



Divi's Laboratories Limited

Date: 3rd September 2016

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

Stock Code: DIVISLAB

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

Stock Code: 532488

Dear Sir/ Madam,

Sub: Annual Report - 2015-16 – Reg.

Ref: Regulation 34 of the SEBI (LODR) Regulations, 2015


Please find enclosed Annual Report for the financial year 2015-16 as required under Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations duly approved and adopted by the members as per the provisions of the Companies Act, 2013 in the 26th Annual General Meeting (AGM) of the Company held on 29th August 2016 at 10.00 a.m. at Sundarayya Vignana Kendram (SVK), Gachibowli X-Roads, Green Lands Colony, Besides Centre for Good Governance, Serilingampalli Mandal, Hyderabad – 500 032.

This is for your information and record.

Thanking You,

Yours faithfully,

For **Divi's Laboratories Limited**


P V Lakshmi Rajani
Company Secretary
(ACS 18882)



“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

26th Annual Report
2015-16

SUSTAINABLE CHEMISTRY

Striving for leadership through chemistry



Divi's Laboratories Limited

TABLE OF CONTENTS

DIVI'S at a glance	01
---------------------------------	----

Board of Directors	02
---------------------------------	----

Sustainable Chemistry

Divi's Strategy.....	06
Environment.....	08
Waste Management.....	10
Bio Diversity.....	11
Planting Trees.....	12
Water Management.....	13
Energy Conservation.....	14
Health & Safety Major Events FY 2015-16.....	15
Health & Safety.....	16
Personnel Protection.....	18
Product Stewardship.....	20
Knowledge Management.....	21
Corporate Social Responsibility.....	22
Rural Education.....	24
EDU Infrastructure.....	26
Supporting Differently Abled.....	27
Sujalam.....	28
Livelihood Development.....	29
Skill Development.....	30
Swachh Bharat.....	31
Preventive Healthcare.....	32
Rural Infrastructure Development.....	33
Economic Growth.....	34
How we Create Value & Contribute.....	35
Key Financial Indicators.....	36
Geographical Market Presence.....	38
Performance Highlights.....	39

Statutory Reports

Business Responsibility Report.....	41
Management Discussion & Analysis.....	48
Corporate Governance Report.....	55
Directors' Report.....	67

Standalone Financial Statements

Balance Sheet.....	106
Statement of Profit and Loss.....	107
Cash Flow Statement.....	108
Notes to Balance Sheet.....	110
Other Explanatory Information.....	125

Consolidated Financial Statements

Balance Sheet.....	136
Statement of Profit and Loss.....	137
Cash Flow Statement.....	138
Notes to Balance Sheet.....	140
Other Explanatory Information.....	154

Notice of Annual General Meeting	161
---	-----

Disclaimer

Statements in this annual report titled "Sustainable Chemistry" that describe the Company's objectives, projections, estimates, expectations or predictions of the future may be 'forward-looking statements' within the meaning of the applicable securities laws and regulations. The Company cautions that such statements involve risks and uncertainty and that actual results could differ materially from those expressed or implied. Important factors that could cause differences include raw materials' cost or availability, cyclical demand and pricing in the Company's principal markets, changes in government regulations, economic developments within the countries in which the company conducts business, and other factors relating to the Company's operations, such as litigation, labour negotiations and fiscal regimes.

Manufacturing Facilities**Choutuppal Unit:**

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

Export Oriented Unit:

Chippada Village, Bheemunipatnam Mandal
Visakhapatnam Dist. (A.P), Pin - 531 163

Divi's Pharma SEZ:

Chippada Village, Bheemunipatnam Mandal
Visakhapatnam Dist. (A.P), Pin - 531 163

DSN SEZ Unit:

Chippada Village, Bheemunipatnam Mandal
Visakhapatnam Dist. (A.P), Pin - 531 163

R&D Centres

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

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

Chippada Village, Bheemunipatnam Mandal
Visakhapatnam Dist. (A.P), Pin - 531 163

Subsidiaries

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

Divi's Laboratories Europe AG, Basel,
Switzerland.

Registrar & Share Transfer Agent

Karvy Computershare Private Limited
Karvy Selenium Tower B, Plot No. 31-32,
Gachibowli, Financial Dist, Nanakramguda,
Hyderabad - 500 032.

CIN: U74140TG2003PTC041636

Bankers

State Bank of Hyderabad
State Bank of India

Auditors**Statutory Auditor**

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

DIVI'S AT A GLANCE

Divi's Laboratories Ltd is a global manufacturer and supplier of Active Pharma Ingredients and Intermediates. Divis, through its custom synthesis business, supports innovator pharma companies for their patented products business right from gram scale needs for clinical trials to launch as well as late life cycle management.



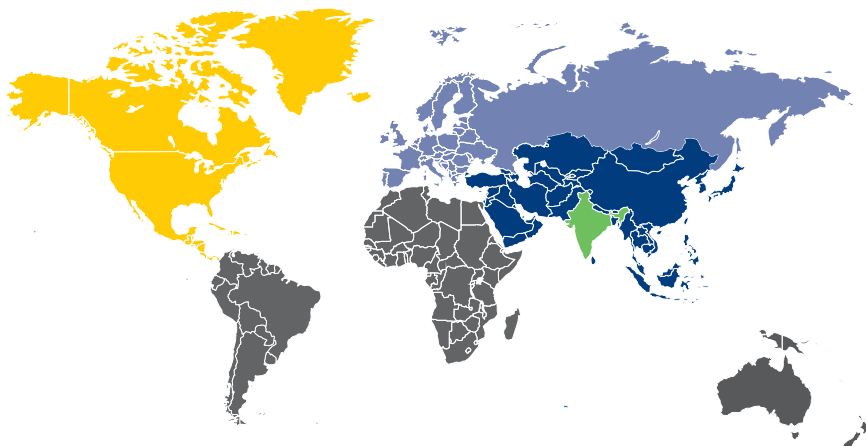
4
Manufacturing
Facilities



3
R&D Centers



9481
Employees

**Share of Sales Across Geographies**

America 32%

Europe 43%

India 12%

Asia 11%

Rest of the World 2%

Board of Directors

>> Refer page no. 2 & 3

Chief Financial Officer: L. KISHORE BABU
Company Secretary: P.V. LAKSHMI RAJANI

Registered office:

Divi Towers, 1-72/23(P)/DIVIS/303,
Cyber Hills, Gachibowli,
Hyderabad - 500 032, India
www.divislaboratories.com

CIN: L24110TG1990PLC011854

Phone: 040-2378 6300 ; Fax: 040-2378 6460

E-mail: mail@divislaboratories.com

BOARD OF DIRECTORS

EXECUTIVE DIRECTORS



INDEPENDENT DIRECTORS



1. Dr. Murali K. Divi

Chairman & Managing Director

Dr. Divi holds a post graduate degree in Pharmaceutical Sciences from College of Pharmacy, Manipal, Karnataka and a doctorate in Pharmaceutical Sciences from Kakatiya University, Warangal, Telangana. He is a member of American Institute of Chemical Engineers, American Chemical Society, American Cosmetic Society and American Pharmaceutical Association.

Dr. Divi is the chief promoter of the company and has been on its Board since 1990. He has considerable expertise in implementing and managing bulk pharmaceutical chemical manufacturing facilities conforming to GMP/US-FDA standards. He has led R&D teams and developed efficient processes for speciality chemicals, pharmaceutical intermediates, herbicides and rodenticides and custom synthesis. He has an extensive experience of over 30 years in the Active pharmaceutical ingredients industry.

2. N. V. Ramana

Executive Director

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 has been its Whole-time Director designated as Executive Director of the Company.

He has over 25 years of experience in Pharmaceutical Industry and handled varied functions in the active ingredients business.

Mr. Ramana is responsible for overall operations including strategy planning, business development and nutraceuticals business.

3. Madhusudana Rao Divi

Director - Projects

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

He assumed Directorship of your company since 1994 and has been a whole-time director since 1997. Mr. Rao Divi looks after project implementation, production planning, environment management and regulatory

affairs. He is responsible for implementation of new Projects of the company, plant up-gradation to comply with FDA requirements, environment management and overseeing logistics at Plant.

4. Kiran S. Divi

Director & President Operations

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

He joined the company in 2001 and has been a Whole-time Director designated as Director & President - Operations on the Board of the Company.

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

5. Dr. G. Suresh Kumar

Independent Director

Dr. G Suresh Kumar holds an MBBS degree from Gandhi Medical College, Hyderabad and M.S. (General Surgery) from Gulbarga University, Karnataka. He worked with the Ministry of Health, Government of Algeria between 1978 and 1983. He is a practicing Consultant Surgeon at several multispecialty hospitals at Hyderabad. Dr. Suresh Kumar joined the company as Director during the year 2001.

6. R. Ranga Rao

Independent Director

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

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

He also served as a member of different committees formed by Director General, Drugs Controller, Govt. of India to assist the department for the betterment of availability of safe and quality drugs to the public. He also served as a President, Indian Pharmaceutical Association, AP State Branch for two years. Mr. R. Ranga Rao joined the company as Director during the year 2012.

7. K.V.K. Seshavataram

Independent Director

Mr. K.V.K. Seshavataram is a qualified Chartered Accountant, Cost Accountant and Company Secretary and is a member of the Institute of Chartered Accountants of India, the Institute of Cost Accountants of India and the Institute of Company Secretaries of India. He retired as Chairman and Managing Director of M/s. Hindustan Zinc Ltd., Mr. Seshavataram has a varied experience of over 35 years in financial and general management, both in the private and public sector. Mr. Seshavataram was inducted into the company's Board as Director during the year 2014.

8. S. Sridevi

Independent Director

Mrs. S. Sridevi holds a Masters degree in Nutrition from Sri Venkateswara University, Tirupati, Andhra Pradesh. She has worked as Senior Manager with Andhra Bank and has diverse knowledge of the corporate finance and banking. Mrs. S. Sridevi was inducted into the company's Board as Director during the year 2014.





SUSTAINABLE CHEMISTRY

The 26th annual report of Divi's Laboratories Ltd comes with the theme Sustainable Chemistry. As per Organisation for Economic Co-operation and Development (OECD), Sustainable Chemistry is a scientific concept that seeks to improve the efficiency with which natural resources are used to meet human needs for chemical products and services. Sustainable chemistry encompasses the design, manufacture and use of efficient, effective, safe and more environmentally benign chemical products and processes.

Sustainable chemistry is also a process that stimulates innovation across all sectors to design and discover new chemicals, production processes, and product stewardship practices that will provide increased performance and increased value while meeting the goals of protecting and enhancing human health and the environment.

The report theme and its contents are a reiteration of our assurance towards making the company sustainable in terms of its financial performance as well as our commitment towards protecting the environment and society around our facilities.

In summary the business model of Divi's is akin to Sustainable Chemistry.

DIVI'S STRATEGY

THREE IMPORTANT DRIVERS OF DIVI'S BUSINESS

The business strategy and sustainability programme at Divi's are based on three global drivers that are influencing our customers, environment and communities. Our endeavor is to ensure that we respond to these important drivers by continuously evolving various aspects of our operations, products, supply chain and our engagements with the communities. By doing so, we can create new opportunities and contribute to a more sustainable world for all.

Global Health care Industry

As the global healthcare industry struggles with an untenable cost trajectory, it also is facing increased demand for healthcare products and services by an expanding pool of consumer-patients and by growth in costly chronic disease management. Global healthcare costs, currently estimated at \$6 trillion to \$7 trillion, are projected to reach more than \$12 trillion within just seven years. Given this outlook, radical measures are expected to be taken to control this spiraling expense. At Divi's our efforts are to develop products that can support our customers and their efforts to face the emerging challenges in healthcare thereby making our business sustainable in the long term

Fragile World

As rising temperatures and pollution adversely impacts habitats and resources, carbon reduction is an increasing priority. To maintain safe levels of carbon emissions, it is estimated that by 2040, the world needs to reduce its emissions by 50%. With already stretched food, water, fuel and other natural resources, a new approach to protection of environment and natural resources is required. Towards this objective, Divi's has taken several initiatives for efficient use of resources and minimise environmental impact while making essential products for healthcare industry.

Community & Inclusive Growth

We add value to local communities around our facilities through various social upliftment initiatives such as community healthcare, education, rural infrastructure, empowering women, support to differently abled, generating livelihood opportunities & relief programmes. Our approach is to establish the strong relationships that are essential to maintaining our social licence to operate: building trust and respect with local communities. To support our local communities, we allow all of our employees to donate a small part of their working time through our employee volunteer scheme.



HIGHLIGHTS

2015 - 2016

₹ 3,816 Crore

REVENUE

The company has achieved a revenue growth of 21% for the year on the back of a growth of 23% achieved during the last year

₹ 30,566 Crore

MARKET CAPITALISATION

₹ 1,108 Crore

PROFIT AFTER TAX

₹ 41.73

EARNINGS PER SHARE

88%

EXPORTS

Product Stewardship & Quality

Successful inspection by the US-FDA for its Unit-2 at Chippada, Visakhapatnam.

Introduced EHS Evaluation of Safety Critical Raw Material Supplier Manufacturing sites in 2015.

Environment, Health & Safety

Conducted 147 EHS Programmes

550000 trees planted as at 31 March, 2016

Commissioned a biogas plant at our Visakhapatnam unit which can produce 150 units of electricity per day

Social Responsibility

Drinking Water facilities to villages

Toilets for Girls & Boys in Schools

Distribution of 18gms Horlicks Sachets every day to 4800 students/55 Schools

Distributed 35,000 Note Books to 4794 students

Uniforms to 1342 Students

Merit Scholarships to 73 Students

Scholarships to students of professional courses

Honorarium to Vidya volunteers

Corpus Fund for upgradation of Schools

Free Health Checkups at 52 schools

Infrastructure facilities - Additional Class Rooms, furniture kitchen sheds, Computer Infrastructure, Library, Drinking Water, security infrastructure, Science Lab equipments Utensils etc.

ENVIRONMENT



4937259 KWH units
Saved through energy saving initiatives

7153 tCO₂e Units
Reduction in emissions

Our Approach

Investing in environment sustainability is a key priority in our business strategy. With this in mind, and as an ethical and responsible business, we continually seek ways to minimise the environmental impact of our operations. While pursuing our activities, we endeavor to minimise any adverse impact on air, water and land by means of pollution prevention and energy and water conservation. By doing so, we achieve cost saving, an increased operational efficiency and ultimately, a safe environment and a healthy workplace.

Policy

Our commitment is summarised through the following principles:

- Selection of suitable process and appropriate equipment along with safe handling.
- Safe handling of equipment.
- Prevention of Pollution, Injury and ill health.
- Adopting sound Environment, Health and Safety systems.
- Identifying the possible hazards/aspects and implementation of preventive measures.
- Continual improvement of awareness and competence of personnel through training.
- Comply with legal and other requirements.
- Minimization of waste and conservation of natural resources.

EHS Management programmes for the Year 2015-16

Year	Reduction of Energy	Reduction of Man Hour	Conservation of Natural Resources	Safety	General Working Condition	Increase in Productivity	Others	Total
2015-16	7	8	23	80	18	1	10	147



Biogas plant at Visakhapatnam unit

Our Concern for Environment

Our commitment towards the environment is embedded in our operations and our products. We employ best practices and clean technologies to reduce our impact on our surroundings. We understand the challenges of a resource constrained planet and have focused on efforts towards mitigating the existing and emerging environment risks.

During the year, we have commissioned a Biogas plant at our Visakhapatnam unit. The Biogas plant will process kitchen waste and leftover food from canteen to generate electricity, serve the cooking needs and organic manure (as another useful by-product which is being used for in-house horticulture purpose). ~800Kgs of feed to biogas plant per day can yield ~150 units of electricity.

Emission Management

We are aware of the impact that our operations can make on the environment and therefore, continuously work towards reducing the emissions. We have well established environment management systems dedicated to function beyond compliance levels. Technologies and equipments like electrostatic precipitators, scrubbers, thermal oxidizers and cyclones have been installed at the units to control air emissions.

Other initiatives such as technology change, switching to renewable energy and improving energy efficiency, help reduce GHG emissions. We follow the Central Electricity Authority (CEA) Grid emission factors, the World Resources Institute (WRI)/ World Business Council for Sustainable Development (WBCSD) GHG Protocol, and the Inter-Governmental Panel on Climate Change (IPCC) Guidelines to track our carbon footprint.

The air emissions are measured through continuous Online Ambient Air Quality Monitoring Stations placed at several locations in the manufacturing sites to monitor Nox, Sox, Hydrocarbons, Carbon monoxide. AAQMS are connected to the State Pollution Control Board server and the readings are displayed at the entrance of the company which is visible to everyone. Emissions generated are well within permissible limits fixed by Central and State Pollution Control Boards. The Company does not manufacture products containing Ozone Depleting Substances (ODS). At Divis, the emission of ozone depleting substances is primarily due to the use of ODS-based refrigerants in air-conditioners and chilling plants.

Ambient Air Quality Monitoring Station



Multiple Effective Evaporator



Buyback of
E-waste against
supply of
new electrical
and electronic
equipment

Return of the
E-waste
to the respective
producers

Transit to
CPCB/SPCB
authorized
recyclers

WASTE MANAGEMENT

DIVI's commitment towards waste management is reflected in its Environment policy that lays much emphasis on improving waste management practices across all operations. We adhere to all statutory compliances and environmental clearances through respective pollution control boards.

E Waste Management

Divis is committed to fulfill responsibilities of bulk consumer for compliance to E-waste (Management & Handling) Rules, 2011. The actions for environmentally sound disposal of E-waste generated have to be in line with the said Rules. In this regard during the year following systemic procedures is being implemented: The E-waste is disposed off by:

Co-processing hazardous waste in cement kiln

Divis has adopted a co-processing technique for scientific disposal of some of its hazardous waste. By adoption of this method, hazardous waste material which was earlier incinerated in-house is now sent to cement kilns for co-processing. This assists in utilisation of hazardous wastes as an alternative fuel for the cement industry. Co-processing leads to complete thermal destruction of such hazardous wastes.

BIO DIVERSITY

All our manufacturing facilities are located outside the biodiversity sensitive or notified protected area. No species listed in the International Union for Conservation of Nature (IUCN) Red List and National Conservation List are found to exist in or near the operations of the Company.



Impact of our operation on the surrounding ecosystem which is critical for the survival of the local species are assessed and taken care of. Preservation of these local species is minimizing our impacts on their habitats forms an integral part of our biodiversity. We conduct Environmental Impact Assessments for all new and expansion projects and engage external experts (NIO) to undertake

periodic monitoring of our impact on marine Biodiversity. Out come of one such study says: "The concentrations of all chemical constituent in the vicinity of marine outfall are well within the ambient levels of coastal environment and posing no threat to marine biota".



PLANTING TREES

Deforestation is the core of environmental challenge and the impact of depleting green patches is devastating. The root cause of global warming, depletion of ozone layer and ground water levels is akin to felling number of trees. Across various locations around its manufacturing units the company has planted over 550,000 trees. During the last year, company has also replanted many trees that are uprooted during the Hud Hud Cyclone.



WATER MANAGEMENT

The Management is committed to optimise the water consumption through process modification and the adoption of new technologies. The Company strives to recycle usable water from the effluents after treatment with the aim of reducing our fresh water intake. The Company has also implemented rain-water harvesting facilities, enabling recharging of ground water.



ENERGY CONSERVATION

Energy conservation is a major process improvement initiative across our manufacturing plants. We have a structured process to identify and implement Energy Conservation Initiatives at our plants.

Some of the key energy conservation initiatives undertaken across our plants this year include:

Adoption of Green Chemistry principles.

Power saving by improving power factor from 0.987 to 0.997.

Installation of Variable Frequency Drives for various applications.

Using energy efficient motors (IE2) instead of standard motors (IE1).

Coal additive usage for boilers for reducing the coal consumption up to 15%

Reactor agitator designs changing resulted in decrease of power consumption up to 10%

Getting Helical gear box in place of worm reduction for process reactors to improve efficiency from 75% to 90%

Procurement of high efficiency (80%) pumps in place of normal efficiency pumps (65 to 70%)

Replacement of rigid/flexible couplings with fluid couplings for driven shafts

Replacement of standard ML lamps with energy efficient LED lamps.

Outdoor street lights On/Off system w.r.t day light intensity instead of manual switches at unit-1

Changeover to fanless induced draft cooling tower from fan type induced draft tower.

Conversion from HSD oil to LPG for thermic fluid heaters at unit-1.

Usage of steam for cooking instead of LPG for efficient energy consumption at unit-2

Alternate heating through solar panels at unit-2.

Installation of Biogas plant for canteen waste and generation of electrical energy from biogas.



HEALTH & SAFETY

MAJOR EVENTS FY 2015-16

Safety Week is a tool used by Divis to support the National Safety Council (NSC)-India. Every year, week long celebrations are organized at Divis to mark the importance of National Safety Day - 4th March. Various safety awareness campaigns and activities are carried out to inspire employees about the importance of safety. The campaign was extended to the local community also.

The NSC theme for 2016 was “Strengthen safety movement to achieve zero harm”. The awareness campaigns included: Safety pledge, Safety exhibition, Contract Workers Trainings, Emergency equipment handling competition, Spot trainings on different safety aspects, Skit, songs, Quiz, Slogan and Poster competitions. In addition to this, there was a training for emergency responders on the roles and responsibilities of emergency responders in case of an emergency, along with the fire equipment operation training.



Health & Safety Programmes during the year

Road safety week campaign from 23.01.16 to 30.01.16

45th National Safety Day / week campaign

Fire service day/week campaign with Local Disaster response and fire brigade Team

Internal & External training programmes

Blood donation camp was organized in our unit-2 and there was enthusiastic participation by plant personnel



HEALTH & SAFETY



Making the workplace safe is our key priority across our facilities. The health and safety of our employees constitute a first priority for management and we always try to fully respect the requirements laid down by legislation and creation of separate budget for compliances.

This past year, technologies and equipments like AED, mobile tower lights, Multi gas analyzers, Personal Ballistic Suit, Arc Flash Protection suit, Smoke detection system, Ionized air blower, other emergency and material handling capabilities have been

made available at the units with the budget of about ₹1317 Lakhs.

Divis has in place, a Environment, Health and Safety (EHS) policy which is communicated to all the employees including contractors so that each and everyone can contribute to the implementation and improvement of health and safety conditions at work.

Any occurrences, deviations or accidents are thoroughly analysed for the causes and appropriate remedial actions addressing all issues like validating safety protocols,

reviewing production processes and taking care of employees and retraining them are taken up.

