



# ***Divi's Laboratories Limited***

Date: 28<sup>th</sup> May 2016

To  
The Secretary  
**National Stock Exchange of India Limited**  
Exchange Plaza,  
Bandra-Kurla Complex, Bandra (East)  
**MUMBAI – 400 051**

To  
The Secretary  
**BSE Limited**  
Phiroze Jeejeebhoy Towers,  
Dalal Street  
**MUMBAI – 400 001**

**Stock Code: DIVISLAB**

**Stock Code: 532488**

Dear Sir,

**Sub: Audited financial results for the year ended 31<sup>st</sup> March 2016**  
**Ref: Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015**

Further to our letter dated 18<sup>th</sup> May, 2016, we would like to inform that the Board of Directors of the Company at its meeting held on Saturday, 28<sup>th</sup> May 2016 has approved the Audited Financial Results for the quarter and year ended 31<sup>st</sup> March, 2016. Board has recommended the interim dividend declared as final dividend for the year ended 31<sup>st</sup> March, 2016.

In terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015, we are enclosing herewith the following:


1. Audited Standalone Financial Results for the quarter and year ended 31<sup>st</sup> March 2016.
2. Audited Consolidated Financial Results for the year ended 31<sup>st</sup> March 2016
3. Auditors' Report on the Standalone and Consolidated Financial Results for the year
4. Press Release on the Financial Results of the Company

Further, we hereby declare that there is no modified opinion by the Auditors in their audit report on the financial results.

This is for your information and records.

Thanking You,

Yours faithfully,  
**For Divi's Laboratories Limited**

  
P V Lakshmi Rajani  
Company Secretary



**“An ISO-9001, ISO-14001 and OHSAS-18001 Triple certified company”**

**Regd. Off. :** Divi Towers, 1-72/23(P)/DIVIS/303, Cyber Hills, Gachibowli, Hyderabad - 500 032, Telangana, INDIA.

Tel : 91-40-2378 6300, Fax : 91-40-2378 6460, CIN : L24110TG1990PLC011854

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



9	Profit from ordinary activities before Tax (7+8)	38453	30738	28253	137184	106718	137809	107208
10	Tax Expense	6231	6082	5362	26415	22012	26624	22056
11	Net Profit from ordinary activities after Tax (9-10)	32222	24656	22891	110769	84706	111185	85152
12	Extra-ordinary items (net of tax expense)	0	0	0	0	0	0	0
13	Net Profit (+)/Loss(-) for the period (11-12)	32222	24656	22891	110769	84706	111185	85152
14	Share of profit / (loss) of associates	0	0	0	0	0	0	0
15	Minority Interest	0	0	0	0	0	0	0
16	Net Profit (+)/Loss(-) after taxes, minority interest and share of profit/ (loss) of associates (13+14+15)	32222	24656	22891	110769	84706	111185	85152
17	Paid-up Equity Share Capital (Face Value: Rs.2 per share)	5309	5309	2655	5309	2655	5309	2655
18	Reserves excluding revaluation reserves as per balance sheet of previous accounting year				429705	353541	423461	346881
19.i	Earnings per Share (before extraordinary items) (of Rs.2/- each) (not annualized)							
	a) Basic	12.14	9.29	8.62	41.73	31.91	41.88	32.08
	b) Diluted	12.14	9.29	8.62	41.73	31.91	41.88	32.08
19.ii	Earnings per Share (after extraordinary items) (of Rs.2/- each) (not annualized)							
	a) Basic	12.14	9.29	8.62	41.73	31.91	41.88	32.08
	b) Diluted	12.14	9.29	8.62	41.73	31.91	41.88	32.08



*[Handwritten Signature]*

(Rs. in lakhs)

