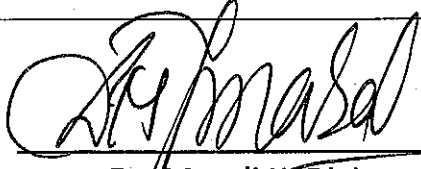
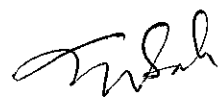

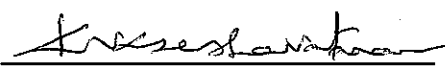




Divi's Laboratories Limited

FORM A

1.	Name of the Company:	DIVI'S LABORATORIES LIMITED
2.	Annual financial statements for the year ended	31 st March 2015
3.	Type of Audit observation	Matter of Emphasis
4.	Frequency of observation	Third time
5.	signed by-	
	• Managing Director	 Dr. Murali K. Divi
	• CFO	 L. Kishore Babu
	• Auditor of the company	 N. Anka Rao
	• Audit Committee Chairman	 K.V.K. Seshavataram

CIN : L24110TG1990PLC011854

"An ISO-9001, ISO-14001 and OHSAS-18001 Triple certified company"

Regd. Off : Divi Towers, 7-1-77/E/1/303, Dharam Karan Road, Ameerpet, Hyderabad - 500 016. INDIA

Tel : 91-40-2378 6300, Fax : 91-40-2378 6460

E-mail : mail@divislaboratories.com, Website : www.divislaboratories.com

25th Annual Report 2014 - 15

*Striving
For Leadership Through Chemistry*



Divi's Laboratories Limited

Milestones



Set up manufacturing
facility Unit-I near
Hyderabad

1995



1990

Started as
Divi's Research Centre
(DRC)



2000

First US FDA
Inspection for Unit-I

Second US FDA
Inspection for Unit-II

2009



New manufacturing facility at
Unit-II (DSN-SEZ)
Fourth US FDA Inspection for Unit-I
EU GMP inspection for Unit-1
PMDA inspection for Unit-I

2011



2010

New Divi's Research
Centre at Hyderabad



2012

CNBC TV 18 India Business Leader
Award 'First Generation Entrepreneur
of the Year'

TGA inspection for Unit-II
First US FDA inspection for
Divis Nutraceuticals facility
Third US FDA inspection for Unit-II

Commenced 2nd Manufacturing
Facility Unit-II near Visakhapatnam
New Divi's Research Centre
at Visakhapatnam

2004



Set up Nutraceuticals
facility at Unit-II

2007



2006

First US FDA Inspection
for Unit-II



2008

Third US FDA
Inspection for Unit-I

Slovenian Medicines Agency
(EU GMP inspection for 7 APIs)

2013



2015



2014

COFEPRIS Inspection for Units - I & II
US FDA Inspection for Units - I & II



Board of Directors

Executive Directors



Dr. Murali K. Divi
Chairman & Managing Director



N.V. Ramana
Executive Director



Madhusudana Rao Divi
Director - Projects



Kiran S. Divi
Director & President - Operations

Independent Directors



Dr. G. Suresh Kumar



R. Ranga Rao



K.V.K. Seshavataram



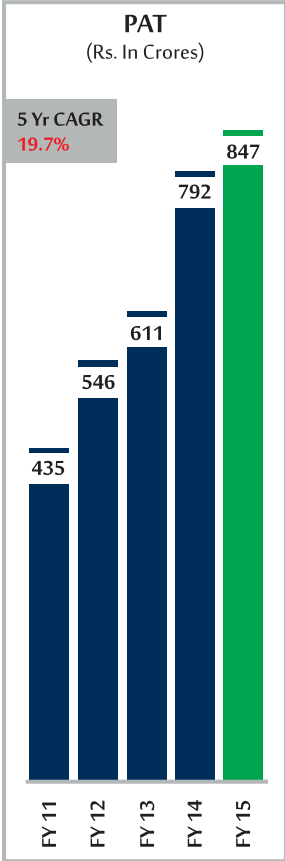
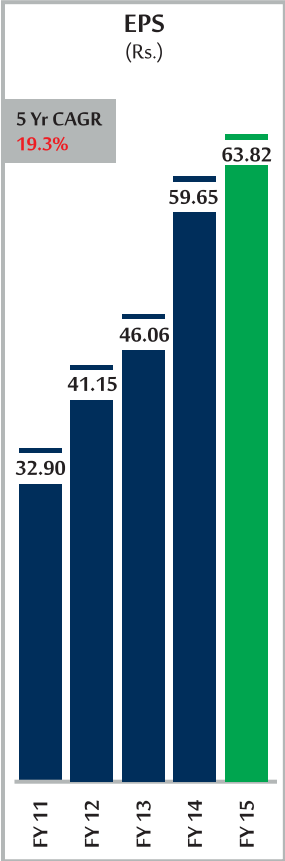
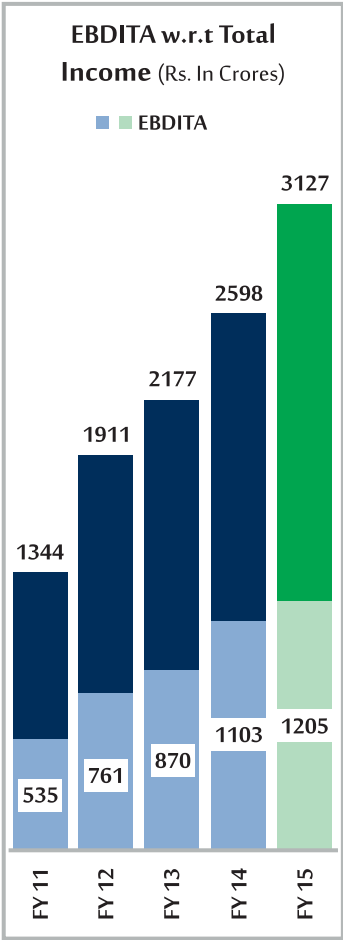
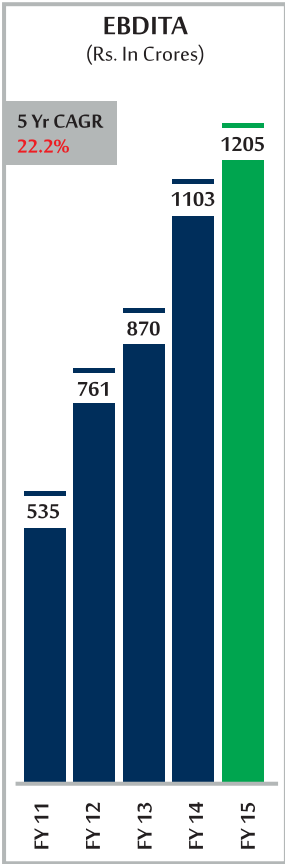
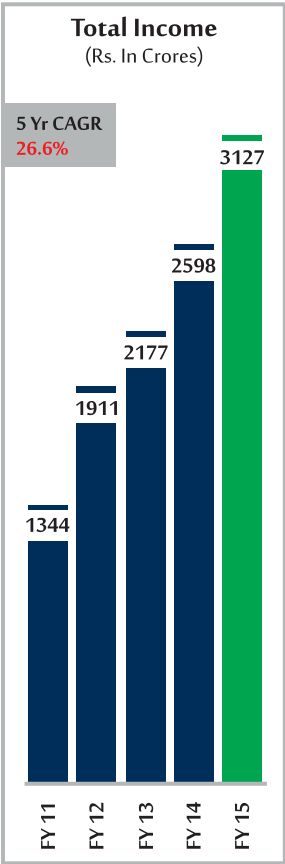
Smt. S. Sridevi

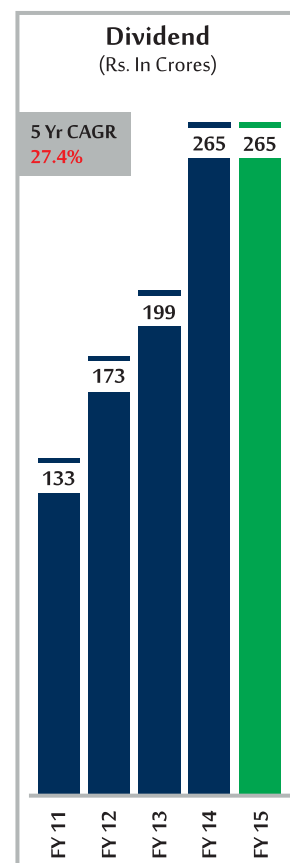
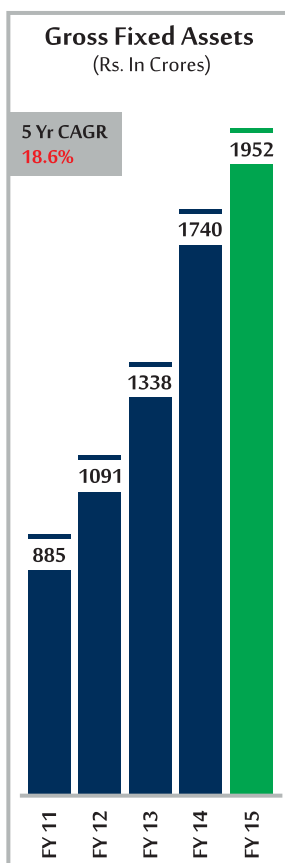
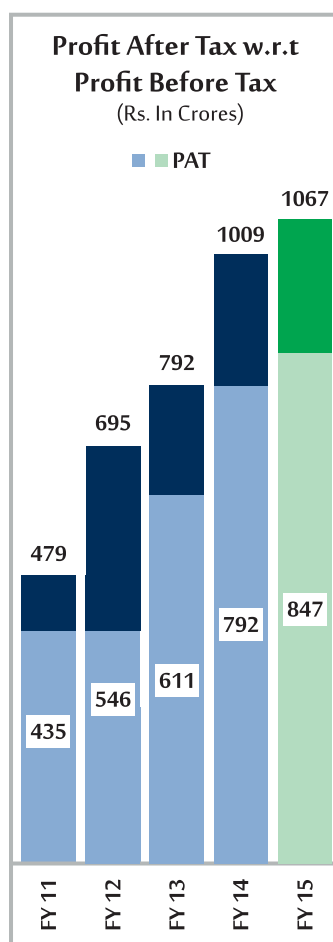
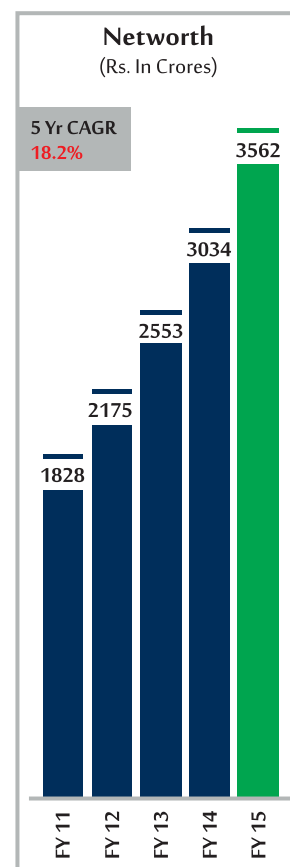
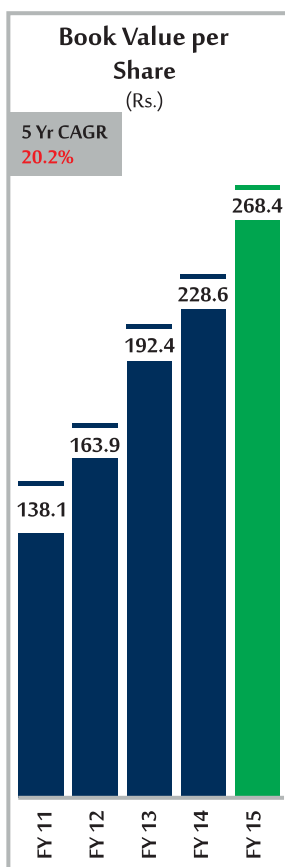
Performance Highlights

(₹ Lakhs)

Particulars	2010-11	2011-12	2012-13	2013-14	2014-15
Turnover and Profit					
Sales	130544	183949	212395	251397	308401
Sales Growth %	41%	41%	15%	18%	23%
Other Income	3860	7120	5345	8390	4284
Total Income	134404	191069	217740	259787	312685
Total Income Growth %	40%	42%	14%	19%	20%
Profit before Interest, Depreciation and Tax (PBDIT)	53459	76063	87026	110276	120489
Finance Charges	219	374	178	206	186
Depreciation	5335	6203	7690	9206	13585
Profit Before Tax (PBT)	47905	69486	79158	100864	106718
PBT Growth %	23%	45%	14%	27%	6%
Provision for Taxation	4348	14889	18016	21692	22012
Profit After Tax (PAT)	43557	54597	61142	79172	84706
PAT Growth %	27%	25%	12%	29%	7%
Dividend, Share Capital and Capital Employed					
Dividend	500%	650%	750%	1000%	1000%
Dividend payout	15411	20055	23294	31059	31951
Dividend payout %	35.4%	36.7%	38.1%	39.2%	37.72%
Equity Share Capital	2652	2655	2655	2655	2655
Reserves & Surplus	180153	214825	252673	300787	353541
Networth	182805	217480	255328	303442	356196
Networth growth %	19%	19%	17%	19%	17%
Gross Fixed Assets	88534	109163	133788	173979	195240
Net Fixed Assets	58973	73819	90850	122160	130873
Total Assets	190600	280297	319591	378396	447477
Key Financial Indicators					
Earnings per share (face value of ₹ 2/-each)	32.90	41.15	46.06	59.65	63.82
Cash Earnings Per Share (face value of ₹ 2/-each)	36.93	45.83	51.86	66.58	74.05
Gross Turnover Per share (face value of ₹ 2/-each)	101.51	144.01	164.04	195.72	235.6
Book Value per share (face value of ₹ 2/-each)	138.06	163.92	192.36	228.61	268.35
Total Debt to Equity	0.01	0.03	0.01	0.01	0.01
EBDIT / Gross Turnover %	40%	40%	40%	42%	39%
Net Profit Margin %	33%	30%	29%	31%	31%
Return On Networth %	24%	25%	24%	26%	24%

Key Financial Indicators





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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. Telangana, 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

M/s. Karvy Computershare Private Limited
Karvy Selenium Tower B, Plot No 31-32,
Gachibowli, Financial District, Nanakramguda,
Hyderabad - 500 032.
CIN : U74140TG2003PTC041636

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. Telangana, 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.

Secretarial Auditor

V. Bhaskar Rao & Co.
Company Secretaries, 6-2-1085/B, Flat No. 203,
Badam Sohana Apts., Raj Bhavan Road,
Somajiguda, Hyderabad - 500 082.

CFO : L. KISHORE BABU

CS : P.V. LAKSHMI RAJANI

MANAGEMENT DISCUSSION AND ANALYSIS

Economy

Global growth remains moderate, with uneven prospects across the main countries and regions. Relative to last year, the outlook for advanced economies is improving, while growth in emerging market and developing economies is projected to be lower, primarily reflecting weaker prospects for some large emerging market economies and oil-exporting countries. The rapid decline in oil prices, quick adjustments in exchange rates (with the US dollar appreciating and weakening of most other currencies, notably the euro), and the new quantitative easing program of the ECB are just a few examples of the economic factors at play.

Industry Outlook

IMS Institute for Healthcare Informatics forecasts that Global spending on medicines will reach nearly \$1,100Bn by 2015 and \$1.3 trillion by 2018, an increase of about 30% over the 2013 level. Global spending is forecast to grow at a 4-7 percent compound annual rate over the next five years, with most countries experiencing an increase in drug expenditure per capita. This level of growth - a compound annual growth rate of 4-7% on a constant currency basis - will be slightly higher than the 5.2% recorded over the past five years, as the introduction of new speciality medicines and increased accessibility for patients coincides with lower impacts from patent expiries in developed markets.

Macro-economic factors driving the emerging market during the 2010-2015 period are primarily robust economic growth, greater market penetration into extra-urban and rural areas, epidemiological changes, with rapid increase in chronic, age-related disorders, continuing rapid expansion of the private hospital sector and increased government spending on improvements in healthcare infrastructure.

This year, developed markets are seeing strong growth due to the launch of innovative medicines and price increases. While these markets will moderate as cost-containment measures further limit price levels, rising volumes will continue to contribute to overall market growth.

Past patterns of spending offer few clues about the level of expected growth through 2015. Unprecedented dynamics at play, which are driving rapid shifts in the mix of spending by patients and payers, and between branded products and generics, and across both developed and pharmerging markets. Gains on pharma spending in the pharmerging markets will be driven by overall strong economic growth and governments' commitment to expand healthcare access. IMS projects that

by 2015, the pharmerging countries will become the second largest geographic segment globally in spending on medicines. Several policy moves will affect healthcare spending during the next five years. API's are the basic ingredient for any formulation to be therapeutically effective, and the increasing number of formulations is key driver for the growth of API market.

Since the growth is expected to be robust in the development and launch of new chemical entities, your company will have opportunity to participate in the growth of this business. As the generics space continues to grow in the US, Europe as well as the emerging markets, your company, with its cost effective positioning, is well equipped to play a significant role in this part of pharma business as well. As the market is seeing a good growth in nutraceuticals for wellness, supplementation and food aesthetics fortification, the company will benefit by its presence.

Company Overview

Divi's Laboratories Limited started off during 1990 as an R&D and consultancy company for development of commercial processes for Active Pharmaceutical Ingredients ("API") and intermediates. During 1994, the Company entered into manufacturing operations for API and intermediates and set up a multi-purpose manufacturing facility near Hyderabad with an initial investment of Rs.71 crores.

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

Manufacturing Facilities

Unit I : First facility is located near Hyderabad comprising 13 multi-purpose production blocks with clearly defined finished product areas for APIs with clean air and purified water systems that operate under full cGMP as per US-FDA guidelines. Spread on 500 acres equipped with around 362 reactors totalling a capacity of 1744 m³ supported with all utility and service units.

Export Oriented Unit : Second Facility is located at Bheemunipatnam Mandal, about 30 KM from the port city of Visakhapatnam on the east coast. Situated on a 100-acre site, it went into commercial operations in March, 2003. The Unit has 8 production blocks with around 195, reactors totalling a capacity of 1581 m³ with all utility and service units.

SEZ Unit : Third facility is located at Bheemunipatnam Mandal, Visakhapatnam Dist. Situated on a sprawling 260-acre site, it went into commercial operations in November, 2006. It 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 342 reactors totalling a capacity of 2717 m3 with all required utility and infrastructure.

DSN SEZ Unit : Fourth facility is located at Pharma SEZ, Bheemunipatnam Mandal, Visakhapatnam Dist. The Unit has 5 production blocks with around 276 reactors totalling a capacity of 2480 m3 with all required utility and infrastructure.

Research Centres

The company has 4 Research Centres with the well defined functional focus as under :

DRC - Hyderabad : Located at Sanathnagar, Hyderabad with a focus and thrust on custom synthesis, contract research for MNC companies and also future generics involving processes like route design, route selection, establishing gram scale process and structural confirmation.

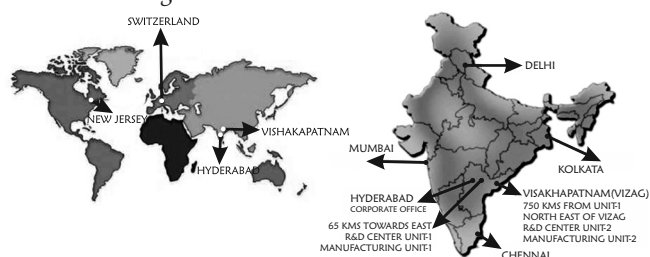
Plant R&D - Unit 1: The process development and scale up R&D is located at Unit-1 at Choutuppal. This team takes gram scale technologies from DRC or from customers and goes through various stages of development, process optimization, impurity profile, pilot studies, pre-validation batches, validation of process and transfer of technology to Plant. The team also reviews efficiency of these processes each month and gives process support where required.

DRC - Vizag : Operates from Unit-2 with a team of 62 scientists undertaking similar research as DRC-Hyderabad.

Plant R&D - Unit 2 : This is the second process development and scale up team located at Unit-2 at Chippada. This team takes gram scale technologies from DRC-Vizag and has similar work profile as Plant R&D - Unit 1.

Subsidiaries

The company has two 100% subsidiaries M/s. Divi's Laboratories USA Inc., in the United States of America and M/s. Divis Laboratories (Europe) AG in Switzerland for marketing its nutraceutical products and a greater reach to customers within these regions.



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), effective (through implementation of internal control self assessment procedures) and compliant (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 to make recommendations on how to improve internal control.

Risks and Concerns

Divi lays emphasis on risk management. It 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 speciality chemicals and nutraceuticals. The company constantly reviews its policies and procedures to adhere 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 73% 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 the risks and devise appropriate controls, evaluation and review of the control mechanisms and redesigning them 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. The company also has Food Safety System Certification 22000:2010 for vitamins and carotenoids. These certifications are renewed from time to time. The company adheres to cGMP and standard operating practices in its manufacturing/operating activities. All the manufacturing sites have been inspected by US-FDA.

Divi has a total of 39 drug master files (DMFs) with US-FDA and 197 EDMFs and 19 CoS (Certificates of Suitability) with various European Union authorities. Divi has filed a total of 11 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. Among Divi's well distributed products range, some of the components of the business are given below :

Particulars	2014-15	2013-14
Exports	87%	91%
Imports	50%	47%
(% of material consumption)		
Largest Product	18%	19%
Top 5 Products	44%	46%
Top 5 Customers	43%	46%
Exports in \$ terms	80%	78%
Exports in Pounds	14%	15%
Exports in Euro	6%	5%

Performance and Operations Review

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

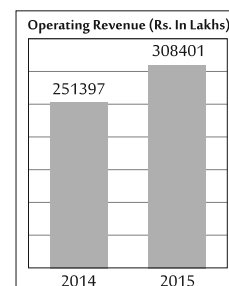
(Rs. in lakhs)			
Particulars	2014-15	2013-14	Growth %
Net Sales & Service Income	307230.09	250717.32	23%
Other Operating Income	1170.80	679.22	
Other Income	4284.08	8390.26	
Total Income	312684.97	259786.80	20%
Expenditure	192195.68	149511.03	
PBDIT	120489.29	110275.77	9%
Finance Cost	186.45	205.52	
Depreciation	13585.22	9206.18	
Profit before tax (PBT)	106717.62	100864.07	6%
Provision for tax :			
Current Tax	21614.04	20615.88	
MAT Credit Entitlements	(679.91)	(2436.08)	
Deferred Tax Liability	1077.96	3511.96	
Profit after tax (PAT)	84705.53	79172.31	7%
Earnings per Share (EPS)			
a) Basic & Diluted	63.82	59.65	

Your company has achieved a growth of sales of 23% for the year as against 18% achieved during the last year.

PBDIT for the year increased by 9% to Rs. 120489.29 lakhs. Profit before Tax (PBT) for the year amounted to Rs.106717.62 lakhs as against a PBT of Rs.100864.07 lakhs for the last year.

Profit after Tax for the year amounted to Rs.84705.53 lakhs. Earnings Per Share of Rs.2/- each works out to Rs. 63.82 for the year as against Rs. 59.65 last year.

Tax Provision for the current year amounted to Rs. 20934.13 lakhs (net of MAT credit entitlement of Rs.679.91 lakhs).



Provision for last year was Rs. 18179.80 lakhs (net of a MAT credit entitlement of Rs.2436.08 lakhs). An amount of Rs. 1077.96 lakhs has been provided towards Deferred Tax Liability for the year as against Rs. 3511.96 lakhs for the previous year.

This year, we had a forex loss of Rs.104.50 lakhs as against a forex gain of Rs.5041.79 lakhs during the last year.

Depreciation: The company has revised charging of depreciation on fixed assets according to the useful life as specified in Schedule II to the Companies Act, 2013 which came into effect from 1st April, 2014.

In view of the amendment to the Schedule II vide Notification dated 29-08-2014 issued by the Ministry of Corporate Affairs and the Application Guide issued by the ICAI on 10-04-2015, which gave the company an option to charge-off depreciation of assets, whose useful life has already been exhausted before 1st April, 2014, after retaining residual value, either to the opening balance of retained earnings or to the Statement of Profit and Loss, your company has decided to charge-off such depreciation to the Profit and Loss Account for the year.

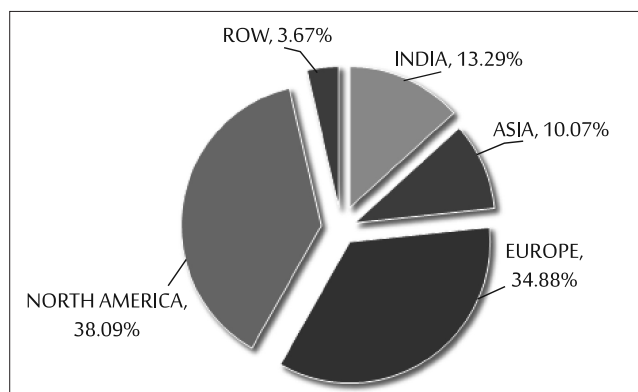
Had there been no change in the depreciation rates, the depreciation charge for the year ended 31st March, 2015 would have been lower by Rs.1564 lakhs.

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 87% of gross sales during the year. Exports to advanced markets comprising Europe and America accounted for 73% of business.

Region	2014-15		2013-14	
	Sales Rs. lakhs	% Share	Sales Rs. lakhs	% Share
Asia	30849.05	10.07%	16276.34	6.51%
Europe	106880.32	34.88%	91239.83	36.51%
America	116716.44	38.09%	110792.10	44.33%
Rest of the World	11230.72	3.67%	10176.42	4.07%
India	40711.06	13.29%	21435.19	8.58%
Total	306387.59	100.00%	249919.88	100.00%



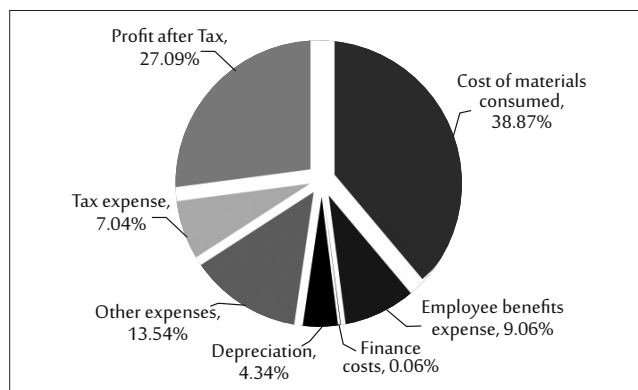
Other Income

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.1170.80 lakhs as against Rs. 679.22 lakhs in the previous year.

On Other income, we earned a dividend income of Rs.3612.78 lakhs on our investments in liquid funds Income as against a dividend income of Rs. 2573.63 lakhs during last year.

Distribution of Total Income



Material Costs

Particulars	(Rs. in lakhs)	
	2014-15	2013-14
Material consumption	144627.41	103189.44
Changes in inventories of finished goods, stock-in-trade and work-in-progress	(23083.37)	(11375.05)
Net Material Consumption	121544.04	91814.39
Total Income	312684.97	259786.80
% of consumption to total income	38.87%	35.34%

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 39% of total income during the year as compared to 35% 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.28314.88 lakhs as against Rs. 22542.66 lakhs during the last year. Of this, remuneration to Directors including commission accounted to Rs. 6704.80 lakhs during the year as against Rs. 6332.31 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 9.2% of sales for the year.

Research and Development Expenses

R&D Expenses during the year amounted to Rs.2766.16 lakhs as against Rs. 2539.13 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, packing materials besides miscellaneous expenses.

During the year, we have written off bad debts aggregating Rs.14.20 lakhs, also written off claims aggregating Rs.0.95 lakhs and provided for book deficit of Rs.709.10 lakhs on assets discarded.

Other Expenses account for 12.8% of sales of which Manufacturing expenses accounted for 8.9% revenue.

Earnings before Depreciation, Interest and Taxes

EBITA for the year grew by about 9.3% to Rs. 120489.29 lakhs as against Rs. 110275.77 lakhs during the previous year. EBITA to Net Sales works out to 39% for the year.

Finance Cost

Finance Cost for the year amounted to Rs.186.45 lakhs as against Rs. 205.52 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.13585.22 lakhs as compared to Rs. 9206.18 lakhs during the last year.

Depreciation for the year is higher as the company was required to adopt the charging of depreciation on fixed assets according to the useful life as specified in Schedule II to the Companies Act, 2013 which came into effect from 1st April, 2014.

During the year, addition to Fixed Assets accounted to Rs.23008.25 lakhs as against Rs. 40881.14 lakhs in the previous year.

Taxation

For the current year, our tax liability came to Rs. 20934.13 lakhs net of MAT credit entitlement of Rs. 679.91 lakhs. For the last year, the Tax provision amounted to Rs. 18179.80 lakhs net of MAT Credit entitlement of Rs. 2436.08 lakhs.

Deferred Tax

Divi has also provided for Deferred Tax Liability of Rs. 1077.96 lakhs for the year as against Rs. 3511.96 lakhs last year.

Profit after Tax

Profit after Tax for the year accounted for Rs.84705.53 lakhs as against Rs. 79172.31 lakhs during the previous year.