All our operations have health and safety manager-worker committees that conduct regular safety meetings that suit the needs and requirements of each individual site.

In addition to these safety meetings, the following actions also take place:

Regular safety awareness campaigns and training.

Visitors must receive a safety induction before being admitted to areas outside of designated safe zones.

Each new employee, whether permanent or contract, receives safety training that is applicable to their specific job function.

Ensuring appropriate identification of hazards and risk mitigation measures.

Periodic inspections and regular audits are conducted

Standard Operating Procedures have been made available to concerned area operators for better safety during execution of jobs.

Displaying Raw Material Information Matrix near the processing, Handling & storage area.

Do's, Don'ts & safety instructions have been displayed in process, storage and chemical handling areas.

HAZOP study and Risk Analysis are carried out during design stage to identify the hazards & risk mitigation.

'Permit to Work' system is followed in all our installations to ensure safety during maintenance works.

Improvements like nitrogen blanket for flammable solvents handling and interlock systems for hazardous energy grounding, are initiated to improve inherent safety

Our Manufacturing units have a well-equipped occupational health/ first aid centres with a full time Resident Medical Officer for employee's consultation and medical emergency. The Plants also have a full-fledged ambulance van. Periodical Health check-ups are conducted to monitor the health condition of each and every employee.



Oath on Safety Day

BENEFITS OF APPLYING BBS

1

Raises overall safety awareness and Increase observation skills

2

Develops leadership skills

3

Reduces costs related to injuries and incidents

4

Develops safety culture across the organization

5

Communicates management's commitment to safety

6

Develops communications skills

7

Allowing the employee to assume the principal responsibility for safety

8

Reduces injuries and alters employee behaviour by reinforcing safe work practices and eliminating at-risk behaviour

9

Increases productivity due to reduced injury related to absenteeism and illnesses

10

Develops Positive Reinforcement to prevent workplace injuries/accidents

EMPLOYEE WELL-BEING

On the 1st of October 2015, DIVI has successfully completed 25 years of its Journey. Along the way, we achieved countless accolades, awards and recognition globally from all the stakeholders and grew from strength to strength.

All this would not have happened without the hard work, dedication and support of its employees who have played a very important role in the development and growth of our company. Divi's recognizes its employees' role as an important aspect in its business pursuit and has always been taking adequate measures for well-being of its staff.

On the occasion of completion of 25 years of formation of the company, the management has decided to award the employees with a one time ex-gratia based on their service in the company.



PRODUCT STEWARDSHIP

At Divi's, Product Stewardship is an environmental management strategy that embodies; whatever we design, produce, sell, or use must have minimal impact on the environment throughout all stages of the products' life cycle.

Green Chemistry

We are committed to the principles of Green Chemistry, through which we monitor and manage various aspects like energy efficiency, reaction mass intensity, atom efficiency. Green chemistry has empowered us to develop a number of new products without using the volatile solvents. At Divi's, a highly experienced pool of R&D professionals are working towards adding value for the Company by maximizing efficiency and minimizing hazardous effects on human health and environment.

Over the years, continuous initiatives have resulted in a steady flow of new products, thus strengthening the competitive portfolio position.

EHS Evaluation of Supplier Manufacturing

In order to go deep into our supply chain to enforce our environmental, health, safety and security standards, we have introduced EHS Evaluation of Safety Critical Raw Material Supplier Manufacturing sites in 2015.

This is a formal system aimed at improving supplier manufacturing sites to maintain quality, provide a safe working environment with minimal environmental impact and compliance to applicable laws. Raw Material supplier audits are being conducted by our internal EHS team to ensure EHS compliance.



Future Plans

Strengthening of CHEL (Chemical Hazard Evaluation Lab) with new equipments like Hartmann Tube Dust Explosion Hazard, Grever Furnace Apparatus, Oxidising Liquids Test Apparatus, Ignition Temperature Oven (bam Oven), Explosive Properties-by Shock (bam Fall Hammer), Automatic - Isoperibolic Bomb Calorimeter for better understanding of Flammability & Dust properties of the materials.

KNOWLEDGE MANAGEMENT

We continuously focus on tools and processes to manage the knowledge of our people across functions. It also forms the foundation of everything we do: from how we create efficient process developments, to the way we support our customers and how we run consistent quality processes globally. In a world where globalization meant that our employees are increasingly mobile and the pace of change and innovation seems to be ever increasing, and alongside the growing complexities of our Business as we continue to increase our global footprint, we work hard to protect and capitalise on our people's knowledge through our three-point strategy:

Knowledge retention: We look to recognise and reward employees with expertise, thereby retaining them and their knowledge in the Business. We also use systems and procedures to protect knowledge and ensure continuity of processes.

Knowledge sharing: Much of what we know is in our people's minds or our processes. To ensure that we keep delivering outstanding service and innovation, all our staff are provided easy access to the insights and learning of our experts.

Training: Divis considers professional skills, expertise and regular staff training as a key factor for its growth, and to sustain the company's competitive advantage. During the year, our employees have undergone several internal & external training programmes.



CORPORATE SOCIAL RESPONSIBILITY

Over the years, Corporate Social Responsibility has moved away from being perceived as charity as, to empowerment and partnership. In order to be part of the social empowerment and healthy living, businesses are becoming more and more conscious about the needs of the community as well as responding positively to ever changing regulatory norms.

Through our inclusive approach, we add value to local communities around our facilities through various social development initiatives touching upon a wide spectrum of areas where intervention and handholding are required.



CSR - Our Priorities

Promoting Education
Support to Differently Abled
Safe Drinking Water
Swachh Bharat

Empowering Women
Preventive Health Care & Sanitation
Rural Infrastructure Development
Animal Welfare & Dairy Development

Livelihood Enhancement Projects
Environmental Sustainability
Promoting Rural Sports
Eradicating Hunger, Poverty & Malnutrition



RURAL EDUCATION

The company recognises that education is an important stepping stone towards nation building. When it comes to empowerment through rural education, company has a holistic approach encompassing distribution of educational kits, improving the health of pupils, providing basic amenities like safe drinking water & toilets and education infrastructure.



Activities undertook in FY 2015-16

- Drinking Water to the children
- Toilets for Girls & Boys in Schools
- Distribution of 18gms Horlicks Sachets every day to the students.
- Free Note Books, Text Books, Uniforms, School bags, Teaching aids, shoes and other accessories.
- Merit Scholarships
- Scholarships to students of professional courses
- Honorarium to Vidya volunteers
- Corpus Fund for up gradation of Schools
- Free Health Checkups
- Infrastructure facilities - Additional Class Rooms, furniture, kitchen sheds, Computer Infrastructure, Library, Drinking Water, security infrastructure, Science Lab equipments, Utensils etc.

Impact during 2015-16

 **4800**
Students

 **55**
Schools

 **41**
Villages

 **41**
Vidya Volunteers

Health: Many schoolchildren especially from the economically backward families suffer from malnutrition for various reasons. To increase the nutrition level among schoolchildren, company decided to supply Horlicks sachets to every child once in a day in schools. In the first phase of the programme, Divis is supplying 18-gram Horlicks sachets to each of the 4800 children studying in 55 schools in Nalgonda, Vishakapatnam and Vizianagaram districts, at a cost of Rs 5.72 lakh per month.

During the year the company also organized free health camps in 52 schools



School Supplies: For access to school education, essentials such as books, uniform is a challenge among many schools, especially in backward areas. This leads to many children from the poor families stay away from going to schools thus increasing the number of school dropouts. Realising this, the company has been undertaking distribution of school uniforms and books.

During the year 35,000 note books were provided to 4794 students in 55 Schools and 1342 students were given uniforms. Play items were also distributed among Aganwadis (Play Schools)

EDU INFRASTRUCTURE

Lack of basic infrastructure and amenities is a persistent challenge among many rural schools in India. Ill-equipped, dilapidated school buildings leads to children losing enthusiasm for attending schools. Lack of proper sitting facilities, shortage of class rooms, toilets, electricity, laboratories and libraries are perennial challenges among many rural schools.

As part of the company's CSR initiatives, the company has been supporting various schools to overcome their infrastructure challenges. During the year the company donated Lab equipments to Z.P.H Schools in Anikireddygudem. Desk benches were donated to MPP school in Vayilapalli and laboratory equipments were provided in KGBV in Visakhapatnam. Company facilitated an IT enabled smart class room at MPUP School in Chippada.



SUPPORTING DIFFERENTLY ABLED

When India is moving towards becoming a developed nation, its important that the 5% of India's population suffering from various physical challenges are given economic and material support so as to integrated them with the mainstream.

We believe that differently enabled ones are an equal and important part of the community and needs handholding to overcome their challenges.

Impact during 2015-16



190
Students



2
Schools



Major Initiatives undertaken during the year

Provided Braille Text Books to the students of Govt Residential School for Blind

Distribution of 30 Laptop's to the Students of Netravidyalaya

Constructed Toilets

Appointed Additional Teachers for Govt Residential school for Blind

Created Barrier Free Environment in the play ground of Govt Residential School for Blind

Provided Nutritious Food to the students of Govt Residential School for Blind

Conducted Health Check Up Camps at School for Visually Challenged

Renovated Kitchen in Govt Residential School for Blind

Provided Utensils & water coolers to Govt Residential School for Blind

Distribution of Uniforms to the students of Netravidyalaya

Established Computer Lab, Music Room and Health Room

19 Students were provided with financial assistance to pursue their Intermediate/Graduation



SUJALAM - PROTECTED DRINKING WATER SCHEME

Sujalam is the flagship drinking water project under Divi's CSR initiatives.

It's well known that contaminated drinking Water causes health problems like Diarrhea, Jaundice and Worm Infestations. The water in Nalgonda District in Telangana State, contains fluoride higher than permissible limits. The company has been providing safe drinking water for the rural population in its operational vicinity by setting up water kiosks using RO technology.

This also involves implementing one of largest community drinking water project of its kind in AP & Telangana States. Under this initiative, the company so far set up 55 water purification units to provide safe drinking water in 40 villages. At these kiosks, water is available round the clock and the local populace is provided with smart cards for transparency, accountability and convenience.

Impact during 2015-16



40
Villages



150,000
People



55
Units



LIVELIHOOD DEVELOPMENT

Agriculture is the mainstay of rural India. However the income from agriculture has been erratic due to climate fluctuations, crop failures, lack of market linkages and exploitation by middle men. Marginal farmers and agriculture labour have been the most effected due to these events.

Agriculture becomes more sustainable when dairy development and animal husbandry is intermingled with agriculture. Farmers are able to withstand financial disparities arising out of erratic incomes from crop based agriculture by way of foraying into dairy development.

In the recent years, the company has initiated several rural interventions with the help of animal husbandry and dairy development. The company has organized Veterinary Camps and Expert's Advisory Camps on Dairy Development, Cattle feed and Animal Welfare. Company also initiated Improvement of veterinary dispensaries by contributing of medical equipments, vaccines and medicines to veterinary hospitals.

Impact during 2015-16



25000
Farmers



18
Villages



SKILL DEVELOPMENT

There is growing young population in India and many of our youth, especially women from the rural areas haven't acquired any skills to become employable and thereby sustain their livelihood.



Divis Laboratories has established a community based skill development training centre at Chippada in AP for rural women. It aims to provide / improve skill of the rural youth. The company aims to provide varied skills to women according to their choice, abilities with a focus to be able to work from home. Currently training programs are conducted to train them on book binding and screen printing.



PERSONNEL PROTECTION



Personnel protection equipment (PPE) usage is compulsory in all areas outside of designated safe zones. PPE enforcement is the responsibility of all employees including our leadership team. Our safety departments undertake regular surveys and spot checks. PPE requirements are detailed in our employee safety induction programs and all contract employees are subject to the same rigorous standards as our permanent employees

Memberships

The organization is an active stakeholder in "Visakhapatnam District Crisis Group" and participated in many technical discussions.

To stay updated on all aspects of workplace safety, the company has opted for memberships in various safety associations such as :

National Safety Council, Mumbai
(NSC - Mumbai)

American Conference for Governmental
Industrial Hygienists (ACGIH)

Additional Memberships during the year

American Society of Safety Engineers (ASSE)

National Fire Protection Association (NFPA)

American Industrial Hygiene Association
(AIHA)

Behaviour Based Safety (BBS)

"Safety first, Safety by heart", is the motto we operate with. Hence, "Behavioral Based Safety" has been launched to develop safety as an integral part of work culture within the Organization. Focused BBS Journey across all Divis locations help us in improving all our safety related parameters. Improvement in all these parameters will also ensure our forward step towards our overall objective of Zero Incidences.

To build strong safety culture one needs to imbibe safety in all activities of the organization right from design stage to construction, commissioning, operation & maintenance. It is with this deep desire to eliminate incidences, DIVIS embarked upon a journey of BBS to address the human element and improvise on the existing processes.

SWACHH BHARAT

Launched in October 2014 by the Hon'ble Prime Minister of India, Swachh Bharat is India's largest ever cleanliness drive. Soon after the launch, corporate India joined this programme with several initiatives.



Swachh Bins: Joining this mission, the company arranged two swachh bins each in 12 Locations in the neighbouring villages for collection & disposal of waste. A tricycle for collection of bio-degradable & recyclable waste has been provided to Grama Panchayat. In the first phase, villages between the company's unit at Chippada and national highway have been identified for implementation of Swachh Bharat.

Construction of Toilets: Under Swachh Bharat, Divi's Constructed Separate Toilets for Girls and Boys in Schools.



In addition to the construction of School Toilets, Divi's have been providing financial assistance of ₹ 3,000/- each for the construction of individual toilets in the following Grama Panchayats

1. Annavaram
2. Chippada
3. P.N.Palem
4. Chepaluppada
5. T. Nagarapalem
6. Mulakuddu

Impact during 2015-16



12
Swachh Bins



19
Schools (Toilet for Boys)



30
Schools (Toilet for Girls)



PREVENTIVE HEALTHCARE

Preventive healthcare is an important dimension of health that needs significant attention and investment from all sections of the society. It is a national health priority notified under Schedule VII of the CSR Section 135 of the Companies Act. Preventive healthcare along with improved sanitation directly improves health, well-being and productivity of community/population, families and individuals, and promotes equity by benefiting most the disadvantaged and marginalised groups. It covers range of public health activities focused on prevention of diseases, promotion of good health and strengthening of health systems. Towards achieving this goal, the company under its CSR initiative conducted the following activities during the year.

Free Eye and Dental care Camps

ORT training and pulse polio campaigns

Addl. Incentives for Family Planning and awareness campaigns on HIV/Aids, epidemics and malaria

Fluorosis health camps

Prevention camps for Japanese Encephalitis

Pulse Polio Immunization Program

Supply of bleaching powder for Chlorination of drinking water sources twice in a year

Impact during 2015-16



40
Villages



45000
People



RURAL INFRASTRUCTURE DEVELOPMENT

Our initiatives in assistance for augmenting rural infrastructure includes construction of roads, bus shelters, community halls, drains, burial grounds, renovation of places of worships, digging agricultural bore wells, providing street lights and their accessories, de-silting of tanks, canals & community ponds and distribution of streetlights.

 De-silting of Canals



ECONOMIC GROWTH

Good Financial performance in FY 2015-16 is a reflection of our focus on R&D skills, manufacturing excellence, cost reduction and operational agility across all functions. While we have been expanding our markets and products to make the financial growth sustainable, from the risk mitigation angle, we continue our efforts to reduce product and client concentration over the last couple of years. To broad base our growth, we are able to spread our revenue mix across geographies. This helps in mitigating any macroeconomic volatilities in various global markets.

Regulatory compliance is core of our business strategy. During the year, successful inspection by the US-FDA was completed at our Unit-2 at Chippada, Visakhapatnam. This is amidst a challenging regulatory environment that prevailed globally during the year. Divi's other facilities are also compliant with US-FDA and other regulators as well.

Against this background, the company delivered a good financial performance on several key performance indicators. For the full year 2015-16, income grew 21 per cent Y-o-Y to ₹ 381,573 lakh, while net profit grew at a stronger 31 per cent to ₹ 110,769 lakh backed by a lower depreciation. For the year EBIDTA stands at ₹ 149,226 lakh - a Y-o-Y growth of 24% with a margin of 39%. The company has minimal debt and most of the capex is being funded through internal accruals.

Direct Economic Impact

(₹ in Lakh)

	2014	2015	2016
Total Revenue	259787	312685	381573
Exports	228485	265677	325693
Tax Expense	21692	22012	26415
Consumption of Material	91814	121544	149571
Employee Benefit Expenses	22543	28315	35736
Interest	205	186	232
Dividend & Dividend Tax	31059	31951	31951
Retained Profits	48114	52754	78818

Five Years at a Glance

(₹ in Lakh)

	2012	2013	2014	2015	2016
Total Revenue	191069	217740	259787	312685	381573
Earnings from operating activities	76063	87026	110276	120489	149226
Net Earnings from operating activities	54597	61142	79172	84706	110769
Net capital invested	202381	240673	281909	332019	399006
Return on capital invested	26.98%	25.40%	28.08%	25.51%	27.76%

HOW WE CREATE VALUE & CONTRIBUTE

Customers

(₹ in Lakh)

	2014	2015	2016
Total Revenue	259787	312685	381573
Debtors	79164	82303	96612
Payments received during the year	228123	305261	357824
Debtors' outstanding (in average number of days of turnover)	115	97	95

Shareholders

	2014	2015	2016
ROE	28%	24%	25%
Dividend per share (in ₹)	20	20	10

National Exchequer

(₹ in Lakh)

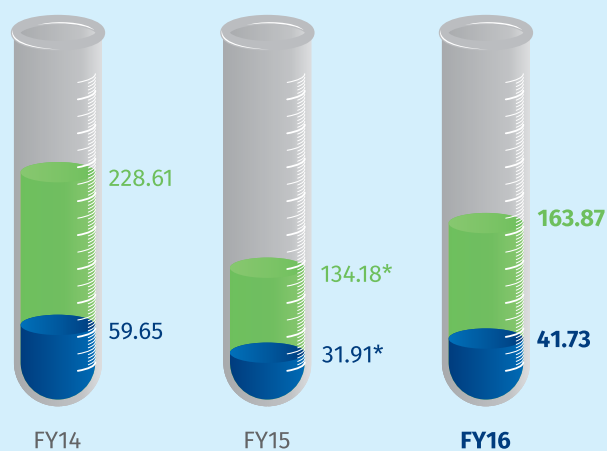
	2014	2015	2016
Tax Expense	21692	22012	26414
Corporate Dividend Tax	4512	5404	5404
Other Direct Taxes	241	306	362
Excise Duty	160	82	105
Customs Duty	106	213	141
Total	26711	28017	32426

Employees

	2014	2015	2016
Cost towards wages / salaries (₹ in Lakh)	21324	26834	33729
Other benefit costs (₹ in Lakh)	1219	1481	2007
Total personnel costs (₹ in Lakh)	22543	28315	35736
% of sales	8.97%	9.18%	9.60%
No. of Employees	7362	8721	9481

EPS & Book Value Per Share

(₹)



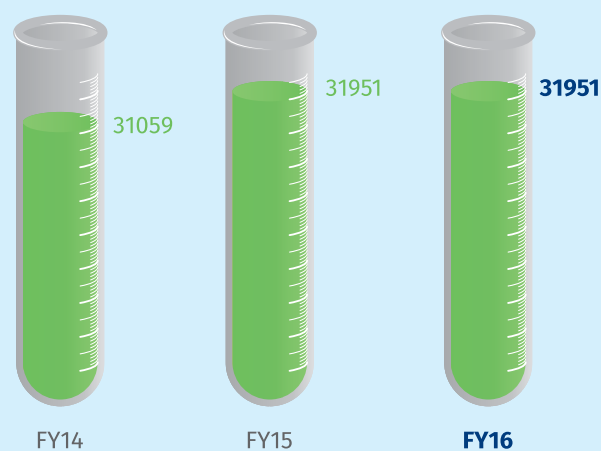
EPS

Book Value per Share

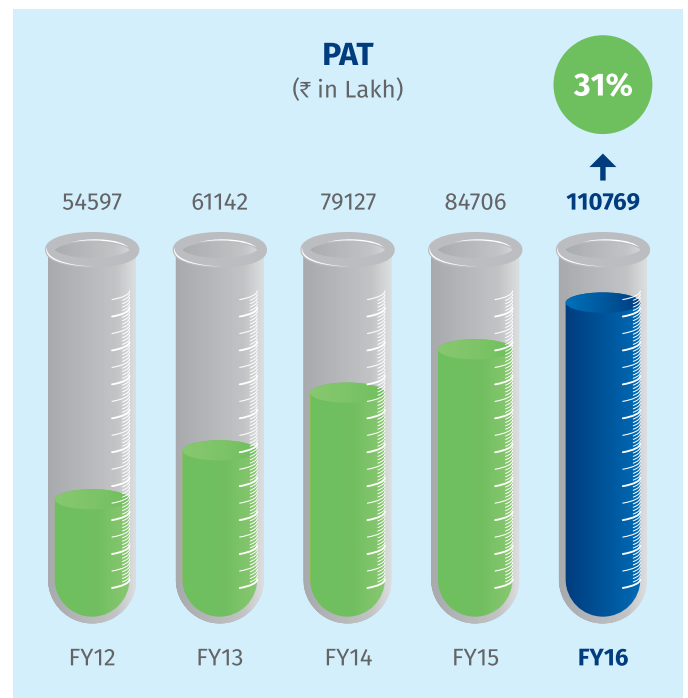
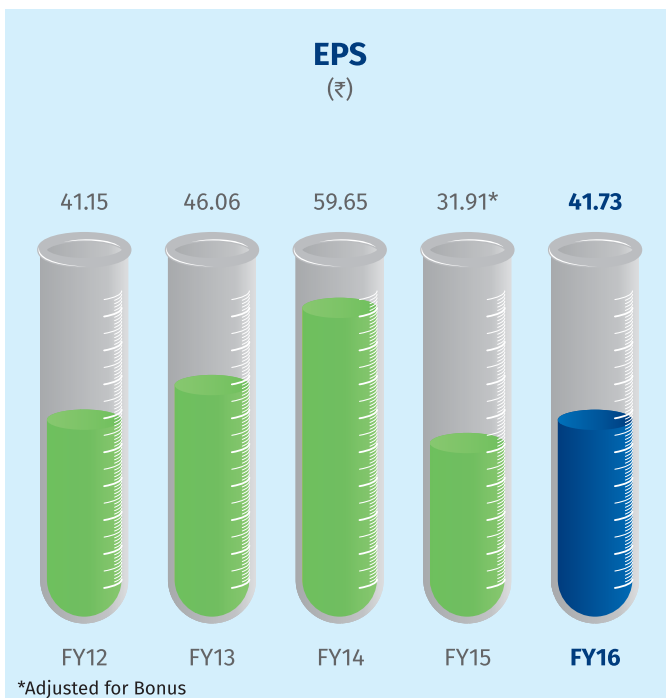
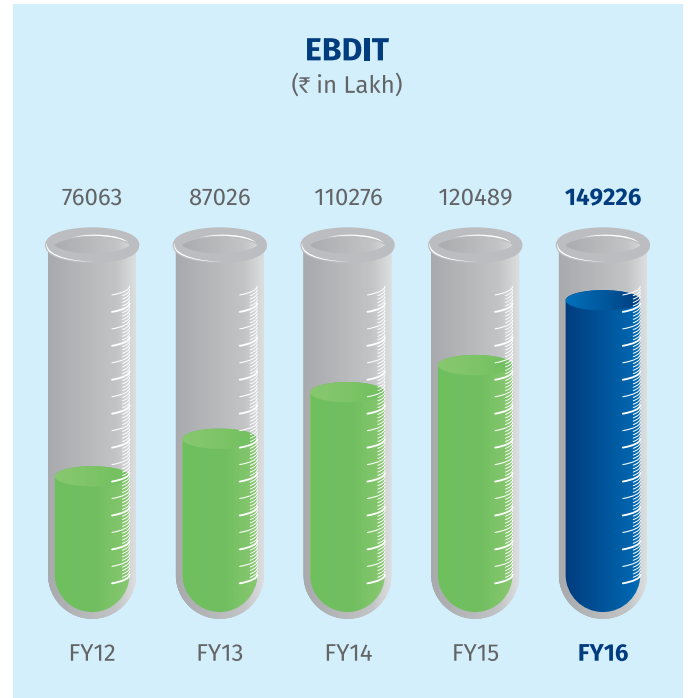
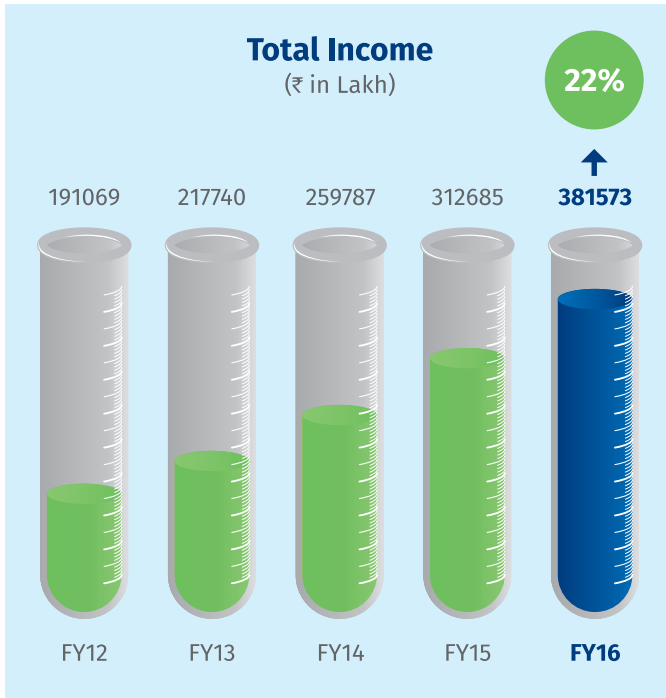
*Adjusted for Bonus

