	**-**	520.00	-

Disclosure in respect of transactions which are more than 10% of the total transactions of the same type with related parties during the year :

(Rs. in Lakhs)

Nature of transaction	Name of the party	2013-14	2012-13
Managerial Remuneration	Dr. Murali. K. Divi	**3338.57**	2645.68
	Mr. N.V. Ramana	**1717.83**	1371.19
	Mr. D. Madhusudana Rao	**99.36**	99.36
	Mr. Kiran S. Divi	**1176.55**	945.41
Salary and Allowances	Mr. N. Laxmana Rao	**-**	1.68
	Mr. D.Mallikarjuna Rao	**-**	2.23
	Mrs. Nilima Motaparti	**13.15**	9.83
Rent	Mr. Kiran S. Divi	**32.77**	29.99
	Mrs. Nilima Motaparti	**32.77**	29.98
Dividend Paid	Dr. Murali. K. Divi	**1167.53**	1011.86
	Mr. Kiran S. Divi	**3450.00**	2990.00
	Mrs. Nilima Motaparti	**4050.00**	3510.00

11. LEASES :

The Company has operating leases for premises and vehicles, which are renewable on a periodical basis and cancellable at its option. Rental expenses for operating lease recognised in Statement of Profit and Loss for the year is Rs. 104.72 Lakhs (Previous Year Rs. 93.59 Lakhs).The future minimum lease payments are as given under :

(Rs. in Lakhs)

Year Ending :	2013-14	2012-13
Not later than one year	**104.92**	95.47
Later than one year and not later than five years	**252.50**	265.74
Later than five years	**-**	-

12. INCOME TAX EXPENSE :

(i) TAX CREDIT ENTITLEMENTS :

Tax credit entitlements wherever available under the relevant tax laws and is estimated to be certain of availing the tax credit within the specified period prescribed under the relevant tax laws is recognized as " Tax Credit Entitlements " in the accounts.

(ii) DEFERRED TAX LIABILITY **:**

Movement of Provision for Deferred Tax for the year ended 31.03.2014 is as given below :

(Rs. in Lakhs)

Particulars	As at 01.04.2013	(Charges) / Credit for the year	As at 31.03.2014
Timing Differences on account of :			
Deferred Tax Liability :			
Depreciation on Assets	8944.62	3541.56	**12486.18**
Total (A)	8944.62	3541.56	**12486.18**
Deferred Tax Assets :			
Expenses allowable on the basis of Payment	276.78	42.94	**319.72**
Others	745.55	(79.43)	**666.12**
Total (B)	1022.33	(36.49)	**985.84**
Net (A-B)	7922.29	3578.05	**11500.34**

13. EARNINGS PER SHARE (EPS) :

The Numerator and denominator used to calculate Earnings Per Share :

(Rs. in lakhs except earnings per share)

Particulars :	2013-14	2012-13
A. EARNINGS :		
Profit attributable to Equity Shareholders	**77333.81**	60201.30
B. NO. OF SHARES :		
Weighted average number of Equity shares outstanding during the year (Nos.)	**13,27,34,290**	13,27,34,290
C. EARNINGS PER SHARE :		
Earnings Per Share of Par Value of Rs.2/- each –Basic and Diluted	**58.26**	45.35

14. The audited financial statements of foreign subsidiaries have been prepared in accordance with the generally accepted accounting principle of its country of incorporation. The difference in accounting policies of the company and its subsidiaries are not material.

15. FINANCIAL INFORMATION OF SUBSIDIARY COMPANIES :

(Rs. in Lakhs)

Name of Subsidiary Company	Divis Laboratories (USA) Inc.		Divi's Laboratories Europe AG.	
	2013 - 14	2012 - 13	2013 - 14	2012 - 13
Reporting Currency	**USD**	USD	**CHF**	CHF
Capital	**0.01**	0.01	**36.18**	36.18
Reserves	**(2206.80)**	(1959.01)	**(3387.61)**	(2613.71)
Total Assets	**6005.25**	4058.34	**2240.74**	2285.36
Total Liabilities	**6005.25**	4058.34	**2240.74**	2285.36
Investments	**Nil**	Nil	**Nil**	Nil
Turnover	**8763.97**	6202.07	**3854.53**	2877.03
Profit /(Loss) Before Taxation	**(181.70)**	(491.07)	**(773.90)**	(93.30)
Provision for Taxation	**66.09**	93.56	**Nil**	Nil
Profit / (Loss)after Taxation	**(247.79)**	(397.51)	**(773.90)**	(93.30)
Proposed Dividend	**Nil**	Nil	**Nil**	Nil
Country	**USA**	USA	**Switzerland**	Switzerland
Exchange Rate as on 31.03.2014: USD = Rs.60.0998, CHF = Rs.67.69				

For and on behalf of the Board

Per Our Report of Even Date
For P.V.R.K. NAGESWARA RAO & CO
Chartered Accountants
Firm's Registration Number : 002283S

N. ANKA RAO
Partner
Membership Number : 23939

Hyderabad
24.05.2014

Dr. MURALI K. DIVI
Chairman and Managing Director

N.V. RAMANA
Executive Director

L. KISHOREBABU
Chief Financial Officer

P.V. LAKSHMI RAJANI
Company Secretary

Notice of Annual General Meeting

Notice is hereby given that the Twenty Fourth Annual General Meeting (AGM) of the Members of DIVI'S LABORATORIES LIMITED will be held **on Monday the 25th day of August 2014 at 10.00 A.M**. at KLN Prasad Auditorium, FAPCCI Premises, 11-6-841, Red Hills, Hyderabad - 500 004 to transact the following business :

ORDINARY BUSINESS :

1. To consider and adopt the audited Balance Sheet as at 31st March 2014, the Statement of Profit and Loss for the year ended 31st March 2014 along with the reports of Directors and the Auditors thereon.