Earnings Per Share

Earnings Per Share for the year works out to Rs.63.82 per share of Rs.2 each as against Rs. 59.65 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 2014-15. An amount of Rs. 5404.31 lakhs has been provided during the year towards Corporate Dividend Tax. Dividend pay-out including dividend tax for the year works out to 37.72% of profits earned, which amounts to Rs. 31951.17 lakhs.

Transfer to General Reserves

We propose to transfer an amount of Rs.20000.00 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. 353541.29 lakhs.

Long Term Borrowings

Long-Term borrowings comprise sales tax deferment aggregating to Rs.105.00 lakhs, repayable over the next 3 years.

Deferred Tax Liabilities

Deferred tax Liabilities at the end of the year amounted to Rs.13245.13 lakhs as against Rs. 12167.17 lakhs last year.

Long-term Provisions

We have a long-term provision for leave encashment aggregating to Rs.699.16 lakhs as against Rs. 318.21 lakhs.

Short Term Borrowings

Working capital loans as at the end of the year amounted to Rs.2507.12 lakhs as against Rs. 1632.37 lakhs. Of this, an amount of Rs.1552.26 lakhs has been utilized as loan against a fixed deposit of Rs.4702.33 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.22437.83 lakhs as at the end of the year as against Rs. 14869.29 lakhs as at the end of last year.

Other Current Liabilities

(Rs. in lakhs)		
Particulars	31-03-15	31-03-14
Sales Tax deferment payable within one year and interest accrued	50.06	54.98
Advance from Customers	4062.68	1285.21
Unpaid dividends	57.54	42.02
Creditors for Capital Works	2235.91	1577.91
Statutory Liabilities	555.24	387.22
Employee benefits payable	8069.50	7216.59
Others	5242.08	4090.92
Total	20273.01	14654.85

Short Term Provisions

(Rs. in lakhs)		
Particulars	31-03-15	31-03-14
Provision for employee benefits (leave encashment/gratuity)	62.79	99.26
Proposed Dividend	26546.86	26546.86
Provision for tax on Proposed Dividend	5404.31	4511.64
Total	32013.96	31157.76

Capital Expenditure

During the year, the company has capitalized assets of an aggregate amount of Rs. 23008.25 lakhs. An amount of

Rs.21818.23 lakhs is being carried forward as Capital WIP and these assets would be capitalized and commence operations during the next financial year.

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

Deductions during the year amounted to Rs. 1747.66 lakhs representing assets discarded.

Non-current Investments

This comprises of investment in subsidiaries :

(Rs. in lakhs)		
Particulars	31-03-15	31-03-14
Divis Laboratories (USA) Inc.	245.43	246.43
Divi's Laboratories Europe AG	36.18	36.18
Total	281.61	281.61

Long-Term Loans and Advances

(Rs. in lakhs)		
Particulars	31-03-15	31-03-14
Capital Advances	2142.40	1148.81
Security Deposits	1426.24	1345.99
Advances to related parties (subsidiaries)	4358.08	4796.31
Pre-paid Expenses	35.10	9.03
Pre-paid Taxes	3336.39	3127.69
Other Loans and Advances	560.98	769.63
MAT Credit Entitlements	3047.91	2368.00
Total	14907.10	13565.46

Security Deposits comprise mainly electricity deposits. 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 31-03-15	As on 31-03-14	As on 31-03-15	As on 31-03-14
Subscription to Equity	245.43 (\$550,000)	245.43 (\$550,000)	36.18 (CHF100,000)	36.18 (CHF100,000)
Advances to Subsidiaries	1566.71	1804.86	2791.37	2991.45
Total	1812.14	2050.29	2827.55	3027.63

Of the advances to subsidiaries outstanding from last year, we have received an amount USD 500, 000 and CHF 100,000 aggregating to Rs. 374.79 lakhs from the subsidiaries during the year towards repayment of advances. Defference is on account of currency translation.

Current Investments

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

(Rs. in lakhs)		
Particulars	31-03-15	31-03-14
SBI Mutual Fund-short term direct fund	73204.10	45187.02
SBI Mutual Fund-short term regular Fund	96.26	5000.60
Total	73300.36	50187.62

We have earned a dividend income (net of tax) of Rs.3612.78 lakhs during the year on these Investments as against an income of Rs. 2573.63 lakhs during the last year.

Inventories

(Rs. in lakhs)		
Particulars	As on 31-03-15	As on 31-03-14
Raw Materials	26772.00	28264.54
Work-in-Progress	70256.28	50797.04
Finished Goods	7611.98	3932.24
Stock-in-Trade	0.87	0.87
Stores and Spares	6848.38	6332.36
Total	111489.51	89327.05

Increase in WIP/Finished Goods is due to increased level of operations at the existing units besides commencement of operations at the expansion projects capitalized during the year. Increase of WIP is also due to manufacture of some products for key customers, dispatch schedule of which is in early April, 2015 which have since been dispatched.

It may also be noted that the company undertakes campaign production of high-volume products like Naproxen, Dextromethorphan and Gabapentin by running the plant at full stream and stock these products for sale - thus freeing the multi-purpose plants for producing other products. As the company has a 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 31-03-15	As on 31-03-14
Outstanding for a period exceeding six months from the date they became due for payment	1504.00	1244.09
Others	80799.05	77919.50
Total	82303.05	79163.59
Average Receivables (days)	97	115

Trade Receivables at the year end came to Rs.82303.05 lakhs as against Rs. 79163.59 lakhs as at 31-03-2014. Increase in debtors is due to higher sales towards the fag end of the year.

Trade Receivables outstanding for a period exceeding six months from the date they became due for payment amounted to Rs.1504.00 lakhs (Rs. 1244.09 lakhs last year) constituting about 1.83% of total outstandings.

Bad debts for the year amounted to Rs.14.20 lakhs as against bad debts of Rs.167.34 lakhs last year.

Short-Term Loans and Advances

(Rs. in lakhs)		
Particulars	As on 31-03-15	As on 31-03-14
Central Excise duty deposits	1739.71	1420.75
Prepaid Expenses	502.12	318.45
Advances to suppliers	1713.22	2005.46
Advances to employees	14.78	24.77
Other advances/receivables	1945.89	1305.01
Total	5915.72	5074.44

Other Current Assets

(Rs. in lakhs)		
Particulars	As on 31-03-15	As on 31-03-14
Interest accrued on deposits	278.54	147.88
Export Incentives	192.25	200.00
Insurance claims receivable	277.41	133.69
Other receivables	174.53	129.62
Total	922.73	611.19

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 integrity and fairness, being transparent with regard to all transactions, making all the necessary disclosures and decisions, complying with 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, including a woman director, which is in conformity with clause 49 of the listing agreement. The category of directors as on 31st March 2015 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. G. Suresh Kumar	Director	Non-executive Independent Director
Sri. R. Ranga Rao	Director	Non-executive Independent Director
Sri. K.V.K. Seshavaram*	Director	Non-executive Independent Director
Smt. S. Sridevi*	Director	Non-executive Independent Director

* appointed 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 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 judgements or orders 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 five times, i.e. on 24th May 2014, 23rd June, 2014, 11th August 2014, 1st November 2014 and 31st January 2015. Director's attendance at the Board and General Meetings held during the financial year 2014-15 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	5	5	Yes	6	1	-
Sri. N. V. Ramana	5	5	Yes	1	-	-
Sri. Madhusudana Rao Divi	5	5	Yes	-	-	-
Sri. Kiran S. Divi	5	5	Yes	3	-	-
Dr. G. Suresh Kumar	5	5	Yes	-	-	-
Sri. R. Ranga Rao	5	5	Yes	2	-	-
Sri. K. V. K. Seshavatham*	5	4	Yes	-	-	-
Smt. S. Sridevi*	5	4	Yes	-	-	-
Dr. K. Satyanarayana **	5	2	No	-	-	-
Mr. S. Vasudev **	5	2	No	-	-	-

* appointed w.e.f. 23-06-2014

** 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.

None of the Independent Directors of the Company serve as an Independent Director in more than seven listed companies and where any Independent Director is serving as whole time director in any listed company, such director is not serving as Independent Director in more than three listed companies.

The shareholders at the 24th Annual General Meeting held on 25th August, 2014 approved appointment of all the Independent Directors to hold office for a term of five years. The Company issued letter of appointment to all the Independent Directors as per Schedule IV to the Companies Act, 2013 and the terms and conditions of their appointment have been disclosed on the website of the Company.

Meeting of Independent Directors

During the year under review, the Independent Directors met on January 31, 2015, inter alia, to discuss:

1. Evaluation of the performance of Non Independent Directors and the Board of Directors as a Whole;
2. Evaluation of the performance of the Chairman of the Company, taking into account the views of the Executive and Non Executive Directors.
3. Evaluation of the quality, content and timelines of flow of information between the management and the Board that is necessary for the Board to effectively and reasonably perform its duties.

All the independent Directors were present at the meeting.

Familiarization programmes for Independent Directors

The Company has a familiarization programme for Independent Directors with regard to their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, business model of the Company, etc.,

The objective of these programmes is to enable Independent Directors to understand the Company's business in detail and to facilitate them to perform their role effectively as a Board member and also a member of a committee on fully informed basis, in good faith, with due diligence and care, and in the best interest of the company and the shareholders.

The details of such familiarization programmes are available on the website of the Company (web link : <http://www.divislab.com/inside/pdf/Familiarisation%20Programs%20for%20Independent%20Directors.pdf>).

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

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 Contract research and also the nutraceuticals business.

Directorships held in other companies :

Divi's Pharmaceuticals 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 4,61,539 equity shares of the Company as on March 31, 2015.

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 comprises of three Independent Directors. 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:
 - a. Management discussion and analysis of financial condition and results of operations;
 - b. Statement of significant related party transactions (as defined by the Audit Committee), submitted by management;
 - c. Management letters / letters of internal control weaknesses issued by the statutory auditors;
 - d. Internal audit reports relating to internal control weaknesses; and
 - e. The appointment, removal and terms of remuneration of the Chief internal auditor shall be subject to review by the Audit Committee.

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

The Committee met five times during the year, i.e. on 24th May 2014, 23rd June 2014, 11th August 2014, 1st November 2014 and 31st January 2015.

Name	Designation	No. of Meetings	
		Held	Attended
Sri K.V.K. Seshavataram*	Chairman	5	3
Dr. G. Suresh Kumar	Member	5	5
Sri. R. Ranga Rao	Member	5	5
Sri. S. Vasudev **	Former Chairman	5	2

* appointed w.e.f. 23-06-2014

** resigned w.e.f. 23-06-2014.

b) Compensation, Nomination and Remuneration Committee

Compensation, Nomination and Remuneration Committee was constituted by the Board with three Independent Directors. The Constitution and terms of reference of the Compensation, Nomination and Remuneration Committee are in compliance with 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.

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

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

The Committee met four times during the year, i.e. on 24th May 2014, 23rd June 2014, 1st November 2014 and 31st January 2015 and the attendance of each member of the Committee is as follows :

Name	Designation	No. of Meetings	
		Held	Attended
Dr. G. Suresh Kumar *	Chairman	4	2
Smt. S. Sridevi *	Member	4	2
Sri. R. Ranga Rao	Member	4	4
Dr. K. Satyanarayana **	Former Chairman	4	2
Sri. S. Vasudev **	Member	4	2

* appointed w.e.f. 23-06-2014

** resigned w.e.f. 23-06-2014

Remuneration Policy

The Nomination and Remuneration Committee recommends to the Board Policy on remuneration of Directors, Key Managerial Personnel and other employees. 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, 2013 and other applicable statutes, if any.

In pursuance of the Company's policy to consider human resources as its invaluable assets, to pay equitable remuneration to all Directors, Key Managerial Personnel and Senior Management Personnel, executives and staff of the Company, to harmonize the aspirations of human resources consistent with the goals of the Company and in terms of the provisions of the Companies Act, 2013 ("the Act") and the listing agreement as amended from time to time, a policy on nomination and remuneration of Directors, Key Managerial Personnel and other employees has been formulated by the company.

The Company's Remuneration Policy for Directors, Key Managerial Personnel and Other employees is annexed as Annexure II to the Director's Report.

Performance Evaluation

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

Details of Remuneration to Executive Directors

Name	Salary	PF	Perks	Commission	(Rs. in lakhs)
					Total
Dr. Murali K. Divi	90.00	10.80	15.23	3425.35	3541.38
Sri. N V Ramana	84.00	10.08	13.34	1712.67	1820.09
Sri. D. Madhusudana Rao	78.00	9.36	12.00	-	99.36
Sri. Kiran S. Divi	78.00	9.36	14.83	1141.78	1243.97
Total	330.00	39.60	55.40	6279.80	6704.80

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 Company has not granted any stock options to any of its Non-Executive Directors. The details of sitting fee paid to Non-Executive Directors during the year 2014-15 is as follows:

Name of the Non-Executive Director	Designation	No. Shares Held	Sitting fees (Rs. in lakhs)
Dr. G. Suresh Kumar	Director	Nil	6.00
Sri. R. Ranga Rao	Director	Nil	7.00
Sri. K. V. K. Seshavataram*	Director	Nil	3.50
Smt. S. Sridevi*	Director	10000	3.00
Dr. K. Satyanarayana **	Director	10000	2.00
Sri. S. Vasudev **	Director	Nil	3.00

* appointed w.e.f 23-06-2014

** resigned w.e.f. 23-06-2014

c) Stakeholders Relationship Committee

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.

The Stakeholders Relationship Committee consists of two Independent Non-Executive Directors and Chief Financial Officer of the Company. Mrs. P V Lakshmi Rajani, Company Secretary is the Compliance Officer of the Company for attending to Complaints / Grievances of the members.

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.

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

Stakeholders Relationship Committee met six times during the year on 30th May 2014, 23rd June, 2014, 21st November 2014, 5th December 2014, 6th February 2015 and 27th February 2015 and considered issue of duplicate share certificates, transfer / transmission of shares and other investor grievances. The attendance of each member of the Committee is as follows:

Name	Designation	No. of Meetings	
		Held	Attended
Smt. S. Sridevi *	Chairman	6	4
Sri. K.V.K. Seshavataram *	Member	6	4
Sri. L Kishore Babu	Member	6	6
Dr. G. Suresh Kumar **	Former Chairman	6	2
Sri N.V. Ramana **	Member	6	2

* appointed w.e.f 23-06-2014

** resigned w.e.f. 23-06-2014

Complaints / Grievances received and attended

During the year under review, company has received a total of 42 complaints from investors. All were replied / resolved to the satisfaction of the investors and no complaints were outstanding.

d) Corporate Social Responsibility Committee

The Corporate Social Responsibility (CSR) Committee's responsibility is to assist the Board in undertaking CSR activities by way of formulating and monitoring CSR Policy of the company.

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

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

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

CSR Committee met three times during the year on 24th May 2014, 1st November 2014 and 31st January 2015. The attendance of each member of the Committee is as follows :

Name	Designation	No. of Meetings	
		Held	Attended
Sri. R. Ranga Rao	Chairman	3	3
Dr. Murali K. Divi	Member	3	3
Sri. N. V. Ramana	Member	3	3
Sri. Madhusudana Rao Divi	Member	3	3

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 Committee were held during the year.

Composition of the Committee :

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

The Company Secretary is the Secretary of the Committee.

f) Risk Management Committee

In terms of clause 49(VI)(C) of the Listing Agreement, every the company shall lay down procedures to inform Board members about the risk assessment and minimization procedures. The Board shall be responsible for framing, implementing and monitoring the risk management plan for the company. The Board shall constitute a Risk Management Committee with directors and senior executives as its members. It shall define the roles and responsibilities of the Committee and may delegate to the committee monitoring and reviewing of the risk management plan and such other functions as it may deem fit.

Accordingly, a Risk Management Committee was constituted by the Board to review the processes and procedures for ensuring that all strategic and operational risks are properly identified and that appropriate systems of monitoring and control are in place and to oversee and review the risk management framework, assessment of risks and minimization procedures.

Composition of the Committee :

Name	Category	Designation
Sri. Madhusudana Rao Divi	Director - Projects	Chairman
Sri. N. V. Ramana	Executive Director	Member
Sri. Kiran S. Divi	Director & President - Operations	Member
Sri. L. Kishore Babu	Chief Financial Officer	Member
Sri. L. Ramesh Babu	Chief Information Officer & Vice-President (Procurement)	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.

The Policy on material subsidiaries devised by the Board is disseminated on the website of the company at (web link : <http://www.divislabs.com/inside/pdf/Policy%20Subsidiary.pdf>.)

Disclosure on legal proceedings pertaining to shares

There are no pending cases pertaining to shares as on 31.03.2015.

CEO and CFO Certification

The CMD and CFO of the company have certified to the Board in relation to reviewing financial statements and other information as mentioned in Para IX 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 2014-15.

For and on behalf of the Board

Dr. MURALI K. DIVI

Chairman and Managing Director
(DIN : 00005040)

Hyderabad
23.05.2015

4. GENERAL BODY MEETINGS

Particulars of last three Annual General Meetings :

Year ended	Date & Time	Venue	Special Resolutions passed for
31.03.2014	25 th August, 2014 at 10 AM	KLN Prasad Auditorium, FAPCCI Premises, 11-6-841, Red Hills, Hyderabad - 500 004	Adoption of new Articles of Association
31.03.2013	5 th August, 2013 at 10 AM		Nil
31.03.2012	6 th August, 2012 at 10 AM		Appointment of a relative of Director to an office or place of profit U/s 314.

SPECIAL RESOLUTIONS THROUGH POSTAL BALLOT

The Company sought approval through Postal Ballot dated 31.01.2015 from the Members for re-appointment of Mr. Madhusudana Rao Divi as Director - Projects and Mr. Kiran S Divi as Director & President - Operations of the Company. Mr. V. Bhaskara Rao, Practicing Company Secretary has been appointed as Scrutinizer for conducting Postal Ballot. The results were declared on 20th March 2015.

The results of the postal ballot as per the report dated 20th March, 2015 submitted by Mr. V. Bhaskara Rao, Scrutinizer are as follows:

RESOLUTION 1 - Special Resolution for re-appointment of Mr. Madhusudana Rao Divi (DIN: 00063843) as Director - Projects of the Company :

Particulars	Number of members voted (in person or proxy)				Number of votes cast by them			
	Ballot	E-voting	Total	% of total number of valid votes cast	Ballot	E-voting	Total	% of total number of valid votes cast
1 Voted in Favour of the resolution	370	394	764	94.09	1841861	101198939	103040800	99.89
2 Voted Against the Resolution	8	6	14	1.72	940	110793	111733	0.11
3 Invalid/Abstained Votes	19	15	34	4.19	3301	583407	586708	-
Total	397	415	812	100.00	1846102	101893139	103739241	100.00

RESOLUTION 2 - Ordinary Resolution for re-appointment of Mr. Kiran S. Divi (DIN: 00006503) as Director & President-Operations of the Company :

Particulars	Number of members voted (in person or proxy)				Number of votes cast by them			
	Ballot	E-voting	Total	% of total number of valid votes cast	Ballot	E-voting	Total	% of total number of valid votes cast
1 Voted in Favour of the resolution	370	399	769	94.70	1841852	78459781	80301633	99.50
2 Voted Against the Resolution	7	11	18	2.22	939	398760	399699	0.50
3 Invalid/Abstained Votes	20	5	25	3.08	3311	23034598	23037909	-
Total	397	415	812	100.00	1846102	101893139	103739241	100.00

The Company has complied with the procedures for the Postal Ballot in terms of the Companies (Management and Administration) Rules, 2014 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 materially significant related party transactions, which may have potential conflict with the interest of the Company. Other related party transactions have been reported at item No.30 (II) (13) of other explanatory information. The Register of Contracts containing transactions, in which Directors are interested, is placed before the Board regularly. The Company has formulated a policy on materiality of Related Party Transactions and also on dealing with Related Party Transactions. The policy is also available on the website of the Company (weblink : <http://www.divislab.com/inside/pdf/Related%20Party%20Policy.pdf>).

B) Cases of Non-Compliances / Penalties

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

C) Whistle Blower Policy

To strengthen its policy of corporate transparency, the company has established an empowering mechanism for employees and accordingly, formulated Whistle Blower Policy to provide a mechanism for directors and employees of the Company to report instances of unethical behavior, actual or suspected fraud, or violation of the Code of Ethics and Business Conduct in good faith to the Vigilance Officer / Chairman of the Audit Committee. This mechanism also provides for adequate safeguards against victimization of director(s) / employee(s) who avail of the mechanism and also provide for direct access to the Chairman of the Audit Committee in exceptional cases.

No personnel have been denied access to the Audit Committee.

D) 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 M/s. V. Bhaskara Rao & Co., Company Secretaries, 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 status of adoption of the non-mandatory requirements of Clause 49 of the Listing Agreement is as under:

Shareholder Rights : Half-yearly and other quarterly financial statements are published in newspapers and uploaded on Company's website. Presently, half-yearly financial performance of the Company is not being sent to each household of shareholders;

Audit Qualifications : The Company already has a regime of un-qualified financial statements. Auditors have raised no qualification on the financial statements.

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 : 31st August, 2015

Time : 10.00 AM

Venue

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

Dividend payment date

On or before 10th September, 2015

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.

Financial Year

1st April 2014 to 31st March 2015

Stock Code

BSE - 532488

NSE - DIVISLAB

Book Closure Date

10th August 2015 to 14th August 2015

ISIN No

INE361B01024

Corporate Identity Number (CIN)

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

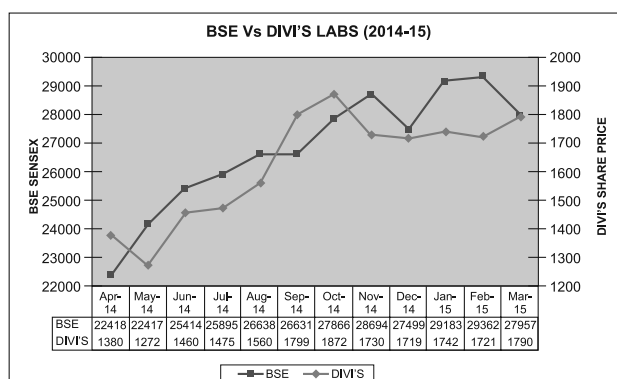
The Company has paid listing fees for the year 2015-16 to both the above Stock Exchanges.

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 2014-15 are as follows :

Month	BSE Limited			National Stock Exchange		
	Low	High	Volume	Low	High	Volume
April-14	1305.50	1410.00	204806	1266.00	1412.45	3057440
May-14	1217.00	1411.00	297866	1210.00	1411.95	3822510
Jun-14	1227.40	1470.00	808573	1228.30	1469.95	4982982
Jul-14	1406.95	1548.95	186563	1403.00	1549.10	3388026
Aug-14	1449.00	1601.15	299461	1448.20	1603.40	3471400
Sep-14	1559.70	1819.00	350437	1560.00	1820.00	4075877
Oct-14	1695.00	1881.90	167295	1692.20	1888.05	2294591
Nov-14	1683.10	1871.00	433140	1682.65	1873.00	3647846
Dec-14	1620.80	1752.20	199863	1617.30	1744.70	2905214
Jan-15	1635.25	1790.00	199793	1635.00	1790.00	3225190
Feb-15	1573.20	1765.00	274707	1572.00	1762.00	3345612
Mar-15	1717.00	1852.00	199086	1715.60	1854.65	3667376

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 years given below, 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 31.03.2015 (Rs. in lakhs)	Due for transfer to IEPF on
2007-2008	16.08.2008	4.21	15.09.2015
2008-2009	17.08.2009	5.86	16.09.2016
2009-2010	13.08.2010	5.56	12.09.2017
2010-2011	08.08.2011	10.89	07.09.2018
2011-2012	06.08.2012	6.69	05.09.2019
2012-2013	05.08.2013	5.34	04.09.2020
2013-2014	25.08.2014	18.98	24.09.2021

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 AS ON 31ST MARCH, 2015

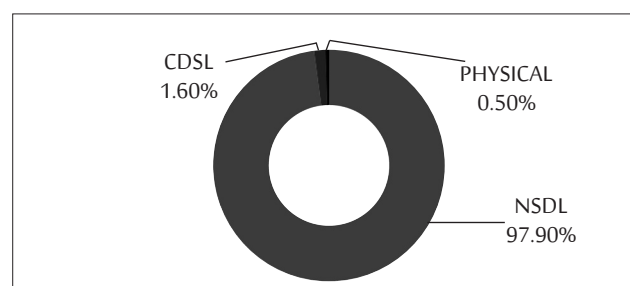
Category	No. of Share Holders	% of ShareHolders	No. of Shares	% of Shareholding
1 - 5000	28421	96.13	3299238	2.49
5001 - 10000	415	1.40	1632647	1.23
10001 - 20000	252	0.85	1905230	1.43
20001 - 30000	88	0.30	1094110	0.82
30001 - 40000	59	0.20	1026132	0.77
40001 - 50000	34	0.11	782694	0.59
50001 - 100000	120	0.41	4441587	3.35
100001 & above	177	0.60	118552652	89.32
TOTAL	29566	100.00	132734290	100.00

13. (i) Shareholding pattern

Category	As on 31.03.2015		As on 31.03.2014	
	No. of shares	% to share capital	No. of shares	% to share capital
Promoters	69130616	52.08	69130616	52.08
Mutual Funds and UTI	18314548	13.80	15862213	11.95
Banks/Financial institutions	794478	0.60	172522	0.13
Foreign Institutional Investors	25694788	19.36	24163231	18.20
Private Corporate Bodies	8894430	6.70	12234045	9.22
Indian Public	8445039	6.36	9137683	6.88
Non-Resident Indians	791290	0.60	903780	0.68
Clearing Members	53725	0.04	319977	0.24
Trusts	143837	0.11	143753	0.11
Directors (Not having control over the Company)	471539	0.36	666470	0.50
Grand Total	132734290	100.00	132734290	100.00

(ii) Shareholding profile as on 31st March, 2015

Mode of Holding	No. of Holders	No. of shares	% to Equity
PHYSICAL	65	667183	0.50
NSDL	21343	129942734	97.90
CDSL	8158	2124373	1.60
Total	29566	132734290	100.00



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 / her shares to be dematerialized, he / she 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, 2015, 99.50 % 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 stated above.

16. PLANT LOCATIONS**Choutuppal Unit :**

Lingojigudem Village,
Choutuppal Mandal
Nalgonda Dist. Telangana.
Pin Code - 508 252.

Divi's Pharma SEZ :

Chippada Village
Bheemunipatnam Mandal
Visakhapatnam Dist. Andhra Pradesh.
Pin Code - 531 163

Export Oriented Unit :

Chippada Village
Bheemunipatnam Mandal
Visakhapatnam Dist. Andhra Pradesh.
Pin Code - 531 163

DSN SEZ Unit :

Chippada Village
Bheemunipatnam Mandal
Visakhapatnam Dist. Andhra Pradesh.
Pin Code - 531 163

17. CORRESPONDENCE ADDRESS**Depository Registrar and Transfer Agent**

M/s. Karvy Computershare Private Limited
Karvy Selenium Tower B, Plot No 31-32, Gachibowli,
Financial District, Nanakramguda, Hyderabad - 500 032.
CIN : U74140TG2003PTC041636
Phone No. 040-67161526 ; Fax : 040-23001153
Toll Free No. 1800-3454-001
Email: einward.ris@karvy.com

Company Secretary & Compliance Officer

Mrs. 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

Hyderabad
23.05.2015

Dr. MURALI K. DIVI
Chairman and Managing Director
(DIN : 00005040)

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, 2013 and Mr. L Kishore Babu, Chief Financial Officer to the best of our knowledge and belief, certify that :

- A. We have reviewed financial statements (consolidated and unconsolidated) and the cash flow statement for the year and that to the best of our knowledge and belief :
 1. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 2. these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- B. There are, to the best of our knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the company's code of conduct.
- C. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- D. We have indicated to the auditors and the Audit committee :
 1. significant changes in internal control over financial reporting during the year;
 2. significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 3. 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

23.05.2015

Dr. MURALI K. DIVI

Chairman and Managing Director

L. KISHORE BABU

Chief Financial Officer

CERTIFICATION ON CORPORATE GOVERNANCE

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 2015 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

FCS No. 5939, C.P.No. 4182

Hyderabad

23.05.2015

Directors' Report

Dear Shareholders,

Your Directors have pleasure in placing before you the Twenty Fifth Annual Report of the Company together with the Audited Accounts for the year ended 31st March 2015.