Dividend Payout

(inc. Dividend Tax ₹ in Lakh)



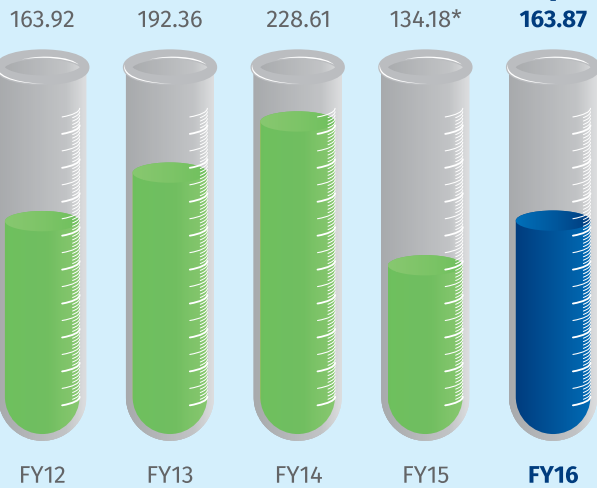
KEY FINANCIAL INDICATORS



Book Value per Share

(₹)

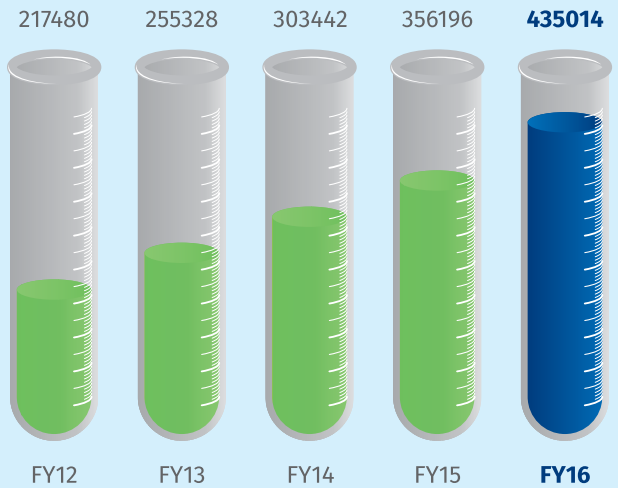
22%



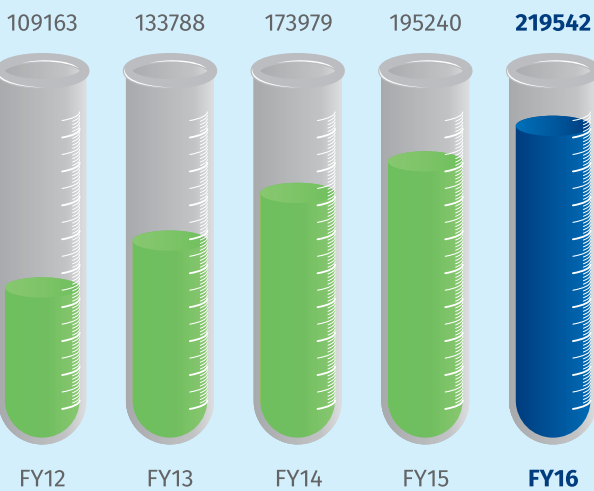
*Adjusted for Bonus

Networth

(₹ in Lakh)

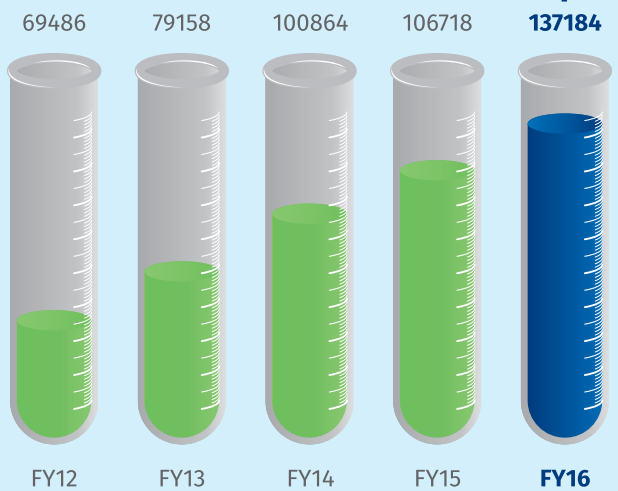
**Gross Fixed Assets**

(₹ in Lakh)

**PBT**

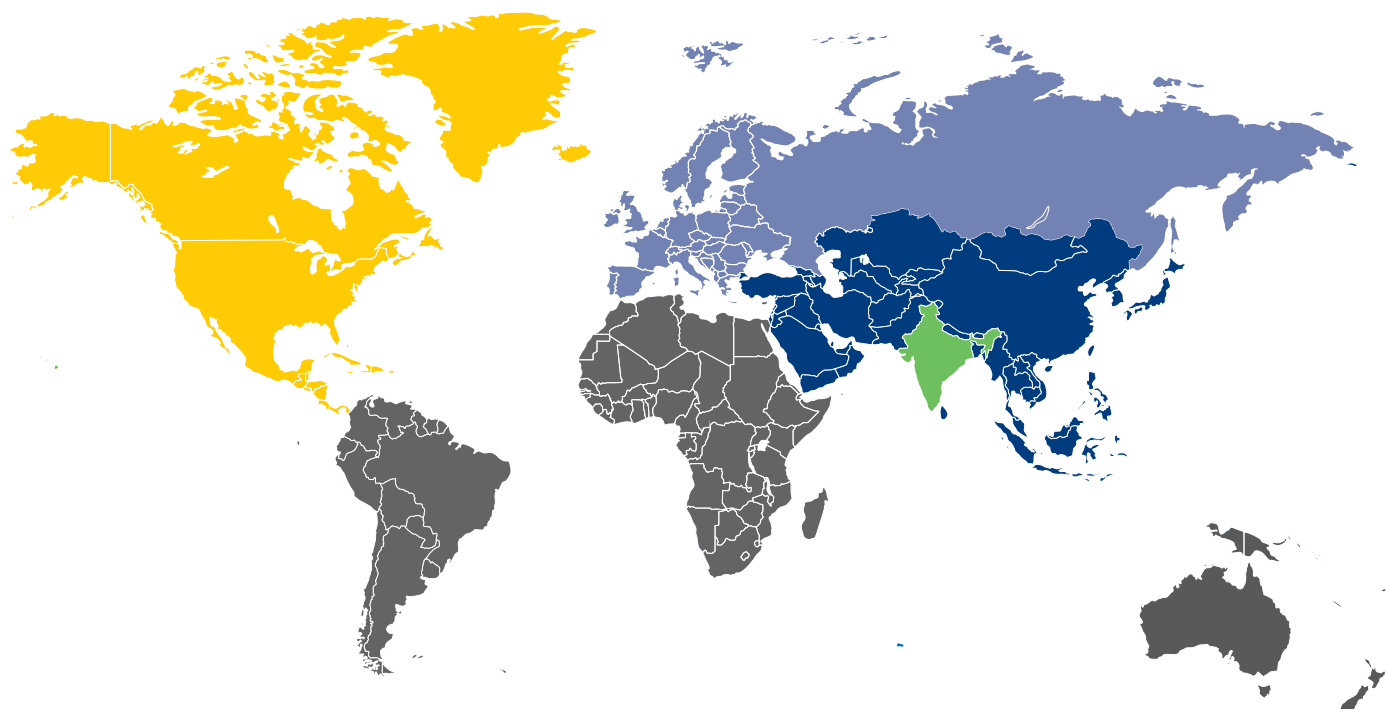
(₹ in Lakh)

29%



GEOGRAPHICAL MARKET PRESENCE

	2014		2015		2016	
	Sales ₹ Lakh	% Share	Sales ₹ Lakh	% Share	Sales ₹ Lakh	% Share
Asia	16276	6.51%	30849	10.07%	39442	10.64%
Europe	91240	36.51%	106880	34.88%	160278	43.25%
America	110792	44.33%	116717	38.09%	117897	31.81%
Rest of the World	10177	4.07%	11231	3.67%	8076	2.18%
India	21435	8.58%	40711	13.29%	44912	12.12%
Total	249920	100.00%	306388	100.00%	370605	100.00%



PERFORMANCE HIGHLIGHTS

Turnover and Profit

(₹ in Lakh)

	2011-12	2012-13	2013-14	2014-15	2015-16
REVENUE	183949	212395	251397	308401	372133
Growth %	41%	15%	18%	23%	21%
OTHER INCOME	7120	5345	8390	4284	9440
TOTAL INCOME	191069	217740	259787	312685	381573
Total Income Growth %	42%	14%	19%	20%	22%
Profit before Interest, Depreciation and Tax (EBDIT)	76063	87026	110276	120489	149226
Finance Charges	374	178	206	186	232
Depreciation	6203	7690	9206	13585	11810
Profit before tax (PBT)	69486	79158	100864	106718	137184
PBT Growth %	45%	14%	27%	6%	29%
Provision for Taxation	14889	18016	21692	22012	26415
Profit After Tax (PAT)	54597	61142	79172	84706	110769
PAT Growth %	25%	12%	29%	7%	31%

Dividend, Share Capital and Capital Employed

(₹ in Lakh)

	2011-12	2012-13	2013-14	2014-15	2015-16
Dividend	650%	750%	1000%	1000%	500%
Dividend payout	20055	23294	31059	31951	31951
Dividend payout (%)	36.70%	38.10%	39.20%	37.72%	28.84%
Equity Share Capital	2655	2655	2655	2655	5309
Reserves & Surplus	214825	252673	300787	353541	429705
Net Worth	217480	255328	303442	356196	435014
Net Worth growth %	19%	17%	19%	17%	26%
Gross Fixed Assets	109163	133788	173979	195240	219542
Net Fixed Assets	73819	90850	122160	130873	143864
Total Assets	280297	319591	378396	447477	502750

Key Financial Indicators

(₹)

	2011-12	2012-13	2013-14	2014-15	2015-16
Earnings per share (face value of ₹ 2/-each)	41.15	46.06	59.65	31.91*	41.73
Cash Earnings Per Share (face value of ₹ 2/-each)	45.83	51.86	66.58	37.03*	46.17
Gross Turnover Per share (face value of ₹ 2/-each)	144.01	164.04	195.72	117.80*	143.74
Book Value per share (face value of ₹ 2/-each)	163.92	192.36	228.61	134.18*	163.87
Total Debt to Equity	0.03	0.01	0.01	0.01	0.01
EBDIT / Gross Turnover %	40%	40%	42%	39%	39%
Net Profit Margin %	30%	29%	31%	27%	29%
RONW %	25%	24%	26%	24%	25%

*Adjusted for Bonus

**STATUTORY &
FINANCIAL SECTION**

BUSINESS RESPONSIBILITY REPORT

SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

1. Corporate Identity Number (CIN) of the Company : L24110TG1990PLC011854
2. Name of the Company : Divi's Laboratories Limited
3. Registered Address : Divi Towers, 1-72/23(P)/DIVIS/303, Cyber Hills, Gachibowli, Hyderabad – 500 032, India
4. Website : www.divislaboratories.com
5. E-mail Id : mail@divislaboratories.com
6. Financial Year reported : April 2015 to March 2016
7. Sector(s) that the company is engaged (industrial activity code-wise) : Pharmaceuticals NIC Code: 2100
8. List of three products/services that the Company manufactures/ provides : NAPROXEN, GABAPENTIN, DEXTROMETHORPHAN HBr
9. Total number of Locations where business activity is undertaken by the Company
 - a. Number of International Locations : We have marketing offices for our Nutraceutical products in USA and Europe
 - b. Number of National Locations : 4 manufacturing facilities and 3 R& D Centres. Refer Page No. 1
10. Markets served by the Company – Local/State/National/ International : Our major markets include North America, Europe and Asia

SECTION B: FINANCIAL DETAILS OF THE COMPANY

1. Paid-up Capital (INR) : ₹ 5309.37 lakhs
2. Total Turnover (INR) : ₹ 381573.13 Lakhs
3. Total profit after taxes (INR) : ₹ 110769.31 Lakhs
4. Total spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%) : 0.64%
5. List of activities in which expenditure in 4 above has been incurred : Refer Page No. 79 & 80

SECTION C: OTHER DETAILS

1. Does the Company have any Subsidiary Company/ Companies? : Yes
2. Do the Subsidiary Company/ Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s) : Our Subsidiary Companies are closely integrated with our Corporate BR initiatives
3. Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%] : Yes. We have a Code of Conduct for stakeholders, which we expect them to follow.

SECTION D: BR INFORMATION

1 Details of Director/ Directors responsible for BR

- (a) Details of the Director/ Directors responsible for implementation of the BR policy/policies

DIN Number : 00005040

Name : Dr. Murali K. Divi

Designation : Chairman & Managing Director

- (b) Details of the BR head

DIN Number : 00063843

Name : Mr. Madhusudhana Rao Divi

Designation : Director – Projects

Telephone number : 040 23786352

e-mail id : cs@divislabs.com

2. Principle-wise (as per NVGs) BR Policy/policies

(a) Details of compliance (Reply in Y/N)

No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1	Do you have a policy/policies for	Yes	Yes	Yes	Yes	Yes	Yes		Yes	Yes
2	Has the policy being formulated in consultation with the relevant stakeholders?	Yes	Yes	Yes	Yes	Yes	Yes		Yes	Yes
3	Does the policy conform to any national / international standards? If yes, specify? (50 words)	Yes, we have adopted a Code of Ethics and Business Conduct which conforms to national standards. This is applicable to all directors and employees	Yes, we adhere to all laws of land and follow industry best practices.	Yes, we follow the required labour laws of the Country	Yes, we adhere to all laws of land and follow industry best practices.	Yes, the policy confirms to national standards relating to Human rights	Yes (ISO 14001)		Yes, the policy is in line with national standards	Yes *
4	Has the policy being approved by the board?	If yes, has it been signed by MD/owner/ CEO/appropriate Board Director?	Yes, it has been approved by the Board	Policies other than statutory policies are approved by the Management	Policies other than statutory policies are approved by the Management	Policies other than statutory policies are approved by the Management	Yes		Yes	Yes
5	Does the company have a specified committee of the Board/ Director/ official to oversee the implementation of the policy?	Yes	Responsibility of implementation of the policy lies with Production Incharge	Responsibility of implementation of the policy lies with HR Head	Responsibility of implementation of the policy lies with Business Head	Responsibility of implementation of the policy lies with HR Head	Yes	NA	Yes	Yes
6	Indicate the link for the policy to be viewed online?	www.divislabs.com	Available on our Intranet	NA	www.divislabs.com	www.divislabs.com	www.divislabs.com		www.divislabs.com	Available on our Intranet
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	Yes	Yes	Yes	Yes	Yes	Yes		Yes	Yes
8	Does the company have in-house structure to implement the policy/ policies.	Yes	Yes	Yes	Yes	Yes	Yes		Yes	Yes
9	Does the company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy/ policies?	Yes	Yes	Yes	Yes	Yes	Yes		NA	Yes
10	Has the company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?	Yes	Yes	Yes	Yes	Yes	Yes		Yes	Yes

*Divis has policies and procedures in place on which the company performs its activities. The policies comply with the national and international standards that are relevant to the type of industry and as prevalent. For example, the national standards for quality include compliance to Schedule M as applicable for manufacture and testing of non-sterile APIs and compliance to international regulatory standards for quality include cGMP guidelines like ICHQ7, 21 CFR Part 210 & 211, WHO GMP, ISO 9001, PIC/s, EU GMP Part II Volume IV etc

Principle-wise Index

P1 – Code of Ethics and Business Conduct	P6 – EHS Policy
P2 – Product Lifecycle Sustainability	P7 – Policy Advocacy statement
P3 – Employee Wellbeing	P8 – CSR Policy
P4 – Stakeholder Engagement	P9 – Quality Policy
P5 – Human Rights Statement	

3. Governance related to BR

- Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year : Annually
- Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published? : Yes, the company publishes BR/CSR report annually.

Principle 1: Businesses should conduct and govern themselves with Ethics, Transparency and Accountability

1. Does the policy relating to ethics, bribery and corruption cover only the company?

Does it extend to the Group/Joint Ventures/ Suppliers/ Contractors/NGOs /Others?

Yes, it extends to all our stakeholders like suppliers, customers, employees etc. Divi's Code of Ethics and Business Conduct is adopted pursuant to Clause 49 of the Listing Agreement with Stock Exchanges to set standards of corporate governance by complying with laws, rules and regulations and to fulfill the responsibilities to stakeholders and to set and implement high standards of transparency, integrity, accountability and corporate social responsibility in all dealings. Our Company is committed to maintaining the highest standards of ethical conduct. Every Director, every member of the Senior Management and every employee reads and understands this Code and its application to the performance of his or her responsibilities.

Our policy prohibits receipt of gifts particularly from individuals or firms with which the company has business dealings. Employees shall neither receive nor offer or make, directly or indirectly, any legal payments, remuneration, gifts, donations or comparable benefits that are intended or perceived to obtain uncompetitive favors of the conduct of its business.

We have procedures and reporting system to deal with violations of this Code of Ethics which will result in disciplinary action.

2. How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.

We have not received any significant complaints from stakeholders in the last financial year.

Principle 2: Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle

- List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.

Levetiracetam

- For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product(optional):
 - Reduction during sourcing/production/ distribution achieved since the previous year throughout the value chain?
 - Reduction during usage by consumers (energy, water) has been achieved since the previous year?

Levetiracetam:

Specific features of the product:

This product is for treatment of epilepsy. Company manufactures about 400 TPA. Continuous improvements and 'Operation Green' Projects resulted in:

- Overall yield improved significantly and this resulted in reduction of solvents consumption from 20 lts/Kg to 7 lts/ Kg of API
 - Eliminated usage of Chloroform and other Class 2 solvents
 - Recycling of intermediates (IOS-I and IOS-II) from downstream stages (IOS-II, OS-I and OS-IV)
 - Wastage of salts and effluent quantities reduced
 - Reagents mole ratio reduction (TEA – from 0.7 to 0.25 eq, ECF – from 1.4 to 1.1 eq)
 - Reaction cycle times, temperatures reduced thereby savings in Energy
- Does the company have procedures in place for sustainable sourcing (including transportation)? No
 - If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.
 - Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work? If yes, what steps have been taken to improve their capacity and capability of local and small vendors?

Yes, Divi's procures, where available, goods and services from local and small producers.

45% of Divi's procurements are from domestic producers and 55% from international producers.
 - Does the company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so.

Yes, we have a mechanism to recycle the process solvents and allow our wastes to recycle at authorized offsite.

Divi's found the best option of Co-processing the Hazardous Wastes instead of incineration. Because the incineration process would still requires to be land filled as incinerator ash. The co-processing of hazardous substances as alternate fuel in cement industry is much beneficial option, whereby hazardous wastes are not only destroyed at higher temperature, but its inorganic content gets fixed with the clinker apart from using the energy content of the wastes.

- (a) Hazardous wastes generated as Organic/Distillation bottom residues which possess calorific value are sent to cement industry for recycle in their process kilns. Total 763 tons of organic solid wastes have been sent by the end of financial year for co-processing.
- (b) We also practice to send acid effluent to fertilizer industry for urea preparation and alum industries for recycle. Nearly 9400 tons of spent acid have been sent for recycle by the end of financial year.
- (c) 70% of the organic/distillation bottom residues are sent to other industry for co-processing. The remaining waste being incinerated.
- (d) The solvents used in the manufacturing process are recovered and re-used. >90% of the solvents are recovered & re-used by using Membrane Vapour Permeation System (MVPS).