2. To declare dividend for the financial year 2013 - 2014.

3. To appoint a Director in place of Mr. Kiran S. Divi (DIN: 00006503), who retires by rotation and being eligible, offers himself for reappointment.

4. To appoint M/s. P.V.R.K. Nageswara Rao & Co., Chartered Accountants, Hyderabad (Firm's Regn. No. 002283S) as Auditors of the Company who shall hold office from the conclusion of this AGM for three consecutive years until the conclusion of the 27th AGM of the Company and to fix their remuneration and to pass the following resolution :

   "RESOLVED THAT pursuant to the provisions of sections 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 and Rules made there under and pursuant to the recommendations of the Audit Committee of the Board, M/s. P.V.R.K. Nageswara Rao & Co., Chartered Accountants, Hyderabad (Firm's Regn. No. 002283S), be and are hereby appointed as the Statutory Auditors of the Company to hold office from the conclusion of this AGM, for three consecutive years until the conclusion of the 27th AGM of the Company, subject to ratification of appointment by the members at every AGM held after this AGM, on such remuneration as may be agreed upon by the Board of Directors and the Auditors, in addition to reimbursement of all out of- pocket expenses and such remuneration may be paid on progressive billing basis to be agreed upon between the Auditors and Board of Directors ."

   SPECIAL BUSINESS :

5. To consider and if thought fit, to pass with or without modification, the following resolution as an **ORDINARY RESOLUTION** :

   "RESOLVED THAT pursuant to the provisions of Sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Shri. K.V.K. Seshavataram (DIN: 00060874), who was appointed as an Additional Director of the company by the Board of Directors with effect from June 23, 2014 and who holds office up to the date of this Annual General Meeting, in terms of Section 161(1) of the Companies Act, 2013 and the Articles of Association of the Company and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for a term of five concecutive years up to June 22, 2019, not liable to retire by rotation."

6. To consider and if thought fit, to pass with or without modification, the following resolution as an **ORDINARY RESOLUTION**:

   "RESOLVED THAT pursuant to the provisions of Sections 149, 151 and 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Smt. S. Sridevi (DIN: 06879138), who was appointed as an Additional Director of the company by the Board of Directors with effect from June 23, 2014 and who holds office up to the date of this Annual General Meeting, in terms of Section 161(1) of the Companies Act, 2013 and the Articles of Association of the Company and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing her candidature for the office of Director, be and is hereby appointed as a Small Shareholder Director of the Company to hold office for a term of three concecutive years up to June 22, 2017, not liable to retire by rotation."

7. To consider and if thought fit, to pass with or without modification, the following resolution as an **ORDINARY RESOLUTION**:

   "RESOLVED THAT pursuant to the provisions of Sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Dr. G. Suresh Kumar (DIN: 00183128), Director of the Company who under the provisions of the Companies Act, 1956 was liable to retire by rotation and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for a term of five consecutive years up to 31st March, 2019, not liable to retire by rotation."

8. To consider and if thought fit, to pass with or without modification, the following resolution as an **ORDINARY RESOLUTION** :

   "RESOLVED THAT pursuant to the provisions of Sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Shri. R. Ranga Rao (DIN: 06409742), who under the provisions of the Companies Act, 1956 was liable to retire by rotation and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for a term of five consecutive years up to 31st March, 2019, not liable to retire by rotation."

9. To consider and if thought fit, to pass with or without modification, the following resolution as an **ORDINARY RESOLUTION** :

   "RESOLVED THAT in accordance with the provisions of Sections 196, 197 and 203 read with Schedule V and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), approval of the Company be and is hereby accorded to the re-appointment of Dr. Murali K. Divi (DIN: 00005040), as Chairman and Managing Director of the company for a further period of 5 (five) years with effect from 10th October, 2014 on the terms and conditions including remuneration as set out in the Statement annexed to the Notice convening this Meeting, with liberty to the Board of Directors (hereinafter referred to as "the Board" which term shall be deemed to include Nomination and Remuneration Committee of the Board) to alter and vary the terms and conditions of the said re-appointment and / or remuneration as it may deem fit and as may be acceptable to Dr. Murali K. Divi, subject to the same not exceeding the limits specified under Section 197 read with Schedule V to the Companies Act, 2013 or any statutory modification(s) or re-enactment thereof.

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

10. To consider and if thought fit, to pass with or without modification, the following resolution as an **ORDINARY RESOLUTION**:

    "RESOLVED THAT in accordance with the provisions of Sections 196, 197 and 203 read with Schedule V and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), approval of the Company be and is hereby accorded to the re-appointment of Shri. N.V. Ramana (DIN: 00005031), as Executive Director of the company for a further period of 5 (five) years with effect from 26th December, 2014 on the terms and conditions including remuneration as set out in the Statement annexed to the Notice convening this Meeting, with liberty to the Board of Directors (hereinafter referred to as "the Board" which term shall be deemed to include Nomination and Remuneration Committee of the Board) to alter and vary the terms and conditions of the said re-appointment and / or remuneration as it may deem fit and as may be acceptable to Shri. N. V. Ramana, subject to the same not exceeding the limits specified under Section 197 read with Schedule V to the Companies Act, 2013 or any statutory modification(s) or re-enactment thereof.