	Particulars	STANDALONE		CONSOLIDATED	
		As At		As At	
		31.03.2016	31.03.2015	31.03.2016	31.03.2015
<b>A</b>	<b>EQUITY AND LIABILITIES</b>				
<b>1</b>	<b>Shareholders' Funds</b>				
	a) Share Capital	5309	2655	5309	2655
	b) Reserves and Surplus	429705	353541	423461	346881
	c) Money received against share warrants	0	0	0	0
	<b>Sub-total – Shareholders' funds</b>	<b>435014</b>	<b>356196</b>	<b>428770</b>	<b>349536</b>
<b>2</b>	<b>Share application money pending allotment</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>3</b>	<b>Minority interest</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>4</b>	<b>Non-current liabilities</b>				
	a) Long-term borrowings	47	105	47	105
	b) Deferred tax liabilities (net)	14920	13245	14920	13245
	c) Other long-term liabilities	0	0	0	0
	d) Long-term provisions	1157	699	1157	699
	<b>Sub-total – Non-current liabilities</b>	<b>16124</b>	<b>14049</b>	<b>16124</b>	<b>14049</b>
<b>5</b>	<b>Current Liabilities</b>				
	a) Short-term borrowings	4142	2507	4142	2507
	b) Trade payables	23043	22438	23269	22687
	c) Other current liabilities	23946	20273	24058	20345
	d) Short-term provisions	481	32014	481	32014
	<b>Sub-total – Current liabilities</b>	<b>51612</b>	<b>77232</b>	<b>51950</b>	<b>77553</b>
	<b>TOTAL - EQUITY AND LIABILITIES</b>	<b>502750</b>	<b>447477</b>	<b>496844</b>	<b>441138</b>
<b>B</b>	<b>ASSETS</b>				
<b>1</b>	<b>Non-current assets</b>				
	a) Fixed assets	170255	152690	170268	152708
	b) Goodwill on consolidation	0	0	0	0
	c) Non-current investments	283	282	1	0
	d) Deferred tax assets	0	0	414	623
	e) Long-term loans and advances	20300	14907	16696	10567
	f) Other non-current assets	0	0	0	0
	<b>Sub-total – Non-current assets</b>	<b>190838</b>	<b>167879</b>	<b>187379</b>	<b>163898</b>



2 Current assets		80252	73300	80252	73300
a) Current investments		116289	111490	120783	116264
b) Inventories		96612	82303	88092	74164
c) Trade receivables		5767	5666	7173	6522
d) Cash and cash equivalents		12452	5916	12625	6067
e) Short-term loans and advances		540	923	540	923
f) Other current assets					
<b>Sub-total – Current assets</b>		<b>311912</b>	<b>279598</b>	<b>309465</b>	<b>277240</b>
<b>TOTAL - ASSETS</b>		<b>502750</b>	<b>447477</b>	<b>496844</b>	<b>441138</b>

**NOTES:**

1. The above audited results for the quarter and year ended 31<sup>st</sup> March 2016, as reviewed by the Audit Committee, were considered and approved by the Board of Directors at its meeting held on 28<sup>th</sup> May, 2016.
2. The Company is primarily engaged in the manufacture of Active Pharmaceutical Ingredients and intermediates. Accordingly there are no reportable segments as per Accounting Standard 17.
3. Details of forex gain/loss are given below:

(Rs. in lakhs)

Particulars	STANDALONE			CONSOLIDATED		
	Quarter ended		Year Ended	Year Ended		Year Ended
	31.03.2016	31.12.2015	31.03.2015	31.03.2016	31.03.2015	31.03.2015
Forex gain/(loss)	(178)	294	(1787)	3405	(105)	2448
						186

Forex gain has been included in Other Income and forex loss has been included in Other Expenses

4. The consolidated results include the audited financial results of the subsidiaries Divis Laboratories (USA) Inc and Divi's Laboratories Europe AG.
5. \*Figures for the quarter ended 31.03.2016 and corresponding quarter ended 31.03.2015 are the balancing figures between audited figures in respect of the full financial year and the unaudited published year-to-date figures up to the third quarter of the respective financial years.
6. Earnings per Share has been adjusted for previous periods presented due to the bonus issue, in accordance with Accounting Standard 20.
7. Board of Directors of the Company at its Meeting held on 10<sup>th</sup> March, 2016 declared an interim dividend of Rs. 10/- per equity share of Rs.2/- each and the company has disbursed the dividend amounting to Rs. 26546.86 lakhs on 28<sup>th</sup> March, 2016.
8. Figures for the previous year/period have been reclassified/ regrouped wherever necessary to conform to current year's classification.

Place: Hyderabad  
Date: 28-05-2016



for Divis Laboratories Limited

*(Signature)*  
Dr. Mirra K. Divi  
Chairman & Managing Director



## Independent Auditor's 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 31<sup>st</sup> March, 2016, 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. 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, 2016, and its profit and its cash flows for the year ended on that date.