Features of MVPS

- First in industry in India
- Solvents used in dry reactions (moisture sensitive) were recovered and reused
- Moisture content is below 0.05%
- 850 Tons of solvents recovered
- \$2 mn cost saving
- Reduced carbon footprint from indirect emissions, ~225 tCo2e

Principle 3: Businesses should promote the wellbeing of all employees

Our company promotes the well-being of all employees by providing equal opportunities irrespective of caste, creed, gender, race, disability or sexual orientation, and by providing facilities and a workplace environment that is safe, hygienic, humane and which upholds the dignity of the employees. We have systems and practices in place to ensure a harassment free work place where employees feel safe and secure in discharging their responsibilities. We provide access to necessary learning opportunities to our employees for up-gradation of their skills and competence on an equal and non-discriminatory basis. We ensure timely payment of wages to our employees. All our employees are covered under social security laws. We comply with all applicable national and state labor laws.

We encourage participation of employees through various committees. We have given due recognition to our employees by encouraging their participation in the statutory Works Committee under the Industrial Disputes Act 1947. We have set up statutory Grievance Redressal committee for the resolution of disputes arising out of individual grievances. The committee consists of equal number of members from the management and the employees. The statutory local committee for dealing with sexual harassment complaints of women employees is also in place.

Management is accessible at all points of time to redress grievances and complaints of employees as per defined procedures. There were no complaints relating to child labor, forced labor or involuntary labor or discriminatory employment in the last financial year.

1. **Please indicate the Total number of employees** - 9481
2. **Please indicate the Total number of employees hired on temporary/contractual/casual basis.**
Total number of contract labor - 4203
3. **Please indicate the Number of permanent women employees** - 379

4. **Please indicate the Number of permanent employees with disabilities** - 11

5. **Do you have an employee association that is recognized by management.**

We do not have any employee association or a registered trade union of workers. We recognize the statutory works committee formed with the representatives of employees and management under Section 3 of the Industrial Disputes Act, 1947.

6. **What percentage of your permanent employees is members of this recognized employee association?**

Not applicable

7. **Please indicate the Number of complaints relating to child labor, forced labor, involuntary labor, sexual harassment in the last financial year and pending, as on the end of the financial year.**

No.	Category	No of complaints filed during the financial year	No of complaints pending as on end of the financial year
1	Child labor/forced labor/involuntary labor	Nil	Nil
2	Sexual harassment	Nil	Nil
3	Discriminatory employment	Nil	Nil

8. **What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year?**

- (a) Permanent Employees
- (b) Permanent Women Employees
- (c) Casual/Temporary/Contractual Employees
- (d) Employees with Disabilities

All the permanent employees including women employees, employees with disabilities and contract labor of manpower contractor undergo safety training once in every year.

We have five types of training namely Induction, Refresher, On-the-job, additional and special training. All new employees including contract labor are given induction training. Refresher training is conducted once in every year for every employee and contract labor on a regular basis. On-the-job training is given department wise on functions, procedures, operations, maintenance and documentation and is updated as and when there are changes in standard operating procedures and practices. Additional and special training are imparted depending upon the need and requirement of the job. Development opportunities for our employees are customized as per their need and their functions. We have in-house skill enhancement training programs and externally supported skill up-gradation training programs for employees.

100% of employees are given training in health & safety, current good manufacturing practices, environmental management system and ethics.

Principle 4: Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.

1. **Has the company mapped its internal and external stakeholders? Yes/No**

Yes, we have identified the stake holders, internal and external, who directly or indirectly influence our business operations. Our major stake holders are as below:

- a. Employees
 - b. Community & Society
 - c. Investors & Shareholders
 - d. Vendors, Suppliers & Distributors
 - e. Government & regulators.
2. **Out of the above, has the company identified the disadvantaged, vulnerable & marginalized stakeholders.**

Yes. The main vulnerable stakeholders identified by us are local communities adjacent to our manufacturing sites. We have devised and implemented various welfare and development programs for them from the inception of our company.

3. **Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders. If so, provide details thereof, in about 50 words**

Yes. Special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized and stakeholders are mainly creation of infrastructural facilities in the local communities for the weaker sections and promotion of education and health among the socially and economically backward groups of society. We have formulated and implemented special programs for the visually challenged girl students of GRS for Visually Challenged Girls, Visakhapatnam.

Principle 5: Businesses should respect and promote human rights

1. **Does the policy of the company on human rights cover only the company or extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others?**

Our policy on human rights mainly with regard to forced labor, child labor, rights of workmen in the work place not only covers our employees but also extends to our supply chain and contractors.

We follow the principles of the International Declaration of Human Rights, the human rights content of the Constitution of India and the national laws and policies dealing with human rights. Two of the fundamental principles on which our Code of Ethics and Business Conduct are based pertain to respect for rights of shareholders and recognition of legitimate interest of the stakeholders. We respect the rights of all relevant stakeholders including that of local communities, consumers etc.,

We follow the four fundamental principles and rights at work contained in the ILO declaration which was adopted in 1998. We have displayed them at conspicuous places for awareness of all our employees. Our policy on sustainability addresses the issues of human rights like child labor, forced labor etc. in our supply chain.

2. **How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?**

We have not received any stakeholder complaints pertaining to this principle, during the financial year 2015-16.

Principle 6: Business should respect, protect, and make efforts to restore the environment

1. **Does the policy related to Principle 6 cover only the company or extends to the Group/Joint Ventures/Suppliers/Contractors/NGOs/others.**

The Policy demonstrates our commitment to maintaining a high standard of environmental protection, the sharing of

best practices, and providing a safe and healthy workplace. The policy is accessible to all our employees and interested parties and ensures compliance. The policy is also displayed as information posters.

All of our Indian locations are ISO 14001:2004 and OHSAS 18001:2007 certified. Our EHS Management System follows the cycle of 'Plan-Do-Check-Act'.

2. **Does the company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc? Y/N. If yes, please give hyperlink for webpage etc.**

Yes, Divi's Laboratories as a responsible industry, tools "Green Chemistry" which promote and adopt with advanced technologies, products and services that consume less materials & energy, produce less waste and use less amount of harmful substances that lead to low impacts / risks at local, regional as well as Global scale.

Virtually, Global Environmental issues have identified and disclosed in terms of carbon foot print. Divi's Laboratories address all the Environmental issues with the guiding principle of "Sustainable Development".

Green Chemistry Principles are applied during optimization of the products in the lab studies.

We have well-equipped solvent recovery and effluent treatment plants at our facility premises for Recovery, Reuse and recycling.

Green house gas emissions

Our main sources of greenhouse gas (GHG) emissions include direct emissions from Boiler operations, indirect emissions from electricity consumption & transportation of finished product. The stacks of incinerator, boilers and Ambient Air Quality stations are connected to the State Pollution Control Board server and the readings are displayed at the entrance of the company which is visible to everyone. There have been no deviations from the limits specified, according to the applicable norms. We follow the Central Electricity Authority (CEA) Grid emission factors, the World Resources Institute (WRI)/ World Business Council for Sustainable Development (WBCSD) GHG Protocol, and the Inter-Governmental Panel on Climate Change (IPCC) Guidelines to track our carbon footprint.

Hydrogen:

Relocating Hydrogenation reactions to isolated area and in-house generation of Hydrogen resulted in

- Reduction of inherent risk
- Avoided 550,000 Valve Opening & Closings per year
- Maximum operating pressure reduced 10 kg; cylinder pressure is about 140 kg's
- Cycle time reductions and yield improvements because of continuous supply
- 600,000 Nm³ of Hydrogen generated in-house
- Eliminated handling of 90,000 cylinders per year
- Reduced carbon footprint from indirect emissions, ~125 tCo₂e
- One of the first few in introducing in Pharma industry in India

Waste Management

We classify our waste generated as Hazardous and Non-Hazardous, according to government guidelines. Hazardous waste generated at our organization includes e-Waste, Used oil, oil soaked cotton waste, batteries, diesel generator filters,

paint cans, chemical drums/containers/bags and biomedical waste. Non-hazardous waste includes food, paper, wood, plastic and metal. Waste is segregated at source and disposed off to Government approved recyclers and vendors.

3. Does the company identify and assess potential environmental risks? Y/N

Yes, the process of identification of potential environmental risks and identification of appropriate controls to eliminate/mitigate the risk is carried out as per Environmental Management System assess key environmental impacts and control them to eliminate through our Environment Management System (EMS).

4. Does the company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?

We currently do not have any Clean Development Mechanism (CDM) projects.

5. Has the company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page etc.

Yes, The Company undertakes latest technologies and initiates its action towards Green Environment.

The main objective of Divi's, as stated in its EHS policy, is "Continuous technology and process upgradation to minimize the waste, risks by allocating resources for EHSMS". Divi's is interested in convulsing and conveying the need of the hour for the conservation of energy. Hence Divi's always give utmost preference in conservation of energy for two objectives:

1. Attain increase in output for the given quantity of input energy (fixed) by increasing overall system efficiency with modification techniques.
2. Arrive to the same output for the reduced quantity of input energy by minimizing the energy losses.

Active Responsibility towards conservation of Energy:

Energy plan has been made and is being reviewed time to time and necessary provisions are made to incorporate the upgraded technologies / equipments. Inline, the following activities of Divi's reveal efforts for energy conservation.

- Arranged Variable Frequency Drives for all new suitable equipments
- Using energy efficient motors instead of standard motors
- Coal additive usage for boilers for reducing the coal consumption upto 15%
- Reactor agitator designs change resulted in decrease of power consumption upto 10%
- Getting Helical gear box in place of worm reduction for process reactors to improve efficiency from 75% to 90%
- Arranged flat belts in place of V-belts for fans/blowers/compressors
- Procurement of high efficiency (80%) pumps in place of normal efficiency pumps (65 to 70%)
- Substation installed near to MCC panel to decrease the power cables distribution losses at unit-1.
- Replacement of rigid/flexible couplings with fluid couplings for driven shafts

- Replacement of standard ML lamps with energy efficient CFL lamps.
- Outdoor street lights On/Off system w.r.t day light intensity instead of manual switches at unit-1
- Changeover to fan less induced draft cooling tower from fan type induced draft tower
- Conversion from HSD oil to LPG for thermic fluid heaters at unit-1.
- Reactor agitator designs change resulted in decrease in power consumption upto 15%
- Usage of steam in cooking instead of LPG for efficient energy consumption at unit-2
- Alternate heating through solar panels at unit-2.
- Biomass based power plant (under evaluation) at unit-2

Divi's implement water conservation programmes through various techniques:

- Steam condensate water back collection
- Rain / Roof water collection from all roof tops
- PRV stations and steam trap collections
- Steam condensate water collection from reactors
- Using High pressure jets for equipment cleaning
- Eliminated softener re-generation water
- Effluents Zero-Liquid Discharge at unit-1 and reuse of treated water
- MEE condensate reuse for cooling towers
- Rain water harvesting structures in the plant
- Drip system provided for gardening
- Daily monitoring of water consumption.
- Flow meters installed to each and every water withdrawal point.

The efforts of implementation of the above all technologies have resulted in activities that are really benefited for "Natural Resource Conservation" and Pollution free Environment".

6. Are the Emissions/Waste generated by the company within the permissible limits given by CPCB/SPCB for the financial year being reported?

Yes, The emissions and waste generated by our industry is well within the permissible limits which is continuously ensured by effective online monitoring systems installed at several locations of the industry.

- (a) Installed Online Air Monitoring systems AAQMS and TVOC (Total Volatile Organic Carbon) for continuous monitoring of environmental performance.
 - (b) Installed Weather Monitoring System at unit-1.
 - (c) Installed CSEMS (Continuous Stack Emission Monitoring System) for boiler stack.
 - (d) Installed "Online Effluent Monitoring System" with a Camera and Magnetic Flow Meter.
 - (e) Installed online pH monitors for all scrubbers in the plant.
- 7. Number of show cause/ legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.**

There were no show cause/ legal notices received from CPCB/SPCB in the reporting year.

Principle 7: Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner

1. **Is your company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:**
 - (a) The Federation Of Telangana And Andhra Pradesh Chambers Of Commerce And Industry (FTAPCCI)
 - (b) National Safety Council
 - (c) Pharmaceuticals Export Promotion Council of India
 - (d) Bulk Drug Manufacturers Association (BDMA)
 - (e) National Fire Protection Association
 - (f) Swiss-Indian Chamber of Commerce
2. **Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/ No; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)**
No.

Principle 8: Businesses should support inclusive growth and equitable development

1. **Does the company have specified programs/initiatives/projects in pursuit of the policy related to Principle 8? If yes details thereof.**

Yes. The details of the programs/initiatives/ projects in pursuit of this policy are as follows

- (a) Promoting Education
- (b) Safe Drinking Water
- (c) Preventive Health Care
- (d) Swatch Bharat
- (e) Empowering Women
- (f) Support to Differently abled
- (g) Livelihood Enhancement Projects
- (h) Environmental Sustainability
- (i) Village Development
- (j) Animal Welfare & Dairy Development
- (k) Eradicating Malnutrition.

We understand and assess the impact of our operations on social and economic development of local communities adjacent to our manufacturing facilities. We have responded through various development and welfare initiatives to address the local concerns. All our programs and initiatives have complemented and supported the development priorities of the local communities. No local community has been displaced due to our business and manufacturing operations.

2. **Are the programs/projects undertaken through in-house team/ own foundation/external NGO/government structures/any other organization?**

All the programs/ projects undertaken by Divi's are through in-house team. A separate department with qualified staff has been constituted for formulation, implementation and review of CSR activities.

3. **Have you done any impact assessment of your initiative?**

Yes. We measure the outcome of every initiative implemented for the community. The assessment helps us in the designing of

new programs and initiatives to address the felt needs of local communities.

4. **What is your company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken.**

The total expenditure incurred on community development initiatives during the financial year 2015-16 is 7 crores.

The programs undertaken are as follows:

- (a) Construction of Reverse Osmosis plants
- (b) Financial assistance for construction of individual toilets
- (c) Massive plantation in villages and schools
- (d) Construction of toilets in schools for boys and girls
- (e) Livelihood programs for fishermen community
- (f) Development of infrastructure in schools of local communities
- (g) Nutrition support programs to students of government schools
- (h) Livelihood enhancement programs for village women
- (i) Construction of skill development centre for village women
- (j) Swach Bharat initiatives in villages

5. **Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.**

The community development initiatives undertaken by Divi's are successfully adopted and continued by the local communities. All our CSR initiatives in community development aim at sustainability of the programs. We have adopted a collaborative and participatory approach in the formulation and implementation of community development program for ensuring continuity and sustainability. Some of our initiatives have exist strategy wherein we handover the initiative to local administration for the community ownership.

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

1. **What percentage of customer complaints/consumer cases are pending as on the end of financial year?**

No pending complaints. The complaints are timely handled as per the internal SOP and responded to customers.

2. **Does the company display product information on the product label, over and above what is mandated as per local laws? Yes/ No/N.A. /Remarks(additional information)**

Yes, product information such as name and grade of the product, batch number, manufacturing date, re-test date, quantity, manufacturer name, manufacturing license number, manufacturing site address, storage and handling instructions etc are available on labels.

3. **Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/ or anti-competitive behaviour during the last five years and pending as on the end of financial year. If so, provide details thereof, in about 50 words or so.**

No.

4. **Did your company carry out any consumer survey/ consumer satisfaction trends?**

Yes, customer feedback is taken and evaluated.

MANAGEMENT DISCUSSION AND ANALYSIS

1. Industry Outlook

IMS Institute for Healthcare Informatics forecasts that Global spending on medicines to grow at an average of 4.3 percent during the 2015-2019 period and the global pharma sales should reach \$1.4 trillion by 2019. Spending levels will be driven by branded drugs primarily in developed markets, along with the greater use of generics in pharmerging markets—offset by the impact of patent expiries. Global health spending is expected to see positive growth, driven by growing middle class, population aging and expansion and rollout of improved health insurance and services, particularly in developing markets. Although economic woes are stunting pharma sales growth in certain regions, long-term prospects outweigh near-term challenges.

North America and Europe are the largest markets for India's pharma exports followed by other pharmerging economies. Quality and regulatory compliance and speedy delivery mechanism, along with competitive cost structure are the other important factors propelling the growth of the API contract manufacturing segment. Payers (Government, insurers and sponsors) and R&D players are trying to find a trade-off between innovation and affordability. A collaborative approach with government and third party organizations to gain better access is evolving as an answer to address this.

2. 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 forayed into manufacturing operations for API and intermediates by setting up a multi-purpose manufacturing facility near Hyderabad with a modest initial investment of Rs.71 crores.

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

2.1 Manufacturing Facilities

Unit I:

First facility is located at village Lingojigudem, Nalgonda District near Hyderabad (Telangana) 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 totaling a capacity of 1744 m³ supported with all utility and service units.

Export Oriented Unit:

Second Facility is located at village Chippada, Bheemunipatnam Mandal, about 30 KM from the port city of Visakhapatnam (Andhra Pradesh) on the east coast

situated on a 100-acre site which went into commercial operations since March, 2003. The Unit has 8 production blocks with around 192 reactors totaling a capacity of 1622.55 m³ with all utility and service units.

SEZ Unit:

Third facility is located at village Chippada situated on a sprawling 267-acre site which went into commercial operations since 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 420 reactors totaling a capacity of 3053.4 m³ with all required utility and infrastructure.

DSN SEZ Unit:

Fourth facility is located at the company's Pharma SEZ at village Chippada. The Unit has 5 production blocks with around 254 reactors totaling a capacity of 2389.46 m³ with all required utility and infrastructure.

2.2 Research Centres

The company has 3 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 as 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 review efficiency of processes each month and gives process support where required.

DRC – Vizag: Operates from Unit-2 at village Chippada with a team of 62 scientists undertaking similar research as DRC-Hyderabad. It also has a process development and scale up team.

2.3 Subsidiaries

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



3. 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 and also has adequate internal financial control processes over financial reporting. The internal control system is supported by qualified personnel and a continuous program of internal audit. The prime objective of such audits is to test the adequacy and effectiveness of all internal control systems laid down by the management and to suggest improvements.

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

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

4. Risks and Concerns

Divi lays emphasis on risk management and has an enterprise-wide approach to risk management, which lays emphasis on identifying and managing key operational and strategic risks. Through this approach, the company strives to identify opportunities that enhance organisational values while managing or mitigating risks that can adversely impact its future performance.

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

Risks and Risk Mitigation

4.1 Global markets

The company operates predominantly in export markets and has a broad product portfolio under generics and custom synthesis. Over 70% of sales constitute supplies to regulated markets in Europe and USA. The company devotes significant importance to the regulatory

compliances. Divi is engaged in manufacture of generic APIs, custom synthesis of active ingredients for innovator companies, other specialty chemicals and nutraceuticals. The company is very selective in its product portfolio with a focus on export markets within the domain of its capabilities and does not transgress in unrelated expansions, diversification or acquisitions.

4.2 Competition

In order to stay competitive vis-a-vis its peers in Europe and US, the company lays great stress on leveraging its inherent skills and strengths in chemistry and by building strong customer relationships supported by developing cost competitive and faster delivery structure. Divi continues to work towards optimizing and upgrading its plant capacities at its multi-purpose manufacturing facilities and also adding additional capacities aimed at increasing business opportunities.

The company lays great stress on the three levers it has in order to counter competition from its peers in Europe and US:

- Being able to develop processes in the R&D using skilled scientists and professionals at competitive costs and speed of delivery
- Creation of equivalent capacity at a much lower cost
- Operating the infrastructure at competitive costs.

4.3 Regulatory Compliances

Compliance to quality standards and cGMP regulations has been the key deciding factor in every activity, initiative and decision at Divi. Processes, systems, operations and decisions are aligned to ensure that the end products meet quality compliances. To this end, Divi has put in place all the equipment, systems and procedures to monitor and ensure consistent practices for compliance. The chemists and staff are periodically retrained so that they are fully aware of the latest quality testing procedures and norms. Divi has invested in extensive training to incorporate the current GMP into its operating systems. The company constantly reviews its policies and procedures to adhere to conformity to the various global regulatory approvals for its manufacturing facilities and its commitment to IPR.

4.4 Patent compliance

From the inception of its manufacturing operations in 1995, the company has its stated policy of conforming to IPR and does not violate patents. The company manufactures either patent-expired generics or undertakes custom synthesis of compounds for the innovator MNC companies.

Divi's understand that sustained development is possible only through respecting IP and playing complementary role to its innovator customers. Divi takes great care to ensure compliances and actively pursues alternate, patent non-infringing processes for future generic APIs.

4.5 Information Technology

The company has put in place an appropriate Information Technology (IT) Policy to address all issues relating to network safety, data integrity and safety, server safety, access controls, password protection, firewalls etc.,

4.6 Employee Relations

To ensure sustained growth of the organization, while augmenting our manpower, we put in place appropriate and continuing training skills in their functional areas. Employee relations are affable and harmonious with all round contribution and participation in the growth.

4.7 Foreign Exchange

Given the instability in the global political and economic environment and the consequent volatility of foreign exchange, and events outside the control or horizon of Indian companies, it is becoming very difficult to accurately predict currency movements, particularly that of the rupee. In the long run, it appears the best way to manage currency fluctuations is to have a better geographic balance in revenue mix, and to ensure a foreign currency match between liabilities and earnings. The company believes the best hedge against foreign exchange risk is to have a good business mix.

Under the circumstances, currency actions by companies should be decided based on what is right from a competitiveness perspective, rather than from a narrower treasury perspective. In any event, with the volatility, the company's approach is based more on minimizing risk rather than maximizing profits. The company is very cautious towards hedging as it has a cost as well as its own risks. The company continually reassesses the cost structure impacts of the currency volatility and engages with customers addressing such risks.

4.8 Insurance

The company's current and fixed assets, its products as well as its employees are adequately insured against various risks.

4.9 Environment, health and safety

Divi's efforts, policies and values are directed in such a way that it does not compromise on the environment, employee health and safety while creating value for our stakeholders. Divi strives to reduce the environmental impact of its processes, products and services.

5. Regulatory Filings/Approvals

Divi has triple Certifications ISO-9001 (Quality Systems), ISO-14001 (Environment Management Systems) and OHSAS-18001 (Occupational Health and Safety systems) for its manufacturing facilities and adheres to cGMP and standard operating practices in its manufacturing/operating activities and these certifications are renewed from time to time. The company has also obtained Food Safety System Certification 22000:2010 for vitamins and carotenoids. All the manufacturing sites have been inspected by US-FDA.