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

11. To consider and if thought fit, to pass with or without modification, the following resolution as a **SPECIAL RESOLUTION**:

"RESOLVED THAT pursuant to the provisions of Section 14 and all other applicable provisions of the Companies Act, 2013 read with Companies (Incorporation) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the draft regulations contained in the Articles of Association submitted to this meeting be and are hereby approved and adopted in substitution, and to the entire exclusion, of the regulations contained in the existing Articles of Association of the Company.

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

For and on behalf of the Board of Directors

Hyderabad
23rd June 2014

Dr. Murali K. Divi
Chairman & Managing Director

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

NOTES :

1. A Statement pursuant to Section 102(1) of the Companies Act, 2013, relating to the Special Business to be transacted at the Meeting is annexed hereto.
2. ***A member entitled to attend and vote at the meeting, is entitled to appoint a proxy to attend and vote instead of himself and such proxy need not be a member of the company. The instrument appointing proxy should, however, be deposited at the registered office of the company not less than forty-eight hours before the commencement of the meeting.***

   A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.
3. Pursuant to Clause 49 of the Listing Agreement, additional information on directors seeking appointment / re-appointment at the annual general meeting is provided in the Annual Report.
4. Members / proxies are requested to bring the attendance slips duly filled in for attending the meeting and bring their copies of the Annual Report to the meeting.
5. 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.
6. Members who hold shares in dematerialized form are requested to write their Client ID and DP ID numbers and those who hold shares in physical form are requested to write their Folio Number in the attendance slip for attending the meeting.
7. Closure of register of Members and Dividend :

   (a) The Company has notified that Register of Members and Transfer Books will be closed from 4th August, 2014 to 8th August, 2014 (both days inclusive) for determining the names of the Members eligible for dividend, if approved, on equity shares. In respect of shares held in Electronic form, the dividend will be paid on the basis of particulars of beneficial ownership furnished by the Depositories for this purpose.

(b) The dividend on equity shares, as recommended by the Board of Directors, if declared at the Annual General Meeting, will be paid to those shareholders whose name appears in Register of Members as on 2nd August, 2014.

(c) Members may please note that the Dividend Warrants are payable at par at the designated branches of the Bank printed on reverse of the Dividend Warrant for an initial period of 3 months only. Thereafter, the Dividend Warrant on revalidation is payable only at limited centers / branches. The members are, therefore, advised to encash Dividend Warrants within the initial validity period.

8. Bank particulars :

In order to provide protection against fraudulent encashment of the warrant, shareholders holding shares in physical form are requested to intimate the Company under the signature of sole / first joint holder, the following information to be incorporated on the Dividend Warrants :

(i) Name of the Sole / First joint holder and the Folio Number.

(ii) Particulars of Bank account, viz.,

- Name of the Bank
- Name of the Branch
- Complete address of the Bank with Pin Code Number
- Account type, whether Savings (SB) or Current account (CA)
- Bank Account Number allotted by the Bank

9. Shareholders holding shares in electronic form may kindly note that their Bank account details as furnished by their Depositories to the Company will be printed on their Dividend Warrants as per the applicable regulations of the Depositories and the Company will not entertain any direct request from such shareholders for deletion of / change in such Bank details. Further, instructions, if any, already given by them in respect of shares held in physical form will not be automatically applicable to shares held in the electronic mode. **Shareholders are requested to intimate immediately any change in their address or bank mandates to their depository participants with whom they are maintaining their demat accounts or to the company's share transfer agent, M/s Karvy Computershare Private Limited, if the shares are held in physical form.**

10. Non-Resident Indian Shareholders are requested to inform the registrars, M/s. Karvy Computershare Private Limited immediately :

a) the change in the Residential status on return to India for permanent settlement.

b) the particulars of the Bank Account maintained in India with complete name, branch, account type, account number and address of the Bank, if not furnished earlier.

11. Corporate Members intending to send their authorized representatives are requested to send a duly certified copy of the Board resolution authorizing their representatives to attend and vote at the Annual General Meeting.

12. Members holding shares in single name and physical form are advised to make nomination in respect of their shareholding in the Company. Shareholders desirous of making nominations are requested to send their requests to the Registrar and Share Transfer Agent M/s. Karvy Computershare Private Limited.

13. M/s. Karvy Computershare Private Limited, Plot No 17-24, Vittal Rao Nagar, Madhapur, Hyderabad – 500 081 acts as the Company's Registrar and Share Transfer Agent for physical transfer of shares and all correspondence may be addressed directly to them. In respect of shares held in Electronic form, shareholders may send requests or correspond through their respective Depository Participants.

14. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN to the Company / Registrar.

15. Pursuant to the provisions of Section 205A(5) and 205C of the Companies Act, 1956, the Company has transferred the unpaid or unclaimed interim dividend for the Financial year 2006-07, on due date, to the Investor Education and Protection Fund (the IEPF) established by the Central Government. Unclaimed dividend for the year(s) 2007-08, 2008-09, 2009-10 2010-11, 2011-12 and 2012-13 are held in separate Bank accounts and shareholders who have not received the dividend / encashed the warrants are advised to write to the Company with complete details.