FINANCIAL RESULTS

The Company's financial performance, for the year ended 31st March, 2015 is summarized below :

Particulars	Standalone		Consolidated	
	2014-15	2013-14	2014-15	2013-14
Net Sales	307230.09	250717.32	310323.21	252534.82
Other Operating Income	1170.80	679.22	1170.80	679.22
Other Income	4284.08	8390.26	4469.68	7060.32
Total Income	312684.97	259786.80	315963.69	260274.36
Expenditure	192195.68	149511.03	194969.62	151765.58
PBDIT	120489.29	110275.77	120994.07	108508.78
Depreciation	13585.22	9206.18	13599.84	9211.60
Finance Cost	186.45	205.52	186.45	205.52
Profit before tax (PBT)	106717.62	100864.07	107207.78	99091.66
Provision for tax :				
Current Tax	21614.04	20615.88	21614.04	20615.88
MAT Credit Entitlements	(679.91)	(2436.08)	(679.91)	(2436.08)
Deferred Tax	1077.96	3511.96	1121.47	3578.05
Profit after tax (PAT)	84705.53	79172.31	85152.18	77333.81
Earnings per Share (EPS) (Rs.)				
-Basic & Diluted	63.82	59.65	64.15	58.26

RESULTS OF OPERATIONS

Standalone

- Sales for the year increased by 23% to Rs. 307230.09 lakhs.
- PBDIT for the year increased by 9% at Rs. 120489.29 lakhs.
- Profit before Tax (PBT) for the year amounted to Rs.106717.62 lakhs as against a PBT of Rs.100864.07 lakhs for the last year.
- Tax Provision for the current year amounted to Rs. 20934.13 lakhs (net of MAT credit entitlement of Rs.679.91 lakhs). Provision for last year was Rs. 18179.80 lakhs (net of a MAT credit entitlement of Rs.2436.08 lakhs).
- An amount of Rs. 1077.96 lakhs has been provided towards Deferred Tax Liability for the year as against Rs. 3511.96 lakhs during the previous year.
- Forex loss was Rs.104.50 lakhs as against a forex gain of Rs.5041.79 lakhs during the last year.
- Profit after Tax for the year amounted to Rs.84705.53 lakhs.
- Earnings Per Share of Rs.2/- each works out to Rs. 63.82 for the year as against Rs. 59.65 last year.
- Out of the total revenue, 38% came from North America, 35% from Europe, 10% from Asia, 13% from India and 4% from Rest of the World.

Depreciation : The company has revised charging of depreciation on fixed assets according to the useful life as specified in Schedule II to the Companies Act, 2013 which came into effect from 1st April, 2014.

In view of the amendment to the Schedule II vide Notification dated 29-08-2014 issued by the Ministry of Corporate Affairs and the Application Guide issued by the ICAI on 10-04-2015, which gave the company an option to charge-off depreciation of assets, whose useful life has already been exhausted before 1st April, 2014, after retaining residual value, either to the opening balance of retained earnings or to the Statement of Profit and Loss, your company has decided to charge-off such depreciation to the Profit and Loss Account for the year.

Consolidated

Our total income on consolidated basis increased to Rs. 315963.69 lakhs from Rs. 260274.36 lakhs in the previous year, recording a growth of 21%.

PBDIT amounted to Rs. 120994.07 lakhs as against Rs. 108508.78 lakhs in the previous year. Profit after Tax for the year accounted to Rs. 85152.18 lakhs as against Rs. 77333.81 lakhs in the previous year.

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	2014-15	2013-14
Forex gain/(loss)	185.51	3711.73

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 a turnover of Rs.16835.44 lakhs as against previous year turnover of Rs. 12618.50 lakhs, resulting in growth of 33% for the nutraceutical products in North America and Europe.

Brief of financial results of the subsidiaries, as per Indian GAAP, are as under :

(Rs. in lakhs)				
Particulars	Divis Laboratories (USA) Inc.,		Divi's Laboratories Europe AG	
Year ended	31-03-2015	31-03-2014	31-03-2015	31-03-2014
Turnover	10002.58	8763.97	6832.86	3854.53
Profit / (Loss) before taxation	(111.91)	(750.93)	602.07	(1021.48)
Provision for taxation (Deferred Income Tax)	43.51	66.09	-	-
Profit / (Loss) after taxation	(155.42)	(817.02)	602.07	(1021.48)

Subsidiaries have achieved good growth in operating profit. Loss on forex currency translation for the year accounted to Rs. 225 Lakhs for US subsidiary and forex gain on currency translation of Rs. 515 Lakhs 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.

This year, the company has increased the subordination of its loans to Divi's Laboratories Europe to an aggregate to CHF 5.00 million.

As stated above, with the significant efforts having been made in stabilizing operations and qualifications from several customers, the company is confident of achieving profitability at the subsidiaries and recovery of the investments/advances made in the foreseeable future.

As per section 129(3) of the Companies Act, 2013, statement containing the salient features of the financial statement of Company's subsidiaries in form AOC-1 is annexed herewith as "Annexure I". Moreover, pursuant to provisions of Section 136(1) of the Companies Act, 2013, audited financial statements of the subsidiary companies are placed on the website of the company at www.divislaboratories.com. 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 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 or partial recovery of loans of Rs.4358.08 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 and Companies Act, 2013, the consolidated financial statements have been prepared by the Company in accordance with the relevant accounting standards. The audited consolidated financial statements together with Auditors Report thereon form part of the Annual report.

DIVIDEND

Your Directors are pleased to recommend a dividend of Rs.20/- per equity share of Rs.2/- each, i.e., 1000% for the financial year ended 31st March, 2015, subject to approval of members at the ensuing Annual General Meeting.

The total dividend payout for the current year amounts to Rs. 31951.17 lakhs (inclusive of tax of Rs. 5404.31 lakhs) as against Rs. 31058.50 lakhs in the previous year. Dividend (including dividend tax) as a percentage of profits is 38% as compared to 39% 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 8th August, 2015. 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.

TRANSFER TO GENERAL RESERVES

We propose to transfer an amount of Rs.20000.00 lakhs to General Reserve for facilitating the dividend for the year.

FIXED DEPOSITS

Your Directors wish to inform that the Company has not accepted any deposits from public covered by provisions of Section 73 of the Companies Act, 2013.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

During the year, the company has not given any loans or guarantees covered under the provisions of section 186 of the Companies Act, 2013.

The details of investments made by company are given in the notes to the financial statements.

RELATED PARTY TRANSACTIONS

As a matter of policy, your Company carries out transactions with related parties on an arms' length basis. There are no materially significant related party transactions made by the company with Promoters, Key Managerial Personnel or other designated persons which may have potential conflict with interest of the company at large. Statement of these transactions is given in other explanatory information attached in compliance of Accounting Standard No.AS-18.

MANAGEMENT DISCUSSION AND ANALYSIS

A report on Management Discussion & Analysis for the year under review, as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges in India, is provided in a separate section forming part of this Annual Report.

MATERIAL CHANGES AND COMMITMENTS

No material changes and commitments have occurred after the close of the year till the date of this Report, which affect the financial position of the company.

INTERNAL FINANCIAL CONTROLS

The Company has in place adequate internal financial controls with reference to financial statements. During the year, such controls were tested and no reportable material weakness in the design or operation was observed.

RISK MANAGEMENT

Divis 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. 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.

Pursuant to section 134 (3) (n) of the Companies Act, 2013 & Clause 49 of the listing agreement, the company has constituted a business risk management committee to review the processes and procedures for ensuring that all strategic and operational risks are properly identified and that appropriate systems of monitoring and control are in place and to oversee and review the risk management framework, assessment of risks and minimization procedures.

DIRECTORS' RESPONSIBILITY STATEMENT

As required under Section 134 (5) of the Companies Act, 2013, 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, 2015 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.
- e) internal financial controls have been laid down and such controls are adequate and operating effectively;
- f) proper systems have been laid down to ensure compliance with the provisions of all applicable laws and such systems are adequate and operating effectively.

NUMBER OF MEETINGS OF BOARD OF DIRECTORS

The Board meets at least four times in a year at quarterly intervals and more frequently if deemed necessary, to transact its business. During the financial year the Board has met five times, i.e. on 24th May 2014, 23rd June, 2014, 11th August 2014, 1st November 2014 and 31st January 2015.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

Appointments :

Pursuant to the provisions of Section 149 and other applicable provisions of the Companies Act, 2013, Dr. G. Suresh Kumar, Mr. R. Ranga Rao, Mr. K.V.K. Seshavataram and Smt. S. Sridevi were appointed as Independent Directors in the Annual General Meeting held on 25th August, 2014 for a period of five years.

Re-appointments :

As per the provisions of the Companies Act, 2013 Mr. N.V. Ramana, Executive Director will retire by rotation at the ensuing Annual General Meeting and, being eligible, offers himself for re-appointment.

Members of the Company in the Annual General Meeting held on 25th August, 2014, approved the re-appointment of Dr. Murali K. Divi as 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.

Members of the Company through Postal Ballot Resolution (declared on 20th March, 2015) approved the re-appointment of Mr. Madhusudana Rao Divi as Director - Projects of the Company for a further period of five years from April 1, 2015 and Mr. Kiran S. Divi as Director & President - Operations of the company for a further period of five years from April 1, 2015.

Resignations:

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 Divi's 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. Mr. 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.

DECLARATION BY INDEPENDENT DIRECTORS

In terms of provisions of section 149(7) of the Companies Act, 2013, the company has obtained declaration from all independent directors of the company confirming that they meet the criteria of independence as provided in Section 149(6) of the Companies Act, 2013 and clause 49 of the Listing Agreement with Stock Exchanges.

MECHANISM FOR EVALUATION OF BOARD

Pursuant to the provisions of the Companies Act, 2013 and Clause 49 of the Listing Agreement, the Nomination and Remuneration Committee laid down criteria for performance evaluation of individual directors, the board and its committees. Accordingly, the Board has carried out an evaluation of its own performance, the directors individually as well as the evaluation of the working of its Committees. Evaluation of all Directors is carried on an annual basis. Performance evaluation of Directors shall be done by the entire Board of Directors excluding the director being evaluated.

Board performance evaluation is carried out through a structured questionnaire which provides a powerful and valuable feedback for improving board effectiveness, maximising strengths and highlighting areas for further development.

The following are some of the broad issues that are considered in performance evaluation :

Criteria for evaluation of Board and its Committees :

- Ability to act on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the company and the shareholders.
- Optimum combination of knowledge, skill, experience and diversity on the Board as well its Committees.
- Relationships and effective communication among the Board members.
- Effectiveness of individual non-executive and executive directors and Committees of Board.
- Quality of the discussions, general information provided on the company and its performance, papers and presentations to the board.
- Stakeholders' engagement.
- Risk and Crisis management as well processes for identifying and reviewing risks.
- Well- defined mandate and terms of reference of Committee.

Criteria for evaluation of Individual Directors :

- Attendance at Board as well as Committee Meetings
- Procurement of Information, preparation for Board Meetings and value of contribution at meetings
- Relationships with fellow board members, the company secretary and senior management and mutual trust and respect they stimulated within the Board.
- Keeping update with the latest developments in the areas of governance and financial reporting

Additionally, Independent directors are expected to provide an effective monitoring role and to provide help and advice for the executive directors. In evaluating independent Directors it is necessary to address the following aspects as well :

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

POLICY ON DIRECTORS' APPOINTMENT AND REMUNERATION

The Board has, on the recommendation of the Nomination & Remuneration Committee, framed a policy for appointment and remuneration of Directors, Key Managerial Personnel and other employees including criteria for determining qualifications, positive attributes and director's independence. The Remuneration Policy is annexed herewith as "Annexure II".

REMUNERATION DETAILS OF DIRECTORS AND KMP

Particulars required to be furnished under Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are given in "Annexure - III" and forms part of this Report.

PARTICULARS OF EMPLOYEES

Particulars of employees required to be furnished under Rule 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are given in "Annexure - IV" and forms part of this Report.

CORPORATE SOCIAL RESPONSIBILITY

The Board of Directors has constituted Corporate Social Responsibility Committee (CSR Committee) consisting of members Mr. R. Ranga Rao (Chairman), Dr. Murali K. Divi, Mr. N. V. Ramana and Mr. Madusudana Rao Divi. 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, which has been approved by the Board.

As per the requirements of Companies Act, 2013, Company needs to spend at least 2% of its average net profit for the immediately preceding three financial years on corporate social responsibility activities. During the last several years, your Company has already been spending resources to improve the quality of life and sustainable development of the communities living in the villages around the manufacturing units.

Report on Corporate Social Responsibility as Per Rule 8 of Companies (Corporate Social Responsibility Policy) Rules, 2014 is prepared and the same is enclosed as "Annexure - V" to this Report.

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

Particulars required under Section 134 (3) (m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014 is given in the "Annexure - VI" to this report.

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. Composition of the Audit Committee is as follows :

Name	Category	Designation
Sri. K. V. K. Seshavataram	Independent Director	Chairman
Dr. G. Suresh Kumar	Independent Director	Member
Sri. R. Ranga Rao	Independent Director	Member

VIGIL MECHANISM

The Company has established a vigil mechanism and accordingly, formulated a Whistle Blower Policy to provide mechanism for directors and employees of the company to report their concerns about unethical behaviour, actual or suspected fraud or violation of the company's code of conduct or ethics policy and disclosed the details of establishment of such mechanism on its website. This mechanism also provides for adequate safeguards against victimization of director(s) / employee(s) who avail of the mechanism and also provide for direct access to the Chairman of the Audit Committee in exceptional cases. The Whistle Blower Policy may be accessed on the company's website at the link: <http://www.divislabs.com/inside/pdf/Whistle%20blower%20policy.pdf>.

STATUTORY AUDITORS

At the Annual General Meeting held on 25th August, 2014, M/s. P.V.R.K. Nageswara Rao & Co., Chartered Accountants, Hyderabad (Firm's Regn. No 002283S) were appointed as statutory auditors of the Company to hold office for three consecutive years till the

conclusion of the 27th Annual General Meeting. In terms of first proviso to Section 139 of the Companies Act, 2013, the appointment of the auditors shall be placed for ratification at every Annual General Meeting.

Accordingly, the appointment of M/s. P.V.R.K. Nageswara Rao & Co., Chartered Accountants as statutory auditors of the company is placed for ratification by shareholders.

The Company has received a communication 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.

SECRETARIAL AUDIT

Pursuant to provisions of section 204 of the Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board of Directors of the Company has appointed M/s. V. Bhaskara Rao & Co., Company Secretaries as the Secretarial Auditor of the Company for the financial year 2014-15. The Secretarial Audit report for the financial year 2014-15 is annexed herewith as "Annexure VII". The secretarial Audit Report does not contain any qualification, reservation or adverse remark.

COST AUDIT

Pursuant to the Section 148 of the Act and rule 3 of the Companies (cost records and audit) Rules, 2014, the company maintains cost records in its books of account. As per rule 7 of the said rules, the requirement for cost audit shall not be applicable to a company which is covered under rule 3, and whose revenue from exports, in foreign exchange, exceeds seventy five per cent of its total revenue or which is operating from a special economic zone. However, company has voluntarily opted for audit of cost records and appointed M/s. E.V.S & Associates, Cost Accountants as cost auditors.

CORPORATE GOVERNANCE AND SHAREHOLDERS' INFORMATION

A report on Corporate Governance is included as a part of this Annual Report. Certificate from M/s. V. Bhaskara Rao & Co., Company Secretaries confirming the compliance with the conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement is attached to the report on Corporate Governance.

EXTRACT OF ANNUAL RETURN

The Extract of Annual Return in Form MGT-9 as per the provisions of the Companies Act, 2013 and Rule 12 of Companies (Management and Administration) Rules, 2014 is annexed herewith as "Annexure VIII".

OTHER DISCLOSURES

- No company has become or ceased to be its Subsidiary, joint venture or associate company during the year
- No significant and material orders were passed by the regulators or courts or tribunals impacting the going concern status and company's operations in future.
- No cases were filed pursuant to the Sexual Harassment of Women at Work Place (Prevention, Prohibition and Redressal) Act, 2013 during the year under review.

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

Dr. MURALI K. DIVI

Chairman and Managing Director
(DIN : 0005040)

Hyderabad
23.05.2015

ANNEXURE - I**Statement Pursuant to Section 129(3) of the Companies Act, 2013 relating to Subsidiary Companies**

Sl No.	Particulars	(Rs. in Lakhs)	
		Divis Laboratories (USA) Inc.	Divi's Laboratories Europe AG.
1.	Reporting period for the Subsidiary	31st March 2015	31st March 2015
2.	Reporting Currency and Exchange rate as on the last date of the relevant financial year	USD = 62.5908	CHF = 64.6250
3.	Share Capital	0.01	36.18
4.	Reserves & Surplus	(3514.37)	(3145.63)
5.	Total assets	6214.03	4887.23
6.	Total liabilities	6214.03	4887.23
7.	Investments	-	-
8.	Turnover	10002.58	6832.86
9.	Profit / (Loss) before taxation	(111.91)	602.07
10.	Provision for taxation (Deferred Income Tax)	43.51	-
11.	Profit / (Loss) after taxation	(155.42)	602.07
12.	Proposed Dividend	-	-
13.	% of shareholding	100%	100%

ANNEXURE - II**NOMINATION AND REMUNERATION POLICY****1. INTRODUCTION**

The company would require the services of several staff, executives, managers and directors for conducting its business. The company is into development and manufacture of active pharma ingredients and Nutraceuticals. The company has several functional areas such as Research & Development, QC/Analytical Labs, Procurement, Manufacturing, Projects, Maintenance, Sales, Marketing, Logistics, Accounting, Finance, Secretarial, Personnel, Administration, Legal etc.

2. OBJECTIVE AND PURPOSE OF THE POLICY

In pursuance of the Company's policy to consider human resources as its invaluable assets, to pay equitable remuneration to all Directors, Key Managerial Personnel, Senior Management Personnel, executives and staff of the Company, to harmonize the aspirations of human resources consistent with the goals of the Company and in terms of the provisions of the Companies Act, 2013 ("the Act") and the listing agreement as amended from time to time, this policy on nomination and remuneration of Directors, Key Managerial Personnel and other employees has been formulated by the company :

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

3. CRITERIA FOR DETERMINING QUALIFICATIONS, POSITIVE ATTRIBUTES AND INDEPENDENCE OF A DIRECTOR

The Nomination and Remuneration Committee ('the Committee'), along with the Board, reviews on an annual basis, appropriate skills, characteristics and experience required of the Board as a whole and its individual members. The objective is to have a Board with diverse background and experience in business, government, academics, technology and in areas that are relevant for the Company's operations and to ensure a transparent board nomination process with the diversity of thought, experience, knowledge, perspective and gender in the Board.

In addition, Directors must be willing to devote sufficient time and energy in carrying out their duties and responsibilities effectively. They must have the aptitude to critically evaluate management's working as part of a team in an environment of collegiality and trust.

- Should possess adequate qualification, knowledge, skills and experience for the position he / she is considered for appointment.
- The Committee has discretion to decide whether qualification, expertise and experience possessed by a person is sufficient / satisfactory for the concerned position.

Positive attributes

- Possessing highest level of personal and professional ethics, integrity, values
- Willingness to learn and contribute
- Commitment and Compliances to various regulations
- Capability to make well informed and good decisions
- Ability to listen, to make critical assessment and judgement
- Having courage, openness, honesty and tact

Independence of Director

Independence refers to the avoidance of being unduly influenced by a vested interest and to being free from any constraints that would prevent a correct course of action being taken. Members of the Board and key executives should be required to disclose to the board whether they, directly, indirectly or on behalf of third parties, have a material interest in any transaction or matter directly affecting the company.

The Board and top management should conduct themselves so as to meet the expectations of operational transparency to stakeholders while at the same time maintaining confidentiality of information in order to foster a culture for good decision-making.

The Nomination and remuneration Committee shall assess the independence of Directors at the time of appointment/ re-appointment. The Board shall assess the same annually by taking appropriate disclosure from the Directors. Independent Directors should satisfy the requirements of the Companies Act, 2013 and Clause 49 of the Listing Agreement with respect to independence of directors. Independent Directors should be capable of exercising independent judgement to tasks where there is a potential for conflict of interest.

4. POLICY FOR APPOINTMENT AND REMOVAL OF DIRECTOR, KMP AND SENIOR MANAGEMENT

4.1 Appointment criteria and qualifications :

- 4.1.1) The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP or at Senior Management level and recommend to the Board his / her appointment.
- 4.1.2) The Committee shall consider the expertise of the director in managing significant risks that may directly or indirectly affect the organization. Examples include :
- Regulatory and legal requirements
 - Concentrations (e.g., suppliers and customers)
 - Market and competitive trends
 - Financing and liquidity needs
 - Financial exposures
 - Business Continuity
 - Organisation reputation
 - Strategy execution
 - Management's capabilities
 - Management override
 - Fraud control
 - Organisation pressures, including "tone at the top"

- 4.1.3)** The Company shall not appoint or continue the employment of any person as Whole-time Director who has attained the age of seventy years. Provided that the term of the person holding this position may be extended beyond the age of seventy years with the approval of shareholders by passing a special resolution based on the explanatory statement annexed to the notice for such motion indicating the justification for extension of appointment beyond seventy years.
- 4.1.4)** The Company should ensure that the person so appointed as Director/ Independent Director, KMP, Senior Management Personnel shall not be disqualified under the Companies Act, 2013, rules made there under, Listing Agreement or any other enactment for the time being in force.
- 4.1.5)** The Director/ Independent Director/Senior Management Personnel/KMP shall be appointed as per the procedure laid down under the provisions of the Companies Act, 2013, rules made there under, Listing Agreement or any other enactment for the time being in force.

5.2 Term/ Tenure

5.2.1) Managing Director/Whole-time Director :

The Company shall appoint or re-appoint any person as its Executive Chairman, Managing Director or Whole-time Director for a term not exceeding five years at a time. No re-appointment shall be made earlier than one year before the expiry of term.

5.2.2) Independent Director :

An Independent Director shall hold office for a term up to five consecutive years on the Board of the Company and will be eligible for re-appointment on passing of a special resolution by the Company and disclosure of such appointment in the Board's report.

No Independent Director shall hold office for more than two consecutive terms, but such Independent Director shall be eligible for appointment after expiry of three years of ceasing to become an Independent Director. Provided that an Independent Director shall not, during the said period of three years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly.

At the time of appointment of Independent Director, it should be ensured that number of Boards on which such Independent Director serves is restricted to seven listed companies as an Independent Director and three listed companies as an Independent Director in case such person is serving as a Whole-time Director of a listed company or such other number as may be prescribed under the Act.

The company shall familiarize the independent directors with the company, including their roles, rights, responsibilities in the company, nature of the industry in which the company operates, business model of the company, etc., through various programs.

5.3 Evaluation :

The Committee shall carry out evaluation of performance of every Director, KMP and Senior Management Personnel at regular intervals (half-yearly/yearly).

5.4 Removal :

Due to reasons for any disqualification mentioned in the Act or under any other applicable Act, rules and regulations thereunder, the Committee may recommend, to the Board with reasons recorded in writing, removal of a Director, KMP or Senior Management Personnel subject to the provisions and compliance of the said Act, rules and regulations.

5.5 Retirement :

The Director, KMP and Senior Management Personnel shall retire as per the applicable provisions of the Act and the prevailing policy of the Company. However, the Board will have the discretion to retain the services of any Director, KMP, Senior Management Personnel in any capacity even after attaining the retirement age, for the benefit of the Company.

POLICY ON REMUNERATION OF DIRECTORS, KEY MANAGERIAL PERSONNEL AND OTHER EMPLOYEES

6. APPLICABILITY

This Remuneration Policy shall continue to guide all future employment of Directors, Company's Senior Management including Key Managerial Personnel and other employees.

Any deviation from the policy can be undertaken only with the approval of the Board of Directors.

7. POLICY

7.1 General :

The remuneration policy provides a framework for remuneration paid to the members of the Board of Directors ("Board"), Key Managerial Personnel ("KMP") and the Senior Management Personnel ("SMP"), executives and other employees of the Company.

7.1.1) The remuneration to the Whole-time Directors, KMPs and Senior Management Personnel will be determined by the Nomination and Remuneration Committee ("the committee") and recommended to the Board for approval. The remuneration shall be subject to the prior/post approval of the shareholders of the Company and Central Government, wherever required.

7.1.2) The remuneration and commission to be paid to the Whole-time Director shall be within the percentage/ slabs/conditions as laid down in the Articles of Association of the Company and as per the provisions of the Act.

7.1.3) Increments and/or revision to the existing remuneration/ compensation structure may be recommended by the Committee to the Board which should be within the slabs approved by the Shareholders in the case of Whole-time Directors.

7.1.4) Where any insurance is taken by the Company on behalf of its Whole-time Director, Chief Executive Officer, Chief Financial Officer, the Company Secretary and any other employees for indemnifying them against any liability, the premium paid on such insurance shall not be treated as part of the remuneration payable to any such personnel. Provided that if such person is proved to be guilty, the premium paid on such insurance shall be treated as part of the remuneration.

7.2 Remuneration to Whole-time / Executive / Managing Director :

The term of office and remuneration of Whole Time Directors are subject to the approval of the Board of Directors, shareholders and the limits laid down under the Companies Act from time to time.

a) Fixed pay :

The Whole-time Director/ KMP and Senior Management Personnel shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of the Committee. The breakup of the pay scale and quantum of perquisites including, employer's contribution to P.F, pension scheme, medical expenses, club fees etc. shall be decided and approved by the Board/ the Person authorized by the Board on the recommendation of the Committee; and approved by the shareholders and Central Government, wherever required.

b) Minimum Remuneration :

If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Whole-time Director in accordance with the provisions of Schedule V of the Act and if it is not able to comply with such provisions, with the previous approval of the Central Government.

c) Provisions for excess remuneration :

If any Whole-time Director draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Act or without the prior sanction of the Central Government, where required, he / she shall refund such sums to the Company and until such sum is refunded, hold it in trust for the Company. The Company shall not waive recovery of such sum refundable to it unless permitted by the Central Government.

7.3 Remuneration to Non- Executive / Independent Director :

a) Sitting Fees :

The Non- Executive / Independent Director may receive remuneration by way of fees for attending meetings of Board or Committee thereof as approved by the Board. Provided that the amount of such fees shall not exceed Rs. One Lakh per meeting of the Board or Committee or such amount as may be prescribed by the Central Government from time to time.

b) Remuneration :

Any remuneration to the non-executive / Independent directors shall be, as approved by the Committees, the Board and members of the company; and subject to the slabs and conditions mentioned in the Articles of Association of the Company and the Act.

c) Stock Options :

An Independent Director shall not be entitled to any stock option of the Company.

7.4 Remuneration to KMP and Senior Management Personnel :

Appointment of KMP & senior management and cessation of their service are subject to the approval of the Nomination & Remuneration Committee and the Board of Directors. Remuneration of KMP and other senior management personnel is

approved by the Chairman & Managing Director (CMD) on the recommendation of the Management, and any Committee of the Board as may be required, broadly based on the Remuneration Policy. Total remuneration comprises of:

a) Fixed pay :

The KMP and Senior Management Personnel shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of the Committee.

b) Retirement benefits :

Contribution to PF, superannuation, gratuity, etc as per the rules of the Company.

c) Motivation /Reward :

A performance appraisal is carried out annually and promotions/ increments/ rewards are approved by the Chairman and Managing Director, based on the appraisal and recommendation of the Management as per the company's policies and practices.

d) Severance payments :

In accordance with terms of employment, and applicable statutory requirements, if any.

7.5 Executives and other employees :

The remuneration of Executives and other employees is fixed by the Management of the company from time to time as per objectives of this policy and considering industry standards, individual's contribution and capabilities and cost of living etc. In addition to basic salary, the employees may also be provided perquisites and retirement benefits as per schemes of the Company and statutory requirements, where applicable.

8. DISCLOSURE

Information on the total remuneration of members of the Company's whole-time and other Directors and key managerial personnel/senior management personnel may be disclosed in the Company's annual financial statements as per statutory requirements.

The company shall disclose the Nomination and Remuneration policy in its Annual Report.