Divi has a total of 41 drug master files (DMFs) with US-FDA and 199 EDMFs and 20 CoS (Certificates of Suitability) with various European Union authorities. Divi has filed a total of 31 patents for generic products.

6. Business distribution

Our product portfolio comprises of two broad segments i) Generic APIs (active pharma ingredients) and Nutraceuticals and ii) Custom Synthesis of APIs, intermediates and specialty ingredients for innovator pharma giants.

The Company operates predominantly in export markets and has a broad product portfolio under generics and custom synthesis. Business has been growing decently across both these segments and is broadly equal distributed. Among Divi's well distributed products range, some of the components of the business is given below:

Particulars	2015-16	2014-15
Exports	88%	87%
Imports (% of material consumption)	55%	50%
Largest Product	18%	18%
Top 5 Products	43%	44%
Top 5 Customers	38%	43%
Exports in \$ terms	83%	80%
Exports in Pounds	14%	14%
Exports in Euro	3%	6%

7. Performance and Operations Review

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

(₹ in lakhs)

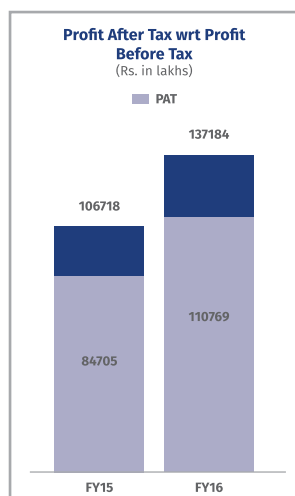
Particulars	2015-16	2014-15	Growth %
Net Sales & Service Income	371396.42	307230.09	21%
Other Operating Income	736.71	1170.80	
Other Income	9440.00	4284.08	
Total Income	381573.13	312684.97	22%
Expenditure	232347.19	192195.68	
PBDIT	149225.94	120489.29	24%
Finance Cost	231.95	186.45	
Depreciation	11810.20	13585.22	
Profit before Tax (PBT)	137183.79	106717.62	29%
Provision for tax:			
Current Tax	28351.62	21614.04	
MAT Credit Entitlements	(3612.44)	(679.91)	
Deferred Tax	1675.30	1077.96	
Profit after Tax (PAT)	110769.31	84705.53	31%
Earnings per Share (EPS)			
Basic & Diluted (₹)	41.73	31.91*	

*Adjusted for Bonus

Your company has achieved a growth of sales of 21% for the year on the back of a growth of 23% achieved during the last year.

PBDIT for the year increased by 24% at ₹ 149225.94 lakhs. Profit before Tax (PBT) for the year amounted to ₹ 137183.79 lakhs, reflecting a growth of 29%.

Profit after Tax (PAT) for the year amounted to ₹ 110769.31 lakhs as against a PAT of ₹ 84705.53 lakhs for the last year. Earnings Per Share of ₹2/- each works out to ₹ 41.73 for the year as against ₹ 31.91 last year.

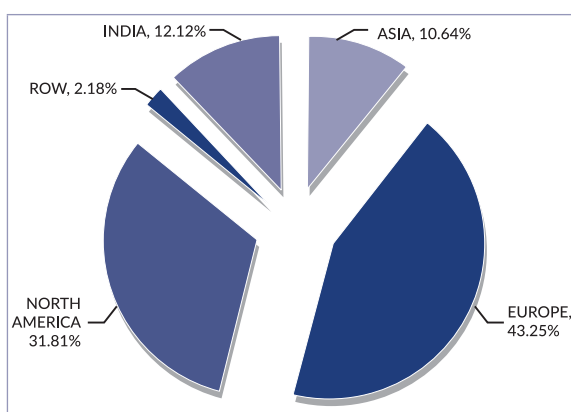


7.1 Exports

Exports constituted 88% of gross sales during the year. Exports to advanced markets comprising Europe and America accounted for 75% of business.

7.2 Region-wise sales

Region	2015-16		2014-15	
	Sales ₹ lakhs	% Share	Sales ₹ lakhs	% Share
Asia	39442.21	10.64%	30849.05	10.07%
Europe	160277.50	43.25%	106880.32	34.88%
North America	117897.29	31.81%	116716.44	38.09%
Rest of the World	8076.13	2.18%	11230.72	3.67%
India	44911.92	12.12%	40711.06	13.29%
Total	370605.05	100.00%	306387.59	100.00%



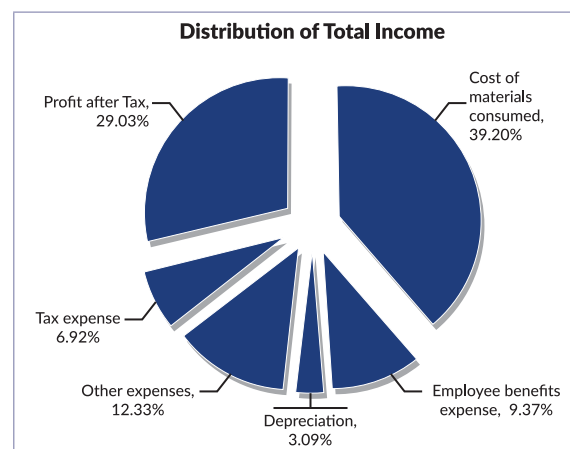
7.3 Other Income

While Other Operating Income comprises export incentives 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 ₹ 736.71 lakhs. On Other income, we earned a dividend income of ₹4675.39 lakhs on our investments in liquid funds apart from gain of ₹239.44 lakhs on redemption of mutual fund units.

7.4 Distribution of Total Income



7.5 Material Costs

Particulars	₹ in lakhs	
	2015-16	2014-15
Material consumption	147243.34	144627.41
Changes in inventories of finished goods, stock-in-trade and work-in-progress	2327.31	(23083.37)
Net Material Consumption	149570.65	121544.04
Total Income	381573.13	312684.97
% of consumption to total income	39.20%	38.87%

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 39.20% of total income during the year as compared to 38.87% during the last year, variation being the result of product mix as each product will have a different material consumption.

7.6 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 ₹35736.41 lakhs as against ₹ 28314.88 lakhs during the last year. Of this, remuneration to Directors including commission

accounted to ₹ 8460.85 lakhs during the year as against ₹ 6704.80 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, provision of additional bonus due to retrospective amendment and higher bonus provision for the current year due to the amendment in ceiling/ eligible amounts.

Employee cost for the year works out to about 9.6% of sales for the year.

7.7 Research and Development Expenses

R&D Expenses during the year amounted to ₹3092.35 lakhs as against ₹ 2766.16 lakhs during the last year. Major components are Salaries and consumable stores.

7.8 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 ₹17.22 lakhs, also written off insurance claims aggregating ₹16.83 lakhs and provided for book deficit of ₹424.20 lakhs on assets discarded.

Other Expenses account for 11.52% of sales of which Manufacturing expenses accounted for 7.94% of revenue.

7.9 Earnings before Depreciation, Interest and Taxes

EBDITA for the year grew by about 24% to ₹ 149225.94 lakhs as against ₹ 120489.29 lakhs during the previous year. EBDITA to Net Sales works out to 40% for the year.

7.10 Finance Cost

Finance Cost for the year amounted to ₹231.95 lakhs as against ₹ 186.45 lakhs during the previous year.

7.11 Depreciation

Depreciation charge for the current year came to ₹11810.20 lakhs as compared to ₹ 13585.22 lakhs during the last year. Higher depreciation last year was due to change in accounting estimates as a consequence of amendment to Schedule II to the Companies Act, 2013.

During the year, addition to Fixed Assets accounted to ₹25225.59 lakhs as against ₹ 23008.25 lakhs in the previous year.

7.12 Taxation

For the current year, our tax liability came to ₹ 24739.18 lakhs net of MAT credit entitlement of ₹ 3612.44 lakhs. For the last year, the Tax provision amounted to ₹ 20934.13 lakhs net of MAT Credit entitlement of ₹ 679.91 lakhs.

7.13 Deferred Income Tax

An amount of ₹ 1675.30 lakhs has been provided towards Deferred Tax Liability for the year as against ₹ 1077.96 lakhs during the previous year.

7.14 Profit after Tax

Profit after Tax for the year accounted for ₹110769.31 lakhs as against ₹ 84705.53 lakhs during the previous year.

7.15 Earnings Per Share

Earnings Per Share for the year works out to ₹41.73 per share of ₹2 each as against ₹ 31.91 last year (on increased capital base) on Basic as well as Diluted basis.

7.16 Dividend

Your Board has declared and paid an interim dividend of ₹10 per share of face value ₹2 each i.e., 500% for the year 2015-16. An amount of ₹ 5404.31 lakhs has been paid during the year towards Corporate Dividend Tax. Dividend pay-out including dividend tax for the year works out to 28.84% of profits earned, which amounts to ₹ 31951.17 lakhs.

7.17 Transfer to General Reserves

We propose to transfer an amount of ₹10000 lakhs to General Reserve for facilitating the dividend for the year, if any.

7.18 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 ₹ 429704.74 lakhs.

7.19 Long Term Borrowings

Long-Term borrowings comprise sales tax deferment aggregating to ₹46.70 lakhs, repayable over the next 2 years.

7.20 Deferred Tax Liabilities

Deferred tax Liabilities at the end of the year amounted to ₹14920.43 lakhs as against ₹ 13245.13 lakhs last year.

7.21 Long-term Provisions

We have a long-term provision for leave encashment aggregating to ₹1156.52 lakhs as against ₹ 699.16 lakhs.

7.22 Short Term Borrowings

Working capital loans as at the end of the year amounted to ₹4142.09 lakhs as against ₹ 2507.12 lakhs. Of this, an amount of ₹3536.04 lakhs has been utilized as loan against a fixed deposit of ₹ 5077.37 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.

7.23 Trade Payables

Trade Payables being Sundry Creditors for Raw Materials/ Services amounted to ₹23042.42 lakhs as at the end of the year as against ₹ 22437.83 lakhs as at the end of last year.

7.24 Other Current Liabilities

₹ in lakhs

Particulars	31-03-2016	31-03-2015
Sales tax deferment		
payable within one year and interest accrued	58.30	50.06
Advance from Customers	3977.45	4062.68
Unpaid dividends	147.25	57.54
Creditors for Capital Works	2564.17	2235.91
Statutory Liabilities	671.59	555.24
Employee benefits payable	10744.74	8069.50
Others	5782.93	5242.08
Total	23946.43	20273.01

7.25 Short Term Provisions

₹ in lakhs

Particulars	31-03-2016	31-03-2015
Provision for employee benefits (leave encashment/ gratuity)	217.35	62.79
Provision for Income Tax (net of prepaid taxes ₹ 280.7 crores)	230.47	-
Provision for interest on Income Tax	33.50	-
Proposed Dividend	-	26546.86
Provision for tax on Proposed Dividend	-	5404.31
Total	481.32	32013.96

7.26 Capital Expenditure

During the year, the company has capitalized assets of an aggregate amount of ₹ 25225.59 lakhs. An amount of ₹ 26391.36 lakhs is being carried forward as Capital WIP and these assets would be capitalized and would 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 ₹ 923.30 lakhs representing assets discarded.

7.27 Non-current Investment

This comprises of investment in subsidiaries:

₹ in lakhs

Particulars	31-03-2016	31-03-2015
Divi's Laboratories USA Inc.	245.43	245.43
Divis Laboratories Europe AG	36.18	36.18
Pattan Cheru Enviro-Tech Ltd	1.20	-
Total	282.81	281.61

7.28 Long-Term Loans and Advances

₹ in lakhs

Particulars	31-03-2016	31-03-2015
Capital Advances	12242.68	2142.40
Security Deposits	2517.55	1426.24
Advances to related parties	3623.06	4358.08
Pre-paid Expenses	24.89	35.10
Pre-paid Taxes	1338.05	3336.39
Other Loans and Advances	553.43	560.98
MAT Credit Entitlements	-	3047.91
Total	20299.66	14907.10

Security Deposits comprise mainly electricity deposits. Other Loans and Advances comprise VAT claims.

7.29 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.

₹ in lakhs

Particulars	DIVI USA		DIVI Swiss	
	As on 31.03.2016	As on 31.03.2015	As on 31.03.2016	As on 31.03.2015
Sub- scription to Equity	245.43 (\$550,000)	245.43 (\$550,000)	36.18 (CHF 100,000)	36.18 (CHF 100,000)
Advances to Sub- sidiaries	864.39	1566.71	2758.67	2791.37
Total	1109.82	1812.14	2794.85	2827.55

Of the Advances to subsidiaries outstanding from last year, we have received an amount USD 1,200,000 and CHF 300,000 aggregating to ₹1010.52 lakhs from the subsidiaries during the year towards repayment of advances. Difference is on account of currency translation.

7.30 Current Investments

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

₹ in lakhs

Particulars	31-03-2016	31-03-2015
SBI Mutual Fund – short term direct fund	80252.45	73204.10
SBI Mutual Fund – short term regular Fund	-	96.26
Total	80252.45	73300.36

We have earned a dividend income (net of tax) of ₹ 4675.39 lakhs during the year on these Investments as against an income of ₹ 3612.78 lakhs during the last year. Gain from redemption of mutual fund units amounted to ₹ 239.44 lakhs.

7.31 Inventories

₹ in lakhs

Particulars	As on 31.03.2016	As on 31.03.2015
Raw Materials	32923.02	26772.00
Work-in-Progress	68068.72	70256.28
Finished Goods	7597.10	7611.98
Stock-in-Trade	-	0.87
Stores and Spares	7700.34	6848.38
Total	116289.18	111489.51

The company undertakes campaign production of large volume products like Naproxen, Dextromethorphan and Gabapentin by running the plant full stream and stock these products for sale – thus freeing the multi-purpose plants for producing other products; and hence carries significant volume of work-in-progress to be able to service the large volume products. As the company has a good market share for these products, we do not foresee any problem with marketing these products and manage the inventory cycle. Slow moving and non-moving items have been fully provided for.

7.32 Trade Receivables

₹ in lakhs

Particulars	As on 31.03.2016	As on 31.03.2015
Outstanding for a period exceeding six months from the date they became due for payment	1766.33	1504.00
Others	94845.95	80799.05
Total	96612.28	82303.05
Average Receivables (days)	95	97

Trade Receivables at the year end came to ₹ 96612.28 lakhs as against ₹ 82303.05 lakhs last year. Increase in debtors is due to higher sales.

Trade Receivables outstanding for a period exceeding six months from the date they became due for payment amounted to ₹1766.33 lakhs (₹ 1504.00 lakhs last year) constituting about 1.83% of total outstandings.

Bad debts for the year amounted to ₹17.22 lakhs as against bad debts of ₹ 14.20 lakhs last year.

7.33 Short-Term Loans and Advances

₹ in lakhs

Particulars	As on 31.03.2016	As on 31.03.2015
Central Excise duty deposits	1721.51	1739.71
Prepaid Expenses	537.83	502.12
Advances to suppliers	1272.73	1713.22
Advances to employees	12.51	14.78
Other advances/receivables	2246.79	1945.89
MAT credit entitlements	6660.35	-
Total	12451.72	5915.72

MAT credit entitlement is classified as short term as the company expects to utilize the same during the next financial year with the first SEZ completing 10 years of tax holiday.

7.34 Other Current Assets

₹ in lakhs

Particulars	As on 31.03.2016	As on 31.03.2015
Interest accrued on deposits	303.90	278.54
Export Incentives	168.68	192.25
Insurance claims receivable	2.05	277.41
Other receivables	65.48	174.53
Total	540.11	922.73

7.35 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 regulation 34(3) read with Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, on the practices followed by the company and other voluntary compliances, is furnished below:

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

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

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

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

2. BOARD OF DIRECTORS

The Board of Directors is the highest governance body constituted to oversee the Company's overall functioning. The responsibility of Board is to provide strategic guidance to the company, to ensure effective monitoring of the management and to be accountable to the company and the shareholders.

The Company Secretary, in consultation with the Chairman and Managing Director, prepares the agenda for the meeting and circulates the same along with relevant enclosures to the Board members sufficiently in advance of the meeting. Information and data that are more important to the Board's understanding of the business in general and related matters are tabled for discussion. The meetings of the Board of Directors are generally held at Company's Registered Office at Hyderabad, and are scheduled well in advance. In case of business exigencies or urgency of matters, resolutions are passed by circulation.

2.1 Composition and category

The Board comprises of eight directors, four of whom are Executive and remaining are non-executive independent directors, including a woman director. The Company has an Executive Chairman. The category of directors as on 31st March 2016 is as follows:

Name of the Director	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. Seshavataram	Director	Non-executive Independent Director
Smt. S. Sridevi	Director	Non-executive Independent Director

2.2 Attendance of directors

Directors' attendance at the Board and General Meetings held during the financial year 2015-16 is as follows:

Name of the Director	No. of Board Meetings		Attendance at Last AGM
	Held	Attended	
Dr. Murali K. Divi	5	5	Yes
Sri. N. V. Ramana	5	5	Yes
Sri. Madhusudana Rao Divi	5	5	Yes
Sri. Kiran S. Divi	5	3	Yes
Dr. G. Suresh Kumar	5	4	Yes
Sri. R. Ranga Rao	5	5	Yes
Sri. K. V. K. Seshavataram	5	5	Yes
Smt. S. Sridevi	5	5	Yes

2.3 Other directorships

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.

Number of other Directorships and Chairmanship/ Membership of Committees of each Director in various companies is as follows:

Name of the Director	No. of other Directorships	In other Companies	
		Committee Memberships	Committee Chairmanships
Dr. Murali K. Divi	6	1	-
Sri. N. V. Ramana	1	-	-
Sri. Madhusudana Rao Divi	-	-	-
Sri. Kiran S. Divi	3	-	-
Dr. G. Suresh Kumar	-	-	-
Sri. R. Ranga Rao	1	-	1
Sri. K. V. K. Seshavatham	-	-	-
Smt. S. Sridevi	-	-	-

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.

2.4 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 23rd May 2015, 8th August 2015, 31st October 2015, 5th February 2016 and 10th March 2016.

Meeting of Independent Directors

During the year under review, the Independent Directors met on February 5, 2016, 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.

2.5 Disclosure of relationship between directors inter-se

Dr. Murali K. Divi, Chairman & Managing Director is father of Mr. Kiran S. Divi, Director & President – Operations. Mr. Madhusudana Rao Divi, Director – Projects is brother of Dr. Murali K. Divi. None of the other Directors are related to each other.

2.6 Shares held by Non-Executive Directors

As on 31st March 2016, Smt. S. Sridevi held 20,000 equity shares of the Company. None of the other Non-Executive Directors hold any equity shares in the Company.

2.7 Details of familiarization programmes for Independent Directors

The Company has 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.,

Independent Directors, at the time of their appointment, are appraised with the organisational set up of the Company, the functioning of various divisions / departments, the Company's market share and the markets in which it operates, changes in business environment and impact thereof on the working of the Company, operations, service and product offerings, governance, internal control processes, risk management and other relevant information pertaining to the Company's business.

Statutory Auditors of the company make a detailed presentation to the directors with respect to financial results, significant matters and update on accounting/ audit matters. Directors are updated with statutory and regulatory changes from time to time.

The details of such familiarization programmes are available on the Company's website at: <http://www.divislabs.com>.

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

Mr. Madhusudana Rao Divi (DIN: 00063843)

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

He assumed Directorship of your company since the year 1994 and has been a whole-time director since the year 1997. Mr. Rao Divi looks after project implementation, production planning, environment management and regulatory affairs. He is responsible for implementation of new Projects of the company, plant up-gradation to comply with FDA requirements, environment management and overseeing logistics at Plant. He is a not holding Directorship in any other Companies. He is neither a Member nor Chairman of Committees of other Companies. He holds 564632 equity shares of the Company as on March 31, 2016.

3. AUDIT COMMITTEE

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

The Committee comprises of three Independent Directors. The Company Secretary acts as Secretary to the Committee. Meetings of the Audit Committee are also attended by the Executive Director, 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 Regulation 18 of SEBI (Listing Obligations and Disclosure Requirements) (LODR) Regulations, 2015 read with Section 177 of the Companies Act, 2013.

3.1 Role of Audit Committee includes the following:

1. Overseeing 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. Modified opinions 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 Chief Financial Officer after assessing the qualifications, experience and background, etc. of the candidate;
20. Carrying out such other functions as may be specifically referred to the Committee by the Company's Board of Directors and/or other Committees of Directors.
21. Reviewing the following information:
 1. Management discussion and analysis of financial condition and results of operations;

2. Statement of significant related party transactions (as defined by the Audit Committee), submitted by management;
3. Management letters / letters of internal control weaknesses issued by the statutory auditors;
4. Internal audit reports relating to internal control weaknesses; and
5. The appointment, removal and terms of remuneration of the Chief internal auditor shall be subject to review by the Audit Committee.
6. To review statement of deviations of
 - (a) Quarterly statement of deviation(s) including report of monitoring agency,
 - (b) Annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice in terms of Regulation 32(7) of SEBI (LODR) Regulations, 2015.

3.2 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 23rd May 2015, 8th August 2015, 31st October 2015, 5th February 2016 and 10th March 2016.

Name	Designation	No. of Meetings	
		Held	Attended
Sri. K. V. K. Seshavatham	Chairman	5	5
Dr. G. Suresh Kumar	Member	5	4
Sri. R. Ranga Rao	Member	5	5

4. 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, Regulation 19 of the SEBI (LODR) Regulations, 2015 and SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, as amended from time to time.

4.1 Terms of Reference of the Committee include the following:

- To formulate the criteria for determining qualifications, positive attributes and independence of a Director, and recommend to the Board a policy, and periodically review matters 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 Employees' Stock Option Scheme including:
 - the quantum of options to be granted under Employees' Stock Option Scheme per employee and in aggregate;

- 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

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

The Committee met two times during the year, i.e. on 23rd May 2015 and 5th February 2016 and the attendance of each member of the Committee is as follows:

Name	Designation	No. of Meetings	
		Held	Attended
Dr. G. Suresh Kumar	Chairman	2	2
Smt. S. Sridevi	Member	2	2
Sri. R. Ranga Rao	Member	2	2

4.3 Performance Evaluation

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

5. REMUNERATION OF DIRECTORS

5.1 Details of Remuneration to Executive Directors

(₹. In Lakhs)

Name	Salary	PF	Perks	Commission	Total
Dr. Murali K. Divi	90.00	10.80	16.18	4382.31	4499.29
Sri. N. V. Ramana	84.00	10.08	14.07	2191.16	2299.31
Sri. D. Madhu sudana Rao	78.00	9.36	12.00	-	99.36
Sri. Kiran S. Divi	78.00	9.36	14.76	1460.77	1562.89
Total	330.00	39.60	57.01	8034.24	8460.85

5.2 Details of Remuneration to Non-Executive Directors

There were no pecuniary relationship or transactions of the Non-Executive directors vis a vis the company. 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.