16. The annual report for the financial year 2013-14 has been sent through email to those members who have opted to receive electronic communication or who have registered their email addresses with the Company/depository participants. The annual report is also available on our website, i.e. www.divislaboratories.com. The physical copy of the annual report has been sent to those members who have either opted for the same or have not registered their email addresses with the Company/depository participant. The members will be entitled to a physical copy of the annual report for the financial year 2013-14 upon sending a request to the Company.

    Members who would like to receive all communication including Annual Report, Notices, Circulars, etc. from the Company in electronic mode in lieu of physical copy (in order to save usage of paper) and who have not registered their e-mail addresses so far or who would like to update their e-mail addresses already registered, are requested to register/update their e-mail addresses :

    - in respect of electronic shareholding - through their respective Depository Participants;
    - in respect of physical shareholding - by sending a request to the Company's Share Transfer Agent, mentioning therein their folio number and e-mail address.

17. All documents referred to in the accompanying Notice and Explanatory Statement are open for inspection at the Registered Office of the Company between 11:00 a.m. to 1:00 p.m. on all working days except saturdays till the date of AGM

18. **e-voting :**

    In compliance with Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules 2014 and Clause 35B of the Listing Agreement Divi's Laboratories Limited ("the Company") is pleased to provide to the shareholders the facility to exercise their right to vote at the AGM by electronic means and the business may be transacted through e-voting services provided by M/s.Karvy Computershare Private Limited. Members may exercise their vote at any general meeting by electronic means and the Company may adopt any resolution by way of the electronic voting system.

    Process for e-voting :

    The Company has arrangements with its Registrars, M/s.Karvy Computershare Private Limited ('Karvy') for facilitating e-voting to enable the Shareholders to cast their vote electronically.

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

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

User Id :	For Members holding shares in Demat form:
	a. For NSDL: 8 character DP ID followed by 8 digit Client ID
	b. For CDSL: 16 digit Beneficiary ID/Client ID
	For Members holding shares in Physical form:
	Event No.(EVENT) followed by Folio No. registered with the Company.
Password	Your unique password is printed on the AGM Notice/provided in the email forwarding the electronic notice.

    3. After entering these details appropriately, Click on "LOGIN".
    4. You will now reach password Change Menu wherein you are required to mandatorily change your password. The new password shall comprise of minimum 8 characters with at least one upper case (A-Z), one lower case (a-z), one numeric value (0-9) and a special character (@,#,$, etc.). The system will prompt you to change your password and update your contact details like mobile number, email ID, etc. on first login. You may also enter a secret question and answer of your choice to retrieve your password in case you forget it. It is strongly recommended that you do not share your password with any other person and that you take utmost care to keep your password confidential.

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

B. In case of Members receiving AGM Notice by Post :

1. Please use the User ID and initial password as provided in the AGM Notice Form.
2. Please follow all steps from Sr.No. 1 to 9 as mentioned in (A) above, to cast your vote.

C. The e-voting period commences on 19th August, 2014 at 9.00 A.M. and ends on 21st August, 2014 at 5.00 P.M. In case of any query pertaining to e-voting, please visit Help & FAQ's section of Karvy e-voting website.

19. Once the vote on a resolution is cast by a Member, the Member shall not be allowed to change it subsequently. Further, the Members who have cast their vote electronically shall not be allowed to vote again at the Meeting.
20. The Board of Directors of the Company at their meeting held on 23rd June, 2014 has appointed Mr. V Bhaskara Rao, Practising Company Secretary, as Scrutinizer for conducting the e-voting process in accordance with law. The Scrutinizer's decision on the validity of e-voting shall be final.
21. The Scrutinizer shall, within a period of three working days from the date of conclusion of the e-voting period, unblock the votes in the presence of at least two witnesses not in the employment of the Company and make a scrutinizer's report of the votes cast in favour or against, if any, and submit to the Chairman.
22. The result of voting will be announced by the Chairman of the AGM at or after the AGM to be held on 25th August, 2014 and the resolutions will be deemed to be passed on the AGM date subject to receipt of the requisite number of votes in favour of the Resolutions.
23. The result of the voting along with Scrutinizers' Report will be communicated to the stock exchanges and will also be hosted on the website of the Company www.divislaboratories.com and on Karvy's website (https://evoting.karvy.com) within two (2) days of passing of resolutions.
24. The voting rights for the shares are one vote per equity share, registered in the name of the shareholders/beneficial owners as on 25th July, 2014. Members holding shares either in physical form or dematerialized form may cast their vote electronically.

EXPLANATORY STATEMENT

(Pursuant to Section 102 (1) of the Companies Act, 2013)

Item No. 5

The Board of Directors of the Company appointed, Shri K.V.K. Seshavataram as an Additional Director of the Company with effect from June 23, 2014, pursuant to the provisions of Section 161(1) of the Companies Act, 2013 and the Articles of Association of the Company.

In terms of the provisions of Section 161(1) of the Act, Shri K.V.K. Seshavataram will hold office up to the date of the ensuing Annual General Meeting. The Company has received a notice in writing from a member along with the deposit of requisite amount under Section 160 of the Act proposing the candidature of Shri K.V.K. Seshavataram for the office of Independent Director of the Company.

Shri Seshavataram is not disqualified from being appointed as a Director in terms of Section 164 of the Act and has given his consent to act as a Director.