ANNEXURE - III

Information pursuant to Rule 5 (1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

- (i) The ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year 2014-15, the percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary in the financial year 2014-15 and the comparison of the each remuneration of the Key Managerial Personnel against the performance of the company are as below :

Sr. No.	Name of Director / KMP and Designation	Remuneration of Director / KMP for financial year 2014-15 (Rs. in lakhs)	Ratio of remuneration of each Director to median remuneration of employees	Increase in remuneration in the financial year 2014-15	Comparison of the remuneration of the KMP against the performance of the company
1	Dr. Murali K. Divi Chairman & Managing Director	3541.38	1 : 0.0008727	6.07%	Company achieved a sales growth for the year of 23% and a growth of 7% for Profit after Tax (PAT).
2	Mr. N.V. Ramana Executive Director	1820.09	1 : 0.0016979	5.95%	
3	Mr. Madhusudana Rao Divi Director - Projects	99.36	1 : 0.0311032	Nil	
4	Mr. Kiran S. Divi Director & President -Operations	1243.97	1 : 0.0024843	5.73%	

Sr. No.	Name of Director / KMP and Designation	Remuneration of Director / KMP for financial year 2014-15 (Rs. in lakhs)	Ratio of remuneration of each Director to median remuneration of employees	Increase in remuneration in the financial year 2014-15	Comparison of the remuneration of the KMP against the performance of the company
5	Dr.G. Suresh Kumar* Independent Director	Nil	-	-	
6	Mr. R. Ranga Rao* Independent Director	Nil	-	-	
7	Mr. K.V.K.Seshavaram* Independent Director	Nil	-	-	
8	Mrs. S. Sridevi* Independent Director	Nil	-	-	
9	Mr. L. Kishore Babu Chief Financial Officer	157.44	Not Applicable	15.31%	Remuneration is based on the individual performance of the employees in terms of remuneration policy of the company.
10	Mrs. P. V. Lakshmi Rajani Company Secretary	21.69	Not Applicable	21.16%	

* Independent Directors were paid sitting fees for attending the Meetings

- (ii) The percentage increase in the median remuneration of employees in the financial year was 25%
- (iii) The Company has 3,090 permanent employees on the rolls of company as on 31st March 2015
- (iv) Relationship between average increase in remuneration and company performance
Company achieved a sales growth for the year of 23% and a growth of 7% for Profit after Tax (PAT). Average increase in remuneration has been 12% based on the individual performance of the employees in terms of remuneration policy of the company.
- (v) Comparison of the remuneration of the Key Managerial Personnel against the performance of the company

Remuneration of Key Managerial Personnel	Performance of the company for the year ended 31st March, 2015
Rs. 3720.51 lakhs	Achieved a Profit after Tax of Rs. 84705.53 lakhs

- (vi) Variations in the market capitalisation of the company, price earnings ratio as at the closing date of the current financial year and previous financial year and percentage increase over decrease in the market quotations of the shares of the company in comparison to the rate at which the company came out with the last public offer :

Particulars	At the time of IPO 31-03-2003	2013-14	2014-15	% increase / decrease over last year
Market Capitalisation (Rs. in lakhs)	28092.18	1813017.67	2369904.38	30.72%
Price-Earnings ratio	4.65	22.90	27.98	22.18%

- (vii) Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year was 26.17% whereas the increase in the managerial remuneration was 6.12%.
- (viii) The key parameters for the variable component of remuneration availed by the directors are considered by the Board of Directors based on the recommendations of the Nomination and Remuneration Committee as per the Remuneration Policy for Directors, Key Managerial Personnel and other Employees.
- (ix) The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year - Not Applicable; and
- (x) It is hereby affirmed that the remuneration paid is as per the Remuneration Policy for Directors, Key Managerial Personnel and other Employees

ANNEXURE - IV

Information pursuant to Rule 5 (2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

Name	Age (Yrs)	Qualifications	Designation	Date of commencement of employment	Experience (Yrs)	Gross remuneration ¹ (Rs.lakhs)	Last employment
Dr. Murali K. Divi	64	M. Pharm. Ph. D.	Chairman & Managing Director	12-Oct-90	40	3541.38	Managing Director, Cheminor Drugs Ltd.
Ramana. N.V.	57	B.Sc.(Chem)	Executive Director	26-Dec-94	30	1820.09	President, Enmark Exim Services Pvt. Ltd
Madhusudana Rao Divi	71	M.E. (Structural Engg.)	Director-Projects	14-Oct-94	46	99.36	Executive Director, Sadah General Trading & Const Co., Kuwait
Kiran S. Divi	39	M. Pharm.	Director & President-Operations	10-Aug-01	14	1243.97	-
Devendra Rao. S.	53	M. Sc.	General Manager	10-Feb-95	32	127.00	Senior Manager (Prod), Natco Pharma Ltd.
Hemanth Kumar. G.	55	M. Sc.	General Manager	1-Nov-94	32	127.00	Sr. Prodn. Manager, Sumitra Pharma Ltd.
Kishore Babu. L.	63	B.Com, FCMA	Chief Financial Officer	20-Nov-94	42	157.44	Finance Manager, Nagarjuna Fert & Chem Ltd.
Prasad. Y.T.S.	47	B.E.	General Manager	1-Nov-90	27	127.00	Engineer (Devpt), Cheminor Drugs Ltd.
Ramakrishna. S.	53	M. Sc.	General Manager	15-Feb-95	32	127.00	General Manager (Works), Vera Laboratories Ltd.
Ramesh Babu. M.	49	B. Sc.	Chief Technologist	1-Nov-90	29	127.00	R&D Incharge, Cheminor Drugs Ltd.
Ramesh Babu. L.	59	M.Com, MBA, LLB	Chief Information Officer & Vice President (Procurement)	20-May-09	26	115.46	Group Captain, Indian Air Force
Ramana. L.V	45	M. Sc.	General Manager	12-Aug-91	23	79.87	-
Ramaiah Chowdary. P	52	B.E.	General Manager	15-Nov-94	28	75.57	Maint Manager, Natco Pharma Ltd.,
Satya Prakash Divi	38	MS (CIS), MBA	Vice President (Sales & Marketing)	1-Mar-13	13	157.44	VP, Marketing & IT, EF International Academy, Switzerland
Srinivasa Rao. P	50	M. Pharm	Chief Technologist	1-Nov-90	27	127.00	Sr. Chemist, Cheminor Drugs Ltd.

Notes :

- 1) Remuneration includes salary, allowances, company contribution to provident fund, Commission and other benefits.
- 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 is related Mr. L. Kishore Babu, Chief Financial Officer of the company.
- 6) No other employee mentioned above is related to any Director of the Company.

ANNEXURE - V**Report on CSR Activities undertaken during the year :**

1. A brief outline of the company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs.

Divi's strongly believe that Industrial Growth must contribute to the upliftment of the society around. Hence, the main focus of CSR should be communities or villages around the manufacturing sites.

The objective of Divi's CSR Policy is :

- To make sure the business remains sustainable and continues to contribute to the welfare of all stakeholders.
- To take up programmes that benefit the neighbouring communities in enhancing quality of life and economic well-being of the local populace.
- To facilitate a holistic approach based for a sustainable improvement in the social, economic and environmental situation of the needy and underserved.

Overview of projects or programs proposed to be undertaken :

From the annual CSR Budget allocation, a provision will be made towards expenditure, on a year on year basis for the following programmes :

- Environmental Sustainability
- Promoting education
- Public Health
- Village Development
- Women Welfare & Economic Empowerment
- Enhancing Employability & Self reliance
- Helping hand to under privileged & physically challenged
- Supporting Government welfare schemes
- Drinking water schemes/ Sanitation facilities
- Providing infrastructure facilities, civic amenities
- Grant/ donation / sponsorship for upliftment of weaker sections of the society
- Animal Welfare & Dairy Development
- Adoption of village for providing civic amenities and infrastructure development
- Relief for victims of natural calamities like earth quake, cyclone, draught and flood situation in any part of the country
- Contribution to the government relief funds

The above list is only illustrative and any other activity as approved by CSR Committee and the Board of the company may also be considered on case to case basis.

Web link : <http://www.divilabs.com/inside/pdf/Divi%275%20Csr%20Policy.pdf>

2. Composition of the CSR Committee

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

3. Average net profit of the company for last three financial years (Rs. in lakhs) 88570.23
4. Prescribed CSR Expenditure (two per cent of the amount as in item 3 above) (Rs. in lakhs) 1771.40
5. **Details of CSR spent during the financial year :**
 - (a) Total amount to be spent for the financial year (Rs. in Lakhs) 1771.40
 - (b) Amount unspent (Rs. in Lakhs) 1274.03
 - (c) Manner in which the amount spent during the financial year

Details of Corporate Social Responsibility activities under taken and manner in which the amount has been spent during the Year 2014-15 :

(1) S. No.	(2) CSR project or activity identified	(3) Sector in which the project is covered	(4) Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken	(5) Amount outlay (budget) Project or program wise (Rs. in lakhs)	(6) Amount spent on the projects or programs Sub heads : (1) Direct expenditure on projects or programs (2) Overheads(*) (Rs. in lakhs)	(7) Cumulative expenditure upto the reporting period (Rs. in lakhs)	(8) Amount spent: Direct or through implementing agency
1.	Promoting education	Promoting Education	Local	200.00	98.64	98.64	Direct
2.	Public Health	Promoting health care		15.00	11.38	11.38	
3.	Village Development	Rural development		437.24	101.48	101.48	
4.	Women Welfare & Economic Empowerment	Empowering Women	Nalgonda Dist. of Telangana	6.00	0.33	0.33	
5.	Animal Welfare & Dairy Development	Animal Welfare	Vizianagaram & Visakhapatnam Dists. of Andhra Pradesh	5.50	2.78	2.78	
6.	Drinking water schemes/ Sanitation facilities	Safe Drinking Water		367.00	281.17	288.17	
7.	Environmental Sustainability			19.00	15.88	15.88	
8.	Village Development			4.00	3.50	3.50	
Total				1053.74	522.16	522.16	

(*) All Direct Expenditure on Projects

6. *In case the company has failed to spend the two per cent, of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board report.*

As a responsible corporate citizen, the Company has been implementing CSR activities since last several years. Pursuant to the new CSR rules, company has constituted a CSR Committee and adopted the CSR Policy formulated by the Committee. Accordingly, the Company has been spending significant amounts on activities which are eligible under the CSR rules. The main focus area of CSR activities is communities or villages around the manufacturing sites.

The company started identifying appropriate CSR projects and programs in the local area and areas around its manufacturing sites where it operates by co-ordinating with the local elected representatives, village communities, self-governing organisations and Government agencies, which took considerable time. As the process has now been established, the CSR programs will be accelerated going forward. Company has a very clear road map for achieving the desired results enunciated in its CSR policy and is confident of meeting the statutory requirement.

7. *A responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the company*

We hereby undertake that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the company.

Sd/-
Dr. Murali K. Divi
 Chairman and Managing Director

Sd/-
R. Ranga Rao
 Chairman, CSR Committee

ANNEXURE - VI

Information pursuant to Section 134(3)(m) of the Companies Act 2013 read with the Companies (Accounts) Rules, 2014.

A. CONSERVATION OF ENERGY

(i) Steps taken or impact on conservation of energy

Energy conservation refers to reducing energy consumption through using less of an energy service. It can be through optimal energy utilisation technologies, enhancing energy availability, resource efficiency as also use of renewable energy.

A dedicated energy management team focuses on energy management and constantly reviews the progress made. It has implemented a number of energy conservation initiatives. Some of them are :

- Installation of Variable Frequency Drives in production blocks to reduce power consumption.
- Replacement of the standard efficient motors (IE1) with energy efficient IE2 motors.
- Installation of new energy efficient brine screw compressors in Air-cooled chillers instead of reciprocating compressors.
- Installation of capacitor banks nearer to the usage points
- Energy efficient lighting replacing 160 Watt luminaries with 26 Watts.

(ii) Steps taken by the company for utilising alternate sources of energy

- Alternative heating through solar panels
- Usage of Steam in cooking instead of LPG for efficient energy consumption.
- Effluent evaporation using Solar Evaporation system.

(iii) The capital investment on energy conservation equipments

S.No.	Block	Description	Previous systems	Present / implemented system	Total investment (Rs. in lakhs)
1	Service Blocks	Air Supply System	Reciprocating type Compressors	Screw Type Compressors	110
2	Service Blocks	Brine Supply System	Reciprocating type Compressors	Screw Type Compressors	360

B. TECHNOLOGY ABSORPTION

1. Efforts in brief, made towards technology absorption

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 has been constantly 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 regarding import of technology during the last three years.

There is no import of technology.

4. Expenditure incurred on research and development.

S.No.	Particulars	2014-15 Amount Rs. in lakhs	2013-14 Amount Rs. in lakhs
a)	Capital	1	965
b)	Recurring	2766	2539
	Total	2767	3504
	Total R&D Expenditure as a percentage of Sales	0.89%	1.40%

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

Particulars	2014-15 Amount Rs. in lakhs	2013-14 Amount Rs. in lakhs
Foreign Exchange earned in terms of actual inflows	263170.35	226185.30
Foreign Exchange outgo in terms of Actual outflows	1456.31	1135.36

ANNEXURE - VII

Form No. MR-3

SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2015

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

SECRETARIAL AUDIT REPORT

To,
The Members,
Divi's Laboratories Limited

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Divi's Laboratories Limited** (hereinafter called the company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, We hereby report that in our opinion, the company has, during the audit period covering the financial year ended on 31.03.2015 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter :

We have examined the books, papers, minute books, forms and returns filed and other records maintained by **Divi's Laboratories Limited** ("the Company") for the financial year ended on 31.03.2015, according to the provisions of :

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):- viz
 - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
 - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009*;
 - d. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999*;
 - e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008*;
 - f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009*;
 - h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998*;
- (vi) Other applicable Acts

<ul style="list-style-type: none"> (a) Factories Act, 1948 (b) Industrial Disputes Act, 1947 (c) The Payment of Wages Act, 1936 (d) The Minimum Wages Act, 1948 (e) Employees Provident Funds and Miscellaneous Provisions Act, 1952 (f) The Payment of Bonus Act, 1965 (g) The Payment of Gratuity Act, 1972 (h) The Contract Labour (Regulation & Abolition) Act, 1970 (i) The Maternity Benefit Act, 1961 (j) The Child Labour (Prohibition & Regulation) Act, 1986 (k) The Industrial Employment (Standing Order) Act, 1946 (l) The Employee Compensation Act, 1923 (m) The Apprentices Act, 1961 (n) Equal Remuneration Act, 1976 (o) The Employment Exchange (Compulsory Notification of Vacancies) Act, 1956 	<ul style="list-style-type: none"> (p) Customs Act, 1962 (q) Shops and Establishment Act, 1988 (r) The water (Prevention and control of pollution) Act 1974, The Air (Prevention and control of pollution) Act 1981 and The Environment Protection Act, 1986 and rules made thereunder (s) Explosive Act, 1884 (t) Indian Boilers Act, 1923 (u) The Patents Act 1970 (v) Biological Diversity Act, 2002 (w) Food Safety and Standards Act, 2006 (x) Special Economic Zones Act 2005 (y) Drug and cosmetics Act 1987 (z) Narcotic Drugs and Psychotropic Substances Act, 1985 (aa) Employee's State Insurance Act, 1948 (bb) Andhra Pradesh Factories and Establishment (National, Festival and Other Holidays) Act, 1974 (cc) The Sexual Harassment of Women at Work Place (Prevention, Prohibition and Redressal) Act, 2013 (dd) The Andhra Pradesh Labour Welfare Fund Act, 1987
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We have also examined compliance with the applicable clauses of the following :

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India, if any*
- (ii) The Listing Agreements entered into by the Company with BSE Ltd and NSE Ltd;

* Not applicable to the Company during the Audit Period

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned as above.

We further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

We further report that there are adequate systems and processes in the company Commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc mentioned above.

V.Bhaskara Rao & Co.
Company Secretaries

V.Bhaskara Rao
Proprietor

FCS No.5939, CP No.4182

Place : Hyderabad
Date : 23-05-2015

Note : This report is to be read with our letter of even date which is annexed as 'ANNEXURE A' and forms an integral part of this report.

'ANNEXURE A'

To,
The Members,
Divi's Laboratories Limited

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

V.Bhaskara Rao & Co.
Company Secretaries

V.Bhaskara Rao
Proprietor
FCS No.5939, CP No.4182

Place : Hyderabad
Date : 23-05-2015

ANNEXURE - VIII

Form No. MGT-9
EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31st March, 2015

[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS :

i) CIN	L24110TG1990PLC011854
ii) Registration Date	12-10-1990
iii) Name of the Company	DIVI'S LABORATORIES LIMITED
iv) Category / Sub Category of the Company	Public Company/ Limited by shares
v) Address of the Registered Office and Contact Details	7-1-77/E/1/303, Divi Towers Dharam Karan Road, Ameerpet HYDERABAD - 500 016 TELANGANA Tel : 040-23786300, Fax : 040-23786460 mail@divislaboratories.com
vi) Whether Listed Company Yes/ No	YES
vii) Name, Address & Contact details of Registrar and Transfer Agent	KARVY COMPUTER SHARE PVT. LTD Karvy Selenium Tower B, Plot No. 31-32 Gachibowli, Financial District Nanakramguda HYDERABAD - 500 032 Tel : 040-67161526 nageswara.raop@karvy.com

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the Company :

Sl.No.	Name and description of main products / services	NIC code of the Product / Service	% to total turnover of the company
1	Naproxen	29183090	18%

III. PARTICULARS OF HOLDING, SUBSIDIARIES AND ASSOCIATE COMPANIES

Sl.No.	Name and address of the Company	CIN / GLN	Holding / Subsidiary / Associate	% of shares held	Applicable Section
1	Divis Laboratories (USA) Inc., 325 Columbia Turnpike Suite 305, Florham Park, New Jersey 07932, USA	NA	Subsidiary	100	2(87)
2	Divi's Laboratories Europe AG Solothurnerstrasse 15 CH- Basle, Switzerland	NA	Subsidiary	100	2(87)

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of Total shares	Demat	Physical	Total	% of Total shares	
A PROMOTERS									
(1) Indian									
(a) Individuals / Hindu Undivided Family	65080616	-	65080616	49.03	65080616	-	65080616	49.03	-
(b) Central Government	-	-	-	-	-	-	-	-	-
(c) State Government(s)	-	-	-	-	-	-	-	-	-
(d) Bodies Corporate	4000000	-	4000000	3.01	4000000	-	4000000	3.01	-
(e) Banks / Financial Institutions	-	-	-	-	-	-	-	-	-
(f) Others	-	-	-	-	-	-	-	-	-
Sub-total A(1) :	69080616	-	69080616	52.04	69080616	-	69080616	52.04	-
(2) Foreign									
(a) NRIs - Individuals	50000	-	50000	0.04	50000	-	50000	0.04	-
(b) Other - Individuals	-	-	-	-	-	-	-	-	-
(c) Bodies Corporate	-	-	-	-	-	-	-	-	-
(d) Banks / FI	-	-	-	-	-	-	-	-	-
(e) Others	-	-	-	-	-	-	-	-	-
Sub-total A(2) :	50000	-	50000	0.04	50000	-	50000	0.04	-
Total Shareholding of Promoter A=A(1)+A(2) :	69130616	-	69130616	52.08	69130616	-	69130616	52.08	-
B Public Shareholding									
(1) Institutions									
(a) Mutual Funds / UTI	15862213	-	15862213	11.95	18314548	-	18314548	13.80	-1.85
(b) Banks / Financial Institutions	172522	-	172522	0.13	794478	-	794478	0.60	-0.47
(c) Central Government	-	-	-	-	-	-	-	-	-
(d) State Government(s)	-	-	-	-	-	-	-	-	-
(e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
(f) Insurance Companies	-	-	-	-	-	-	-	-	-
(g) Foreign Institutional Investors	24163231	-	24163231	18.20	25694788	-	25694788	19.36	-1.15
(h) Foreign Venture Capital Investors	-	-	-	-	-	-	-	-	-
(i) Others	-	-	-	-	-	-	-	-	-
Sub-total B(1) :	40197966	-	40197966	30.28	44803814	-	44803814	33.75	-3.47
(2) Non-institutions									
(a) Bodies Corporate									
i) Indian	12234035	10	12234045	9.22	8894420	10	8894430	6.70	2.52
ii) Overseas	-	-	-	-	-	-	-	-	-

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of Total shares	Demat	Physical	Total	% of Total shares	
(b) Individuals									
i) Individual share holders holding nominal share capital up to Rs.1 lakh	7915303	276773	8192076	6.17	7329744	250773	7580517	5.71	0.46
ii) Individual shareholders holding nominal share capital in excess of Rs.1 lakh	945607	-	945607	0.71	864522	-	864522	0.65	0.06
(c) Others -									
i) Non Resident Indians	885280	18500	903780	0.68	775290	16000	791290	0.60	0.08
ii) Directors not in control of the Company	266070	400400	666470	0.50	71139	400400	471539	0.36	0.15
iii) Trusts	143753	-	143753	0.11	143837	-	143837	0.11	-
iv) Clearing Members	319977	-	319977	0.24	53725	-	53725	0.04	0.20
Sub-total B(2) :	22710025	695683	23405708	17.63	18132677	667183	18799860	14.16	3.47
Total Public Shareholding B=B(1)+B(2) :	62907991	695683	63603674	47.92	62936491	667183	63603674	47.92	-
C Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
GRAND TOTAL : [A+B+C]	132038607	695683	132734290	100.00	132067107	667183	132734290	100.00	

ii) Shareholding of Promoters

Sl. Shareholder's Name No.	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
	No. of Shares	% of total shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total shares of the company	% of Shares Pledged / encumbered to total shares	
1 NILIMA MOTAPARTI	27000000	20.34	-	27000000	20.34	-	-
2 DIVI SATCHANDRA KIRAN	23000000	17.33	-	23000000	17.33	-	-
3 MURALI KRISHNA PRASAD DIVI	7783500	5.86	-	7783500	5.86	-	-
4 DIVI SWARNA LATHA	7000000	5.27	-	7000000	5.27	-	-
5 DIVI MADHUSUDANA RAO	282316	0.21	-	282316	0.21	-	-
6 DIVI BABU RAJENDRA PRASAD	13300	0.01	-	13300	0.01	-	-
7 RADHAKRISHNA RAO DIVI	1500	-	-	1500	-	-	-
8 DIVIS BIOTECH PRIVATE LIMITED	4000000	3.01	-	4000000	3.01	-	-
9 SRI RAMACHANDRA RAO DIVI	50000	0.04	-	50000	0.04	-	-
TOTAL	69130616	52.08	-	69130616	52.08	-	-

iii) Change in Promoters' Shareholding

Sl.No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
1.	At the beginning of the year	69130616	52.08	-	-
2.	Date wise Increase/ Decrease in promoters shareholding during the year *	-	-	-	-
3.	At the end of the year	-	-	69130616	52.08

*There is no change in the total shareholding of promoters between 01-04-2014 and 31-03-2015

iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs) :

Sl.No.	Name	Shareholding at the beginning of the year		Date	Increase/ Decrease in share holding	Reason	Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the company				No. of Shares	% of total Shares of the company
1	RELIANCE CAPITAL TRUSTEE CO LTD	8069537	6.08	01-Apr-14				
				04-Apr-14	85000	Purchase	8154537	6.14
				11-Apr-14	10000	Purchase	8164537	6.15
				18-Apr-14	30000	Purchase	8194537	6.17
				25-Apr-14	11573	Purchase	8206110	6.18
				02-May-14	-11000	Sale	8195110	6.17
				16-May-14	45685	Purchase	8240795	6.21
				23-May-14	-94500	Sale	8146295	6.14
				30-May-14	-89477	Sale	8056818	6.07
				06-Jun-14	-141275	Sale	7915543	5.96
				13-Jun-14	-47748	Sale	7867795	5.93
				30-Jun-14	-294689	Sale	7573106	5.71
				18-Jul-14	90000	Purchase	7663106	5.77
				25-Jul-14	-102900	Sale	7560206	5.70
				01-Aug-14	-25000	Sale	7535206	5.68
				08-Aug-14	-60000	Sale	7475206	5.63
				15-Aug-14	-100359	Sale	7374847	5.56
				29-Aug-14	-6600	Sale	7368247	5.55
				05-Sep-14	51200	Purchase	7419447	5.59
				12-Sep-14	-161000	Sale	7258447	5.47
				19-Sep-14	-9700	Sale	7248747	5.46
				30-Sep-14	-40000	Sale	7208747	5.43
				17-Oct-14	52800	Purchase	7261547	5.47
				31-Oct-14	-8988	Sale	7252559	5.46
				14-Nov-14	25000	Purchase	7277559	5.48
				28-Nov-14	-25001	Sale	7252558	5.46
				05-Dec-14	-6900	Sale	7245658	5.46
				12-Dec-14	46567	Purchase	7292225	5.49
				19-Dec-14	29147	Purchase	7321372	5.52
				31-Dec-14	7700	Purchase	7329072	5.52
				02-Jan-15	-57556	Sale	7271516	5.48
				09-Jan-15	10944	Purchase	7282460	5.49
				16-Jan-15	-57697	Sale	7224763	5.44

Sl.No.	Name	Shareholding at the beginning of the year		Date	Increase/ Decrease in share holding	Reason	Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the company				No. of Shares	% of total Shares of the company
				23-Jan-15	-80	Sale	7224683	5.44
				30-Jan-15	-177	Sale	7224506	5.44
				06-Feb-15	-704	Sale	7223802	5.44
				13-Feb-15	25000	Purchase	7248802	5.46
				20-Feb-15	25043	Purchase	7273845	5.48
				27-Feb-15	160	Purchase	7274005	5.48
				06-Mar-15	64	Purchase	7274069	5.48
				13-Mar-15	-233936	Sale	7040133	5.30
				20-Mar-15	-24925	Sale	7015208	5.29
				27-Mar-15	74	Purchase	7015282	5.29
	At the end of the year			31-Mar-15	-32920	Sale	6982362	5.26
2	CREDIT SUISSE (SINGAPORE) LIMITED	3420427	2.58	01-Apr-14				
				04-Apr-14	25839	Purchase	3446266	2.60
				11-Apr-14	20620	Purchase	3466886	2.61
				18-Apr-14	4655	Purchase	3471541	2.62
				30-May-14	-11158	Sale	3460383	2.61
				06-Jun-14	-37468	Sale	3422915	2.58
				13-Jun-14	-58742	Sale	3364173	2.53
				20-Jun-14	-30106	Sale	3334067	2.51
				30-Jun-14	-39409	Sale	3294658	2.48
				11-Jul-14	3842	Purchase	3298500	2.49
				01-Aug-14	-3250	Sale	3295250	2.48
				05-Sep-14	-54891	Sale	3240359	2.44
				30-Sep-14	-5250	Sale	3235109	2.44
				17-Oct-14	-9500	Sale	3225609	2.43
				31-Oct-14	-15021	Sale	3210588	2.42
				05-Dec-14	10711	Purchase	3221299	2.43
				12-Dec-14	-3837	Sale	3217462	2.42
				31-Dec-14	3761	Purchase	3221223	2.43
				02-Jan-15	-3407	Sale	3217816	2.42
				09-Jan-15	-22044	Sale	3195772	2.41
				16-Jan-15	2545	Purchase	3198317	2.41
				23-Jan-15	955	Purchase	3199272	2.41
				06-Feb-15	-303228	Sale	2896044	2.18
				13-Feb-15	1571	Purchase	2897615	2.18
				20-Feb-15	-68659	Sale	2828956	2.13
				27-Feb-15	-148660	Sale	2680296	2.02
				06-Mar-15	15000	Purchase	2695296	2.03
				13-Mar-15	25000	Purchase	2720296	2.05
				20-Mar-15	-3370	Sale	2716926	2.05
				27-Mar-15	-17114	Sale	2699812	2.03
	At the end of the year			31-Mar-15	2250	Sale	2702062	2.04
3	RELIANCE LIFE INSURANCE COMPANY LIMITED	3309038	2.49	01-Apr-14				
				04-Apr-14	164221	Purchase	3473259	2.62
				11-Apr-14	-35573	Sale	3437686	2.59
				18-Apr-14	-678	Sale	3437008	2.59
				25-Apr-14	-13895	Sale	3423113	2.58
				02-May-14	37220	Purchase	3460333	2.61

Sl.No.	Name	Shareholding at the beginning of the year		Date	Increase/ Decrease in share holding	Reason	Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the company				No. of Shares	% of total Shares of the company
				09-May-14	-29983	Sale	3430350	2.58
				16-May-14	11480	Purchase	3441830	2.59
				23-May-14	13338	Purchase	3455168	2.60
				30-May-14	-1750	Sale	3453418	2.60
				06-Jun-14	2869	Purchase	3456287	2.60
				13-Jun-14	1747	Purchase	3458034	2.61
				20-Jun-14	-22791	Sale	3435243	2.59
				30-Jun-14	-41482	Sale	3393761	2.56
				04-Jul-14	-115053	Sale	3278708	2.47
				11-Jul-14	-19122	Sale	3259586	2.46
				18-Jul-14	-37973	Sale	3221613	2.43
				25-Jul-14	-38220	Sale	3183393	2.40
				01-Aug-14	-29293	Sale	3154100	2.38
				08-Aug-14	-37581	Sale	3116519	2.35
				15-Aug-14	-6397	Sale	3110122	2.34
				22-Aug-14	-12778	Sale	3097344	2.33
				29-Aug-14	-71063	Sale	3026281	2.28
				05-Sep-14	-58930	Sale	2967351	2.24
				12-Sep-14	-44663	Sale	2922688	2.20
				19-Sep-14	-101054	Sale	2821634	2.13
				30-Sep-14	-97348	Sale	2724286	2.05
				03-Oct-14	-44744	Sale	2679542	2.02
				10-Oct-14	-63676	Sale	2615866	1.97
				17-Oct-14	35196	Purchase	2651062	2.00
				24-Oct-14	-9493	Sale	2641569	1.99
				31-Oct-14	-19223	Sale	2622346	1.98
				07-Nov-14	-22959	Sale	2599387	1.96
				14-Nov-14	30873	Purchase	2630260	1.98
				21-Nov-14	-15983	Sale	2614277	1.97
				28-Nov-14	-12228	Sale	2602049	1.96
				05-Dec-14	8582	Purchase	2610631	1.97
				12-Dec-14	103	Purchase	2610734	1.97
				19-Dec-14	-48723	Sale	2562011	1.93
				31-Dec-14	-58375	Sale	2503636	1.89
				02-Jan-15	3016	Purchase	2506652	1.89
				09-Jan-15	25855	Purchase	2532507	1.91
				16-Jan-15	-15269	Sale	2517238	1.90
				23-Jan-15	-133	Sale	2517105	1.90
				30-Jan-15	-30925	Sale	2486180	1.87
				06-Feb-15	-47990	Sale	2438190	1.84
				13-Feb-15	34748	Purchase	2472938	1.86
				20-Feb-15	1870	Purchase	2474808	1.86
				27-Feb-15	-13948	Sale	2460860	1.85
				06-Mar-15	-3172	Sale	2457688	1.85
				13-Mar-15	-205383	Sale	2252305	1.70
				20-Mar-15	-22862	Sale	2229443	1.68
				27-Mar-15	-22997	Sale	2206446	1.66
	At the end of the year			31-Mar-15	-12899	Sale	2193547	1.65