7. GENERAL BODY MEETINGS

Particulars of last three Annual General Meetings:

Year ended	Date & Time	Venue	Special Resolutions passed for
31.03.2015	31 st August, 2015 at 10 AM	KLN Prasad Auditorium, FAPCCI Premises, 11-6-841, Red Hills, Hyderabad – 500 004	NIL
31.03.2014	25 th August, 2014 at 10 AM		Adoption of new Articles of Association
31.03.2013	5 th August, 2013 at 10 AM		NIL

SPECIAL RESOLUTIONS THROUGH POSTAL BALLOT

The Company sought approval through Postal Ballot dated 08.08.2015 from the Members for a) Increase in Authorised Share Capital of the company and consequent alteration of Capital Clause of Memorandum of Association and b) Approval for Issue of Bonus shares. Mr. V. Bhaskara Rao, Practising Company Secretary has been appointed as Scrutinizer for conducting Postal Ballot. The results were declared on 14th September 2015.

The details of sitting fee paid to Non-Executive Directors during the year 2015-16 is as follows:

Name of the Non-Executive Director	Sitting Fees (₹ In Lakhs)
Dr. G. Suresh Kumar	5.00
Sri. R. Ranga Rao	6.00
Sri. K. V. K. Seshavataram	5.00
Smt. S. Sridevi	3.50

6. STAKEHOLDERS RELATIONSHIP COMMITTEE

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

The composition and the terms of reference of committee are in line with the requirements of provisions of the Companies Act, 2013 and Regulation 20 of SEBI (LODR) Regulations, 2015.

6.1 Composition of the Stakeholders Relationship Committee:

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

Name	Designation
Smt. S. Sridevi	Chairperson
Sri. K.V.K. Seshavataram	Member
Sri. L Kishore Babu	Member

Stakeholders Relationship Committee met four times during the year on 25th April 2015, 25th May 2015, 10th October 2015 and 14th November 2015 and considered issue of duplicate share certificates, transfer / transmission of shares and other investor grievances.

6.2 Complaints / Grievances received and attended

During the year under review, company has received a total of 34 complaints from investors. All were replied / resolved to the satisfaction of the investors and no complaints were outstanding.

The results of the postal ballot as per the report dated 14th September 2015 submitted by Mr. V. Bhaskara Rao, Scrutinizer are as follows:

RESOLUTION 1 - Increase in Authorised Share Capital of the Company and consequent alteration of Capital Clause of Memorandum of Association:

Particulars	Number of members voted (in person or proxy)			Number of votes cast by them			
	Ballot	E-voting	Total	Ballot	E-voting	Total	% of total number of valid votes cast
1 Voted in Favour of the resolution	424	503	927	5962384	100585801	106548185	100.00
2 Voted Against the Resolution	4	0	4	3196	0	3196	0.00
3 Invalid/Abstained Votes	23	2	25	50962	2828	53790	--

RESOLUTION 2 – Approval for the issue of Bonus Shares:

Particulars	Number of members voted (in person or proxy)			Number of votes cast by them			
	Ballot	E-voting	Total	Ballot	E-voting	Total	% of total number of valid votes cast
1 Voted in Favour of the resolution	419	503	922	5949908	100585801	106535709	100.00
2 Voted Against the Resolution	2	0	2	190	0	190	0.00
3 Invalid/Abstained Votes	30	2	32	66444	2828	69272	--

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.

8. 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.

9. GENERAL SHAREHOLDER INFORMATION

Annual General Meeting

Date: 29th August, 2016

Time: 10.00 AM

Venue

Sundarayya Vignana Kendram (SVK), Gachibowli X-Roads, Green Lands Colony, Besides Centre for Good Governance, Serilingampalli Mandal, Hyderabad – 500 032

Financial Year

1st April 2015 to 31st March 2016

Book Closure Date

22nd August, 2016 to 26th August, 2016

Dividend payment date

NA

Listing on Stock Exchanges

BSE Limited

Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai-400 001

National Stock Exchange of India Limited

Exchange Plaza, Bandra-Kurla Complex, Bandra (East), Mumbai-400051.

Stock Code

BSE - 532488

NSE - DIVISLAB

ISIN No

INE361B01024

Corporate Identity Number (CIN)

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

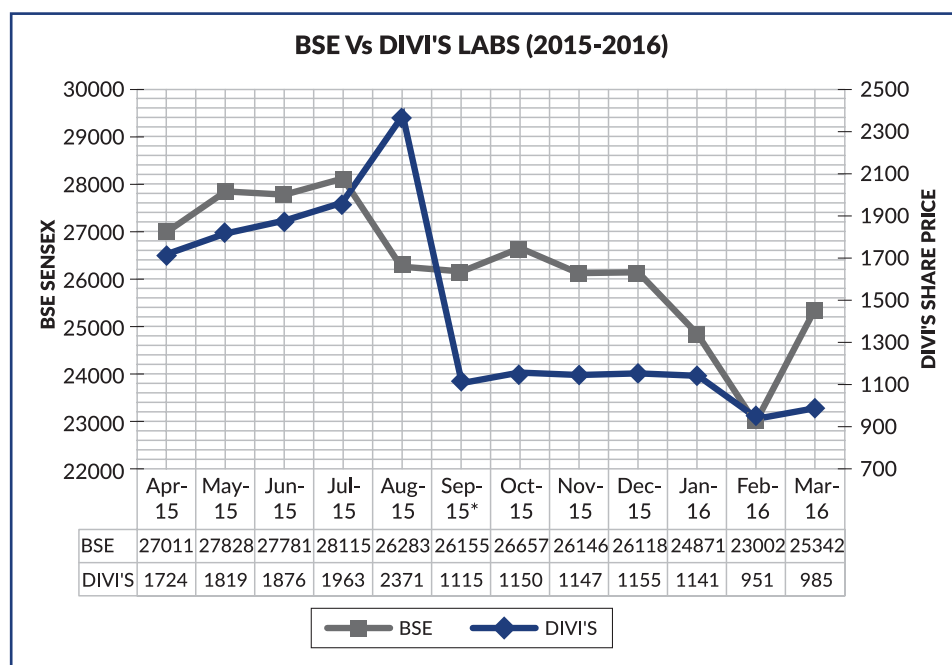
The Company has paid listing fees for the year 2016-17 to both the above Stock Exchanges.

10. 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 2015-16 are as follows:

Month	BSE Limited			National Stock Exchange		
	Low (₹)	High (₹)	Volume	Low (₹)	High (₹)	Volume
Apr-15	1689.00	1968.05	121601	1690.00	1969.00	3013531
May-15	1675.00	1880.00	516228	1674.60	1892.35	4193545
Jun-15	1742.00	1890.00	168753	1727.80	1895.00	2893999
Jul-15	1840.00	2029.00	152659	1832.40	1999.75	2605720
Aug-15	1940.00	2483.60	496128	1940.20	2484.70	7114591
Sep-15*	1065.40	2416.00	2905809	1065.00	2415.00	7843775
Oct-15	1051.75	1165.50	1050970	1052.00	1166.40	6972170
Nov-15	1090.00	1205.00	615874	1091.00	1204.30	6128451
Dec-15	1071.00	1186.00	296248	1061.85	1185.60	5296687
Jan-16	1020.00	1172.90	542273	1036.00	1173.70	5948389
Feb-16	918.10	1162.50	530720	917.80	1161.25	9698013
Mar-16	935.10	1034.00	514165	935.10	1027.70	9864870

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



* Company declared bonus shares in the proportion 1:1 and the stock price became ex-bonus w.e.f. 23.09.2015.

11. UNCLAIMED DIVIDEND AMOUNTS

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

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 Share 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 latest correspondence address and email id in their demat accounts in case of their holdings in electronic form or inform their 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 31.03.2016 (₹ In lakhs)	Due for transfer to IEPF on
2008-2009	17.08.2009	5.63	16.09.2016
2009-2010	13.08.2010	5.03	12.09.2017
2010-2011	08.08.2011	8.50	07.09.2018
2011-2012	06.08.2012	6.13	05.09.2019
2012-2013	05.08.2013	4.89	04.09.2020
2013-2014	25.08.2014	14.66	24.09.2021
2014-2015	31.08.2015	6.41	30.09.2022
2015-2016	10.03.2016 (interim)	96.00	09.04.2023

12. 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.

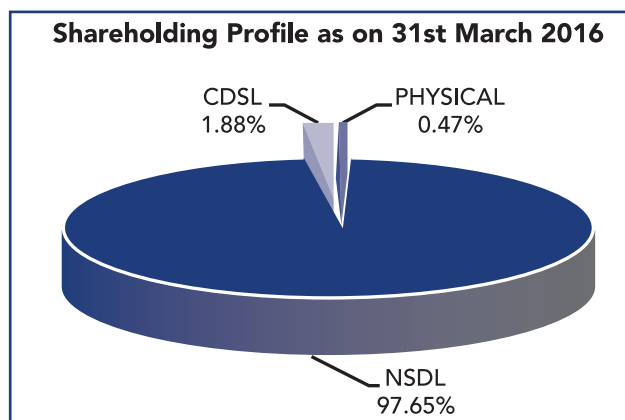
Members may please note that Securities and Exchange Board of India (SEBI) has made it mandatory to furnish PAN particulars for registration of physical share transfer requests. Hence, all members are required to furnish their PAN particulars in the transfer deed while seeking transfer of shares.

13. DISTRIBUTION OF SHAREHOLDING AS ON 31ST MARCH,2016

Category	No. of shareholders	% of shareholders	No. of shares	% of shareholding
1 – 5000	41827	95.89	5452166	2.05
5001 – 10000	567	1.30	2098237	0.79
10001 – 20000	431	0.99	3330608	1.25
20001 – 30000	157	0.36	1926938	0.73
30001 – 40000	123	0.28	2248649	0.85
40001 – 50000	62	0.14	1393160	0.52
50001 – 100000	145	0.33	5251900	1.98
100001 & above	308	0.71	24376922	91.83
TOTAL	43620	100	265468580	100.00

14.(i) Shareholding pattern

Category	As on 31.03.2016		As on 31.03.2015	
	No. of shares	% to share capital	No. of shares	% to share capital
Promoters	138261232	52.08	69130616	52.08
Mutual Funds	36260382	13.66	18314548	13.80
Banks/Financial institutions/NBFCs	940830	0.35	794478	0.60
Foreign Institutional Investors	51954149	19.57	25694788	19.36
Private Corporate Bodies	16143767	6.08	8894430	6.70
Indian Public	19606425	7.39	8916578	6.71
Non-Resident Indians/Foreign National	1448308	0.55	791290	0.60
Clearing Members	481153	0.18	53725	0.04
Trusts	372334	0.14	143837	0.11
Grand Total	265468580	100	132734290	100

(ii) Shareholding profile as on 31st March, 2016

Mode of holding	No. of holders	No. of Shares	% to Equity
PHYSICAL	63	1256961	0.47
N S D L	29163	259226145	97.65
C D S L	14394	4985474	1.88
Total	43620	265468580	100

15. 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 Registrar are confirmed within the statutory period.

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

The Company's 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, 2016, 99.53 % of the shares were in demat mode.

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

We have no GDRs/ADRs or any commercial instrument.

17. Commodity Price Risk or Foreign Exchange Risk and hedging activities

The Company is not carrying on any Commodity Business and has also not undertaken any hedging activities.

18. PLANT LOCATIONS**Choutuppal Unit:**

Lingojigudem Village, Choutuppal Mandal, Nalgonda Dist. (TS), Pin Code - 508 252.

Export Oriented Unit:

Chippada Village, Bheemunipatnam Mandal, Visakhapatnam Dist. (A.P), Pin Code - 531 163

Divi's Pharma SEZ:

Chippada Village, Bheemunipatnam Mandal, Visakhapatnam Dist. (A.P), Pin Code - 531 163

DSN SEZ Unit:

Chippada Village, Bheemunipatnam Mandal, Visakhapatnam Dist. (A.P), Pin Code - 531 163

19. ADDRESS FOR CORRESPONDENCE**Registrar and Share Transfer Agents**

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

Company Secretary & Compliance Officer

Ms. P V Lakshmi Rajani
Divi's Laboratories Limited
1-72/23(P)/DIVIS/303, Divi Towers,
Cyber Hills, Gachibowli,
Hyderabad - 500 032, Telangana, INDIA
CIN: L24110TG1990PLC011854
Phone: 040-2378 6300 ; Fax: 040-2378 6460
E-mail: cs@divislaboratories.com

20. OTHER 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.29 (II) (12) 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 (<http://www.divislab.com>)

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) The Policy for determining material subsidiaries is disseminated on the website of the company at (<http://www.divislab.com>)

21. The Company has complied with the requirements of the Schedule V Corporate Governance Report sub-para (2) to (10) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

22. Compliance with mandatory requirements and adoption of discretionary requirements

The Company has complied with all the mandatory requirements of the Corporate Governance as stipulated in Schedule V of the SEBI (LODR) Regulations, 2015. Certificates from Mr. V. Bhaskara Rao, Practicing Company Secretary, confirming compliance with the conditions of Corporate Governance are annexed.

The status of adoption of the discretionary requirements pursuant to regulations 27(1) of the SEBI (LODR) Regulations, 2015 read with Part E of Schedule II is as under:

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

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

23. Compliance with Corporate Governance requirements specified in Regulation 17 to 27 and clauses (b) to (i) of sub-regulation (2) of Regulation 46 are as follows:

Regulation	Particulars of Regulation	Compliance Status (Yes/No)
17	Board of Directors	Yes
18	Audit Committee	Yes
19	Nomination and Remuneration Committee	Yes
20	Stakeholders Relationship Committee	Yes
21	Risk Management Committee	Yes
22	Vigil Mechanism	Yes
23	Related Party Transactions	Yes
24	Corporate Governance requirements with respect to subsidiary of the Company	Yes
25	Obligations with respect to Independent Directors	Yes
26	Obligations with respect to Directors and Senior Management	Yes
27	Other Corporate Governance requirements	Yes
46(2)(b) to (i)	Website	Yes

Risk Management

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. Risk Management Committee of the company meets from time to time to evaluate and ensure that the control mechanism operates effectively.

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

Subsidiaries

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

CEO and CFO Certification

The CMD and CFO of the company have certified to the Board in relation to reviewing financial statements and other information as required by regulation 17(8) of the SEBI (LODR) Regulations, 2015 and the 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 or www.divislab.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 2015-16.

For and on behalf of the Board

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

Hyderabad
28.05.2016

CHAIRMAN AND MANAGING DIRECTOR AND CHIEF FINANCIAL OFFICER CERTIFICATION

We, 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 the financial statements and cash flow statement (standalone and consolidated) for the year ended 31st March 2016 and to the best of our knowledge and belief;
 - i. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - ii. 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
 - i. significant changes in internal control over financial reporting during the year;
 - ii. significant changes in accounting policies during the year requiring disclosure in the notes to the financial statements; and
 - iii. instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.

For Divi's Laboratories Limited

Hyderabad
28.05.2016

Dr. Murali K. Divi
Chairman & Managing Director

L Kishore Babu
Chief Financial Officer

CERTIFICATION ON CORPORATE GOVERNANCE

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

We have examined the Compliance of conditions of Corporate Governance by DIVI'S Laboratories Limited (the company), for the year ended 31st March 2016 as stipulated in Clause 49 of the Listing Agreement (up to 30th November 2015) and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (with effect from 1st December 2015) as per the Listing Agreement entered into by the Company with 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

Place: Hyderabad
Date: 28.05.2016

V. Bhaskara Rao
Proprietor, F.C.S.No.5939, C.P.No.4182

DIRECTORS' REPORT

Dear Shareholders,

Your Directors have pleasure in placing before you the Twenty Sixth Annual Report of the Company together with the Audited Accounts for the year ended 31st March 2016.

FINANCIAL RESULTS

The Company's financial performance, for the year ended 31st March, 2016 is summarized below:

(₹ In Lakhs)

Particulars	Standalone		Consolidated	
	2015-16	2014-15	2015-16	2014-15
Total Revenues	381573.13	312684.97	386119.74	315963.69
Total Expenditure	232347.19	192195.68	236260.70	194969.62
Profit before depreciation, interest and tax (PBDIT)	149225.94	120489.29	149859.04	120994.07
Depreciation	11810.20	13585.22	11818.13	13599.84
Finance Cost	231.95	186.45	231.95	186.45
Profit before Tax (PBT)	137183.79	106717.62	137808.96	107207.78
Provision for Tax	26414.48	22012.09	26624.18	22055.60
Profit after Tax (PAT)	110769.31	84705.53	111184.78	85152.18
Earnings per Share (EPS) Basic & Diluted (₹)	41.73	31.91*	41.88	32.08*

*Adjusted for Bonus

RESULTS OF OPERATIONS

Standalone

- Revenues for the year increased by 22% to ₹ 381573.13 lakhs.
- Operating profit (PBDIT) for the year increased by 24% at ₹ 149225.94 lakhs.
- Profit before Tax (PBT) for the year amounted to ₹ 137183.79 lakhs as against a PBT of ₹ 106717.62 lakhs for the last year.
- Tax Provision for the current year amounted to ₹ 24739.18 lakhs (net of MAT credit entitlement of ₹3612.44 lakhs).
- An amount of ₹ 1675.30 lakhs has been provided towards Deferred Tax Liability for the year as against ₹ 1077.96 lakhs during the previous year.
- Profit after Tax (PAT) for the year amounted to ₹ 110769.31 lakhs, reflecting a growth of 31%.
- Earnings Per Share of ₹2/- each works out to ₹ 41.73 for the year as against ₹ 31.91 last year.
- Out of the total revenue, 32% came from North America, 43% from Europe, 11% from Asia, 12% from India and 2% from rest of the World.

Consolidated

Our total revenues on consolidated basis increased to ₹ 386119.74 lakhs from ₹ 315963.69 lakhs in the previous year, reflecting a growth of 22%.

The operating profit before depreciation, finance charges and tax (PBDIT) amounted to ₹ 149859.04 lakhs as against ₹ 120994.07 lakhs in the previous year. Profit after Tax for the year accounted to ₹ 111184.78 lakhs as against ₹ 85152.18 lakhs in the previous year.

SUBSIDIARIES

Our subsidiaries viz., M/s. Divis Laboratories (USA) Inc., in USA and M/s. Divi's Laboratories Europe AG in Switzerland are engaged in marketing/distribution of nutraceutical products and to provide a greater reach to customers within these regions.

During the year, the subsidiaries have achieved aggregate turnover of ₹18856.54 lakhs as against previous year turnover of ₹ 16835.44 lakhs, reflecting a growth of 12% for the nutraceutical products in North America and Europe.

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

(₹ In Lakhs)

Particulars	Divis Laboratories		Divi's Laboratories	
	(USA) Inc.,		Europe AG	
Year ended	31-03-16	31-03-15	31-03-16	31-03-15
Turnover	9714.25	10002.58	9142.29	6832.86
Operating Profit	1842.49	1367.93	2702.35	2465.75
Profit / (Loss) before taxation	99.99	(111.91)	525.18	602.07
Provision for taxation	209.70	43.51	0	0
Profit / (Loss) after taxation	(109.71)	(155.42)	525.18	602.07

Subsidiaries have achieved growth in operating profit. Loss on forex currency translation for the year accounted to ₹ 482.41 Lakhs for US subsidiary and ₹ 474.54 Lakhs for Europe subsidiary. With the significant efforts having been made in stabilizing operations, market reach 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 read with Companies (Accounts) Rules 2014, statement containing the salient features of the financial statement of Company's subsidiaries in form AOC-1 is annexed herewith as "Annexure I". Moreover, pursuant to provisions of Section 136(1) of the Companies Act, 2013, audited financial statements of the subsidiary companies are placed on the 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 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.

CONSOLIDATED ACCOUNTS

As stipulated in the listing regulations 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.

BONUS SHARES

The Company has allotted equity shares of face value of ₹ 2/- each as bonus shares in September 2015 to the shareholders of the company in the proportion of 1:1 and consequently the paid-up share capital of the Company increased from 13,27,34,290 to 26,54,68,580 equity shares.

DIVIDEND

Board of Directors of the Company at its meeting held on 10th March, 2016 have declared and paid an interim dividend of ₹10/- per equity share of ₹2/- each for the year 2015-16.

The total dividend payout for the current year amounts to ₹ 31951.17 lakhs (inclusive of tax of ₹ 5404.31 lakhs) as against ₹ 31951.17 lakhs in the previous year. Dividend (including dividend tax) as a percentage of profits is 29%.

Board of Directors now recommends the interim dividend as final dividend for the financial year 2015-16, for approval and ratification by the members.

TRANSFER TO GENERAL RESERVES

We propose to transfer an amount of ₹10000 lakhs to General Reserve for the financial year ended 31st March, 2016.

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.

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

In terms of provisions of regulation 34(2) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 report on Management Discussion & Analysis for the year under review 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. Further, there is no change in the nature of Business of the Company.

INTERNAL FINANCIAL CONTROLS

The Company has in place adequate internal financial controls with reference to financial statements. It has adopted necessary policies and procedures 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.

During the year, such controls were tested and no reportable material weakness in the design or operation was observed.

RISK MANAGEMENT

The company 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.

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

DIRECTORS' RESPONSIBILITY STATEMENT

As required under Section 134 (5) of the Companies Act, 2013, Directors of your company hereby state and confirm that:

- the applicable accounting standards have been followed in the preparation of the annual accounts;
- 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, 2016 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 23rd May 2015, 8th August 2015, 31st October 2015, 5th February 2016 and 10th March 2016.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

As per the provisions of the Companies Act, 2013 Mr. Madhusudana Rao Divi, Director - Projects will retire by rotation at the ensuing Annual General Meeting and, being eligible, offers himself for re-appointment.

DECLARATION BY INDEPENDENT DIRECTORS

The company has obtained declaration from all independent directors of the company under section 149(7) of the Companies Act, 2013 confirming that they meet the criteria of independence as provided in Section 149(6) of the Companies Act, 2013 and regulation 25 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

BOARD EVALUATION

As per the provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Nomination and Remuneration Committee laid down criteria for performance evaluation of individual directors, the board and its committees. Accordingly, an annual evaluation was carried out for the Board's performance, its Committees and individual directors.