The Company has received a declaration from Shri K.V.K. Seshavataram that he meets with the criteria of independence as prescribed both under sub-section (6) of Section 149 of the Act and under Clause 49 of the Listing Agreement.

The resolution seeks the approval of members for the appointment of Shri K.V.K. Seshavataram as an Independent Director of the company up to June 22, 2019 pursuant to Section 149 and other applicable provisions of the Companies Act, 2013 and Rules made there under. He is not liable to retire by rotation.

In the opinion of the Board, Shri K.V.K. Seshavataram fulfills the conditions for his appointment as an Independent Director as specified in the Act and the Listing Agreement. Shri K.V.K. Seshavataram is independent of the management.

Brief resume of Shri K.V.K. Seshavataram, nature of his expertise in specific functional areas and names of companies in which he holds directorships and memberships / chairmanships of Board Committees, shareholding and relationships between directors *inter-se* as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges, are provided in the Corporate Governance Report forming part of the Annual Report.

Copy of the draft letter for appointment of Shri K.V.K. Seshavataram as an Independent Director setting out the terms and conditions is available for inspection by members at the Registered Office of the Company.

This Statement may also be regarded as a disclosure under Clause 49 of the Listing Agreement with the Stock Exchanges.

None of the Directors or Key Managerial Personnel of the Company and / or their relatives except Shri K.V.K. Seshavataram, to whom the resolution relates, are in any way, concerned or interested, financially or otherwise, in the resolution

The Board recommends the Ordinary Resolution set forth in Item No. 5 for approval of the shareholders.

Item No. 6

The Board of Directors of the Company appointed, Smt. S. Sridevi as an Additional Director of the Company with effect from June 23, 2014, pursuant to the provisions of Section 161(1) of the Companies Act, 2013 and the Articles of Association of the Company.

In terms of the provisions of Section 161(1) of the Act, Smt. S. Sridevi will hold office up to the date of the ensuing Annual General Meeting. The Company has received a notice in writing from a member along with the deposit of requisite amount under Section 160 of the Act proposing the candidature of Smt. S. Sridevi for the office of Independent Director of the Company.

Smt. Sridevi is not disqualified from being appointed as a Director in terms of Section 164 of the Act and has given her consent to act as a Director.

As per the provisions of Section 151 of the Companies Act, 2013, listed companies may have a director representing "small shareholders" i.e., who hold shares of nominal value of not more than twenty thousand rupees. The Board may consider the appointment suo moto as provided in the Companies Act, 2013. Smt. S. Sridevi has given her consent for the nomination.

The Company has received a declaration from Smt. S. Sridevi that she meets with the criteria of independence as prescribed both under sub-section (6) of Section 149 of the Act and under Clause 49 of the Listing Agreement.

The resolution seeks the approval of members for the appointment of Smt. S. Sridevi as an Independent Director of the company representing small shareholders up to June 22, 2017 pursuant to Section 149, 151 and other applicable provisions of the Companies Act, 2013 and Rules made there under. She is not liable to retire by rotation.

In the opinion of the Board, Smt. S. Sridevi fulfills the conditions for her appointment as an Independent Director representing small shareholders as specified in the Act and the Listing Agreement. Smt. S. Sridevi is independent of the management.

Brief resume of Smt. S. Sridevi, nature of her expertise and names of companies in which she holds directorships and memberships / chairmanships of Board Committees, shareholding and relationships between directors *inter-se* as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges, are provided in the Corporate Governance Report forming part of the Annual Report.

Copy of the draft letter for appointment of Smt. S. Sridevi as an Independent Director setting out the terms and conditions is available for inspection by members at the Registered Office of the Company.

This Statement may also be regarded as a disclosure under Clause 49 of the Listing Agreement with the Stock Exchanges.

None of the Directors or Key Managerial Personnel of the Company and / or their relatives except Smt. S. Sridevi, to whom the resolution relates, are in any way, concerned or interested, financially or otherwise, in the resolution.

The Board recommends the Ordinary Resolution set forth in Item No. 6 for approval of the shareholders.

Item No. 7

Dr. G. Suresh Kumar is a Non-Executive Independent Director of the Company. He joined the Board in March, 2001.

Dr. G. Suresh Kumar is a director who was liable to retire by rotation under the erstwhile applicable provisions of the Companies Act, 1956. In terms of Section 149 and other applicable provisions of the Companies Act 2013, Dr. G. Suresh Kumar being eligible and offering himself for appointment, is proposed to be appointed as an Independent Director for five consecutive years for a term upto 31st March, 2019. The Company has received a notice in writing from a member along with the deposit of requisite amount under Section 160 of the Act proposing the candidature of Shri. Dr. G. Suresh Kumar for the office of Independent Director of the Company.

Dr. Suresh Kumar is not disqualified from being appointed as a Director in terms of Section 164 of the Act and has given his consent to act as a Director. The Company has received a declaration from Dr. G. Suresh Kumar that he meets with the criteria of independence as prescribed both under sub-section (6) of Section 149 of the Act and under Clause 49 of the Listing Agreement.

The resolution seeks the approval of members for the appointment of Dr. G. Suresh Kumar as an Independent Director of the company up to March 31, 2019 pursuant to Section 149 and other applicable provisions of the Companies Act, 2013 and Rules made there under. He is not liable to retire by rotation.

In the opinion of the Board, Dr. G. Suresh Kumar fulfills the conditions for his appointment as an Independent Director as specified in the Act and the Listing Agreement. Dr. G. Suresh Kumar is independent of the management.