Sl.No.	Name	Shareholding at the beginning of the year		Date	Increase/ Decrease in share holding	Reason	Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the company				No. of Shares	% of total Shares of the company
4	HDFC STANDARD LIFE INSURANCE COMPANY LIMITED	2635024	1.99	01-Apr-14				
				04-Apr-14	21187	Purchase	2656211	2.00
				25-Apr-14	7711	Purchase	2663922	2.01
				02-May-14	-21755	Sale	2642167	1.99
				09-May-14	1024	Purchase	2643191	1.99
				20-Jun-14	-1511	Sale	2641680	1.99
				30-Jun-14	266	Purchase	2641946	1.99
				11-Jul-14	-14101	Sale	2627845	1.98
				18-Jul-14	1416	Purchase	2629261	1.98
				01-Aug-14	310	Purchase	2629571	1.98
				08-Aug-14	-79700	Sale	2549871	1.92
				15-Aug-14	-491	Sale	2549380	1.92
				22-Aug-14	-40822	Sale	2508558	1.89
				29-Aug-14	-1030	Sale	2507528	1.89
				05-Sep-14	-178737	Sale	2328791	1.75
				12-Sep-14	-10000	Sale	2318791	1.75
				30-Sep-14	-41257	Sale	2277534	1.72
				03-Oct-14	-77000	Sale	2200534	1.66
				31-Oct-14	-1377	Sale	2199157	1.66
				05-Dec-14	15	Purchase	2199172	1.66
				12-Dec-14	3	Purchase	2199175	1.66
				19-Dec-14	3	Purchase	2199178	1.66
				31-Dec-14	2294	Purchase	2201472	1.66
				02-Jan-15	740	Purchase	2202212	1.66
				16-Jan-15	4	Purchase	2202216	1.66
				30-Jan-15	1167	Purchase	2203383	1.66
				06-Feb-15	12404	Purchase	2215787	1.67
				13-Feb-15	5243	Purchase	2221030	1.67
				27-Feb-15	321	Purchase	2221351	1.67
				13-Mar-15	24	Purchase	2221375	1.67
				27-Mar-15	5763	Purchase	2227138	1.68
	At the end of the year			31-Mar-15	5187	Purchase	2232325	1.68
5	MORGAN STANLEY ASIA (SINGAPORE) PTE.	2036277	1.53	01-Apr-14				
				04-Apr-14	-19554	Sale	2016723	1.52
				02-May-14	6054	Purchase	2022777	1.52
				09-May-14	-250	Sale	2022527	1.52
				23-May-14	-1500	Sale	2021027	1.52
				30-May-14	-15308	Sale	2005719	1.51
				06-Jun-14	-14004	Sale	1991715	1.50
				13-Jun-14	-6735	Sale	1984980	1.50
				20-Jun-14	-63191	Sale	1921789	1.45
				30-Jun-14	-2596	Sale	1919193	1.45
				04-Jul-14	-4750	Sale	1914443	1.44
				25-Jul-14	750	Purchase	1915193	1.44
				08-Aug-14	4250	Purchase	1919443	1.45
				22-Aug-14	1098	Purchase	1920541	1.45
				29-Aug-14	39	Purchase	1920580	1.45
				05-Sep-14	7907	Purchase	1928487	1.45

Sl.No.	Name	Shareholding at the beginning of the year		Date	Increase/ Decrease in share holding	Reason	Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the company				No. of Shares	% of total Shares of the company
				19-Sep-14	-13297	Sale	1915190	1.44
				30-Sep-14	28793	Purchase	1943983	1.46
				10-Oct-14	1063	Purchase	1945046	1.47
				17-Oct-14	353	Purchase	1945399	1.47
				31-Oct-14	13500	Purchase	1958899	1.48
				07-Nov-14	2378	Purchase	1961277	1.48
				14-Nov-14	6935	Purchase	1968212	1.48
				21-Nov-14	1487	Purchase	1969699	1.48
				28-Nov-14	-18073	Sale	1951626	1.47
				05-Dec-14	19042	Purchase	1970668	1.48
				19-Dec-14	-3500	Sale	1967168	1.48
				31-Dec-14	25500	Purchase	1992668	1.50
				09-Jan-15	-111397	Sale	1881271	1.42
				16-Jan-15	-4695	Sale	1876576	1.41
				23-Jan-15	-129825	Sale	1746751	1.32
				30-Jan-15	-51996	Sale	1694755	1.28
				06-Feb-15	-80155	Sale	1614600	1.22
				13-Feb-15	-1000	Sale	1613600	1.22
				20-Feb-15	-33875	Sale	1579725	1.19
				27-Feb-15	-242500	Sale	1337225	1.01
				06-Mar-15	1500	Purchase	1338725	1.01
				13-Mar-15	-125	Sale	1338600	1.01
				27-Mar-15	13533	Purchase	1352133	1.02
	At the end of the year			31-Mar-15	-2107	Sale	1350026	1.02
6	ICICI PRUDENTIAL MUTUAL FUND	1900709	1.43	01-Apr-14				
				04-Apr-14	-11259	Sale	1889450	1.42
				11-Apr-14	-27904	Sale	1861546	1.40
				18-Apr-14	-126114	Sale	1735432	1.31
				25-Apr-14	-88729	Sale	1646703	1.24
				02-May-14	-343950	Sale	1302753	0.98
				09-May-14	-17690	Sale	1285063	0.97
				16-May-14	-14787	Sale	1270276	0.96
				23-May-14	-18069	Sale	1252207	0.94
				30-May-14	151692	Purchase	1403899	1.06
				06-Jun-14	479099	Purchase	1882998	1.42
				13-Jun-14	11988	Purchase	1894986	1.43
				20-Jun-14	116892	Purchase	2011878	1.52
				30-Jun-14	156809	Purchase	2168687	1.63
				04-Jul-14	-69651	Sale	2099036	1.58
				11-Jul-14	-571	Sale	2098465	1.58
				18-Jul-14	126	Purchase	2098591	1.58
				25-Jul-14	113	Purchase	2098704	1.58
				01-Aug-14	-208	Sale	2098496	1.58
				15-Aug-14	231558	Purchase	2330054	1.76
				22-Aug-14	146878	Purchase	2476932	1.87
				05-Sep-14	74400	Purchase	2551332	1.92
				12-Sep-14	61812	Purchase	2613144	1.97
				19-Sep-14	-27	Sale	2613117	1.97
				30-Sep-14	66585	Purchase	2679702	2.02

Sl.No.	Name	Shareholding at the beginning of the year		Date	Increase/ Decrease in share holding	Reason	Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the company				No. of Shares	% of total Shares of the company
				10-Oct-14	116679	Purchase	2796381	2.11
				17-Oct-14	11971	Purchase	2808352	2.12
				24-Oct-14	32000	Purchase	2840352	2.14
				31-Oct-14	13301	Purchase	2853653	2.15
				14-Nov-14	81276	Purchase	2934929	2.21
				21-Nov-14	-54356	Sale	2880573	2.17
				28-Nov-14	20128	Purchase	2900701	2.19
				05-Dec-14	19317	Purchase	2920018	2.20
				12-Dec-14	138048	Purchase	3058066	2.30
				19-Dec-14	97149	Purchase	3155215	2.38
				31-Dec-14	-1569	Sale	3153646	2.38
				09-Jan-15	98645	Purchase	3252291	2.45
				16-Jan-15	65688	Purchase	3317979	2.50
				23-Jan-15	-25191	Sale	3292788	2.48
				30-Jan-15	-39708	Sale	3253080	2.45
				06-Feb-15	970	Purchase	3254050	2.45
				13-Feb-15	-3356	Sale	3250694	2.45
				20-Feb-15	-46240	Sale	3204454	2.41
				27-Feb-15	-6	Sale	3204448	2.41
				06-Mar-15	-20	Sale	3204428	2.41
				20-Mar-15	37906	Purchase	3242334	2.44
				27-Mar-15	29023	Purchase	3271357	2.46
	At the end of the year			31-Mar-15	93	Purchase	3271450	2.46
7	SBI MUTUAL FUND	1588456	1.20	01-Apr-14				
				04-Apr-14	1900	Purchase	1590356	1.20
				11-Apr-14	-2000	Sale	1588356	1.20
				25-Apr-14	15000	Purchase	1603356	1.21
				23-May-14	-1900	Sale	1601456	1.21
				30-May-14	-46500	Sale	1554956	1.17
				13-Jun-14	-15000	Sale	1539956	1.16
				18-Jul-14	28350	Purchase	1568306	1.18
				08-Aug-14	-50000	Sale	1518306	1.14
				15-Aug-14	-20000	Sale	1498306	1.13
				12-Sep-14	15000	Purchase	1513306	1.14
				19-Sep-14	16000	Purchase	1529306	1.15
				30-Sep-14	-15000	Sale	1514306	1.14
				10-Oct-14	-62769	Sale	1451537	1.09
				17-Oct-14	-38250	Sale	1413287	1.06
				31-Oct-14	-2250	Sale	1411037	1.06
				07-Nov-14	-5000	Sale	1406037	1.06
				14-Nov-14	-39750	Sale	1366287	1.03
				21-Nov-14	-10000	Sale	1356287	1.02
				28-Nov-14	15000	Purchase	1371287	1.03
				12-Dec-14	27092	Purchase	1398379	1.05
				19-Dec-14	410	Purchase	1398789	1.05
				31-Dec-14	20000	Purchase	1418789	1.07
				23-Jan-15	33167	Purchase	1451956	1.09
				06-Mar-15	30000	Purchase	1481956	1.12
				13-Mar-15	20000	Purchase	1501956	1.13
				20-Mar-15	10000	Purchase	1511956	1.14

Sl.No.	Name	Shareholding at the beginning of the year		Date	Increase/ Decrease in share holding	Reason	Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the company				No. of Shares	% of total Shares of the company
				27-Mar-15	11463	Purchase	1523419	1.15
	At the end of the year			31-Mar-15	35	Purchase	1523454	1.15
8	BIRLA SUN LIFE INSURANCE COMPANY LIMITED*	1448120	1.09	01-Apr-14				
				04-Apr-14	106360	Purchase	1554480	1.17
				11-Apr-14	-129900	Sale	1424580	1.07
				18-Apr-14	-12800	Sale	1411780	1.06
				25-Apr-14	2430	Purchase	1414210	1.07
				16-May-14	14125	Purchase	1428335	1.08
				23-May-14	-2140	Sale	1426195	1.07
				30-May-14	673	Purchase	1426868	1.07
				06-Jun-14	-1645	Sale	1425223	1.07
				13-Jun-14	-2250	Sale	1422973	1.07
				20-Jun-14	-6028	Sale	1416945	1.07
				04-Jul-14	513	Purchase	1417458	1.07
				18-Jul-14	1030	Purchase	1418488	1.07
				01-Aug-14	630	Purchase	1419118	1.07
				08-Aug-14	42423	Purchase	1461541	1.10
				15-Aug-14	46000	Purchase	1507541	1.14
				22-Aug-14	530	Purchase	1508071	1.14
				29-Aug-14	-1280	Sale	1506791	1.14
				19-Sep-14	328	Purchase	1507119	1.14
				30-Sep-14	-102650	Sale	1404469	1.06
				10-Oct-14	-24350	Sale	1380119	1.04
				17-Oct-14	-29995	Sale	1350124	1.02
				24-Oct-14	-29700	Sale	1320424	0.99
				31-Oct-14	-30250	Sale	1290174	0.97
				07-Nov-14	-39190	Sale	1250984	0.94
				28-Nov-14	-258317	Sale	992667	0.75
				05-Dec-14	-20000	Sale	972667	0.73
				12-Dec-14	-14000	Sale	958667	0.72
				19-Dec-14	-36610	Sale	922057	0.69
				31-Dec-14	-22900	Sale	899157	0.68
				09-Jan-15	-12600	Sale	886557	0.67
				23-Jan-15	-10120	Sale	876437	0.66
				30-Jan-15	-70000	Sale	806437	0.61
				13-Feb-15	-16493	Sale	789944	0.60
				27-Feb-15	-30150	Sale	759794	0.57
				06-Mar-15	-350	Sale	759444	0.57
				13-Mar-15	23050	Purchase	782494	0.59
				27-Mar-15	-4200	Sale	778294	0.59
	At the end of the year			31-Mar-15	10000		788294	0.59
9	M3 INVESTMENT PRIVATE LIMITED	1443464	1.09	01-Apr-14				
					-			
	At the end of the year			31-Mar-15			1443464	1.09
10	ABU DHABI INVESTMENT AUTHORITY	1381275	1.04	01-Apr-14				
				16-May-14	4500	Purchase	1385775	1.04
				06-Jun-14	10982	Purchase	1396757	1.05

Sl.No.	Name	Shareholding at the beginning of the year		Date	Increase/ Decrease in share holding	Reason	Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the company				No. of Shares	% of total Shares of the company
				20-Jun-14	-50573	Sale	1346184	1.01
				30-Jun-14	970	Purchase	1347154	1.01
				04-Jul-14	3252	Purchase	1350406	1.02
				11-Jul-14	21325	Purchase	1371731	1.03
				18-Jul-14	8552	Purchase	1380283	1.04
				01-Aug-14	-4460	Sale	1375823	1.04
				05-Sep-14	17595	Purchase	1393418	1.05
				14-Nov-14	33512	Purchase	1426930	1.08
				21-Nov-14	23957	Purchase	1450887	1.09
				28-Nov-14	12970	Purchase	1463857	1.10
				19-Dec-14	5900	Purchase	1469757	1.11
				27-Feb-15	-4200	Sale	1465557	1.10
				06-Mar-15	-5491	Sale	1460066	1.10
	At the end of the year			31-Mar-15			1460066	1.10
11	HDFC TRUSTEE CO LTD**	1170623	0.88	01-Apr-14				
				23-May-14	-40012	Sale	1130611	0.85
				30-May-14	50000	Purchase	1180611	0.89
				06-Jun-14	26012	Purchase	1206623	0.91
				20-Jun-14	40000	Purchase	1246623	0.94
				30-Jun-14	34900	Purchase	1281523	0.97
				04-Jul-14	5800	Purchase	1287323	0.97
				11-Jul-14	13600	Purchase	1300923	0.98
				18-Jul-14	28200	Purchase	1329123	1.00
				25-Jul-14	12500	Purchase	1341623	1.01
				01-Aug-14	2500	Purchase	1344123	1.01
				08-Aug-14	53500	Purchase	1397623	1.05
				15-Aug-14	-50000	Sale	1347623	1.02
				29-Aug-14	4000	Purchase	1351623	1.02
				05-Sep-14	6000	Purchase	1357623	1.02
				12-Sep-14	5000	Purchase	1362623	1.03
				30-Sep-14	175000	Purchase	1537623	1.16
				21-Nov-14	25000	Purchase	1562623	1.18
				19-Dec-14	115000	Purchase	1677623	1.26
				31-Dec-14	20000	Purchase	1697623	1.28
				09-Jan-15	90000	Purchase	1787623	1.35
				23-Jan-15	5000	Purchase	1792623	1.35
				06-Feb-15	300000	Purchase	2092623	1.58
				20-Feb-15	70000	Purchase	2162623	1.63
				27-Feb-15	53500	Purchase	2216123	1.67
				06-Mar-15	43000	Purchase	2259123	1.70
				13-Mar-15	240000	Purchase	2499123	1.88
				20-Mar-15	25000	Purchase	2524123	1.90
				27-Mar-15	2500	Purchase	2526623	1.90
	At the end of the year			31-Mar-15			2526623	1.90

*Ceased to be in the list of Top 10 shareholders as on 31-03-2015. The same is reflected above since the shareholder was one of the Top 10 shareholders as on 01-04-2014.

**Not in the list of Top 10 shareholders as on 01-04-2014. The same is reflected above since the shareholder was one of the Top 10 shareholders as on 31-03-2015.

The above information is based on the weekly beneficiary position received from Depositories.

v) Shareholding of Directors and Key Managerial Personnel :

Sl.No.	Name	Shareholding at the beginning of the year		Date	Increase/ Decrease in share holding	Reason	Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the company				No. of Shares	% of total Shares of the company
A	DIRECTORS							
1	Dr. MURALI KRISHNA PRASAD DIVI Chairman and Managing Director	7783500	5.86	01-Apr-14	Nil			
	At the end of the year			31-Mar-15			7783500	5.86
2	NIMMAGADDA VENKATA RAMANA Executive Director	656470	0.50	01-Apr-14				
				04-Apr-14	-118670	Gift	537800	0.41
				17-Apr-14	-1261	Sale	536539	0.40
				21-Apr-14	-40000	Sale	496539	0.37
				22-Apr-14	-35000	Sale	461539	0.35
	At the end of the year			31-Mar-15			461539	0.35
3	MADHUSUDANA RAO DIVI Director - Projects	268816	0.20	01-Apr-14	Nil			
	At the end of the year			31-Mar-15			268816	0.20
4	SATCHANDRA KIRAN DIVI Director & President - Operations	23000000	17.33	01-Apr-14	Nil			
	At the end of the year			31-Mar-15			23000000	17.33
5	Dr. GANGAVARAPU SURESH KUMAR Independent Director	-	-	01-Apr-14				
	At the end of the year			31-Mar-15			-	-
6	RANGA RAO RAVIPATI Independent Director	-	-	01-Apr-14				
	At the end of the year			31-Mar-15			-	-
7	KANTHETI VENKATA KRISHNA SESHAVATARAM Independent Director	-	-	01-Apr-14				
	At the end of the year			31-Mar-15			-	-
8	SURAPANENI SRIDEVI Independent Director	10000	0.01	01-Apr-14	Nil			
	At the end of the year			31-Mar-15			10000	0.01
B	KEY MANAGERIAL PERSONNEL							
1	L.KISHORE BABU Chief Financial Officer	125	-	01-Apr-14	Nil			
	At the end of the year			31-Mar-15			125	-
2	P V LAKSHMI RAJANI Company Secretary	-	-	01-Apr-14				
	At the end of the year			31-Mar-15			-	-

V) INDEBTEDNESS**Indebtedness of the Company including interest outstanding/accrued but not due for payment**

(Rs. in lakhs)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	1632.37	155.06	-	1787.43
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	1632.37	155.06	-	1787.43
Change in Indebtedness during the financial year				
Addition	1550.89	-	-	1550.89
Reduction	676.14	50.06	-	626.08
Net Change	874.75	50.06	-	824.69
Indebtedness at the end of the financial year				
i) Principal Amount	2507.12	105.00	-	2612.12
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	2507.12	105.00	-	2612.12

VI) REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**A. Remuneration to Managing Director, Whole-time Directors and/or Manager :**

(Rs. in lakhs)

Sl.No.	Particulars of Remuneration	Name of MD / WTD / Manager				Total Amount
		Dr. Murali K. Divi	Mr. N.V. Ramana	Mr. Madhusudana Rao Divi	Mr. Kiran S. Divi	
1	Gross Salary					
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	90.00	84.00	78.00	78.00	330.00
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	15.23	13.34	12.00	14.83	55.40
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-	-	-
2	Stock Options	-	-	-	-	-
3	Sweat Equity	-	-	-	-	-
4	Commission					
	- as % of profit	3425.35	1712.67	-	1141.78	6279.80
	- others	-	-	-	-	-
5	Others - PF	10.80	10.08	9.36	9.36	39.60
	Total (A)	3541.38	1820.09	99.36	1243.97	6704.80

Ceiling as per the Act : Rs.11417.82 lakhs (being 10% of the net profits of the Company calculated as per Section 198 of the Companies Act, 2013)

B. Remuneration to other directors :

(Rs. in lakhs)

Sl.No.	Particulars of Remuneration	Name of Directors						Total Amount
		Dr. G. Suresh Kumar	Mr. R. Ranga Rao	Mr. K.V.K. Seshavatham	Mrs. S. Sridevi	Dr. K. Satyanarayana*	Mr. S. Vasudev*	
1	Independent Directors							
	Fee for attending board / committee meetings	6.00	7.00	3.50	3.00	2.00	3.00	24.50
	Commission	-	-	-	-	-	-	-
	Others	-	-	-	-	-	-	-
	Total (1)	6.00	7.00	3.500	3.00	2.00	3.00	24.50
2	Other Non-Executive Directors							
	Fee for attending board / committee meetings	-	-	-	-	-	-	-
	Commission	-	-	-	-	-	-	-
	Others	-	-	-	-	-	-	-
	Total (2)	-	-	-	-	-	-	-
	Total (B) = (1)+(2)	6.00	7.00	3.50	3.00	2.00	3.00	24.50
	Total Managerial Remuneration							6729.30
	Overall Ceiling as per the Act : Rs.12559.60 lakhs (being 11% of the net profits of the Company calculated as per Section 198 of the Companies Act, 2013)							

* Ceased to be Director on 23.06.2015

C. Remuneration to key managerial personnel other than MD/Manager/WTD :

(Rs. in lakhs)

Sl.No.	Particulars of Remuneration	Key Managerial Personnel			Total
		CEO	Company Secretary (P V Lakshmi Rajani)	CFO (L Kishore Babu)	
1	Gross Salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961		21.18	153.75	174.93
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961		-	-	-
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961		-	-	-
		Not Applicable			
2	Stock Options		-	-	-
3	Sweat Equity		-	-	-
4	Commission				
	- as % of profit		-	-	-
	- others		-	-	-
5	Others - PF		0.51	3.69	4.20
	Total		21.69	157.44	179.13

VII) PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES

There were no penalties / punishment / compounding of offences for breach of any section of Companies Act against the Company or its Directors or other officers in default, if any, during the year.

Independent Auditors' Report

To

The Members of DIVI'S LABORATORIES LIMITED

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of DIVI'S LABORATORIES LIMITED ("the Company"), which comprise the Balance Sheet as at 31st March, 2015, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

The company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with provisions of the Act for safeguarding the assets of the company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the 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 standalone financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. 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 the 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 financial control relevant to the company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial control system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, 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 on the standalone financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2015 and its profit and its cash flows for the year ended on that date.

Emphasis of Matter

We draw attention to Note No. 30(II)(9)(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. 4358.08 lakhs given to them by the company. For reasons explained in the said Note, including the subsidiaries future business plans and growth prospects, no provision is considered necessary in the accounts of the Company.

Our opinion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order, to extent applicable.

2. As required by section 143 (3) of the Act, we report that :

- a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the 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 it appears from our examination of those books.
- c. The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- d. In our opinion, the aforesaid standalone financial statements comply with the Accounting standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- e. On the basis of written representations received from the directors as on 31st March, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.
- f. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us :
 - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements - Refer Note No. 30.II.4.A to the financial statements;
 - ii. The Company did not have any long-term contracts with material foreseeable losses and did not have any long-term derivative contracts as at 31st March, 2015;
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and protection Fund by the Company during the year ended 31st March, 2015.

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

N. ANKA RAO
Partner

Membership Number : 23939

Hyderabad.
23.05.2015

Annexure to Independent Auditor's 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) 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.
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 not granted any loans, secured or unsecured, to Companies, firms or other parties listed in the register maintained under section 189 of the Companies Act, 2013 ("the Act"). Therefore, the provisions of Clause 3(iii), (iii) (a) and (iii) (b) of the said 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 nature of its business with regard to purchase of inventory and 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 control system with regard to purchase of inventory and fixed assets and for the sale of goods and services.
5. The Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of

the Act and the rules framed there under to the extent notified.

6. We have broadly reviewed the books of account maintained by the company in respect of products where, pursuant to the Rules made by the Central Government of India, the maintenance of cost records has been prescribed under Sub-section (1) of Section 148 of the Act and are of the opinion that prima facie, the prescribed accounts and 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.
7. (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 undisputed

statutory dues including provident fund, employees state insurance, income tax, sales tax, wealth tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues applicable to it with appropriate authorities. In respect of these statutory dues, there are no outstanding dues as on 31.03.2015 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, value added tax or cess which has not been deposited on account of dispute as on 31.03.2015, except income tax, duty of customs, duty of excise and service tax the details of which are as given below :

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	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 December, 2008	Customs duty and Penalty	18.00	Customs, Excise & Service Tax Appellate Tribunal, south Zonal Bench, Bangalore
Customs Act, 1962	March, 2012	Customs duty and Penalty	36.70	Customs, Excise & Service Tax Appellate Tribunal, south Zonal Bench, Bangalore
Customs Act, 1962	November, 2012	Customs duty and Penalty	63.15	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	September, 2006 to December, 2008	Excise duty and Penalty	244.09	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
Central Excise Act, 1944	May, 2011 to December, 2011	Excise duty and Penalty	19.43	Excise, Customs & Service Tax (Appeals), Visakhapatnam.

Name of the Statute	Period to which the amount relates	Nature of dues	Amount Rs. In Lakhs	Forum where dispute is pending
Central Excise Act, 1944	April, 2010 to November, 2013	Excise duty and Penalty	25.73	Customs, Central Excise & Service Tax (Appeals I and III), Hyderabad.
Service Tax under the Finance Act, 1994	April, 2006 to December, 2006	Penalty	22.69	Customs, Excise & Service Tax Appellate Tribunal, south Zonal Bench, Bangalore
Service Tax under the Finance Act, 1994	April, 2011 to March, 2012	Penalty	37.79	Customs, Central Excise & Service Tax (Appeals-III) Hyderabad.
Service Tax under the Finance Act, 1994	April, 2010 to March, 2011	Penalty	5.93	Customs, Central Excise & Service Tax (Appeals-III) Hyderabad.
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	7.08	Appeal yet to be filed with Commissioner of Income Tax, (Appeals)-X, Hyderabad.
Income Tax Act, 1961	2009-10	Income Tax and Interest	104.91	Commissioner of Income Tax, (Appeals) - II, Hyderabad.
Income Tax Act, 1961	2010-11	Income Tax and Interest	59.85	Commissioner of Income Tax, (Appeals) - X, Hyderabad.

(c) The amount required to be transferred to investor education and protection fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules made thereunder has been transferred to such fund within time.

8. The Company has no accumulated losses as at the end of the financial year and it has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.
9. According to the records of the Company, during the year the Company has not defaulted in repayment of dues to financial institutions or bank. There was no amount raised by the Company through the issue of Debentures.
10. In our opinion, and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions during the year. Accordingly, the provisions of Clause 3(x) of the Order are not applicable to the Company.
11. According to the records of the Company, as the Company has not raised any term loans during the year, the

provisions of Clause 3(xi) of the Order are not applicable to the company for this year.