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 Policy on appointment and remuneration of Directors, Key Managerial Persons and Senior Management including criteria for determining qualifications, positive attributes and director's independence as required under section 178(3) of the Companies Act, 2013 and Regulation 19 read with schedule II Part D of SEBI (LODR) Regulations 2015 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. Madhusudana Rao Divi.

Corporate Social Responsibility Policy (CSR Policy) indicating the activities to be undertaken by the Company was adopted by the Board on the recommendation of the CSR Committee.

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.

BUSINESS RESPONSIBILITY REPORT

Pursuant to regulation 34(2)(f) of SEBI (LODR) Regulations, 2015 the annual report shall contain a Business Responsibility Report (BRR) describing the initiatives taken by the Company from an environmental, social and governance perspective. BRR has been designed as a tool to help companies understand the principles and core elements of responsible business practices and start implementing improvements which reflect their adoption in the manner the company undertakes its business. In compliance with the regulation, we have provided the BRR as part of our Annual 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
Mr. K. V. K. Seshavataram	Independent Director	Chairman
Dr. G. Suresh Kumar	Independent Director	Member
Mr. 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.divislab.com>

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 Auditor's Report for the financial year 2015-16 does not contain any qualification, reservation, adverse remark or disclaimer.

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 Mr. V. Bhaskara Rao, Company Secretary in practice (PCS Registration No. 4182) as the Secretarial Auditor of the Company to conduct the Secretarial audit for the financial year 2015-16.

The Secretarial Audit report for the financial year 2015-16 is annexed herewith as "Annexure VII". The Secretarial Audit Report does not contain any qualification, reservation, adverse remark or disclaimer..

COST AUDIT

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

CORPORATE GOVERNANCE REPORT

The report on Corporate Governance as per regulation 34(3) read with Schedule V of the SEBI (LODR) Regulations, 2015 is included as a part of this Annual Report. The requisite certificate from the Practicing Company Secretary Mr. V. Bhaskara Rao confirming the compliance with the conditions of Corporate Governance is attached to the report on Corporate Governance.

EXTRACT OF ANNUAL RETURN

An Extract of Annual Return in Form MGT-9 as per the provisions of Section 92 of the Companies Act, 2013 and Rule 12 of Companies (Management and Administration) Rules, 2014, is enclosed as "Annexure VIII" to this report.

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 grateful 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 towards the growth and progress of the company.

For and on behalf of the Board

Hyderabad
28.05.2016

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

ANNEXURE - I

Statement Pursuant to Section 129(3) of the Companies Act, 2013 relating to Subsidiary Companies.

(₹ in lakhs)

Sl. No	Particulars	Divi's Laboratories (USA) Inc.	Divi's Laboratories Europe AG.
1	Reporting period for the Subsidiary	31st March 2016	31st March 2016
2	Reporting Currency and Exchange rate as on the last date of the relevant financial year	USD = 66.3329	CHF = 68.635
3	Share Capital	0.01	36.18
4	Reserves & Surplus	(3624.08)	(2620.45)
5	Total assets	5708.01	5461.98
6	Total liabilities	5708.01	5461.98
7	Investments	-	-
8	Turnover	9714.25	9142.29
9	Profit / (Loss) before taxation	99.99	525.18
10	Provision for taxation	209.70	-
11	Profit / (Loss) after taxation	(109.71)	525.18
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, Manufacturing, Projects, Maintenance, Sales, Marketing, Logistics, Procurement, Accounting, Finance, Taxation, Secretarial, Personnel, Administration, Legal, Regulatory Compliances 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 / 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 / Senior Managerial Personnel 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 rewards linked directly to their effort, performance, dedication and achievement relating to the Company's operations.
- To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.

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

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 Directors

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 DIRECTORS, 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 Senior Management Personnel and recommend his / her appointment to the Board.
- 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:
 - o Regulatory and legal requirements
 - o Concentrations (e.g., suppliers and customers)
 - o Market and competitive trends
 - o Financing and liquidity needs
 - o Financial exposures
 - o Business Continuity
 - o Organisation reputation
 - o Strategy execution
 - o Management capabilities

- o Management override
- o Fraud control
- o 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 thereunder, Listing Agreement or any other enactment for the time being in force.

4.2 Term/ Tenure

4.2.1) 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.

4.2.2) 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.

4.3 Evaluation

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

4.4 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.

4.5 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.

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

5.1 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, subject to the prior/post approval of the shareholders of the Company and the Central Government, wherever required.

6. POLICY

6.1 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.

6.1.1) 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 approval of the shareholders of the Company and the Central Government, wherever required.

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

6.1.3) 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/ceiling approved by the Shareholders in the case of Whole-time Directors.

6.1.4) 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.

6.2 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.

b) Perquisites, Allowances and other benefits:

In addition to the fixed pay, they shall also be eligible for any perquisites and allowances including company's contribution to Provident Fund, pension scheme, superannuation fund, rent free furnished accommodation or house rent allowance in lieu thereof, medical expenses, mediclaim/personal accident insurance, club fees, ex-gratia, rewards, incentives, gratuity and other retirement benefits etc., as may be decided and approved by the Board/ the Person authorized by the Board on the recommendation of the Committee; within the overall limits as approved by the shareholders and Central Government, wherever required.

c) 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.

d) 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.

6.3 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 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.

6.4 Remuneration to KMP and Senior Management Personnel:

Appointment of KMP & Senior Management Personnel (One Level below the Board) 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 broadly 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) Perquisites, Allowances and other benefits:

Perquisites and allowances such as contribution to PF, pension, superannuation fund, medical expenses, mediclaim/personal accident insurance, gratuity, etc., as per the rules of the Company.

c) Motivation /Reward:

A performance appraisal is carried out periodically and promotion / revision / increment/ reward/ incentive / ex-gratia 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.

6.5 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 and allowances, the employees may also be provided rewards/ incentives/ bonus / perquisites and retirement benefits as per schemes of the Company and statutory requirements, where applicable.

7. 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 2015-16, the percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary in the financial year 2015-16 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 2015-16 (₹ in lakhs)	Ratio of remuneration of each Director to median remuneration of employees	% increase in remuneration in the financial year 2015-16	Comparison of the remuneration of the KMP against the performance of the company
	1.	Dr. Murali K. Divi Chairman & Managing Director	4499.29	1 : 0.0007701	27.05%	Company achieved a sales growth for the year of 21% and a growth of 31% for Profit after Tax (PAT).
	2.	Mr. N.V. Ramana Executive Director	2299.31	1 : 0.0015069	26.33%	
	3.	Mr. Madhusudana Rao Divi Director – Projects	99.36	1 : 0.0348706	Nil	
	4.	Mr. Kiran S. Divi Director & President -Operations	1562.89	1 : 0.0022169	25.64%	
	5.	Dr.G. Suresh Kumar* Independent Director	Nil	--	--	
	6.	Mr. R. Ranga Rao* Independent Director	Nil	--	--	
	7.	Mr. K.V.K.Seshavataram* Independent Director	Nil	--	--	
	8.	Mrs. S. Sridevi* Independent Director	Nil	--	--	
	9.	Mr. L. Kishore Babu Chief Financial Officer	173.18	Not Applicable	10.00%	
	10.	Mrs. P. V. Lakshmi Rajani Company Secretary	25.07	Not Applicable	15.57%	
	*Independent Directors were paid sitting fee for attending the meetings.					
(ii)	The percentage increase in the median remuneration of employees in the financial year was 12%					
(iii)	The Company has 3,708 permanent employees on the rolls of company as on 31st March 2016					
(iv)	Relationship between average increase in remuneration and company performance					
	Company achieved a sales growth of 21% for the year and a growth of 31% of Profit after Tax (PAT). Average increase in remuneration has been 26.21% 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, 2016		
	₹ 4697.54 lakhs			Achieved a Profit after Tax of ₹ 110769.31 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	2014-15	2015-16	% increase/decrease over last year
	Market Capitalisation (₹ in lakhs)	28092.18	2369904.38	2620838.56	10.59
	Price-Earnings ratio	4.65	27.98	23.66	(15.44)
(vii)	Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year was 12% 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 – no employee received remuneration in excess of highest-paid director; 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 (₹ crores)	Last employment
Dr. Murali K. Divi	65	M. Pharm. Ph. D.	Chairman & Managing Director	12-Oct-90	41	44.99	Managing Director, Cheminor Drugs Ltd.
Ramana. N.V.	58	B.Sc. (Chem)	Executive Director	26-Dec-94	31	22.99	President, Enmark Exim Services Pvt. Ltd
Madhusudana Rao Divi	72	M.E. (Structural Engg.)	Director-Projects	14-Oct-94	47	0.99	Executive Director, Sadah General Trading & Const Co., Kuwait
Kiran S. Divi	40	M. Pharm.	Director & President -Operations	10-Aug-01	15	15.63	--
Devendra Rao. S.	54	M. Sc.	General Manager	10-Feb-95	33	1.40	Senior Manager (Prod), Natco Pharma Ltd.
Hemanth Kumar. G.	56	M. Sc.	General Manager	1-Nov-94	33	1.40	Sr. Prodn. Manager, Sumitra Pharma Ltd.,
Kishore Babu. L.	64	B.Com, FCMA	Chief Financial Officer	20-Nov-94	43	1.73	Finance Manager, Nagarjuna Fert & Chem Ltd.,
Koteswara Rao. Y S	59	B Sc., BL, MBA (HR)	Deputy General Manager	01-Jan-02	15	0.62	Self Employed
Naga Sekhar. V	50	B.E (Mechanical)	Deputy General Manager	23-Mar-95	26	0.62	Vera Laboratories Ltd.
Prasad. Y.T.S.	48	B.E.	General Manager	1-Nov-90	28	1.40	Engineer (Devpt), Cheminor Drugs Ltd.,
Punna Rao. A.M.L	46	M.Sc.,	Deputy General Manager-QC	01-Mar-2000	24	0.62	Asst. Manager - QC, Vera Laboratories Ltd.,
Ramakrishna. S.	54	M. Sc.	General Manager	15-Feb-95	33	1.40	General Manager (Works), Vera Laboratories Ltd.
Ramesh Babu. M.	50	B. Sc.	Chief Technologist	1-Nov-90	30	1.40	R&D Incharge, Cheminor Drugs Ltd.,
Ramana. L.V	46	M. Sc.	General Manager	12-Aug-91	24	1.01	--
Ramaiah Chowdary. P	53	B.E.	General Manager	15-Nov-94	29	0.83	Maint Manager, Natco Pharma Ltd.,
Ramesh Babu. L.	60	M.Com, MBA, LLB	Chief Information Officer & Vice President (Procurement)	20-May-09	27	1.27	Group Captain, Indian Air Force

Name	Age (yrs)	Qualifications	Designation	Date of commencement of employment	Experience (yrs)	Gross remuneration ¹ (₹ crores)	Last employment
Srinivasa Rao. P	51	M. Pharm	Chief Technologist	1-Nov-90	28	1.40	Sr. Chemist, Cheminor Drugs Ltd.
Satya Prakash Divi	39	MS (CIS) B.Tech- (Mech), MBA	Vice President (Sales & Marketing)	1-Mar-13	14	1.73	VP, Marketing & IT, EF International Academy, Switzerland
Sudhakar. P	50	B.Com	Deputy General Manager	01-Oct-94	29	0.62	--
Subba Rao. K	52	M.P.M LLB	Deputy General Manager	01-Oct-94	29	0.62	P. R. Cements Limited
Veeraiah Chowdary. G	49	B.Sc Chemistry MBA- TQM	Deputy General Manager	01-Jun-95	28	0.62	Vera Laboratories Limited

Notes:

- 1) Remuneration includes salary, allowances, company contribution to provident fund, Commission and 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 and Vice President (Procurement) 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 in terms of section 2 of the Companies Act, 2013.

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 yearly 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

Web link: <http://www.divislabs.com>

2. Composition of the CSR Committee

The Corporate Social Responsibility (CSR) Committee's responsibility is to recommend the amount of expenditure to be incurred on CSR activities and monitor the implementation of Corporate Social Responsibility Policy of the company from time to time.

The members of the CSR Committee are:

- Mr. R. Ranga Rao, Chairman
- Dr. Murali K. Divi
- Mr. N.V. Ramana
- Mr. Madhusudana Rao Divi

3. Average net profit of the company for last three financial years (₹ in lakhs)	101972.74
4. Prescribed CSR Expenditure (two per cent of the amount as in item 3 above) (₹ in lakhs)	2039.45
5. Details of CSR spent during the financial year:	
(a) Total amount to be spent for the financial year (₹ in lakhs)	2039.45
(b) Amount unspent (₹ in Lakhs)	1246.48
(c) Manner in which the amount spent during the financial year	

Details of Corporate Social Responsibility activities undertaken and manner in which the amount has been spent during the Year 2015-16:

(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 (₹ in lakhs)	(6) Amount spent on the projects or programs Sub heads: (1) Direct expenditure on projects or programs (2) Overheads (*)(₹ in lakhs)	(7) Cumulative expenditure upto the reporting period (₹ in lakhs)	(8) Amount spent: Direct or through implementing agency
(1)	Direct Expenditure						
1.	Promoting education	Promoting Education	Local	141.61	109.83	109.83	Direct
2.	Public Health	Promoting health care		7.35	4.82	4.82	
3.	Village Development	Rural development		315.12	31.39	31.39	
4.	Women Welfare & Economic Empowerment	Empowering Women		6.00	4.99	4.99	
5.	Support to differently abled			46.15	21.87	21.87	
6.	Animal Welfare & Dairy Development	Animal Welfare		7.95	6.20	6.20	
7.	Drinking water schemes/ Sanitation facilities	Safe Drinking Water		403.97	376.98	376.98	
8.	Environmental Sustainability	Environment Sustainability	Nalgonda Dist of Telangana	96.40	59.34	59.34	
9.	Promotion of Rural Sports	Promotion of Rural Sports		5.50	5.50	5.50	
10.	Swachh Bharat	Swachh Bharat	Vizianagaram & Visakhapatnam Dists. of Andhra Pradesh	69.75	51.96	51.96	
11.	Construction of Skill development Centre	Livelihood Enhancement program		160.29	91.25	91.25	
(2)	Overheads						
	Administrative Expenses & Salaries				28.85	28.85	
	Total			1260.10	792.98	792.98	

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.

The company has been identifying appropriate CSR projects and programs in the villages around its manufacturing sites by involving the local bodies and elected representatives, village communities, self-governing organisations and Government agencies. Several longterm projects have been identified and are under implementation and would take time for completion. Company has laid out a 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 capacitors 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 system	Present / implemented system	Total investment (₹ in lakhs)
1	SERVICE BLOCKS	AIR SUPPLY SYTEM	Reciprocating type compressors	SCREW TYPE COMPRESSORS	757.36
2	SERVICE BLOCKS	BRINE SUPPLY SYSTEM	Reciprocating type compressors	SCREW TYPE COMPRESSORS	632

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 constantly has been executing process developments for its product range. Process optimization has been achieved in Production, which resulted in lower cost of production and substantial exports. The developments implemented brought more green chemistry by reducing reagents, minimize wastes and increasing recoveries.
3.	Information regarding import of technology during the last three years.	There is no import of technology.

4. Expenditure incurred on research and development ₹ in lakhs

S. No	Particulars	2015-16	2014-15
a)	Capital	763	1
b)	Recurring	3092	2766
	Total	3855	2767
	Total R&D Expenditure as a percentage of Sales	1.04%	0.89%

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

₹ in lakhs

	2015-16	2014-15
Foreign Exchange earned in terms of actual inflows	322704.44	263170.35
Foreign Exchange outgo in terms of Actual outflows	1204.00	1456.31

ANNEXURE - VII

Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2016

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

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

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **M/s. Divi's Laboratories Limited** (here in after 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 31.03.2016 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 31.03.2016, 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 erstwhile SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 :
 - c. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
 - d. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 *;
 - e. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 *;
 - f. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 *;
 - g. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - h. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 *; and
 - i. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 *;
- * Not applicable to the Company during the Audit period
- (vi) Other applicable Acts
 - (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
 - (p) Customs Act, 1962
 - (q) Central Excise Act, 1944
 - (r) Foreign Exchange Management Act, 1999

- (s) Foreign Trade (Development and Regulation) Act, 1992
- (t) Shops and Establishment Act, 1988
- (u) 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
- (v) Explosives Act, 1884
- (w) Indian Boilers Act, 1923
- (x) The Patents Act 1970
- (y) Biological Diversity Act, 2002
- (z) Food Safety and Standards Act, 2006
- (aa) Special Economic Zones Act 2005
- (bb) Drug and Cosmetics Act 1940
- (cc) Narcotic Drugs and Psychotropic Substances Act, 1985
- (dd) Employee's State Insurance Act, 1948
- (ee) Andhra Pradesh Factories and Establishment (National, Festival and Other Holidays) Act, 1974
- (ff) The Sexual Harassment of Women at Work Place (Prevention, Prohibition and Redressal) Act, 2013
- (gg) The Andhra Pradesh Labour Welfare Fund Act, 1987
- (hh) Conservation of Foreign Exchange and Prevention of Smuggling Act, 1974

We have relied on the representations made by the company, its officers and reports of Internal Auditors for systems and mechanism framed by the Company for compliances under other acts, Laws and regulations applicable to the company as mentioned above.

We have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India (Applicable from 1st July, 2015).
- (ii) The erstwhile Listing Agreements entered into by the Company with Stock Exchanges and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 notified with effective from 1st December 2015;

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.

We further report that during the audit period the company has taken following major actions bearing on the company affairs in pursuance of above referred acts, rules and regulations etc.,

- a) The company has increased its authorised share capital from ₹30.00 Crores to ₹60.00 Crores and obtained necessary approval from members by way of postal ballot process.
- b) The company has issued and allotted bonus shares in the proportion of one equity share for every one equity share held by the members of the Company and obtained necessary approval from members by way of postal ballot process and also from the BSE Ltd and National Stock Exchange of India Ltd for listing of Company equity shares;

For V. Bhaskara Rao & Co.,
Company Secretaries

V. Bhaskara Rao
Proprietor

F.C.S.No.5939, C.P.No.4182

Place : Hyderabad
Date : 28.05.2016

ANNEXURE - VIII

Form No. MGT-9

EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31st March, 2016
[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies
(Management and Administration) Rules, 2015]

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	1-72/23(P)/DIVIS/303, Divi Towers, Cyber Hills, Gachibowli HYDERABAD - 500 032, TELANGANA Tel: 040-23786300, Fax: 040-23786460 mail@divislaboratories.com
vi) Whether Listed Company	YES
vii) Name, Address & Contact details of Registrar and Transfer Agent	KARVY COMPUTERSHARE PVT. LTD Karvy Selenium Tower B, Plot No. 31 & 32 Gachibowli, Financial District Nanakramguda, HYDERABAD - 500 032 Tel: 040-67161526 einward.ris@karvy.com

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

SI No.	Name and description of main products / services	NIC code of the Product / Service	% to total turnover of the company
1	Naproxen	29183090	17.57%

III. PARTICULARS OF HOLDING, SUBSIDIARIES AND ASSOCIATE COMPANIES

SI 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	NA	Subsidiary	100	2(87)
2	Divi's Laboratories Europe AG Solothurnerstrasse 15 CH- Basle	NA	Subsidiary	100	2(87)

IV. SHAREHOLDING 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	130161232	-	130161232	49.03	-
(b)	Central Government	-	-	-	-	-	-	-	-	-
(c)	State Government(s)	-	-	-	-	-	-	-	-	-
(d)	Bodies Corporate	4000000	-	4000000	3.01	8000000	-	8000000	3.01	-
(e)	Banks / Financial Institutions	-	-	-	-	-	-	-	-	-
(f)	Others	-	-	-	-	-	-	-	-	-
	Sub-total A(1) :	69080616	-	69080616	52.04	138161232	-	138161232	52.04	-
(2) Foreign										
(a)	NRIs - Individuals	50000	-	50000	0.04	100000	-	100000	0.04	-
(b)	Other - Individuals	-	-	-	-	-	-	-	-	-
(c)	Bodies Corporate	-	-	-	-	-	-	-	-	-
(d)	Banks / FI	-	-	-	-	-	-	-	-	-
(e)	Others	-	-	-	-	-	-	-	-	-
	Sub-total A(2) :	50000	-	50000	0.04	100000	-	100000	0.04	-
	Total Shareholding of Promoter A=A(1)+A(2) :	69130616	-	69130616	52.08	138261232	-	138261232	52.08	-
B. Public Shareholding										
(1) Institutions										
(a)	Mutual Funds / UTI	18314548	-	18314548	13.80	36260382	-	36260382	13.66	-0.14
(b)	Banks / Financial Institutions	794478	-	794478	0.60	934530	-	934530	0.35	-0.25
(c)	Central Government /	-	-	-	-	-	-	-	-	-
(d)	State Government(s)	-	-	-	-	-	-	-	-	-
(e)	Venture Capital Funds	-	-	-	-	-	-	-	-	-
(f)	Insurance Companies	-	-	-	-	-	-	-	-	-
(g)	Foreign Institutional Investors	25694788	-	25694788	19.36	51954149	-	51954149	19.57	0.21
(h)	Foreign Venture Capital Investors	-	-	-	-	-	-	-	-	-
(i)	Others	-	-	-	-	324	-	324	-	-
	Sub-total B(1) :	44803814	-	44803814	33.75	89149385	-	89149385	33.58	-0.17
(2) Non-institutions										
(a)	Bodies Corporate									
	i) Indian	8894420	10	8894430	6.70	16143747	20	16143767	6.08	-0.62
	ii) Overseas	-	-	-	-	-	-	-	-	-
(b)	Individuals									
	i) Individual shareholders holding nominal share capital up to ₹1 lakh	7400883	250773	7651656	5.76	15562940	436141	15999081	6.03	0.26

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	
ii) Individual shareholders holding nominal share capital in excess of ₹1 lakh	864522	400400	1264922	0.95	2806544	800800	3607344	1.36	0.41
(c) Others - i) Non Resident Indians	775290	16000	791290	0.60	1427984	20000	1447984	0.55	-0.05
ii) Trusts	143837	-	143837	0.11	372334	-	372334	0.14	0.03
iii) Clearing Members	53725	-	53725	0.04	481153	-	481153	0.18	0.14
iv) NBFcs Registered with RBI					6300	-	6300	-	-
Sub-total B(2) :	18132677	667183	18799860	14.16	36801002	1256961	38057963	14.34	0.17
Total Public Shareholding B=B(1)+B(2) :	62936491	667183	63603674	47.92	125950387	1256961	127207348	47.92	-
C Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
GRAND TOTAL: [A+B+C]	132067107	667183	132734290	100.00	264211619	1256961	265468580	100.00	

ii) Shareholding of Promoters

SI No.	Shareholder's Name	Shareholding at the beginning of the year (As on 01-04-2015)			Shareholding at the end of the year (As on 31-03-2016)			% change in shareholding 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	-	54000000	20.34	-	-
2	DIVI SATCHANDRA KIRAN	23000000	17.33	-	46000000	17.33	-	-
3	MURALI KRISHNA PRASAD DIVI	7783500	5.86	-	15567000	5.86	-	-
4	DIVI SWARNA LATHA	7000000	5.27	-	14000000	5.27	-	-
5	DIVI MADHUSUDANA RAO	282316	0.21	-	564632	0.21	-	-
6	DIVI BABU RAJENDRA PRASAD	13300	0.01	-	26600	0.01	-	-
7	RADHAKRISHNA RAO DIVI	1500	-	-	3000	-	-	-
8	DIVIS BIOTECH PRIVATE LIMITED	4000000	3.01	-	8000000	3.01	-	-
9	SRI RAMACHANDRA RAO DIVI	50000	0.04	-	100000	0.04	-	-
	TOTAL	69130616	52.08		138261232	52.08		

Note: The total number of shares has increased due to the issuance of bonus shares in the ratio of 1:1 during September, 2015.

iii) Change in Promoters' Shareholding

SI. No.		Shareholding at the beginning of the year (As on 01-04-2015)		Date	Increase/ Decrease in shareholding	Cumulative Shareholding during the year (01-04-2015 to 31-03-2016)	
		No. of Shares	% of total Shares of the company			No. of Shares	% of total Shares of the company
	At the beginning of the year	69130616	52.08				
	Date wise Increase/ Decrease in promoters shareholding during the year *			28-Sep-15	69130616	138261232	52.08
	At the end of the year					138261232	52.08

* The increase in total shares of promoters is due to Bonus allotment in the ratio of 1:1.Hence, there is no change in % of shareholding.