Brief resume of Dr. G. Suresh Kumar, nature of his expertise in specific functional areas and names of companies in which he holds directorships and memberships / chairmanships of Board Committees, shareholding and relationships between directors *inter-se* as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges, are provided in the Corporate Governance Report forming part of the Annual Report.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Dr. G. Suresh Kumar as an Independent Director.

Copy of the draft letter for appointment of Dr. G. Suresh Kumar as an Independent Director setting out the terms and conditions is available for inspection by members at the Registered Office of the Company.

This Statement may also be regarded as a disclosure under Clause 49 of the Listing Agreement with the Stock Exchanges.

None of the Directors or Key Managerial Personnel of the Company and / or their relatives except Dr. G. Suresh Kumar, to whom the resolution relates, are in any way, concerned or interested, financially or otherwise, in the resolution.

The Board recommends the Ordinary Resolution set forth in Item No. 7 for approval of the shareholders.

Item No. 8

Shri R. Ranga Rao is a Non-Executive Independent Director of the Company. He joined the Board in November, 2012.

Shri Ranga Rao is a director who was liable to retire by rotation under the erstwhile applicable provisions of Companies Act, 1956. In terms of Section 149 and other applicable provisions of the Companies Act 2013, Shri. R. Ranga Rao being eligible and offering himself for appointment, is proposed to be appointed as an Independent Director for five consecutive years for a term up to 31st March, 2019. The Company has received a notice in writing from a member along with the deposit of requisite amount under Section 160 of the Act proposing the candidature of Shri. R. Ranga Rao for the office of Independent Director of the Company.

Shri Ranga Rao is not disqualified from being appointed as a Director in terms of Section 164 of the Act and has given his consent to act as a Director. The Company has received a declaration from Shri. R. Ranga Rao that he meets with the criteria of independence as prescribed both under sub-section (6) of Section 149 of the Act and under Clause 49 of the Listing Agreement.

The resolution seeks the approval of members for the appointment of Shri. R. Ranga Rao as an Independent Director of the company up to March 31, 2019 pursuant to Section 149 and other applicable provisions of the Companies Act, 2013 and Rules made there under. He is not liable to retire by rotation.

In the opinion of the Board, Shri R. Ranga Rao fulfills the conditions for his appointment as an Independent Director as specified in the Act and the Listing Agreement. Shri. R. Ranga Rao is independent of the management.

Brief resume of Shri R. Ranga Rao, nature of his expertise in specific functional areas and names of companies in which he holds directorships and memberships / chairmanships of Board Committees, shareholding and relationships between directors *inter-se* as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges, are provided in the Corporate Governance Report forming part of the Annual Report.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Shri R. Ranga Rao as an Independent Director.

Copy of the draft letter for appointment of Shri R. Ranga Rao as an Independent Director setting out the terms and conditions is available for inspection by members at the Registered Office of the Company.

This Statement may also be regarded as a disclosure under Clause 49 of the Listing Agreement with the Stock Exchanges.

None of the Directors or Key Managerial Personnel of the Company and / or their relatives except Shri R. Ranga Rao, to whom the resolution relates, are in any way, concerned or interested, financially or otherwise, in the resolution.

The Board recommends the Ordinary Resolution set forth in Item No. 8 for approval of the shareholders.

Item No. 9

The Board of Directors of the Company (the 'Board'), at its meeting held on June 23, 2014 has, subject to the approval of members, re-appointed Dr. Murali K. Divi as Chairman and Managing Director, for a further period of 5 (five) years from the expiry of his present term, which expires on October 9, 2014, at the remuneration recommended by the Nomination and Remuneration Committee and approved by the Board.

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

Broad particulars of the terms of remuneration payable to Dr. Murali K. Divi are as under :

Salary, perquisites and other allowances :

a) Salary of Rs. 7,50,000/- per month.

b) In addition to the aforesaid salary, he shall be entitled to following Perquisites and allowances :

i) Rent free furnished accommodation or house rent allowance in lieu thereof

ii) Re-imbursement of expenses for gas, electricity and water

iii) Re-imbursement of medical expenses

iv) Personal accident insurance premium and premium on medi-claim policy

v) Leave travel concession for self and his family including dependents

vi) Re-imbursement of actual Club fees

vii) Company's contribution towards pension scheme or superannuation fund together with provident fund not exceeding 25% of the salary wherein contribution towards provident fund shall not exceed 12% of the salary.

viii) Gratuity payable as per the Rules of the Company/ Trust

ix) Use of company car for official purposes and telephone at residence (including payment for local calls and long distance official calls)

x) Encashment of un-availed leave as per the rules of the company

xi) All other payments in the nature of perquisites and allowances agreed by the Board of Directors from time to time

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

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

Commission

He shall be entitled to commission @ 3% on the net profits of the company computed in the manner laid down in section 197 (8) of the Companies Act, 2013 in addition to salary, perquisites / benefits as mentioned above.

Minimum Remuneration

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

Aggregate remuneration

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

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

The above may be treated as a written memorandum setting out the terms of re-appointment of Dr. Murali K. Divi under Section 190 of the Act.

Brief resume of Dr. Murali K. Divi, nature of their expertise in specific functional areas, names of companies in which they hold directorships and memberships / chairmanships of Board Committees, shareholding and relationships amongst directors *inter-se* as stipulated under Clause 49 of Listing Agreement with the Stock Exchanges, are provided in the Corporate Governance Report forming part of the Annual Report.