### **Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2016 ("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", a statement on the matters specified in paragraphs 3 and 4 of the Order, to the 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 31<sup>st</sup> March, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B".
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note No.29.II.3.A to the financial statements;
  - The Company did not have any long-term contracts with material foreseeable losses and did not have any long-term derivative contracts as at 31<sup>st</sup> March, 2016;
  - 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 31<sup>st</sup> March, 2016.

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

**HYDERABAD**  
**28.05.2016**

  
**N. ANKA RAO**  
**Partner**  
**Membership Number :23939**





Annexure A to Independent Auditor's Report  
Referred to in Paragraph I 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.
  - (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.
- 2 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. 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, limited liability partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013 ("the Act"). Therefore, the provisions of Clause 3(iii), (iii)(a), (iii)(b) and (iii)(c) of the Order are not applicable to the Company.
  - 4 The Company has not granted any loans or made any investments, or provided any guarantees or security to the parties covered under Section 185 and 186 of the Act. Therefore, the provisions of Clause 3(iv) of the Order are not applicable to the Company.
  - 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, 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 31.03.2016 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 or service tax or value added tax which has not been deposited on account of dispute as on 31.03.2016, except income tax, duty of customs and duty of excise 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 and Service Tax Appellate Tribunal, South Zonal Bench, Bangalore.
Customs Act, 1962	January, 2007	Penalty	10.00	Customs, Excise and Service Tax Appellate Tribunal, South Zonal Bench, Chennai.
Customs Act, 1962	June, 2006 to December, 2008	Custom duty and Penalty	18.00	Customs, Excise and Service Tax Appellate Tribunal, South Zonal Bench, Bangalore.
Customs Act, 1962	March, 2012	Custom duty and Penalty	36.70	Customs, Excise and Service Tax Appellate Tribunal, South Zonal Bench, Bangalore.
Customs Act, 1962	November, 2012	Custom duty and Penalty	63.15	Customs, Excise and Service Tax Appellate Tribunal, South Zonal Bench, Bangalore.
Customs Act, 1962	June, 2009 to March, 2010	Penalty	1.25	Customs, Excise and 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 and 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 and 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 and 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 and Service Tax (Appeals), Vishakapatnam.
Central Excise Act,1944	December, 2013 to March, 2015	Excise duty and Penalty	11.34	Commissioner of Central Excise (Appeals), Hyderabad.
Central Excise Act,1944	December, 2013 to September, 2014	Excise duty and Penalty	13.92	Commissioner of Central Excise, Customs & Service Tax, Vishakapatnam.
Income Tax Act, 1961	2005-06	Interest	0.41	Additional Commissioner of Income Tax, Range-I, Hyderabad.
Income Tax Act, 1961	2007-08	Income Tax and Interest	7.08	Income Tax Appellate Tribunal, 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.
Income Tax Act, 1961	2011-12	Income Tax and Interest	130.27	Commissioner of Income Tax, (Appeals)-V, Hyderabad.



- 8 According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of loans or borrowings to any financial institution or bank or Government as at the balance sheet date. There was no amount raised by the Company through the issue of Debentures.
- 9 The Company has not raised any moneys by way of initial public offer, further public offer (including debt instruments) and term loans. Accordingly, the provisions of Clause 3(ix) of the Order are not applicable to the Company.
- 10 During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the Management.
- 11 The Company has paid/ provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
- 12 As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the provisions of Clause 3(xii) of the Order are not applicable to the Company.
- 13 The Company has entered into transactions with related parties in compliance with the provisions of Sections 177 and 188 of the Act. The details of such related party transactions have been disclosed in the financial statements as required under Accounting Standard (AS) 18, Related Party Disclosures specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- 14 The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of Clause 3(xiv) of the Order are not applicable to the Company.
- 15 The Company has not entered into any non cash transactions with its directors or persons connected with him. Accordingly, the provisions of Clause 3(xv) of the Order are not applicable to the Company.



- 16 The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of Clause 3(xvi) of the Order are not applicable to the Company.