12. 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

Hyderabad.
23.05.2015

N. ANKA RAO
Partner
Membership Number : 23939

Balance Sheet as at 31st March, 2015

(Rs. in Lakhs)

Particulars	Note No.	As At 31 st March, 2015		As At 31 st March, 2014	
EQUITY AND LIABILITIES					
Shareholders' funds					
Share capital	1	2654.69		2654.69	
Reserves and surplus	2	353541.29	356195.98	300786.93	303441.62
Non-current liabilities					
Long-term borrowings	3	105.00		155.06	
Deferred tax liabilities (Net)	4	13245.13		12167.17	
Long-term provisions	5	699.16	14049.29	318.21	12640.44
Current liabilities					
Short-term borrowings	6	2507.12		1632.37	
Trade payables	7	22437.83		14869.29	
Other current liabilities	8	20273.01		14654.85	
Short-term provisions	9	32013.96	77231.92	31157.76	62314.27
TOTAL			447477.19		378396.33
ASSETS					
Non-current assets					
Fixed assets					
Tangible assets	10	130477.13		122160.15	
Intangible assets		395.42		-	
Capital work-in- progress		21818.23		14448.46	
		152690.78		136608.61	
Non-current investments	11	281.61		281.61	
Long-term loans and advances	12	14907.10		13565.46	
Other non-current assets	13	-	167879.49	-	150455.68
Current assets					
Current investments	14	73300.36		50187.62	
Inventories	15	111489.51		89327.05	
Trade receivables	16	82303.05		79163.59	
Cash and Bank balances	17	5666.33		3576.76	
Short-term loans and advances	18	5915.72		5074.44	
Other current assets	19	922.73	279597.70	611.19	227940.65
TOTAL			447477.19		378396.33
Summary of Significant Accounting Policies and Other Explanatory Information					
	30				

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 : 0022835

Dr. MURALI K. DIVI
Chairman and Managing Director

N.V. RAMANA
Executive Director

Hyderabad
23.05.2015
N. ANKA RAO
Partner
Membership Number : 23939

L. KISHOREBABU
Chief Financial Officer

P.V. LAKSHMI RAJANI
Company Secretary

Statement of Profit and Loss for the Year ended 31st March, 2015

(Rs. in Lakhs)

Particulars	Note No.	For the year ended 31 st March, 2015	For the year ended 31 st March, 2014
REVENUE			
Revenue from operations			
Sale of products		309191.10	251872.82
Sale of traded goods		-	9.07
Sale of services	20	732.57	664.26
Other operating revenues	21	1170.80	679.22
		311094.47	253225.37
Less : Excise duty		2693.58	1828.83
		308400.89	251396.54
Other income	22	4284.08	8390.26
Total Revenue		312684.97	259786.80
EXPENSES			
Cost of Raw materials consumed	23	144627.41	103189.44
Changes in inventories of finished goods, stock-in-trade and work-in-progress	24	(23083.37)	(11375.05)
Employee benefits expense	25	28314.88	22542.66
Finance costs	26	186.45	205.52
Research and development expenses	27	2766.16	2539.13
Depreciation and amortisation expense	28	13585.22	9206.18
Other expenses	29	39570.60	32614.85
Total Expenses		205967.35	158922.73
Profit before tax		106717.62	100864.07
Tax expense			
Current tax		21620.00	20615.00
MAT credit utilisation/(entitlement)		(735.00)	(2368.00)
Deferred tax		1077.96	3511.96
MAT credit adjustments		55.09	(68.08)
Income tax adjustments		(5.96)	0.88
Profit after tax		84705.53	79172.31
Earnings per equity share (Face value Rs.2/- per share)			
Basic and Diluted		63.82	59.65
Summary of Significant Accounting Policies and Other Explanatory Information	30		

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 : 0022835

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
23.05.2015

Cash flow Statement for the Year ended 31st March, 2015

(Rs. in Lakhs)

Particulars	For the year ended 31 st March, 2015	For the year ended 31 st March, 2014
I CASH FLOW / (USED) FROM OPERATING ACTIVITIES :		
Profit before tax for the year	106717.62	100864.07
Add/ (Less) : Adjustments for :		
Depreciation	13585.22	9206.18
Provision for doubtful debts	30.78	0.16
Unrealised foreign exchange loss (net)	654.49	365.46
Provision for doubtful debts no longer required written back	(6.28)	(39.41)
Interest expense	56.64	91.32
Interest income	(464.52)	(609.63)
Bad debts written off	14.20	167.34
Claims written off	0.95	152.99
Dividend from current investments	(3612.78)	(2573.63)
(Profit)/ Loss on sale of assets (net)	(3.80)	0.38
Book deficit on assets discarded	709.10	245.18
	<u>10964.00</u>	<u>7006.34</u>
	117681.62	107870.41
Add / (Less) : Adjustments for Working Capital Changes :		
Decrease in Long term loans and advances	(139.35)	185.26
(Increase) in inventories	(22162.46)	(8732.21)
(Increase) in trade receivables	(4174.38)	(24657.98)
(Increase)/Decrease in short term loans and advances	(703.21)	750.69
(Increase)/Decrease in other current assets	(180.88)	60.26
Increase /(Decrease) in trade payables	7767.37	(756.92)
Increase in other current liabilities	4953.45	2298.17
Increase / (Decrease) in short term provisions	(36.47)	51.49
Increase in long term provisions	380.95	79.12
	<u>(14294.98)</u>	<u>(30722.12)</u>
Cash generated from operations	103386.64	77148.29
Less : Direct taxes paid	21142.83	21333.73
Net Cash flow from operating activities	<u>82243.81</u>	<u>55814.56</u>
II CASH FLOW / (USED) FROM INVESTING ACTIVITIES :		
Purchase of fixed assets	(30713.61)	(24637.46)
Sale of Fixed assets	5.32	9.14
Proceeds / (Purchase) of current investments	(23112.74)	(9406.26)
Dividend from current investments	3612.78	2573.63

(Rs. in Lakhs)		
Particulars	For the year ended 31 st March, 2015	For the year ended 31 st March, 2014
Investments in bank deposits (original maturity of more than three months) (net)	(2202.31)	347.56
Interest received	333.86	605.85
Net Cash (used) in Investing activities	(52076.70)	(30507.54)
III CASH FLOW/ (USED) FROM FINANCING ACTIVITIES :		
Repayment of long-term borrowings	(54.98)	(45.65)
Repayment of short-term borrowings (net)	874.75	(1419.08)
Interest paid	(56.64)	(91.32)
Dividend paid (including corporate dividend tax)	(31058.50)	(23293.87)
Net Cash (Used) in Financing Activities	(30295.37)	(24849.92)
IV Net Increase / (Decrease) in cash and cash equivalents	(128.26)	457.10
V Cash and Cash Equivalents as at the beginning of the year	1034.72	577.62
VI Cash and Cash Equivalents as at the end of the year	906.46	1034.72

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"
3. Summary of Significant Accounting Policies and Other Explanatory Information (Note No. 30) 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 : 0022835

Dr. MURALI K. DIVI
Chairman and Managing Director

N.V. RAMANA
Executive Director

N. ANKA RAO
Hyderabad Partner
23.05.2015 Membership Number : 23939

L. KISHOREBABU
Chief Financial Officer

P.V. LAKSHMI RAJANI
Company Secretary

Notes to Balance Sheet

(Rs. in Lakhs)

Note No.	Particulars	As At 31 st March, 2015	As At 31 st March, 2014
1. SHARE CAPITAL			
	Authorised :		
	15,00,00,000 (Previous year: 15,00,00,000)		
	Equity Shares of Rs.2/- each	<u>3000.00</u>	<u>3000.00</u>
	Issued :		
	13,27,34,290 (Previous year: 13,27,34,290)		
	Equity Shares of Rs.2/- each	<u>2654.69</u>	<u>2654.69</u>
	Subscribed and paid up :		
	13,27,34,290 (Previous year: 13,27,34,290)		
	Equity Shares of Rs 2/- each fully paid up	<u>2654.69</u>	<u>2654.69</u>

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

Particulars	As At 31 st March, 2015 Number	As At 31 st March, 2014 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 31 st March, 2015		As At 31 st March, 2014	
	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
Mr. Satchandra Kiran Divi	23000000	17.33	23000000	17.33
Mrs. Swarnalatha Divi	7000000	5.27	7000000	5.27
Mrs. Nilima Motaparti	27000000	20.34	27000000	20.34
OTHER THAN PROMOTERS GROUP :				
Reliance Capital Trustee Company Limited	6982362	5.26	8069537	6.08

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 2015, the amount of per share dividend recognised as distributions to equity shareholders is Rs. 20/- (31 st March 2014 : Rs. 20/-)

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 31 st March, 2015		As At 31 st March, 2014	
2	RESERVES AND SURPLUS				
	Capital Reserve		32.58		32.58
	Securities Premium Account				
	As Per Last Account		10642.33		10642.33
	General Reserve :				
	As Per Last Account	70000.00		55000.00	
	Add : Amount transferred from Statement of Profit and Loss	20000.00	90000.00	15000.00	70000.00
	Balance in Statement of Profit and Loss (Surplus) :				
	As Per Last Account	220112.02		186998.21	
	Add : Profit as per Statement of Profit and Loss	84705.53		79172.31	
	Total available for allocations and appropriations	304817.55		266170.52	
	Less : Allocations and appropriations :				
	Proposed Dividend	26546.86		26546.86	
	Provision for Corporate Dividend Tax	5404.31		4511.64	
	Amount transferred to General Reserve	20000.00		15000.00	
	Profit carried forward to next year		252866.38		220112.02
			<u>353541.29</u>		<u>300786.93</u>
3	LONG-TERM BORROWINGS				
	Deferred Payment Liabilities (Unsecured) :				
	Deferred Sales Tax Credit	155.06		210.04	
	Less : Current maturities of long-term debt	50.06	105.00	54.98	155.06
	1. Term of Repayment :				
	Period : 14 Years				
	Number of Installments due : 3				
	Rate of Interest : Interest free				
	2. The above liability due thereon has been paid upto date and there are no continuing defaults.				
			<u>105.00</u>		<u>155.06</u>
4	DEFERRED TAX LIABILITIES(NET)				
	Opening balance at the beginning of the year		12167.17		8655.21
	Add : Adjustments during the year		1077.96		3511.96
	Refer Note No. 30 (II)(16)				
			<u>13245.13</u>		<u>12167.17</u>
5	LONG-TERM PROVISIONS				
	Provision for employee benefits		699.16		318.21
	Refer Note No. 30 (II)(11)				
			<u>699.16</u>		<u>318.21</u>

(Rs. in Lakhs)

Note No.	Particulars	As At 31 st March, 2015	As At 31 st March, 2014
6	SHORT-TERM BORROWINGS		
	Loans repayable on demand :		
	Working Capital Loans from banks (Secured) :	954.86	1631.00
	1. Nature of Security : (Secured by hypothecation of stocks, book debts and current assets 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) :	1552.26	1.37
	1. Nature of Security : (Secured by pledge 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.		
		<u>2507.12</u>	<u>1632.37</u>
7	TRADE PAYABLES		
	Dues of Micro and Small Enterprises	-	-
	Dues of Enterprises other than Micro and Small Enterprises Refer Note No. 30 (II)(8)	22437.83	14869.29
		<u>22437.83</u>	<u>14869.29</u>
8	OTHER CURRENT LIABILITIES		
	Current maturities of long-term debt	50.06	54.98
	Advance from customers	4062.68	1285.21
	Unpaid dividends (Of the above, there is no amount due and outstanding to be credited to Investor Education and Protection Fund)	57.54	42.02
	Other Payables :		
	Creditors for Capital Works	2235.91	1577.91
	Statutory liabilities	555.24	387.22
	Employee benefits payable	8069.50	7216.59
	Others	<u>5242.08</u>	<u>4090.92</u>
		16102.73	13272.64
		<u>20273.01</u>	<u>14654.85</u>
9	SHORT-TERM PROVISIONS		
	Provision for employee benefits Refer Note No. 30 (II)(11)	62.79	99.26
	Proposed Dividend	26546.86	26546.86
	Provision for Tax on Proposed Dividend	5404.31	4511.64
		<u>32013.96</u>	<u>31157.76</u>

10. Fixed Assets (Rs. in lakhs)

S.No.	Description	GROSS BLOCK				DEPRECIATION / AMORTISATION					NET BLOCK	
		Cost as at 01.04.2014	Additions	Deductions	Total Upto 31.03.2015	Upto 01.04.2014	Adjustment pursuant to change in accounting estimate (Refer Note No. 30 (II) (3))	For the Year	On Deductions	Total Upto 31.03.2015	As at 31.03.2015	As at 31.03.2014
A	TANGIBLE ASSETS											
1	Free hold land and Development	2723.70	-	-	2723.70	-	-	-	-	-	2723.70	2723.70
2	Buildings	33558.14	2939.94	268.83	36229.25	4953.19	219.26	1374.78	46.60	6500.63	29728.62	28604.95
3	Plant and Equipment	127518.26	17353.38	1266.73	143604.91	43516.10	899.14	9056.96	791.51	52680.69	90924.22	84002.16
4	Laboratory Equipment	7303.83	1685.56	-	8989.39	2023.99	304.72	1101.66	-	3430.37	5559.02	5279.84
5	Furniture and Fittings	971.66	228.22	43.40	1156.48	410.42	5.48	90.75	41.28	465.37	691.11	561.24
6	Vehicles	610.77	112.55	51.80	671.52	383.15	2.05	57.56	48.60	394.16	277.36	227.62
7	Office and other Equipment	666.75	81.71	50.03	698.43	189.55	126.45	158.25	45.51	428.74	269.69	477.20
8	Computers and Data Processing Units	626.14	150.61	66.87	709.88	342.70	26.57	100.73	63.53	406.47	303.41	283.44
	Sub total	173979.25	22551.97	1747.66	194783.56	51819.10	1583.67	11940.69	1037.03	64306.43	130477.13	122160.15
B	INTANGIBLE ASSETS											
	Software	-	456.28	-	456.28	-	-	60.86	-	60.86	395.42	-
	Total	173979.25	23008.25	1747.66	195239.84	51819.10	1583.67	12001.55	1037.03	64367.29	130872.55	122160.15
	Previous year Total	133788.03	40881.14	689.92	173979.25	42938.13	-	9206.18	325.21	51819.10	122160.15	90849.90
C	CAPITAL WORK IN PROGRESS	14448.46	30378.02	23008.25	21818.23	-	-	-	-	-	21818.23	14448.46

Note :

Additions to fixed assets during the year includes value of capital expenditure towards Research and Development aggregating to Rs. 1.03 lakhs (Previous year Rs.965.50 lakhs) (Refer Note No. 30 (ii)(10). Depreciation for the year includes depreciation amounting to Rs.528.52 lakhs (previous year: Rs. 128.02 lakhs) on assets used for Research and Development.

(Rs. in Lakhs)

Note No.	Particulars	As At 31 st March, 2015	As At 31 st March, 2014
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, if any)		
	In Subsidiary Companies :		
	- Divis Laboratories (USA) Inc	245.43	245.43
	2,000 (Previous year: 2,000) Ordinary Shares of US\$0.01 each		
	- Divi's Laboratories EUROPE AG	36.18	36.18
	200 (Previous year: 200) Shares of CHF 500 each		
	In Other Companies:		
	Pattan Cheru 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	<u>1.20</u>	<u>1.20</u>
		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	2142.40	1148.81
	Security Deposits	1426.24	1345.99
	Loans and advances to related parties	4358.08	4796.31
	Refer Note No. 30(II) (13)		
	Pre-paid Expenses	35.10	9.03
	Prepaid Taxes (Net of Provision for Taxation of Rs.70730.93 Lakhs, previous year Rs.53030.90 Lakhs)	3336.39	3127.69
	Other Loans and advances	560.98	769.63
	MAT Credit entitlements	3047.91	2368.00
		<u>14907.10</u>	<u>13565.46</u>
13	OTHER NON CURRENT ASSETS		
	Long term trade receivables :		
	Unsecured , considered doubtful	40.01	20.09
	Less : Provision for doubtful debts	<u>40.01</u>	<u>20.09</u>
		-	-
	Other receivables :		
	Unsecured , considered doubtful	5.18	0.60
	Less : Provision for doubtful debts	<u>5.18</u>	<u>0.60</u>
		-	-

		(Rs. in Lakhs)	
Note No.	Particulars	As At 31 st March, 2015	As At 31 st March, 2014
14	CURRENT INVESTMENTS		
	Investments in Mutual Funds :		
	Unquoted (At lower of Cost and Fair Value)		
	SBI Mutual Fund - SBI-SHF-Ultra Short Term Debt Fund		
	- Direct daily Dividend Plan	73204.10	45187.02
	73,03,950 (Previous year: 45,09,564) Units of Rs.1000/- each		
	Fair Value: Rs.73404.36 lakhs (Previous year: Rs.45222.04 lakhs)		
	SBI-ULTRA Short term Debt Fund -Regular daily Dividend Plan	96.26	5000.60
	9,606 (Previous year: 4,99,123) Units of Rs.1000/- each		
	Fair Value Rs. 96.53 lakhs (Previous year Rs.5005.81 lakhs)		
		<u>73300.36</u>	<u>50187.62</u>
	Aggregate amount of unquoted investments	73300.36	50187.62
	Aggregate Provision for diminution in value of Investments	-	-
15	INVENTORIES (Valued at lower of Cost and Net realisable Value)		
	Raw Materials	26772.00	28264.54
	(including stock in transit of Rs.1088.79 lakhs (previous year Rs Nil)		
	Work - in - Progress	70256.28	50797.04
	Finished Goods	7611.98	3932.24
	(including stock in transit of Rs. Nil (previous year Rs.17.72 lakhs)		
	Stock - in - Trade	0.87	0.87
	Stores and Spares	6848.38	6332.36
		<u>111489.51</u>	<u>89327.05</u>
16	TRADE RECEIVABLES		
	(Unsecured, Considered Good)		
	Outstanding for a period exceeding six months from the date they became due for payment	1504.00	1244.09
	Others	80799.05	77919.50
		<u>82303.05</u>	<u>79163.59</u>
17	CASH AND BANK BALANCES		
	Cash and Cash Equivalents :		
	Cash on Hand	6.29	12.08
	Balance with Banks		
	In Current Accounts	<u>900.17</u>	<u>1022.64</u>
	Other Bank Balances :		
	In Unclaimed Dividend accounts	57.54	42.02
	In Fixed Deposits with original maturity of more than three months but less than twelve months	4702.33	2500.02
	(Pledged towards Overdraft facilities from banks)		
		<u>5666.33</u>	<u>3576.76</u>

(Rs. in Lakhs)

Note No.	Particulars	As At 31 st March, 2015	As At 31 st March, 2014
18	SHORT-TERM LOANS AND ADVANCES		
	(Unsecured, considered good)		
	Central excise duty deposit	1739.71	1420.75
	Prepaid expenses	502.12	318.45
	Advances to suppliers	1713.22	2005.46
	Advances to employees	14.78	24.77
	Other advances and receivables	1945.89	1305.01
		<u>5915.72</u>	<u>5074.44</u>
19	OTHER CURRENT ASSETS		
	Interest accrued on deposits	278.54	147.88
	Export Incentives receivable	192.25	200.00
	Insurance claims receivable	277.41	133.69
	Other receivables	174.53	129.62
		<u>922.73</u>	<u>611.19</u>

Notes to Statement of Profit and Loss

(Rs. in Lakhs)

Note No.	Particulars	For the Year Ended 31 st March, 2015	For the Year Ended 31 st March, 2014
20	SALE OF SERVICES		
	Contract research fee	732.57	638.65
	Job work charges	-	25.61
		<u>732.57</u>	<u>664.26</u>
21	OTHER OPERATING REVENUES		
	Export incentives	162.43	138.54
	Sale of scrap out of manufacturing process	1008.37	540.68
		<u>1170.80</u>	<u>679.22</u>
22	OTHER INCOME		
	Interest income	464.52	609.63
	Dividend income from current investments	3612.78	2573.63
	Net gain on foreign currency transaction and translations	-	5041.79
	Sale of other scrap	56.76	67.75
	Provision for liabilities no longer required written back	130.97	11.73
	Provision for doubtful debts no longer required written back	6.28	39.41
	Profit on sale of assets (Net of loss on sale of assets of Rs. 0.25 lakhs)	3.80	-
	Other non-operating income	8.97	46.32
		<u>4284.08</u>	<u>8390.26</u>
23	COST OF RAW MATERIALS CONSUMED		
	Refer Note No. 30 (II)(17)		
	Opening Inventory	28264.54	29414.96
	Add : Purchases during the year	<u>143134.87</u>	<u>102039.02</u>
		171399.41	131453.98
	Less : Closing Inventory	<u>26772.00</u>	<u>28264.54</u>
		<u>144627.41</u>	<u>103189.44</u>
24	CHANGE IN INVENTORY OF FINISHED GOODS, STOCK-IN-TRADE AND WORK-IN-PROGRESS		
	Finished Goods :		
	Closing Inventory	7611.98	3932.24
	Opening Inventory	<u>3932.24</u>	<u>2882.55</u>
	Excise duty adjustment in movement in finished goods inventory	(55.61)	58.10
		(3624.13)	(1107.79)
	Stock - in - Trade :		
	Closing Inventory	0.87	0.87
	Opening Inventory	<u>0.87</u>	<u>9.53</u>
	Work-in-Progress :		
	Closing Inventory	70256.28	50797.04
	Opening Inventory	<u>50797.04</u>	<u>40521.12</u>
		(23083.37)	(11375.05)

(Rs. in Lakhs)

Note No.	Particulars	For the Year Ended 31 st March, 2015	For the Year Ended 31 st March, 2014
25	EMPLOYEE BENEFITS EXPENSE		
	Salaries, wages, bonus and other allowances	26833.53	21323.79
	Contribution to Provident and other funds	573.44	366.71
	Contribution to ESI	117.11	123.65
	Staff welfare expenses	790.80	728.51
		<u>28314.88</u>	<u>22542.66</u>
26	FINANCE COSTS		
	Interest expense	54.43	36.48
	Interest on Income Tax	2.21	54.84
	Other borrowing costs	129.81	114.20
		<u>186.45</u>	<u>205.52</u>
27	RESEARCH AND DEVELOPMENT EXPENSES		
	Raw Materials Consumed	90.66	128.81
	Salaries, wages, bonus and other allowances	1602.13	1553.60
	Contribution to Provident and other funds	42.10	36.48
	Contribution to ESI	3.67	6.67
	Staff Welfare expenses	1.62	2.43
	Stores consumed	329.57	228.85
	Power and fuel	100.31	120.07
	Repairs to Buildings	8.90	21.39
	Repairs to Machinery	180.90	213.98
	Repairs to other assets	59.38	14.94
	Rates and taxes, excluding taxes on income	85.97	70.46
	Printing and stationery	12.62	8.98
	Communication expenses	1.56	1.13
	Travelling and conveyance	0.34	12.92
	Vehicle maintenance	0.05	0.01
	Professional and consultancy charges	170.93	71.64
	Miscellaneous expenses	74.90	46.28
	Bank charges and commission	0.55	0.49
		<u>2766.16</u>	<u>2539.13</u>
28	DEPRECIATION AND AMORTISATION EXPENSE		
	Depreciation Expense	11940.69	9206.18
	Amortisation expense	60.86	-
	Depreciation adjustments pursuant to change in accounting estimate Refer Note No. 30 (II)(3)	1583.67	-
		<u>13585.22</u>	<u>9206.18</u>
29	OTHER EXPENSES		
	Consumption of stores and spare parts	2639.70	2159.82
	Packing materials consumed	2859.88	2209.02

(Rs. in Lakhs)

Note No.	Particulars	For the Year Ended 31 st March, 2015	For the Year Ended 31 st March, 2014
	Power and fuel	17082.45	14739.68
	Repairs to Buildings	686.48	535.03
	Repairs to Machinery	3951.32	3108.94
	Repairs to other assets	94.31	100.12
	Insurance	425.20	339.86
	Rates and taxes, excluding taxes on income	600.85	506.73
	Directors sitting fees	24.50	5.40
	Printing and stationery	263.30	246.10
	Rent	73.49	65.53
	Communication expenses	100.25	87.34
	Travelling and conveyance	738.41	422.54
	Vehicle maintenance	262.91	206.40
	Payment to Auditors :		
	As Statutory Audit	25.00	24.00
	As Tax Auditors	12.00	12.00
	For Certification	8.25	13.00
	For Quarterly Reviews	12.75	10.50
	For Taxation Matters	15.00	5.00
	For Reimbursement of expenses	0.92	1.01
	Professional and consultancy charges	610.43	267.44
	Net loss on foreign currency transaction and translations	104.50	-
	Factory upkeep	221.21	234.56
	Environment management expenses	1019.91	772.85
	Advertisement	13.32	17.54
	Sales commission	523.52	486.74
	Carriage outward	4046.41	3460.03
	General expenses	1937.48	1835.83
	Bad debts written off	14.20	167.34
	Provision for doubtful debts	30.78	0.16
	Donations	-	1.02
	Corporate Social Responsibility (CSR) Expenditure (Refer Note No. 30 (II)(25))	358.21	86.24
	Loss on sale of assets (Net of profit on sale of Assets of Rs.Nil (previous year Rs. 0.78lakhs)	-	0.38
	Book deficit on assets discarded	709.10	245.18
	Claims Written off	0.95	152.99
	Bank charges	98.71	87.05
	Prior year expenses	4.90	1.48
		<u>39570.60</u>	<u>32614.85</u>

30. 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 in compliance with all material aspects of the Accounting Standards specified under section 133 of the Companies Act, 2013 ("the Act"), read with Rule 7 of the Companies (Accounts) Rules, 2014, other relevant provisions of the Act, other pronouncements of the Institute of Chartered Accountants of India 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 Schedule III of the Act. 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. TANGIBLE ASSETS AND DEPRECIATION :

- i. Tangible fixed assets are stated at historical cost less accumulated depreciation thereon and impairment losses, if any. Historical cost is inclusive of 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 is provided on straight line basis so as to write off the depreciable amount of the asset over the useful lives specified in Schedule II of the Act. The useful life of the assets are periodically reviewed and re-determined based on technical evaluation and expected use and the unamortized depreciable amount is charged over the remaining useful life of such assets.
- iii. Depreciation on Fixed Assets used for the Project under construction is included under Expenditure during construction period Pending Capitalisation.
- iv. 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. INTANGIBLE ASSETS AND AMORTISATION :

Intangible assets are stated at historical cost less accumulated amortisation thereon and impairment losses, if any. These assets are amortised over a period of 3 years, which is based on their estimated useful lives.

E. 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.

F. 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.

G. 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.

H. 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.

I. 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.

J. 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.

K. 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 gratuity liabilities to the employees. 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.

L. 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 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 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 Alternate 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.

M. 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.

N. 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 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.

O. 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.

P. 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.

Q. 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.

R. 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.

S. 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.

T. 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.

U. 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 States of Andhra Pradesh and Telangana, 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. CHANGE IN ACCOUNTING ESTIMATES :

As per the requirements of the Companies Act, 2013 ("the Act") effective from 1st April, 2014, the useful lives of fixed assets of the Company have been revised to the useful lives specified in Part-C of Schedule II of the Act. Consequently, depreciation for the year is higher by Rs.1564 lakhs and depreciation of Rs. 1583.67 Lakhs on account of assets whose useful life is already exhausted as on 1st April, 2014 has been charged off to Statement of Profit and Loss.

4. CONTINGENT LIABILITIES AND COMMITMENTS :

		(Rs. in Lakhs)	
Particulars		2014-15	2013-14
A. CONTINGENT LIABILITIES			
(i)	On account of Letter of Credit and Guarantees issued by the bankers.	7493.16	5435.30
(ii)	Claims against the Company not acknowledged as debts in respect of :		
	Central Excise	400.82	354.66
	Customs	154.47	32.91
	Service Tax	69.96	57.09
	Income Tax	172.25	2200.32
	Sales Tax	10.30	-
	Note : It is not practicable for the company to estimate the timings of cash flows, if any, in respect of the above pending resolution of the respective proceedings.		
B. COMMITMENTS			
(i)	Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of advances)	2862.36	2056.62
(ii)	On account of bonds and / or legal agreements executed with Central Excise/ Customs authorities/ Development Commissioners	11950.00	11950.00

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. 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)						
Sl. No.	Particulars	Type of Foreign Currency	As on 31.3.2015		As on 31.3.2014	
			Foreign Currency	Amount	Foreign Currency	Amount
1.	Payable for Supplies and services	EURO	2.43	164.02	-	-
		USD	176.66	11057.54	124.20	7464.43

(Rs. in Lakhs)

Sl. No.	Particulars	Type of Foreign Currency	As on 31.3.2015		As on 31.3.2014	
			Foreign Currency	Amount	Foreign Currency	Amount
2.	Advance Payments to Supplies and Services	EURO	2.09	141.15	0.22	18.06
		USD	6.62	414.54	7.22	433.71
		NOK	-	-	1.37	13.77
		GBP	0.01	0.22	0.06	5.52
3.	Receivables for Supplies and Services	EURO	80.66	5445.19	35.71	2948.82
		GBP	113.81	10522.94	119.32	11914.52
		USD	912.81	57133.32	942.74	56658.59
		ACU	0.10	6.51	1.80	108.47
4.	Advance Receipts for Supplies and Services	EURO	0.11	7.38	0.41	33.96
		GBP	12.22	1129.40	0.97	96.87
		USD	46.57	2914.69	18.15	1090.63
5.	Loans and Advances	CHF	43.19	2791.37	44.19	2991.45
		USD	25.03	1566.71	30.03	1804.86
TOTAL			93294.98		85583.66	

8. DUES OF MICRO AND SMALL ENTERPRISES :

The information as required to be disclosed under Schedule III of the Act, 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	2014-15	2013-14
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 31 st 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

9. ADVANCES TO SUBSIDIARIES :

- The Company had undertaken to provide financial assistance to its wholly owned subsidiaries Viz., Divi's Laboratories (USA) Inc., and Divi's Laboratories Europe AG by way of Interest free loans with no specific repayment schedule before 1.04.2014. In respect of loan to Divi's Laboratories Europe AG, the same is subordinated to other creditors to the extent of CHF 50.00 Lakhs equivalent to Rs.3231.25 Lakhs (Previous year CHF 45.00 Lakhs equivalent to Rs. 3046.05 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	
	31.03.2015	31.03.2014	2014-15	2013-14
Divis Laboratories (USA) Inc	1566.71	1804.86	1804.86	2199.15
Divi's Laboratories Europe AG	2791.37	2991.45	2991.45	3148.62

- 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 31.03.2015.