Dr. Murali K. Divi is interested in the resolution set out at Item No. 9 of the Notice, as the same relates to his re-appointment and remuneration payable to him. Mr. Madhusudana Rao Divi and Mr Kiran S Divi being related to Dr Murali K. Divi are deemed to be interested in the resolution.

The relatives of Dr. Murali K. Divi may be deemed to be interested in the resolution to the extent of their shareholding interest, if any, in the Company.

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

The Board recommends the Ordinary Resolution set forth in Item No. 9 for approval of the shareholders.

Item No. 10

The Board of Directors of the Company (the 'Board'), at its meeting held on June 23, 2014 has, subject to the approval of members, re-appointed Shri N. V. Ramana as Executive Director, for a further period of 5 (five) years from the expiry of his present term, which expires on December 25, 2014, at the remuneration recommended by the Nomination and Remuneration Committee and approved by the Board.

It is proposed to seek the members' approval for the re-appointment of and remuneration payable to appointed Shri N. V. Ramana as Executive Director in terms of Sections 196 and 197 read with Schedule V and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder.

Broad particulars of the terms of remuneration payable to Shri N. V. Ramana are as under :

Salary, perquisites and other allowances :

a) Salary of Rs. 7,00,000/- per month.

b) In addition to the aforesaid salary, he shall be entitled to following Perquisites and allowances :

i) Rent free furnished accommodation or house rent allowance in lieu thereof

ii) Re-imbursement of expenses for gas, electricity and water

iii) Re-imbursement of medical expenses

iv) Personal accident insurance premium and premium on medi-claim policy

v) Leave travel concession for self and his family including dependents

vi) Re-imbursement of actual Club fees

vii) Employees Stock Options and other benefits and allowances as per rules of the company

viii) Company's contribution towards pension scheme or superannuation fund together with provident fund not exceeding 25% of the salary wherein contribution towards provident fund shall not exceed 12% of the salary

ix) Gratuity payable as per the Rules of the Company/ Trust

x) Use of company car for official purposes and telephone at residence (including payment for local calls and long distance official calls)

xi) Encashment of un-availed leave as per the rules of the company

xii) All other payments in the nature of perquisites and allowances agreed by the Board of Directors from time to time

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

Perquisites shall be evaluated as per the provisions of Income Tax Act, 1961 or any rules thereunder or any statutory modification(s) or re-enactment thereof; in the absence of any such rules, perquisites and

allowances shall be evaluated at actual cost. However, employees Stock Options, contribution towards pension scheme, superannuation fund, provident fund, gratuity fund, use of company car for official purposes and telephone at residence and encashment of un-availed leave at the end of the year shall not be included in the aforesaid perquisites limit.

Commission

He shall be entitled to commission @ 1.5% on the net profits of the company computed in the manner laid down in section 197 (8) of the Companies Act, 2013 in addition to salary, perquisites / benefits as mentioned above.

Minimum Remuneration

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

Aggregate remuneration

The aggregate of remuneration, commission and perquisites / benefits including Employee Stock Options, contribution towards provident fund, superannuation fund, gratuity fund, payable to Shri N. V. Ramana, Executive Director, individually or to all whole time directors of the Company taken together, shall not exceed during any financial year 5% / 10% of profits of the Company calculated in accordance with the provisions of Sections 198 of the Companies Act, 2013.

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

The above may be treated as a written memorandum setting out the terms of re-appointment of Shri N. V. Ramana under Section 190 of the Act.

Brief resume of Shri N. V. Ramana, nature of their expertise in specific functional areas, names of companies in which they hold directorships and memberships / chairmanships of Board Committees, shareholding and relationships amongst directors *inter-se* as stipulated under Clause 49 of Listing Agreement with the Stock Exchanges, are provided in the Corporate Governance Report forming part of the Annual Report.

Shri N. V. Ramana is interested in the resolution set out at Item No. 10 of the Notice, as the same relates to his re-appointment and remuneration payable to him.

The relatives of Shri N. V. Ramana may be deemed to be interested in the resolution to the extent of their shareholding interest, if any, in the Company.

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

The Board recommends the Ordinary Resolution set forth in Item No. 10 for approval of the shareholders.

Item No. 11

The existing Articles of Association ("AoA") are based on the Companies Act, 1956 and several regulations in the existing AoA contain references to specific sections of the Companies Act, 1956 and some regulations in the existing AoA are no longer in conformity with the recently enacted Companies Act, 2013 (the "Act").

The Act is now largely in force. On September 12, 2013, the Ministry of Corporate Affairs ("MCA") had notified 98 Sections for implementation. Subsequently, on March 26, 2014, MCA notified most of the remaining Sections (barring those provisions which require sanction / confirmation of the National Company Law Tribunal ("Tribunal") such as variation of rights of holders of different classes of shares (Section 48), reduction of share capital (Section 66), compromises, arrangements and amalgamations (Chapter XV), prevention of oppression and mismanagement (Chapter XVI), revival and rehabilitation of sick companies (Chapter XIX), winding up (Chapter XX) and certain other provisions including, *inter alia*, relating to Investor Education and Protection Fund (Section 125) and valuation by registered valuers (Section 247). However, substantive sections of the Act which deal with the general working of companies stand notified.

With the Act coming into force, several regulations of the existing AoA of the Company require alteration or deletions. Given this position, it is considered expedient to wholly replace the existing AoA by a new set of Articles.