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

**HYDERABAD  
28.05.2016**

  
**N. ANKA RAO**  
Partner  
Membership Number :23939



**Annexure B to Independent Auditor's Report**  
**Referred to in Paragraph 2(f) under the heading of 'Report on Other Legal and Regulatory Requirements' of our report of even date**

**Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of **DIVI'S LABORATORIES LIMITED** ("the Company") as of 31<sup>st</sup> March, 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

**Management's Responsibility for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

**Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.



We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

### **Meaning of Internal Financial Controls over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31<sup>st</sup> March, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**HYDERABAD**  
**28.05.2016**

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

  
**N. ANKA RAO**  
**Partner**  
**Membership Number :23939**





## INDEPENDENT AUDITORS' REPORT

### To the Members of DIVI'S LABORATORIES LIMITED

#### Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of DIVI'S LABORATORIES LIMITED ("hereinafter referred to as the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"); (Refer Note No.30.II.2) to the attached consolidated financial statements), comprising of the consolidated Balance Sheet as at 31<sup>st</sup> March, 2016, the consolidated Statement of Profit and Loss, the consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information prepared based on the relevant records (hereinafter referred to as "the Consolidated Financial Statements").

#### Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") 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 including the Accounting Standards specified under Section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014. The Holding Company's Board of Directors is also responsible for ensuring accuracy of records including financial information considered necessary for the preparation of Consolidated Financial Statements. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring 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, which has been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

#### Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act and the Rules made thereunder including the accounting standards and matters which are required to be included in the audit report.





We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards and pronouncements 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 auditors' judgement, 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 financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matter paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the consolidated state of affairs of the Group as at 31<sup>st</sup> March, 2016, and their consolidated profit and their consolidated 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.10756.37 lakhs and net assets of Rs.(5067.93) lakhs as at March 31, 2016, total revenue of Rs.17899.59 lakhs, net profit after tax of Rs.203.71 lakhs and net cash flows amounting to Rs.550.03 lakhs for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management, and our opinion on the consolidated financial statements insofar as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of sub-sections (3) and (11) of Section 143 of the Act in so far as it relates to the aforesaid subsidiaries is based solely on the reports of the other auditors.



Our opinion on the consolidated financial statements is not modified in respect of the above matter with respect to our reliance on the work done and the reports of the other auditors.

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



**N. ANKA RAO**  
**Partner**  
**Membership Number:23939**

**HYDERABAD**  
**28.05.2016**

**DIVI'S LABORATORIES LIMITED**  
**1-72/23(P)/DIVIS/303. Divi Towera**  
**Cyber Hills, Gachibowli, Hyderabad 500 032**  
**Phone: 23786300 email: kishore@divislabs.com**

**PRESS RELEASE dated 28<sup>th</sup> May, 2016**

**Divi's Labs earns a PAT of Rs. 1112 crores on consolidated basis for the year 2016.**

**Consolidated for the year**

For the year, Divi's Laboratories has earned a consolidated total income of Rs.3776 crores for the financial year 2015-16 as against a total income of Rs. 3115 crores during the last year, reflecting a growth of 21%.

This year, the company had a forex gain of Rs.24 crores as against a forex gain of Rs.2 crore during the last year.

PBT for the current year came to Rs.1378 crores as against a PBT of Rs. 1072 crores for the previous year.

PAT for the year is Rs.1112 crores as against a PAT of Rs. 852 crores for the last year, reflecting a growth of 31%.

**Standalone Results**

On a standalone basis, the company's earnings are as given below:

Particulars	For the Quarter		For the year	
	Current	Previous	Current	Previous
Total Income	1095	817	3721	3084
PBT	385	283	1372	1067
PAT	322	229	1108	847

**Forex Gain/(loss)**

Particulars of forex gain/(loss) for the period are given below:

	Quarter ended		Year ended	
	31-03-16	31-03-15	31-03-16	31-03-15
Forex gain/(loss)	(2)	(18)	34	(1)

**Dividend**

The Board has declared an interim dividend of Rs.20 per share i.e., 500% and recommends the same as final dividend for approval of members.

Exports constituted 88% of sales and about 75% to advanced markets in North America and Europe.

During the year, the company has capitalized Fixed Assets amounted to Rs.252 crores. An amount of Rs.264 crores is carried forward as Capital WIP at the end of the year for the Capital Works under execution.