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

(Rs. in Lakhs)

Particulars	2014-15	2013-14
Buildings	-	137.89
Plant and machinery	0.21	230.29
Lab equipment	0.41	588.65
Office equipment	0.41	0.86
Furniture and fittings	-	7.81
Total	1.03	965.50

11. EMPLOYEE BENEFITS :

The disclosures required under Accounting Standard 15 "Employee Benefits" are given below :

I Defined Contribution Schemes :

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

(Rs. in Lakhs)

Particulars	2014-15	2013-14
Employer's Contribution to Provident Fund	516.78	309.60
Employer's Contribution to State Insurance Scheme	120.79	130.32

II Defined Benefit Plans :

GRATUITY

(Rs. in Lakhs)

Particulars	2014-15	2013-14
A) Components of Employer Expense		
Current Service Cost	15.32	40.04
Interest Cost on Benefit Obligation	61.27	52.75
Expected Return On Plan Assets	Nil	(46.48)
Net Actuarial Gain /Loss Recognised	39.52	61.99

(Rs. in Lakhs)

Particulars	2014-15	2013-14
Past Service Cost	Nil	Nil
Settlement Cost	(22.70)	Nil
Total expense recognised in Statement of Profit and Loss	93.41	108.30
B) Actual Return on Plan Assets	(64.86)	(46.48)
C) Net Asset /Liability recognised in Balance Sheet		
Defined Benefit Obligation	859.28	765.87
Fair Value Of Plan Assets	(1086.51)	(701.23)
Status(Surplus/Deficit)	Nil	Nil
Unrecognised Past Service Cost	Nil	Nil
Net Asset/Liability recognised in Balance Sheet	(227.23)	64.64
D) Changes in the PV of DBO		
Opening Defined Benefit Obligation	765.87	659.30
Interest Cost	61.27	52.75
Current Service Cost	15.32	40.04
Benefits Paid	(22.70)	(48.21)
Actuarial(gains)losses on obligation	39.52	61.99
Closing Defined Benefit obligation	859.28	765.87
E) Changes in Fair Value of Plan Assets		
Opening Fair Value of Plan Assets	701.23	692.39
Expected Return	64.86	46.48
Contributions	295.90	Nil
Benefits Paid	(22.70)	(37.64)
Actuarial Gain/loss	47.22	Nil
Closing Fair value of Plan Assets	1086.51	701.23
F) Movement in Balance Sheet		
Opening liability	765.87	(33.09)
Expenses as above	93.41	108.30
Contribution Paid	(1086.51)	Nil
Direct Payments	-	(10.57)
Closing Net Liability	(227.23)	64.64
G) Actuarial assumptions		
Retirement age	60years	60years
Future Salary Rise	4%	7%
Rate of Discounting	8%	8%
Attrition Rate	1% to 3%	6%
	depending on age	
Rate of Return on Plan Assets	9.00%	9.25%
Av Balance Future Service	30.82 Years	30.82 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	2014-15	2013-14
A Reconciliation of opening and closing balances of Defined Benefit obligation :		
Defined Benefit obligation at beginning of the year	352.84	286.86
Current Service Cost	7.05	19.66
Interest Cost	28.23	22.95
Actuarial (gain)/loss	402.04	60.58
Benefits paid	(28.21)	(37.21)
Defined Benefit obligation at year end	761.95	352.84
B Expenses recognised during the year :		
Current Service Cost	7.05	19.66
Interest Cost on benefit obligation	28.23	22.95
Expected return on plan assets		
Actuarial (gain)/loss	402.04	60.58
Net benefit expense	437.32	103.19
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)	1% to 3% depending on age	6.00%
Rate of escalation in salary (per annum)	4.00%	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.

12. 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.

13. 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 | 3. Mr. D. Madhusudana Rao |
| 2. Mr. N.V. Ramana | 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 | 8. Mrs. A. Shanti Chandra |
| 2. Mrs. M. Nilima | 9. Mrs. N. Nirmala Kumari |
| 3. Mr. D. Babu Rajendra Prasad | 10. Mrs. N. Chandrika Ramana |
| 4. Mr. D. Radha Krishna Rao | 11. Mr. N.V. Anirudh |
| 5. Mr. D. Sri Ramachandra Rao | 12. Miss. N. Monisha |
| 6. Mrs. D. Raja Kumari | 13. Mr. N. Prashanth |
| 7. Mr. D. Satyasayee Babu | 14. 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 and Agro Farms 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
8.	Sky High Infrastructure Private Limited	Company In Which Key Management Personnel have Significant Influence	No
9.	Pridhvi Asset Reconstruction and Securitisation Co Ltd	Company In Which Key Management Personnel And Relatives of Key Management Personnel have Significant Influence	No

Transactions with Related Parties :

(Rs. in Lakhs)

S.No.	Particulars	2014 - 15		2013 - 14	
		Amount	Outstanding as at 31.03.2015	Amount	Outstanding as at 31.03.2014
1.	Managerial Remuneration to Key Management Personnel	6704.80	6299.06	6332.31	5926.56
2.	Dividend paid to Key Management Personnel	6302.77	-	4770.04	-
3.	Lease Rent to Key Management Personnel	36.74	3.24	32.77	3.09
4.	Lease Rent to Relative of Key Management Personnel	36.74	3.24	32.77	3.09
5.	Dividend paid to Relatives of Key Management Personnel	6955.08	-	5211.60	-
6.	Salary and Allowances to Relatives of Key Management Personnel	18.02	1.22	14.24	1.16
7.	Dividend paid to Company In Which Key Management Personnel have Significant Influence	800.00	-	600.00	-
8.	Repayment of Advance from Subsidiaries	374.79	4358.08	374.03	4796.31
9.	Sales to Subsidiaries	11713.25	11288.12	9603.96	9207.64
10.	Purchases of Materials from Subsidiaries	2.31	-	2.24	-

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	2014-15	2013-14
Managerial Remuneration	Dr. Muali. K. Divi	3541.38	3338.57
	Mr. N.V. Ramana	1820.09	1717.83
	Mr. D. Madhusudana Rao	99.36	99.36
	Mr. Kiran S. Divi	1243.97	1176.55
Salary and Allowances	Mrs. Nilima Motaparti	13.15	13.15
Rent	Mr. Kiran S. Divi	36.74	32.77
	Mrs. Nilima Motaparti	36.74	32.77
Dividend Paid	Dr. Murali. K. Divi	1556.70	1167.53
	Mr. Kiran S. Divi	4600.00	3450.00
	Mrs. Nilima Motaparti	5400.00	4050.00
Sales to Subsidiaries	Divis Laboratories (USA) Inc.	6479.55	7888.65
	Divi's Laboratories EUROPE AG	5233.70	1715.31
Repayment of Advance from Subsidiaries	Divis Laboratories (USA) Inc.	310.47	306.24
	Divi's Laboratories EUROPE AG	64.33	67.79
Purchases of Materials from Subsidiary	Divis Laboratories (USA) Inc.	2.31	2.24

14. 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.73.49 Lakhs (Previous Year Rs. 65.53 Lakhs). The future minimum lease payments are as given below :

(Rs. in Lakhs)

Year Ending	2014-15	2013-14
Not later than one year	77.16	73.49
Later than one year and not later than five years	172.72	249.88
Later than Five years	-	-

15. EARNINGS PER SHARE (EPS) :

The Numerator and denominator used to calculate Earnings Per Share :

(Rs. in Lakhs except Earnings per Share)

Particulars	2014-15	2013-14
A. EARNINGS :		
Profit attributable to Equity Shareholders	84705.53	79172.31
B. NO. OF SHARES :		
Weighted average number of Equity shares outstanding during the year (Nos.)	132734290	132734290
C. EARNINGS PER SHARE :		
Earnings Per Share of Par Value of Rs. 2/- each - Basic and Diluted (Rs.)	63.82	59.65

16. DEFERRED TAX :

Movement of Provision for Deferred Tax for the year ended 31.03.2015 is as given below :

(Rs. in Lakhs)

Particulars	As at 01.04.2014	(Charges) / Credit for the year	As at 31.03.2015
Timing Differences on account of :			
Deferred Tax Liability :			
Depreciation on Assets	12400.77	1262.15	13662.92
Total (A)	12400.77	1262.15	13662.92
Deferred Tax Assets :			
Expenses allowable on the basis of Payment	226.16	179.46	405.62
Others	7.44	4.73	12.17
Total (B)	233.60	184.19	417.79
Net (A-B)	12167.17	1077.96	13245.13

17. DETAILS OF RAW MATERIALS CONSUMED :

(Rs. in Lakhs)

Raw Materials	2014-15	2013-14
Toluene	6857.36	5744.64
Beta Naphthol	4824.91	4951.25
Methanol	4730.87	3470.71
Ethyl acetate	5348.06	3147.05
Caustic soda lye	3535.97	3374.02
Para anisaldehyde	1246.94	1215.59
Secondary butyl alcohol	2049.92	1775.62
1,1 Cyclo hexane diacetic acid	11151.00	6544.43
Aluminium chloride	1697.20	1327.03
Others	103185.18	71639.10
TOTAL	144627.41	103189.44

18. DETAILS OF FINISHED GOODS :

(Rs. in Lakhs)

Particulars	Sales Value		Closing Inventory		Opening Inventory	
	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14
Manufactured Goods						
Active Pharma Ingredients and Intermediates	309191.10	251872.82	7611.98	3932.24	3932.24	2882.55
Traded Goods						
Active Pharma Ingredients and Intermediates	-	9.07	0.87	0.87	0.87	9.53

19. DETAILS OF WORK-IN-PROGRESS :

(Rs. in Lakhs)

Particulars	Closing Inventory	
	2014-15	2013-14
Active Pharma Ingredients and Intermediates	70256.28	50797.04

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

(Rs. in Lakhs)

Particulars	2014-15	2013-14
Raw Materials	71467.15	48425.87
Packing Material	171.43	174.45
Lab Chemicals	97.88	52.15
Components, Spare parts and Others	312.51	97.47
Capital goods	2375.68	1943.65

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

(Rs. in Lakhs)

Particulars	2014-15	2013-14
Membership and Subscription	59.24	59.90
Books and Periodicals	-	14.03
Travelling Expenses	194.84	128.49
Consultancy charges	665.22	288.15
Sales commission	324.59	392.24
Foreign Bank charges	58.62	53.46
Rates and Taxes	118.15	166.35
Others	35.65	32.74

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	2014-15		2013-14	
	Value	%	Value	%
A. Raw Materials				
Imported	72250.56	49.96	48816.59	47.31
Indigenous	72376.85	50.04	54372.85	52.69
Total	144627.41	100.00	103189.44	100.00

(Rs. in Lakhs)

Particulars	2014-15		2013-14	
	Value	%	Value	%
B. Spare parts and components				
Imported	253.11	15.77	47.60	3.47
Indigenous	1351.76	84.23	1325.46	96.53
Total	1604.87	100.00	1373.06	100.00

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

Particulars	2014-15	2013-14
A. Total No. of Non-resident Shareholders (Nos.)	1	1
B. Total No. of Shares held by them(Equity Shares of Rs. 2/- each) (Nos.)	1000	1000
C. Year to which dividend related to	2013-14	2012-13
D. Amount of dividend Remitted(Net of Tax Rs. NIL) (Rs.in Lakhs.)	0.20	0.15

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

(Rs. in Lakhs)

Particulars	2014-15	2013-14
FOB Value of Exports	262437.78	225764.30
Export of Services	732.57	421.00

25. CSR EXPENDITURE :

a. Gross amount required to be spent during the year is Rs.1771.40 Lakhs

b. Amount spent during the year on :

(Rs. in Lakhs)

S.No.	Particulars	In cash		Yet to be paid in cash	Total
		Expenditure debited to Statement of Profit and Loss	Advance paid		
(A)	Construction / acquisition of any asset	-	-	-	-
(B)	On purposes other than (A) above				
1	Promoting Education	89.64	9.00	-	98.64
2	Promoting health care	11.38	-	-	11.38
3	Rural development	101.48	-	-	101.48
4	Empowering Women	0.33	-	-	0.33
5	Animal Welfare	2.78	-	-	2.78
6	Safe Drinking Water	133.22	154.95	24.79	263.38
7	Environment Sustainability	15.88	-	-	15.88
8	Promotion of Rural Sports	3.50	-	-	3.50
	TOTAL	358.21	163.95	24.79	497.37

Per Our Report of Even Date
For P.V.R.K. NAGESWARA RAO & CO
Chartered Accountants
Firm's Registration Number : 0022835

For and on behalf of the Board

Dr. MURALI K. DIVI
Chairman and Managing Director

N.V. RAMANA
Executive Director

Hyderabad
23.05.2015

N. ANKA RAO
Partner
Membership Number : 23939

L. KISHOREBABU
Chief Financial Officer

P.V. LAKSHMI RAJANI
Company Secretary

Independent Auditors' Report

To

The Board of Directors of
DIVI'S LABORATORIES LIMITED

We have audited the accompanying consolidated financial statement 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, 2015, 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 and presentation 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 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 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, specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

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 :

- in the case of the consolidated Balance Sheet, of the state of affairs of the Company as at March 31, 2015;
- in the case of the consolidated Statement of Profit and Loss, of the profit for the year ended on that date; and
- 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 of Rs. 10477.94 lakhs as at March 31, 2015, total revenues of Rs. 16835.44 lakhs and net cash inflows amounting to Rs. 384.04 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

Hyderabad.
23.05.2015

N. ANKA RAO
Partner
Membership Number : 23939

Consolidated Balance Sheet as at 31st March, 2015

(Rs. in Lakhs)

Particulars	Note No.	As At 31 st March, 2015		As At 31 st March, 2014	
EQUITY AND LIABILITIES					
Shareholders' funds					
Share capital	1	2654.69		2654.69	
Reserves and surplus	2	346881.29	349535.98	293680.28	296334.97
Non-current liabilities					
Long-term borrowings	3	105.00		155.06	
Deferred tax liabilities (Net)	4	12621.81		11500.34	
Long-term provisions	5	699.16	13425.97	318.21	11973.61
Current liabilities					
Short-term borrowings	6	2507.12		1632.37	
Trade payables	7	22686.57		15170.48	
Other current liabilities	8	20344.94		14779.98	
Short-term provisions	9	32013.96	77552.59	31157.76	62740.59
TOTAL			440514.54		371049.17
ASSETS					
Non-current assets					
Fixed assets					
Tangible assets	10	130494.03		122184.12	
Intangible assets		395.42		-	
Capital work-in-progress		21818.23		14448.46	
		152707.68		136632.58	
Non-current investments	11	-		-	
Long-term loans and advances	12	10567.07		8781.16	
Other non-current assets	13	-	163274.75	-	145413.74
Current assets					
Current investments	14	73300.36		50187.62	
Inventories	15	116264.02		93241.76	
Trade receivables	16	74164.26		72370.20	
Cash and Bank balances	17	6521.98		4050.57	
Short-term loans and advances	18	6066.44		5174.09	
Other current assets	19	922.73	277239.79	611.19	225635.43
TOTAL			440514.54		371049.17
Summary of Significant Accounting Policies and Other Explanatory Information		30			

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 : 0022835

Dr. MURALI K. DIVI
Chairman and Managing Director

N.V. RAMANA
Executive Director

N. ANKA RAO
Hyderabad Partner
23.05.2015 Membership Number : 23939

L. KISHOREBABU
Chief Financial Officer

P.V. LAKSHMI RAJANI
Company Secretary

Consolidated Statement of Profit and Loss for the Year ended 31st March, 2015 (Rs. in Lakhs)

Particulars	Note No.	For the year ended 31 st March, 2015	For the year ended 31 st March, 2014
REVENUE			
Revenue from operations			
Sale of products		298302.93	243887.84
Sale of traded goods		13981.29	9811.55
Sale of services	20	732.57	664.26
Other operating revenues	21	1170.80	679.22
		314187.59	255042.87
Less : Excise duty		2693.58	1828.83
		311494.01	253214.04
Other income	22	4469.68	7060.32
Total Revenue		315963.69	260274.36
EXPENSES			
Cost of Raw materials consumed	23	145102.84	103638.90
Purchases of Stock-in-trade		180.82	48.40
Changes in inventories of finished goods, stock-in-trade and work-in-progress	24	(23959.73)	(12271.93)
Employee benefits expense	25	29042.00	23246.28
Finance costs	26	186.45	205.52
Research and development expenses	27	2766.16	2539.13
Depreciation and amortisation expense	28	13599.84	9211.60
Other expenses	29	41837.53	34564.80
Total Expenses		208755.91	161182.70
Profit before tax		107207.78	99091.66
Tax expense			
Current tax		21620.00	20615.00
MAT credit utilisation/ (entitlement)		(735.00)	(2368.00)
Deferred tax		1121.47	3578.05
MAT credit adjustments		55.09	(68.08)
Income tax adjustments		(5.96)	0.88
Profit after tax		85152.18	77333.81
Earnings per equity share (Face value Rs.2/- per share)			
Basic and Diluted		64.15	58.26
Summary of Significant Accounting Policies and Other Explanatory Information	30		

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 : 0022835

Dr. MURALI K. DIVI
Chairman and Managing Director

N.V. RAMANA
Executive Director

Hyderabad
23.05.2015
N. ANKA RAO
Partner
Membership Number : 23939

L. KISHOREBABU
Chief Financial Officer

P.V. LAKSHMI RAJANI
Company Secretary

Consolidated Cash flow Statement for the Year ended 31st March, 2015

(Rs. in Lakhs)

Particulars	For the year ended 31 st March, 2015	For the year ended 31 st March, 2014
I CASH FLOW / (USED) FROM OPERATING ACTIVITIES :		
Profit before tax for the year	107207.78	99091.66
Add/ (Less) : Adjustments for :		
Depreciation	13599.84	9211.60
Provision for Doubtful Debts	30.78	0.16
Unrealised Foreign Exchange loss (net)	(1069.50)	1108.42
Provision for doubtful debts no longer required written back	(6.28)	(39.41)
Interest Expense	56.64	91.32
Interest Income	(464.61)	(609.75)
Bad debts written off	14.20	167.34
Claims written off	0.95	152.99
Dividend from Current Investments	(3612.78)	(2573.63)
(Profit)/ Loss on sale of assets (net)	(3.80)	0.38
Book Deficit on Assets Discarded	709.10	245.18
	<u>9254.54</u>	<u>7754.60</u>
	116462.32	106846.26
Add / (Less) : Adjustments for Working Capital Changes :		
Increase / (Decrease) in Long term Loans and Advances	(626.70)	(200.70)
(Increase) in Inventories	(23022.26)	(9672.34)
(Increase) in Trade Receivables	(1246.28)	(22567.45)
(Increase)/Decrease in Short term Loans and Advances	(892.73)	771.69
(Increase)/Decrease in Other Current Assets	(180.88)	60.26
Increase/(Decrease) in Trade Payables	8042.02	(711.89)
Increase in Other Current Liabilities	4895.96	2350.76
Increase/(Decrease) in Short Term Provisions	(36.47)	51.49
Increase in Long term Provisions	380.95	79.12
	<u>(12686.39)</u>	<u>(29839.06)</u>
Cash generated from operations	103775.93	77007.20
Less : Direct taxes paid	21142.83	21332.25
Net Cash flow from operating activities	<u>82633.10</u>	<u>55674.95</u>
II CASH FLOW / (USED) FROM INVESTING ACTIVITIES :		
Purchase of Fixed assets	(30721.15)	(24645.12)
Sale of Fixed assets	5.32	9.14
Investments in bank deposits (original maturity of more than three months) (net)	(2202.31)	347.56
(Purchase) of Current Investments	(23112.74)	(9406.26)

(Rs. in Lakhs)

Particulars	For the year ended 31 st March, 2015	For the year ended 31 st March, 2014
Dividend from Current Investments	3612.78	2573.63
Interest Received	333.95	605.97
Net Cash (used) in Investing activities	<u>(52084.15)</u>	<u>(30515.08)</u>
III CASH FLOW/ (USED) FROM FINANCING ACTIVITIES :		
Repayment of Long-Term Borrowings	(54.98)	(45.65)
Repayment of Short-Term Borrowings	874.75	(1419.08)
Interest Paid	(56.64)	(91.32)
Dividend Paid (including Corporate Dividend Tax)	(31058.50)	(23293.87)
Net Cash (Used) in Financing Activities	<u>(30295.37)</u>	<u>(24849.92)</u>
IV Net Increase / (Decrease) in cash and cash equivalents	253.58	309.95
V Cash and Cash Equivalents as at the beginning of the year	1508.53	1198.58
VI Cash and Cash Equivalents as at the end of the year	1762.11	1508.53

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"
3. Summary of Significant Accounting Policies and Other Explanatory Information (Note No. 30) 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 : 0022835

Dr. MURALI K. DIVI
Chairman and Managing Director

N.V. RAMANA
Executive Director

Hyderabad
23.05.2015

N. ANKA RAO
Partner
Membership Number : 23939

L. KISHOREBABU
Chief Financial Officer

P.V. LAKSHMI RAJANI
Company Secretary

Notes to Consolidated Balance Sheet

(Rs. in Lakhs)

Note No.	Particulars	As At 31 st March, 2015	As At 31 st March, 2014
1. SHARE CAPITAL			
	Authorised :		
	15,00,00,000 (previous year: 15,00,00,000)		
	Equity Shares of Rs.2/- each	<u>3000.00</u>	<u>3000.00</u>
	Issued :		
	13,27,34,290 (previous year: 13,27,34,290)		
	Equity Shares of Rs.2/- each	<u>2654.69</u>	<u>2654.69</u>
	Subscribed and paid up :		
	13,27,34,290 (previous year: 13,27,34,290)		
	Equity Shares of Rs 2/- each fully paid up	<u>2654.69</u>	<u>2654.69</u>

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

Particulars	As At 31 st March, 2015 Number	As At 31 st March, 2014 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 31 st March, 2015		As At 31 st March, 2014	
	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	6982362	5.26	8069537	6.08

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 2015, the amount of per share dividend recognised as distributions to equity shareholders is Rs.20/- (31st March 2014 : Rs. 20/-)

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 31 st March, 2015		As At 31 st March, 2014	
2	RESERVES AND SURPLUS				
	Capital Reserve		32.58		32.58
	Securities Premium Account		10642.33		10642.33
	General Reserve :				
	As Per Last Account	70000.00		55000.00	
	Add : Amount transferred from Statement of Profit and Loss	20000.00	90000.00	15000.00	70000.00
	Foreign Currency Translation Reserve		19.29		19.29
	Balance in Statement of Profit and Loss (Surplus) :				
	As Per Last Account	212986.08		181710.77	
	Add : Profit as per Statement of Profit and Loss	85152.18		77333.81	
	Total available for allocations and appropriations	298138.26		259044.58	
	Less : Allocations and appropriations :				
	Proposed Dividend	26546.86		26546.86	
	Provision for Corporate Dividend Tax	5404.31		4511.64	
	Amount transferred to General Reserve	20000.00		15000.00	
	Profit carried forward to next year		246187.09		212986.08
			<u>346881.29</u>		<u>293680.28</u>
3	LONG-TERM BORROWINGS				
	Deferred Payment Liabilities (Unsecured) :				
	Deferred Sales Tax Credit	155.06		210.04	
	Less : Current maturities of long-term debt	50.06	105.00	54.98	155.06
	1. Term of Repayment :				
	Period : 14 Years				
	Number of Installments due : 3				
	Rate of Interest : Interest free				
	2. The above liability due thereon has been paid upto date and there are no continuing defaults.		<u>105.00</u>		<u>155.06</u>
4	DEFERRED TAX LIABILITIES (NET)				
	Opening balance at the beginning of the year		11500.34		7922.29
	Add : Adjustments during the year Refer Note No. 30 (II)(13)(ii)		1121.47		3578.05
			<u>12621.81</u>		<u>11500.34</u>
5	LONG-TERM PROVISIONS				
	Provision for employee benefits Refer Note No.30 (II)(9)		699.16		318.21
			<u>699.16</u>		<u>318.21</u>

(Rs. in Lakhs)

Note No.	Particulars	As At 31 st March, 2015	As At 31 st March, 2014
6	SHORT-TERM BORROWINGS		
	Loans repayable on demand :		
	Working Capital Loans from banks (Secured) :	954.86	1631.00
	1. Nature of Security : (Secured by hypothecation of stocks, book debts and current assets 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) :	1552.26	1.37
	1. Nature of Security : (Secured by pledge 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.		
		<u>2507.12</u>	<u>1632.37</u>
7	TRADE PAYABLES		
	Dues of Micro and Small Enterprises	-	-
	Dues of Enterprises other than Micro and Small Enterprises	22686.57	15170.48
		<u>22686.57</u>	<u>15170.48</u>
8	OTHER CURRENT LIABILITIES		
	Current maturities of long-term debt	50.06	54.98
	Advance from customers	4062.68	1285.21
	Unpaid dividends (Of the above, there is no amount due and outstanding to be credited to Investor Education and Protection Fund)	57.54	42.02
	Other Payables :		
	Creditors for Capital Works	2235.91	1577.91
	Statutory liabilities	563.07	393.27
	Employee benefits payable	8069.50	7216.59
	Others	5306.18	4210.00
		<u>16174.66</u>	<u>13397.77</u>
		<u>20344.94</u>	<u>14779.98</u>
9	SHORT-TERM PROVISIONS		
	Provision for employee benefits Refer Note No.30 (II)(9)	62.79	99.26
	Proposed Dividend	26546.86	26546.86
	Provision for Tax on Proposed Dividend	5404.31	4511.64
		<u>32013.96</u>	<u>31157.76</u>

10. Fixed Assets

(Rs. in lakhs)

S.No.	Description	GROSS BLOCK				DEPRECIATION / AMORTISATION					NET BLOCK	
		Cost as at 01.04.2014	Additions	Deductions	Total Upto 31.03.2015	Upto 01.04.2014	Adjustment pursuant to change in accounting estimate (Refer Note No. 30 (II) (4))	For the Year	On Deductions	Total Upto 31.03.2015	As at 31.03.2015	As at 31.03.2014
A	TANGIBLE ASSETS											
1	Free hold land and Development	2723.70	-	-	2723.70	-	-	-	-	-	2723.70	2723.70
2	Buildings	33558.14	2939.94	268.83	36229.25	4953.19	204.93	1374.78	46.60	6486.30	29742.95	28604.95
3	Plant and Equipment	127518.26	17353.38	1266.73	143604.91	43516.10	899.14	9056.96	791.51	52680.69	90924.22	84002.16
4	Laboratory Equipment	7303.83	1685.56	-	8989.39	2023.99	304.72	1101.66	-	3430.37	5559.02	5279.84
5	Furniture and Fittings	985.72	230.92	43.40	1173.24	417.38	6.98	93.38	41.28	476.46	696.78	568.34
6	Vehicles	610.77	112.55	51.80	671.52	383.15	16.38	57.56	48.60	408.49	263.03	227.62
7	Office and other Equipment	676.63	82.43	50.03	709.03	194.58	126.45	159.37	45.51	434.89	274.14	482.05
8	Computers and Data Processing Units	656.79	154.74	66.87	744.66	361.33	29.81	106.86	63.53	434.47	310.19	295.46
	Sub total	174033.84	22559.52	1747.66	194845.70	51849.72	1588.41	11950.57	1037.03	64351.67	130494.03	122184.12
B	INTANGIBLE ASSETS											
	Software	-	456.28	-	456.28	-	-	60.86	-	60.86	395.42	-
	Total	174033.84	23015.80	1747.66	195301.98	51849.72	1588.41	12011.43	1037.03	64412.53	130889.45	122184.12
	Previous year Total	133834.97	40888.79	689.92	174033.84	42963.33	-	9211.60	325.21	51849.72	122184.12	90871.64
C	CAPITAL WORK IN PROGRESS	14448.46	30385.57	23015.80	21818.23	-	-	-	-	-	21818.23	14448.46

Note :

Additions to fixed assets during the year includes value of capital expenditure towards Research and Development aggregating to Rs. 1.03 lakhs (Previous year Rs.965.50 lakhs) (Refer Note No. 30 (ii)(10). Depreciation for the year includes depreciation amounting to Rs.528.52 lakhs (previous year: Rs. 128.02 lakhs) on assets used for Research and Development.