The new AoA to be substituted in place of the existing AoA are based on Table 'F' of the Act which sets out the model articles of association for a company limited by shares.

The proposed new draft AoA is available on the Company's website www.divislaboratories.com for perusal by the shareholders.

None of the Directors / Key Managerial Personnel of the Company / their relatives are in any way, concerned or interested, financially or otherwise, in the Special Resolution set out at Item No. 11 of the Notice.

The Board recommends the Special Resolution set forth in Item No. 11 for approval of the shareholders.

For and on behalf of the Board of Directors

Hyderabad
23rd June 2014

Dr. Murali K. Divi
Chairman & Managing Director

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

Divi's Laboratories Limited

CIN : L24110TG1990PLC011854
7-1-77/E/1/303, Divi Towers, Dharam Karan Road, Ameerpet, Hyderabad - 500 016.
Tel. : +91 40 2378 6300; Fax : +91 40 2378 6460
E-mail : mail@divislaboratories.com URL : www.divislaboratories.com

Share Transfer Agent : Karvy Computershare Private Limited, Plot No. 17-24, Vittal Rao Nagar, Madhapur, Hyderabad - 500 081.

ATTENDANCE SLIP

I/We hereby record my/our presence at the 24th Annual General Meeting of the Company held at KLN Prasad Auditorium, FAPCCI Premises, 11-6-841, Red Hills, Hyderabad - 500 004 at 10.00 A.M. on Monday the 25th August, 2014

Name and Address of the Shareholder(s)		
If Shareholder(s), please sign here	If Proxy, please mention name and sign here	
	Name of Proxy	Signature

Notes :

(1) Shreholder / Proxyholder, as the case may be, is requested to produce the attendance slip duly at the entrance of the Meeting venue.

(2) Members are requested to advise the change of their address, if any, to Karvy Computer Share Pvt. Ltd. at the above address.

BLANK

Divi's Laboratories Limited

CIN : L24110TG1990PLC011854
7-1-77/E/1/303, Divi Towers, Dharam Karan Road, Ameerpet, Hyderabad - 500 016.
Tel. : +91 40 2378 6300; Fax : +91 40 2378 6460
E-mail : mail@divislaboratories.com URL : www.divislaboratories.com

Share Transfer Agent : Karvy Computershare Private Limited, Plot No. 17-24, Vittal Rao Nagar, Madhapur, Hyderabad - 500 081.

PROXY FORM

(Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014)

Name of the Member(s) .....

Registered address : .....

E-mail id : .....

Folio No./Client ID : .....

DP ID : .....

I/We, being the member(s) of.....shares of the above named Company, hereby appoint

1. Name.....

   Address.....

   E-mail id.....Signature..... , or failing him

2. Name.....

   Address.....

   E-mail id.....Signature..... , or failing him

3. Name.....

   Address.....

   E-mail id.....Signature.....

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 24th Annual General Meeting of the Company be held at KLN Prasad Auditorium, FAPCCI Premises, 11-6-841, Red Hills, Hyderabad - 500 004 at 10.00 A.M. on Monday the 25th August, 2014 and at any adjournment thereof in respect of such resolutions as are indicated below :

** I/We wish my above proxy(ies) to vote in the manner as indicated in the box below :

Resolutions	For	Against	Abstain
1. Consider and adopt Audited Financial Statement, Reports of the Board of Directors and Auditors			
2. Declaration of Dividend on Equity Shares			
3. Re-appointment of Mr. Kiran S. Divi who retires by rotation			
4. Appointment of Auditors and fixing their remuneration			
5. Appointment of Mr. K.V.K. Seshavataram as an Independent Director			
6. Appointment of Mrs. S. Sridevi as an Independent Director			

Resolutions	For	Against	Abstain
7. Appointment of Dr. G. Suresh Kumar as an Independent Director			
8. Appointment of Mr. R. Ranga Rao as an Independent Director			
9. Re-appointment of Dr. Murali K. Divi as Chairman and Managing Director			
10. Re-appointment of Mr. N.V. Ramana as Executive Director			
11. Adoption of new Articles of Association of the Company			

Affix a revenue Stamp

Signed this.....day of.....2014.

Signature of shareholder

Signature of first proxy holder

Signature of second proxy holder

Signature of third proxy holder

**This is only optional. Please put a '√' in the appropriate column against the resolutions indicated in the Box. Alternatively, you may mention the number of shares in the appropriate column in respect of which you would like your proxy to vote. If you leave all the columns blank against any or all the resolutions. your proxy will be entitled to vote in the manner as he/she thinks approprite.

Note :

1. **This form of proxy in order to be effective should be duly completed and deposited at the Registered office of the Company, not less than 48 hours before the commencement of the Meeting.**
2. A proxy need not be a member of the Company.
3. In case the appointer is a body corporate, the proxy form should be signed under its seal or be signed by an officer or an attorney duly authorized by it and an authenticated copy of such authorisation should be attached to the proxy form.
4. A person can act as proxy on behalf of such number of Members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. Further, a member holding more than ten percent, of the total share capital of the company carrying voting rights, may appoint a single person as proxy and such person shall not act as proxy for any other person or Member.
5. Appointing a proxy does not prevent a member from attending the meeting in person if he so wishes.
6. In case of joint holders, the signature of any one holder will be sufficient, but names of all the joint holders should be stated.