(Rs. in Lakhs)

Note No.	Particulars	As At 31 st March, 2015	As At 31 st March, 2014
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 :		
	Pattan Cheru 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	2142.40	1148.81
	Security Deposits	1444.29	1357.29
	Pre-paid Expenses	35.10	9.03
	Prepaid Taxes (Net of Provision for Taxation of Rs.70730.93 Lakhs, previous year Rs.53030.90 Lakhs)	3336.39	3127.69
	Other Loans and advances	560.98	770.34
	MAT Credit Entitlements	3047.91	2368.00
		10567.07	8781.16
13	OTHER NON CURRENT ASSETS		
	Long term trade receivables :		
	Unsecured , considered doubtful	40.01	20.09
	Less : Provision for doubtful debts	40.01 -	20.09 -
	Other receivables :		
	Unsecured , considered doubtful	5.18	0.60
	Less : Provision for doubtful debts	5.18 -	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 Debt Fund		
	- Direct daily Dividend Plan	73204.10	45187.02
	73,03,950 (Previous year: 45,09,564) Units of Rs.1000/- each		
	Fair Value: Rs.73404.36 lakhs (Previous year: Rs.45222.04 lakhs)		
	SBI-ULTRA Short term Debt Fund -Regular daily Dividend Plan	96.26	5000.60
	9,606 (Previous year: 4,99,123) Units of Rs.1000/- each		
	Fair Value Rs. 96.53 lakhs (Previous year Rs.5005.81 lakhs)		
		73300.36	50187.62
	Aggregate amount of unquoted investments	73300.36	50187.62
	Aggregate Provision for diminution in value of Investments	-	-

(Rs. in Lakhs)

Note No.	Particulars	As At 31 st March, 2015	As At 31 st March, 2014
15	INVENTORIES		
	(Valued at lower of Cost and Net realisable Value)		
	Raw Materials (including stock in transit of Rs.1088.79 lakhs (previous year Rs Nil)	26827.37	28342.11
	Work - in - Progress	70256.28	50797.04
	Finished Goods (including stock in transit of Rs. Nil (previous year Rs.17.72 lakhs)	8374.70	4400.58
	Stock - in - Trade (including stock in transit of Rs.352.69 lakhs (previous year Rs.Nil)	3924.10	3342.12
	Stores and Spares	6881.57	6359.91
		<u>116264.02</u>	<u>93241.76</u>
16	TRADE RECEIVABLES		
	(Unsecured, Considered Good)		
	Outstanding for a period exceeding six months from the date they became due for payment	505.30	355.02
	Others	73658.96	72015.18
		<u>74164.26</u>	<u>72370.20</u>
17	CASH AND BANK BALANCES		
	Cash and Cash Equivalents :		
	Cash on Hand	6.46	12.20
	Balance with Banks		
	In Current Accounts	<u>1755.65</u>	<u>1496.33</u>
	Other Bank Balances :		
	In Unclaimed Dividend accounts	57.54	42.02
	In Fixed Deposits with original maturity of more than three months but less than twelve months (Pledged towards Overdraft facilities from banks)	4702.33	2500.02
		<u>6521.98</u>	<u>4050.57</u>
18	SHORT-TERM LOANS AND ADVANCES		
	(Unsecured, considered good)		
	Central excise duty deposit	1739.71	1420.75
	Prepaid expenses	568.05	358.12
	Advances to suppliers	1713.22	2005.46
	Advances to employees	14.78	24.77
	Other advances and receivables	2030.68	1364.99
		<u>6066.44</u>	<u>5174.09</u>
19	OTHER CURRENT ASSETS		
	Interest accrued on deposits	278.54	147.88
	Export Incentives receivable	192.25	200.00
	Insurance claims receivable	277.41	133.69
	Other receivables	174.53	129.62
		<u>922.73</u>	<u>611.19</u>

Notes to Consolidated Statement of Profit and Loss

(Rs. in Lakhs)

Note No.	Particulars	For the Year Ended 31 st March, 2015	For the Year Ended 31 st March, 2014
20	SALE OF SERVICES		
	Contract research fee	732.57	638.64
	Job work charges	-	25.62
		<u>732.57</u>	<u>664.26</u>
21	OTHER OPERATING REVENUES		
	Export incentives	162.43	138.54
	Sale of scrap out of manufacturing process	1008.37	540.68
		<u>1170.80</u>	<u>679.22</u>
22	OTHER INCOME		
	Interest income	464.61	609.75
	Dividend income from current investments	3612.78	2573.63
	Net gain on foreign currency transaction and translation	185.51	3711.73
	Sale of other scrap	56.76	67.75
	Provision for liabilities no longer required written back	130.97	11.73
	Provision for doubtful debts no longer required written back	6.28	39.41
	Profit on sale of assets (Net of loss on sale of assets of Rs. 0.25 lakhs)	3.80	-
	Other non-operating Income	8.97	46.32
		<u>4469.68</u>	<u>7060.32</u>
23	COST OF RAW MATERIALS CONSUMED		
	Opening Inventory	28342.11	29460.10
	Add : Purchases during the year	143588.10	102520.91
		171930.21	131981.01
	Less : Closing Inventory	26827.37	28342.11
		<u>145102.84</u>	<u>103638.90</u>
24	CHANGE IN INVENTORY OF FINISHED GOODS, STOCK-IN-TRADE AND WORK-IN-PROGRESS		
	Finished Goods :		
	Closing Inventory	8374.70	4400.58
	Opening Inventory	<u>4400.58</u>	<u>3523.97</u>
	Excise duty adjustment in movement in finished goods inventory	(55.61)	58.10
		(3918.51)	(934.71)
	Stock - in - Trade :		
	Closing Inventory	3924.10	3342.12
	Opening Inventory	<u>3342.12</u>	<u>2280.82</u>
	Work-in-Progress :		
	Closing Inventory	70256.28	50797.04
	Opening Inventory	<u>50797.04</u>	<u>40521.12</u>
		(19459.24)	(10275.92)
		<u>(23959.73)</u>	<u>(12271.93)</u>

(Rs. in Lakhs)

Note No.	Particulars	For the Year Ended 31 st March, 2015	For the Year Ended 31 st March, 2014
25	EMPLOYEE BENEFITS EXPENSE		
	Salaries, wages, bonus and other allowances	27560.65	21947.91
	Contribution to Provident and other funds	573.44	446.21
	Contribution to ESI	117.11	123.65
	Staff welfare expenses	790.80	728.51
		<u>29042.00</u>	<u>23246.28</u>
26	FINANCE COSTS		
	Interest expense	54.43	36.48
	Interest on Income Tax	2.21	54.84
	Other borrowing costs	129.81	114.20
		<u>186.45</u>	<u>205.52</u>
27	RESEARCH AND DEVELOPMENT EXPENSES		
	Raw Materials Consumed	90.66	128.81
	Salaries, wages, bonus and other allowances	1602.13	1553.60
	Contribution to Provident and other funds	42.10	36.48
	Contribution to ESI	3.67	6.67
	Staff Welfare expenses	1.62	2.43
	Stores consumed	329.57	228.85
	Power and fuel	100.31	120.07
	Repairs to Buildings	8.90	21.39
	Repairs to Machinery	180.90	213.98
	Repairs to other assets	59.38	14.94
	Rates and taxes, excluding taxes on income	85.97	70.46
	Printing and stationery	12.62	8.98
	Communication expenses	1.56	1.13
	Travelling and conveyance	0.34	12.92
	Vehicle maintenance	0.05	0.01
	Professional and consultancy charges	170.93	71.64
	Miscellaneous expenses	74.90	46.28
	Bank charges and commission	0.55	0.49
		<u>2766.16</u>	<u>2539.13</u>
28	DEPRECIATION AND AMORTISATION EXPENSE		
	Depreciation Expense	11950.57	9211.60
	Amortisation expense	60.86	-
	Depreciation adjustments pursuant to change in accounting estimate Refer Note No. 30 (II)(4)	1588.41	-
		<u>13599.84</u>	<u>9211.60</u>

(Rs. in Lakhs)

Note No.	Particulars	For the Year Ended 31 st March, 2015	For the Year Ended 31 st March, 2014
29	OTHER EXPENSES		
	Consumption of stores and spare parts	2639.70	2159.82
	Packing materials consumed	2919.96	2267.41
	Conversion Charges	1160.51	934.14
	Power and fuel	17082.45	14739.68
	Repairs to Buildings	686.48	535.03
	Repairs to Machinery	3951.32	3108.94
	Repairs to other assets	98.62	101.07
	Insurance	462.59	382.85
	Rates and taxes, excluding taxes on income	601.25	510.83
	Directors sitting fees	24.50	5.40
	Printing and stationery	293.63	265.16
	Rent	151.29	104.72
	Communication expenses	126.70	114.08
	Travelling and conveyance	874.08	563.55
	Vehicle maintenance	279.90	229.46
	Payment to Auditors :		
	As Statutory Audit	25.00	24.00
	As Subsidiary Audit	16.19	14.81
	As Tax Auditors	12.00	12.00
	For Certification	8.25	13.00
	For Quarterly Reviews	12.75	10.50
	For Taxation Matters	15.00	5.00
	For Reimbursement of expenses	0.92	1.99
	Professional and consultancy charges	690.63	334.05
	Factory upkeep	221.21	234.56
	Environment management expenses	1019.91	772.85
	Advertisement	61.20	67.80
	Sales commission	572.27	514.45
	Carriage outward	4559.57	3839.79
	General expenses	2050.22	2039.25
	Bad debts written off	14.20	167.34
	Provision for doubtful debts	30.78	0.16
	Corporate Social Responsibility (CSR) Expenditure	358.21	-
	Donations	-	1.02
	Loss on sale of assets (Net of profit on sale of Assets of Rs.Nil (previous year Rs. 0.78lakhs)	-	0.38
	Book deficit on assets discarded	709.10	245.18
	Claims Written off	0.95	152.99
	Bank charges	101.29	90.06
	Prior year expenses	4.90	1.48
		<u>41837.53</u>	<u>34564.80</u>

30. 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 in accordance with the generally accepted accounting principles in India under the historical cost convention on an accrual basis in compliance with all material aspects of the Accounting Standards specified under section 133 of the Companies Act, 2013 ("the Act"), read with Rule 7 of the Companies (Accounts) Rules, 2014, other relevant provisions of the Act, other pronouncements of the Institute of Chartered Accountants of India 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 Schedule III of the Act. 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. TANGIBLE ASSETS AND DEPRECIATION :

- a. Tangible fixed assets are stated at historical cost less accumulated depreciation thereon and impairment losses, if any. Historical cost is inclusive of 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.
- b. Depreciation is provided on straight line basis so as to write off the depreciable amount of the asset over the useful lives specified in Schedule II of the Act. The useful life of the assets are periodically reviewed and re-determined based on technical evaluation and expected use and the unamortized depreciable amount is charged over the remaining useful life of such assets.
- c. Depreciation on Fixed Assets used for the Project under construction is included under Expenditure during construction period Pending Capitalisation.

- d. 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. INTANGIBLE ASSETS AND AMORTISATION :

Intangible assets are stated at historical cost less accumulated amortisation thereon and impairment losses, if any. These assets are amortised over a period of 3 years, which is based on their estimated useful lives.

6. 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.

7. 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.

8. 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.

9. 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.

10. 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.

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.

- b. 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.
- 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. 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 Alternate 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 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. 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.

18. 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.

19. 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.

20. 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.

21. PRELIMINARY / SET UP EXPENDITURE :

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

22. 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.

23. 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 and Telangana, 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 Divi's 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 Incorporation	Extent of Holding	
			As on 31.3.2015	As on 31.3.2014
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. CHANGE IN ACCOUNTING ESTIMATES :

As per the requirements of the Companies Act, 2013 ("the Act") effective from 1st April, 2014, the useful lives of fixed assets of the Company have been revised to the useful lives specified in Part-C of Schedule II of the Act. Consequently, depreciation for the year is higher by Rs.1567.98 lakhs and depreciation of Rs. 1588.41 Lakhs on account of assets whose useful life is already exhausted as on 1st April, 2014 has been charged off to Statement of Profit and Loss.

5. CONTINGENT LIABILITIES AND COMMITMENTS :

(Rs. in Lakhs)		
Particulars	2014-15	2013-14
A. CONTINGENT LIABILITIES		
(i) On account of Letter of Credit and Guarantees issued by the bankers.	7493.16	5435.30
(ii) Claims against the Company not acknowledged as debts in respect of :		
Central Excise	400.82	354.66
Customs	154.47	32.91
Service Tax	69.96	57.09
Income Tax	172.25	2200.32
Sales Tax	10.30	-
Note : It is not practicable for the company to estimate the timings of cash flows, if any, in respect of the above pending resolution of the respective proceedings.		
B. COMMITMENTS		
(i) Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of advances)	2862.36	2056.62
(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 24, 2015. The Company entered into operating lease agreement for two vehicles expiring on March 11, 2017 and March 13, 2016.	16.26	78.23
(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.		

6. 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.
7. 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".

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

(Rs. in Lakhs)

Particulars	2014-15	2013-14
Buildings	-	137.89
Plant and machinery	0.21	230.29
Lab equipment	0.41	588.65
Office equipment	0.41	0.86
Furniture and fittings	-	7.81
Total	1.03	965.50

9. EMPLOYEE BENEFITS :

The disclosures required under Accounting Standard 15 "Employee Benefits" are given below :

I Defined Contribution Schemes :

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

(Rs. in Lakhs)

Particulars	2014-15	2013-14
Employer's Contribution to Provident Fund	532.41	318.66
Employer's Contribution to State Insurance Scheme	120.79	130.32

II Defined Benefit Plans :

GRATUITY

(Rs. in Lakhs)

Particulars	2014-15	2013-14
A) Components of Employer Expense		
Current Service Cost	15.32	40.04
Interest Cost on Benefit Obligation	61.27	52.75
Expected Return On Plan Assets	Nil	(46.48)
Net Actuarial Gain /Loss Recognised	39.52	61.99
Past Service Cost	Nil	Nil
Settlement Cost	(22.70)	Nil
Total expense recognised in Statement of Profit and Loss	93.41	108.30
B) Actual Return on Plan Assets	(64.86)	(46.48)
C) Net Asset /Liability recognised in Balance Sheet		
Defined Benefit Obligation	859.28	765.87
Fair Value Of Plan Assets	(1086.51)	(701.23)
Status(Surplus/Deficit)	Nil	Nil
Unrecognised Past Service Cost	Nil	Nil
Net Asset/Liability recognised in Balance Sheet	(227.23)	64.64

(Rs. in Lakhs)		
Particulars	2014-15	2013-14
D) Changes in the PV of DBO		
Opening Defined Benefit Obligation	765.87	659.30
Interest Cost	61.27	52.75
Current Service Cost	15.32	40.04
Benefits Paid	(22.70)	(48.21)
Actuarial(gains)losses on obligation	39.52	61.99
Closing Defined Benefit obligation	859.28	765.87
E) Changes in Fair Value of Plan Assets		
Opening Fair Value of Plan Assets	701.23	692.39
Expected Return	64.86	46.48
Contributions	295.90	Nil
Benefits Paid	(22.70)	(37.64)
Actuarial Gain/loss	47.22	Nil
Closing Fair value of Plan Assets	1086.51	701.23
F) Movement in Balance Sheet		
Opening liability	765.87	(33.09)
Expenses as above	93.41	108.30
Contribution Paid	(1086.51)	Nil
Direct Payments	-	(10.57)
Closing Net Liability	(227.23)	64.64
G) Actuarial assumptions		
Retirement age	60 years	60 years
Future Salary Rise	4%	7%
Rate of Discounting	8%	8%
Attrition Rate	1% to 3%	6%
	depending on age	
Rate of Return on Plan Assets	9.00%	9.25%
Av Balance Future Service	30.82 Years	30.82 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	2014-15	2013-14
A Reconciliation of opening and closing balances of Defined Benefit obligation :		
Defined Benefit obligation at beginning of the year	352.84	286.86
Current Service Cost	7.05	19.66
Interest Cost	28.23	22.95
Actuarial (gain)/loss	402.04	60.58
Benefits paid	(28.21)	(37.21)
Defined Benefit obligation at year end	761.95	352.84

Particulars	2014-15	2013-14
B Expenses recognised during the year :		
Current Service Cost	7.05	19.66
Interest Cost on benefit obligation	28.23	22.95
Expected return on plan assets		
Actuarial (gain)/loss	402.04	60.58
Net benefit expense	437.32	103.19
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)	1% to 3% depending on age	6.00%
Rate of escalation in salary (per annum)	4.00%	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.

10. 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	
	31.03.2015	31.03.2014	31.03.2015	31.03.2014	31.03.2015	31.03.2014
Revenue (From external Customers)	40711.06	23614.84	272305.73	230784.81	313016.79	254363.65
Carrying amount of Segment Assets	431549.38	364110.77	8965.16	6938.40	440514.54	371049.17
Additions to Fixed Assets	23008.25	40881.14	7.55	7.65	23015.80	40888.79

11. 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 | 3. Mr. D. Madhusudana Rao |
| 2. Mr. N.V. Ramana | 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 | 8. Mrs. A. Shanti Chandra |
| 2. Mrs. M. Nilima | 9. Mrs. N. Nirmala Kumari |
| 3. Mr. D. Babu Rajendra Prasad | 10. Mrs. N. Chandrika Ramana |
| 4. Mr. D. Radha Krishna Rao | 11. Mr. N.V. Anirudh |
| 5. Mr. D. Sri Ramachandra Rao | 12. Miss. N. Monisha |
| 6. Mrs. D. Raja Kumari | 13. Mr. N. Prashanth |
| 7. Mr. D. Satyasayee Babu | 14. Mrs. L. Vijaya Lakshmi |

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

Sl.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 and Agro Farms 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
6.	Sky High Infrastructure Private Limited	Company In Which Key Management Personnel have Significant Influence	No
7.	Pridhvi Asset Reconstruction and Securitisation Co Ltd	Company In Which Key Management Personnel And Relatives of Key Management Personnel have Significant Influence	No

Transactions with Related Parties :

(Rs. in Lakhs)

S.No.	Particulars	2014 - 15		2013 - 14	
		Amount	Outstanding as at 31.03.2015	Amount	Outstanding as at 31.03.2014
1.	Managerial Remuneration to Key Management Personnel	6704.80	6299.06	6332.31	5926.56
2.	Dividend paid to Key Management Personnel	6302.77	-	4770.04	-
3.	Lease Rent to Key Management Personnel	36.74	3.24	32.77	3.09
4.	Lease Rent to Relative of Key Management Personnel	36.74	3.24	32.77	3.09

(Rs. in Lakhs)

S.No.	Particulars	2014 - 15		2013 - 14	
		Amount	Outstanding as at 31.03.2015	Amount	Outstanding as at 31.03.2014
5.	Dividend paid to Relatives of Key Management Personnel	6955.08	-	5211.60	-
6.	Salary and Allowances to Relatives of Key Management Personnel	18.02	1.22	14.24	1.16
7.	Dividend paid to Company In Which Key Management Personnel have Significant Influence	800.00	-	600.00	-

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	2014-15	2013-14
Managerial Remuneration	Dr. Murali. K. Divi	3541.38	3338.57
	Mr. N.V. Ramana	1820.09	1717.83
	Mr. D. Madhusudana Rao	99.36	99.36
	Mr. Kiran S. Divi	1243.97	1176.55
Salary and Allowances	Mrs. Nilima Motaparti	13.15	13.15
Rent	Mr. Kiran S. Divi	36.74	32.77
	Mrs. Nilima Motaparti	36.74	32.77
Dividend Paid	Dr. Murali. K. Divi	1556.70	1167.53
	Mr. Kiran S. Divi	4600.00	3450.00
	Mrs. Nilima Motaparti	5400.00	4050.00

12. 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. 151.29 Lakhs (Previous Year Rs. 104.72 Lakhs).

The future minimum lease payments are as given under :

(Rs. in Lakhs)

Year Ending	2014-15	2013-14
Not later than one year	89.28	104.92
Later than one year and not later than five years	176.86	252.50
Later than five years	-	-

13. 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 31.03.2015 is as given below :

			(Rs. in Lakhs)
Particulars	As at 01.04.2014	(Charges) / Credit for the year	As at 31.03.2015
Timing Differences on account of :			
Deferred Tax Liability :			
Depreciation on Assets	12486.18	1262.15	13748.33
Total (A)	12486.18	1262.15	13748.33
Deferred Tax Assets :			
Expenses allowable on the basis of Payment	319.72	179.46	499.18
Others	666.12	(38.78)	627.34
Total (B)	985.84	140.68	1126.52
Net (A-B)	11500.34	1121.47	12621.81

14. EARNINGS PER SHARE (EPS) :

The Numerator and denominator used to calculate Earnings Per Share :

(Rs. in Lakhs except Earnings Per Share)

Particulars	2014-15	2013-14
A. EARNINGS :		
Profit attributable to Equity Shareholders	85152.18	77333.81
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 (Rs.)	64.15	58.26

15. INFORMATION AS REQUIRED UNDER SCHEDULE III TO THE COMPANIES ACT 2013 OF ENTERPRISES CONSOLIDATED AS SUBSIDIARY COMPANIES :

Name of the entity	Net assets i.e. Total assets minus total liabilities		Share in profit or loss	
	As % of consolidated net assets	Amount Rs in lakhs	As % of consolidated profit or loss	Amount Rs in lakhs
Parent				
Divi's Laboratories Ltd	101.91	356195.98	99.47	84705.53
Subsidiaries :				
Foreign				
Divis Laboratories (USA) Inc	(1.01)	(3514.37)	(0.18)	(155.42)
Divi's Laboratories Europe AG	(0.90)	(3145.63)	0.71	602.07

16. 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.

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 : 0022835

Dr. MURALI K. DIVI
 Chairman and Managing Director

N.V. RAMANA
 Executive Director

Hyderabad
 23.05.2015
N. ANKA RAO
 Partner
 Membership Number : 23939

L. KISHOREBABU
 Chief Financial Officer

P.V. LAKSHMI RAJANI
 Company Secretary

Notice of Annual General Meeting

Notice is hereby given that the Twenty Fifth Annual General Meeting (AGM) of the Members of DIVI'S LABORATORIES LIMITED will be held **on Monday the 31st day of August, 2015 at 10.00 A.M.** at KLN Prasad Auditorium, FTAPCCI Premises, 11-6-841, Red Hills, Hyderabad - 500 004 to transact the following business :

ORDINARY BUSINESS :

Item No. 1 - Adoption of Financial Statements

To consider and adopt the audited financial statements, including audited consolidated financial statements, for the financial year ended 31st March, 2015 and the reports of the Directors and Auditors thereon.

Item No. 2 - Declaration of Dividend

To declare dividend on equity shares for the financial year ended 31st March, 2015.

Item No. 3 - Appointment of Director

To re-appoint Mr. N V Ramana (DIN: 00005031), who retires by rotation and being eligible, offers himself for reappointment as a Director.

Item No. 4 - Appointment of Auditors

To ratify the appointment of M/s. P.V.R.K. Nageswara Rao & Co., Chartered Accountants, Hyderabad (Firm's Regn. No. 002283S) as Statutory Auditors of the Company and to fix their remuneration by passing 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, pursuant to the recommendations of the Audit Committee of the Board, and pursuant to the resolution passed by the shareholders at the AGM held on 25th August, 2014, the appointment of M/s. P.V.R.K. Nageswara Rao & Co., Chartered Accountants, Hyderabad (Firm's Regn. No. 002283S) as the Statutory Auditors of the Company to hold office until the conclusion of the 27th AGM of the Company, be and is hereby ratified and that the Board of Directors be and is hereby authorized to fix the remuneration payable to them for the financial year 2015-16 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."

For and on behalf of the Board of Directors

Hyderabad
23rd May 2015

Dr. Murali K. Divi
Chairman & Managing Director
(DIN : 00005040)

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 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.

2. 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.
3. Members / proxies / authorized representatives 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.
4. 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.
5. 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.
6. Closure of register of Members and Dividend :
 - (a) The Company has notified that Register of Members and Transfer Books will be closed from 10th August, 2015 to 14th August, 2015 (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 8th August, 2015
 - (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.

7. 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
8. 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.

9. 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.
10. 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.
11. M/s. Karvy Computershare Private Limited, Karvy Selenium Tower B, Plot No 31-32, Gachibowli, Financial Dist., Nanakramguda, Hyderabad - 500 032 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.
12. Pursuant to the provisions of Section 205A(5) and 205C of the Companies Act, 1956, the unpaid or unclaimed dividend for the Financial year 2007-08 is due to be transferred 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, 2012-13 and 2013-14 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.
13. The annual report for the financial year 2014-15 is being 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 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 2014-15 upon sending a request to the Company. The Notice of the 25th AGM and the Annual Report 2014-15 will be available on the Company's website www.divislaboratories.com.

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.
14. 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.
15. 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.
16. All documents referred to in the accompanying Notice are open for inspection at the Registered Office of the Company between 11:00 a.m. to 3:00 p.m. on any working day till the date of AGM

17. e-voting

In compliance with Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended 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 votes electronically through electronic voting service facility arranged by M/s. Karvy Computershare Private Limited.

The facility for voting through ballot paper will also be made available at the AGM and the members attending the AGM who have not already cast their votes by remote e-voting shall be able to exercise their right at the AGM through ballot paper. Members who have cast their votes by remote e-voting prior to AGM may attend the AGM but shall not be entitled to cast their vote again.

Process for remote e-voting :

The Company has engaged the services of M/s.Karvy Computershare Private Limited ('Karvy') for facilitating remote 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: <https://evoting.karvy.com>.
2. Enter the login credentials (i.e., User ID and password mentioned in your email/sent separately). The Event No.+ Folio No. or 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. If required, please contact toll free number 1800 3454 001 for your existing password.

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 sent separately/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/Power of Attorney/ 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."
10. Members holding shares under multiple folios/ demat accounts shall choose the voting process separately for each of the folios/ demat accounts.
11. Voting has to be done for each item of the Notice separately. In case you do not desire to cast your vote on any specific item it will be treated as abstained.

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 11 as mentioned in (A) above, to cast your vote.

C. In case of any query pertaining to e-voting, please visit Help & FAQ's section of Karvy e-voting website.

D. The remote e-voting facility is available during the following period :

Commencement of remote e-voting: From 9.00 a.m. on 27th August, 2015

End of remote e-voting: up to 5.00 p.m. on 30th August, 2015

The remote e-voting will not be allowed beyond the aforesaid date and time and the e-voting module shall be disabled by Karvy upon expiry of aforesaid period.

18. 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 by remote e-voting shall not be allowed to vote again at the Meeting.
19. The Board of Directors of the Company at their meeting held on 23rd May, 2015 has appointed Mr. V Bhaskara Rao, Practising Company Secretary, as Scrutinizer to scrutinize the remote e-voting and poll in a fair and transparent manner and he has communicated his willingness to be appointed and will be available for the same purpose. The Scrutinizer's decision on the validity of e-voting shall be final.
20. The voting rights for the shares are one vote per equity share, registered in the name of the shareholders / beneficial owners as on cut-off date i.e., 24th August, 2015. Members holding shares either in physical form or dematerialized form may cast their vote electronically.
21. Any person who becomes a member of the company after the dispatch of the Notice of the AGM and holds shares as on the cut-off date i.e., 24th August, 2015, may obtain User ID and password in the manner as mentioned below:
 - (a) If the mobile number of the member is registered against Folio No. / DP ID Client ID, the member may send SMS : **MYEPWD** <space> E-Voting Event Number+Folio No. or DP ID Client ID to **9212993399**.
 Example for NSDL: MYEPWD <SPACE> IN12345612345678
 Example for CDSL : MYEPWD <SPACE> 1402345612345678
 Example for Physical : MYEPWD <SPACE> XXXX123456789
 - b) If e-mail address or mobile number of the member is registered against Folio No. / DP ID Client ID, then on the home page of <https://evoting.karvy.com>, the member may click "Forgot Password" and enter Folio No. or DP ID Client ID and PAN to generate a password.
 - c) Member may call Karvy's toll free number 1-800-3454-001
 - d) Member may send an e-mail request to evoting@karvy.com.
22. A person whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date i.e., 24th August, 2015 only shall be entitled to avail the facility of remote- e-voting and Poll.
23. The Scrutinizer after scrutinizing the votes cast at the meeting (Poll) and through remote e-voting, will, not later than two days of conclusion of the Meeting, make a consolidated scrutinizers' report and submit the same to the Chairman.
24. Resolutions shall be deemed to be passed on the date of AGM subject to receipt of the requisite number of votes in favour of the Resolutions.
25. 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.

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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 : M/s. Karvy Computershare Private Limited, Karvy Selenium Tower B, Plot No 31-32,
Gachibowli, Financial District, Nanakramguda, Hyderabad - 500 032

CIN : U74140TG2003PTC041636

ATTENDANCE SLIP

Regd. Folio No.		* DP ID :	
No. of Equity Shares held		* Client ID :	

Name of the Shareholder	
Name of Proxy	

I/We hereby record my/our presence at the 25th Annual General Meeting of the Company held at KLN Prasad Auditorium, FTAPCCI Premises, 11-6-841, Red Hills, Hyderabad - 500 004 at 10.00 A.M. on Monday, the 31st August, 2015.

SIGNATURE OF THE MEMBER OR THE PROXY ATTENDING THE MEETING

if Member, Please sign here

If Proxy, Please sign here

Note : This form should be signed and handed over at the Meeting Venue.

* Applicable for investors holding shares in electronic form.

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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 : M/s. Karvy Computershare Private Limited, Karvy Selenium Tower B, Plot No 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad - 500 032, CIN : U74140TG2003PTC041636

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 25th Annual General Meeting of the Company be held at KLN Prasad Auditorium, FTAPCCI Premises, 11-6-841, Red Hills, Hyderabad - 500 004 at 10.00 A.M. on Monday the 31st August, 2015 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 Adoption of Audited Financial Statements, Reports of the Board of Directors and Auditors for the year ended 31 st March, 2015			
2 Declaration of Dividend on Equity Shares for the financial year ended 31 st March, 2015.			
3 Re-appointment of Mr. N.V.Ramana (DIN: 00005031), who retires by rotation, and being eligible offers himself for re-appointment.			
4 Ratification of appointment of M/s. PVRK Nageswara Rao & Co., Statutory Auditors and fixing their remuneration			

Signed this.....day of.....2015.

Affix
a revenue
Stamp

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 appropriate.

Note :

- 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.**
- A proxy need not be a member of the Company.
- 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.
- 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.
- Appointing a proxy does not prevent a member from attending the meeting in person if he so wishes.
- In case of joint holders, the signature of any one holder will be sufficient, but names of all the joint holders should be stated.

[illegible]

[illegible]

Awards and Certificates



Export Promotion Award



Annual Export Award for SEZ



Suraksha Puraskar by National Safety Council





Divi's Laboratories Limited

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
email : mail@divislaboratories.com • URL : www.divislaboratories.com