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

SI No.	Name	Shareholding at the beginning of the year (As on 01-04-2015)		Date	Increase/ Decrease in shareholding	Reason	Cumulative Shareholding during the year (01-04-2015 to 31-03-2016)	
		No. of Shares	% of total Shares of the company				No. of Shares	% of total Shares of the company
1	RELIANCE CAPITAL TRUSTEE CO LTD							
	At the beginning of the year	6982362	5.26	01-Apr-15				
				10-Apr-15	-43950	Sale	6938412	5.23
				17-Apr-15	64	Purchase	6938476	5.23
				24-Apr-15	80	Purchase	6938556	5.23
				01-May-15	10048	Purchase	6948604	5.23
				08-May-15	-941	Sale	6947663	5.23
				15-May-15	-60013	Sale	6887650	5.19
				05-Jun-15	1	Purchase	6887651	5.19
				17-Jul-15	-6031	Sale	6881620	5.18
				07-Aug-15	-82998	Sale	6798622	5.12
				14-Aug-15	-1	Sale	6798621	5.12
				21-Aug-15	-97000	Sale	6701621	5.05
				28-Aug-15	-149785	Sale	6551836	4.94
				11-Sep-15	20000	Purchase	6571836	4.95
				25-Sep-15	-50185	Sale	6521651	4.91
				28-Sep-15	6521651	BONUS	13043302	4.91
				30-Sep-15	2	Purchase	13043304	4.91
				02-Oct-15	50004	Purchase	13093308	4.93
				23-Oct-15	-81004	Sale	13012304	4.90
				06-Nov-15	-7600	Sale	13004704	4.90
				13-Nov-15	-4365	Sale	13000339	4.90
				20-Nov-15	333	Purchase	13000672	4.90
				27-Nov-15	-155400	Sale	12845272	4.84
				04-Dec-15	-367000	Sale	12478272	4.70
				08-Jan-16	-246300	Sale	12231972	4.61
				15-Jan-16	-30000	Sale	12201972	4.60
				22-Jan-16	-542850	Sale	11659122	4.39
				29-Jan-16	-99269	Sale	11559853	4.35
				05-Feb-16	-318900	Sale	11240953	4.23
				12-Feb-16	-53300	Sale	11187653	4.21
				19-Feb-16	-73988	Sale	11113665	4.19
				26-Feb-16	132305	Purchase	11245970	4.24
				04-Mar-16	312416	Purchase	11558386	4.35
				11-Mar-16	138200	Purchase	11696586	4.41
				18-Mar-16	-202200	Sale	11494386	4.33
				25-Mar-16	7000	Purchase	11501386	4.33
	At the end of the year			31-Mar-16	-35000	Sale	11466386	4.32

SI No.	Name	Shareholding at the beginning of the year (As on 01-04-2015)		Date	Increase/ Decrease in shareholding	Reason	Cumulative Shareholding during the year (01-04-2015 to 31-03-2016)	
		No. of Shares	% of total Shares of the company				No. of Shares	% of total Shares of the company
2	ICICI PRUDENTIAL MUTUAL FUND							
	At the beginning of the year	3271450	2.46	01-Apr-15				
				10-Apr-15	69109	Purchase	3340559	2.52
				17-Apr-15	-51	Sale	3340508	2.52
				24-Apr-15	43760	Purchase	3384268	2.55
				01-May-15	110921	Purchase	3495189	2.63
				08-May-15	37050	Purchase	3532239	2.66
				15-May-15	64490	Purchase	3596729	2.71
				22-May-15	11440	Purchase	3608169	2.72
				29-May-15	126554	Purchase	3734723	2.81
				05-Jun-15	-696	Sale	3734027	2.81
				12-Jun-15	25610	Purchase	3759637	2.83
				19-Jun-15	-30294	Sale	3729343	2.81
				30-Jun-15	-24	Sale	3729319	2.81
				10-Jul-15	-22	Sale	3729297	2.81
				17-Jul-15	-174	Sale	3729123	2.81
				31-Jul-15	-57	Sale	3729066	2.81
				07-Aug-15	-26685	Sale	3702381	2.79
				14-Aug-15	-24008	Sale	3678373	2.77
				21-Aug-15	-88642	Sale	3589731	2.70
				28-Aug-15	-36926	Sale	3552805	2.68
				04-Sep-15	-26705	Sale	3526100	2.66
				11-Sep-15	-2090	Sale	3524010	2.65
				18-Sep-15	-84924	Sale	3439086	2.59
				25-Sep-15	-120041	Sale	3319045	2.50
				28-Sep-15	3319045	BONUS	6638090	2.50
				30-Sep-15	-39	Sale	6638051	2.50
				09-Oct-15	19693	Purchase	6657744	2.51
				16-Oct-15	-46825	Sale	6610919	2.49
				23-Oct-15	-164	Sale	6610755	2.49
				30-Oct-15	-142691	Sale	6468064	2.44
				06-Nov-15	-155929	Sale	6312135	2.38
				13-Nov-15	-131419	Sale	6180716	2.33
				20-Nov-15	36678	Purchase	6217394	2.34
				27-Nov-15	69	Purchase	6217463	2.34

SI No.	Name	Shareholding at the beginning of the year (As on 01-04-2015)		Date	Increase/Decrease in shareholding	Reason	Cumulative Shareholding during the year (01-04-2015 to 31-03-2016)	
		No. of Shares	% of total Shares of the company				No. of Shares	% of total Shares of the company
				04-Dec-15	-68	Sale	6217395	2.34
				11-Dec-15	-25946	Sale	6191449	2.33
				18-Dec-15	-193206	Sale	5998243	2.26
				25-Dec-15	46	Purchase	5998289	2.26
				31-Dec-15	-147	Sale	5998142	2.26
				08-Jan-16	-7291	Sale	5990851	2.26
				15-Jan-16	-232543	Sale	5758308	2.17
				22-Jan-16	200787	Purchase	5959095	2.24
				05-Feb-16	-25581	Sale	5933514	2.24
				12-Feb-16	88521	Purchase	6022035	2.27
				19-Feb-16	404923	Purchase	6426958	2.42
				26-Feb-16	2199	Purchase	6429157	2.42
				04-Mar-16	359279	Purchase	6788436	2.56
				11-Mar-16	-15199	Sale	6773237	2.55
				18-Mar-16	141539	Purchase	6914776	2.60
				25-Mar-16	-124007	Sale	6790769	2.56
	At the end of the year			31-Mar-16	181865	Purchase	6972634	2.63
3	CREDIT SUISSEE (SINGAPORE) LIMITED							
	At the beginning of the year	2702062	2.04	01-Apr-15				
				10-Apr-15	1010	Purchase	2703072	2.04
				17-Apr-15	1565	Purchase	2704637	2.04
				24-Apr-15	12750	Purchase	2717387	2.05
				01-May-15	45	Purchase	2717432	2.05
				08-May-15	-24504	Sale	2692928	2.03
				22-May-15	-529148	Sale	2163780	1.63
				05-Jun-15	-309	Sale	2163471	1.63
				19-Jun-15	-34	Sale	2163437	1.63
				26-Jun-15	5861	Purchase	2169298	1.63
				10-Jul-15	87	Purchase	2169385	1.63
				31-Jul-15	-13122	Sale	2156263	1.62
				07-Aug-15	3357	Purchase	2159620	1.63
				14-Aug-15	7250	Purchase	2166870	1.63
				21-Aug-15	30444	Purchase	2197314	1.66
				28-Aug-15	30767	Purchase	2228081	1.68
				04-Sep-15	-14802	Sale	2213279	1.67

SI No.	Name	Shareholding at the beginning of the year (As on 01-04-2015)		Date	Increase/ Decrease in shareholding	Reason	Cumulative Shareholding during the year (01-04-2015 to 31-03-2016)	
		No. of Shares	% of total Shares of the company				No. of Shares	% of total Shares of the company
				11-Sep-15	4548	Purchase	2217827	1.67
				18-Sep-15	-161676	Sale	2056151	1.55
				25-Sep-15	-189513	Sale	1866638	1.41
				28-Sep-15	1866638	BONUS	3733276	1.41
				30-Sep-15	133463	Purchase	3866739	1.46
				02-Oct-15	-135786	Sale	3730953	1.41
				09-Oct-15	-408892	Sale	3322061	1.25
				16-Oct-15	-151389	Sale	3170672	1.19
				23-Oct-15	-10705	Sale	3159967	1.19
				30-Oct-15	-56540	Sale	3103427	1.17
				06-Nov-15	-88518	Sale	3014909	1.14
				13-Nov-15	15013	Purchase	3029922	1.14
				20-Nov-15	2393	Purchase	3032315	1.14
				27-Nov-15	4067	Purchase	3036382	1.14
				04-Dec-15	108930	Purchase	3145312	1.18
				18-Dec-15	8885	Purchase	3154197	1.19
				31-Dec-15	-897	Sale	3153300	1.19
				01-Jan-16	-3000	Sale	3150300	1.19
				08-Jan-16	-33465	Sale	3116835	1.17
				15-Jan-16	-225266	Sale	2891569	1.09
				22-Jan-16	-5350	Sale	2886219	1.09
				29-Jan-16	-26748	Sale	2859471	1.08
				05-Feb-16	-2443	Sale	2857028	1.08
				12-Feb-16	-156871	Sale	2700157	1.02
				19-Feb-16	-10100	Sale	2690057	1.01
				26-Feb-16	-45852	Sale	2644205	1.00
				04-Mar-16	-269200	Sale	2375005	0.89
				11-Mar-16	567	Purchase	2375572	0.89
				18-Mar-16	6505	Purchase	2382077	0.90
				25-Mar-16	4700	Purchase	2386777	0.90
	At the end of the year			31-Mar-16	-8424	Sale	2378353	0.90

SI No.	Name	Shareholding at the beginning of the year (As on 01-04-2015)		Date	Increase/Decrease in shareholding	Reason	Cumulative Shareholding during the year (01-04-2015 to 31-03-2016)	
		No. of Shares	% of total Shares of the company				No. of Shares	% of total Shares of the company
4	HDFC TRUSTEE CO LTD							
	At the beginning of the year	2526623	1.90	01-Apr-15				
				15-May-15	-36308	Sale	2490315	1.88
				12-Jun-15	-246300	Sale	2244015	1.69
				28-Aug-15	-222000	Sale	2022015	1.52
				11-Sep-15	-75000	Sale	1947015	1.47
				25-Sep-15	-5692	Sale	1941323	1.46
				28-Sep-15	1941323	BONUS	3882646	1.46
				23-Oct-15	-27000	Sale	3855646	1.45
				13-Nov-15	-25000	Sale	3830646	1.44
				01-Jan-16	4200	Purchase	3834846	1.44
				12-Feb-16	-2400	Sale	3832446	1.44
				19-Feb-16	-235000	Sale	3597446	1.36
				26-Feb-16	-100000	Sale	3497446	1.32
				04-Mar-16	-190606	Sale	3306840	1.25
				11-Mar-16	-50000	Sale	3256840	1.23
				18-Mar-16	-470000	Sale	2786840	1.05
				25-Mar-16	-38000	Sale	2748840	1.04
	At the end of the year			31-Mar-16	-6000	Sale	2742840	1.03
5	HDFC STANDARD LIFE INSURANCE COMPANY LIMITED							
	At the beginning of the year	2232325	1.68	01-Apr-15				
				10-Apr-15	571	Purchase	2232896	1.68
				17-Apr-15	-25935	Sale	2206961	1.66
				24-Apr-15	55838	Purchase	2262799	1.70
				01-May-15	-32700	Sale	2230099	1.68
				08-May-15	11023	Purchase	2241122	1.69
				15-May-15	-10000	Sale	2231122	1.68
				05-Jun-15	49208	Purchase	2280330	1.72
				12-Jun-15	-111565	Sale	2168765	1.63
				19-Jun-15	-17497	Sale	2151268	1.62
				26-Jun-15	-267	Sale	2151001	1.62
				03-Jul-15	23000	Purchase	2174001	1.64
				10-Jul-15	4663	Purchase	2178664	1.64
				17-Jul-15	15000	Purchase	2193664	1.65
				31-Jul-15	1137	Purchase	2194801	1.65

SI No.	Name	Shareholding at the beginning of the year (As on 01-04-2015)		Date	Increase/ Decrease in shareholding	Reason	Cumulative Shareholding during the year (01-04-2015 to 31-03-2016)	
		No. of Shares	% of total Shares of the company				No. of Shares	% of total Shares of the company
				07-Aug-15	10000	Purchase	2204801	1.66
				14-Aug-15	-70521	Sale	2134280	1.61
				11-Sep-15	428	Purchase	2134708	1.61
				18-Sep-15	7256	Purchase	2141964	1.61
				25-Sep-15	101000	Purchase	2242964	1.69
				28-Sep-15	2242964	BONUS	4485928	1.69
				02-Oct-15	45904	Another A/c	4531832	1.71
				09-Oct-15	-5530	Sale	4526302	1.71
				16-Oct-15	25030	Purchase	4551332	1.71
				23-Oct-15	-1820	Sale	4549512	1.71
				30-Oct-15	-3338	Sale	4546174	1.71
				06-Nov-15	16700	Purchase	4562874	1.72
				13-Nov-15	3189	Purchase	4566063	1.72
				20-Nov-15	7575	Purchase	4573638	1.72
				11-Dec-15	-7907	Sale	4565731	1.72
				25-Dec-15	-47601	Sale	4518130	1.70
				31-Dec-15	-953	Sale	4517177	1.70
				01-Jan-16	-83742	Sale	4433435	1.67
				08-Jan-16	-7150	Sale	4426285	1.67
				15-Jan-16	8576	Purchase	4434861	1.67
				22-Jan-16	53579	Purchase	4488440	1.69
				29-Jan-16	-4449	Sale	4483991	1.69
				05-Feb-16	-3689	Sale	4480302	1.69
				12-Feb-16	-167100	Sale	4313202	1.62
				19-Feb-16	25000	Purchase	4338202	1.63
				04-Mar-16	-25000	Sale	4313202	1.62
				11-Mar-16	-25000	Sale	4288202	1.62
				18-Mar-16	-8389	Sale	4279813	1.61
				25-Mar-16	-63000	Sale	4216813	1.59
	At the end of the year			31-Mar-16	-112000	Sale	4104813	1.55

SI No.	Name	Shareholding at the beginning of the year (As on 01-04-2015)		Date	Increase/ Decrease in shareholding	Reason	Cumulative Shareholding during the year (01-04-2015 to 31-03-2016)	
		No. of Shares	% of total Shares of the company				No. of Shares	% of total Shares of the company
6	RELIANCE LIFE INSURANCE COMPANY LIMITED							
	At the beginning of the year	2193547	1.65	01-Apr-15				
				10-Apr-15	-49039	Sale	2144508	1.62
				17-Apr-15	-23517	Sale	2120991	1.60
				24-Apr-15	-26258	Sale	2094733	1.58
				01-May-15	36160	Purchase	2130893	1.61
				08-May-15	2112	Purchase	2133005	1.61
				15-May-15	-50957	Sale	2082048	1.57
				22-May-15	-54399	Sale	2027649	1.53
				29-May-15	-16488	Sale	2011161	1.52
				05-Jun-15	-5744	Sale	2005417	1.51
				12-Jun-15	-29565	Sale	1975852	1.49
				19-Jun-15	-38518	Sale	1937334	1.46
				26-Jun-15	-2720	Sale	1934614	1.46
				30-Jun-15	-1099	Sale	1933515	1.46
				03-Jul-15	-20360	Sale	1913155	1.44
				10-Jul-15	-32130	Sale	1881025	1.42
				17-Jul-15	-37888	Sale	1843137	1.39
				24-Jul-15	-82459	Sale	1760678	1.33
				31-Jul-15	-37002	Sale	1723676	1.30
				07-Aug-15	-13509	Sale	1710167	1.29
				14-Aug-15	-3843	Sale	1706324	1.29
				21-Aug-15	-101366	Sale	1604958	1.21
				28-Aug-15	-48745	Sale	1556213	1.17
				04-Sep-15	-20255	Sale	1535958	1.16
				11-Sep-15	-32989	Sale	1502969	1.13
				18-Sep-15	-3160	Sale	1499809	1.13
				25-Sep-15	-12609	Sale	1487200	1.12
				28-Sep-15	1487200	BONUS	2974400	1.12
				30-Sep-15	-41690	Sale	2932710	1.10
				09-Oct-15	-1473	Sale	2931237	1.10
				16-Oct-15	-1116	Sale	2930121	1.10
				23-Oct-15	-6304	Sale	2923817	1.10
				30-Oct-15	-21	Sale	2923796	1.10
				06-Nov-15	-31585	Sale	2892211	1.09

SI No.	Name	Shareholding at the beginning of the year (As on 01-04-2015)		Date	Increase/ Decrease in shareholding	Reason	Cumulative Shareholding during the year (01-04-2015 to 31-03-2016)	
		No. of Shares	% of total Shares of the company				No. of Shares	% of total Shares of the company
				13-Nov-15	-828	Sale	2891383	1.09
				20-Nov-15	-22093	Sale	2869290	1.08
				27-Nov-15	-45924	Sale	2823366	1.06
				04-Dec-15	-25119	Sale	2798247	1.05
				11-Dec-15	-17813	Sale	2780434	1.05
				18-Dec-15	-28672	Sale	2751762	1.04
				25-Dec-15	-6294	Sale	2745468	1.03
				31-Dec-15	-51814	Sale	2693654	1.01
				01-Jan-16	-126	Sale	2693528	1.01
				08-Jan-16	-2025	Sale	2691503	1.01
				15-Jan-16	-17152	Sale	2674351	1.01
				22-Jan-16	-20238	Sale	2654113	1.00
				29-Jan-16	-16180	Sale	2637933	0.99
				05-Feb-16	-12428	Sale	2625505	0.99
				12-Feb-16	-78	Sale	2625427	0.99
				19-Feb-16	6863	Purchase	2632290	0.99
				26-Feb-16	-3160	Sale	2629130	0.99
				04-Mar-16	31752	Purchase	2660882	1.00
				11-Mar-16	-4532	Sale	2656350	1.00
				18-Mar-16	-3370	Sale	2652980	1.00
				18-Mar-16	38403	Purchase	2691383	1.01
	At the end of the year			31-Mar-16	-439	Sale	2690944	1.01
7	SBI MUTUAL FUND							
	At the beginning of the year	1523454	1.15	01-Apr-15				
				10-Apr-15	4784	Purchase	1528238	1.15
				17-Apr-15	10029	Purchase	1538267	1.16
				24-Apr-15	5000	Purchase	1543267	1.16
				08-May-15	-2	Sale	1543265	1.16
				15-May-15	-11	Sale	1543254	1.16
				22-May-15	-18	Sale	1543236	1.16
				05-Jun-15	37	Purchase	1543273	1.16
				12-Jun-15	95000	Purchase	1638273	1.23
				26-Jun-15	20000	Purchase	1658273	1.25
				03-Jul-15	14	Purchase	1658287	1.25
				07-Aug-15	-9996	Sale	1648291	1.24

SI No.	Name	Shareholding at the beginning of the year (As on 01-04-2015)		Date	Increase/ Decrease in shareholding	Reason	Cumulative Shareholding during the year (01-04-2015 to 31-03-2016)	
		No. of Shares	% of total Shares of the company				No. of Shares	% of total Shares of the company
				14-Aug-15	12753	Purchase	1661044	1.25
				21-Aug-15	3	Purchase	1661047	1.25
				28-Aug-15	-70000	Sale	1591047	1.20
				04-Sep-15	-30000	Sale	1561047	1.18
				11-Sep-15	40000	Purchase	1601047	1.21
				28-Sep-15	1601047	BONUS	3202094	1.21
				30-Sep-15	-11	Sale	3202083	1.21
				09-Oct-15	-20000	Sale	3182083	1.20
				23-Oct-15	-37	Sale	3182046	1.20
				30-Oct-15	136603	Purchase	3318649	1.25
				06-Nov-15	13398	Purchase	3332047	1.26
				13-Nov-15	44103	Purchase	3376150	1.27
				20-Nov-15	87981	Purchase	3464131	1.30
				27-Nov-15	4165	Purchase	3468296	1.31
				04-Dec-15	-249	Sale	3468047	1.31
				18-Dec-15	14000	Purchase	3482047	1.31
				25-Dec-15	-1	Sale	3482046	1.31
				31-Dec-15	4	Purchase	3482050	1.31
				08-Jan-16	100000	Purchase	3582050	1.35
				15-Jan-16	50000	Purchase	3632050	1.37
				12-Feb-16	7800	Purchase	3639850	1.37
				19-Feb-16	103054	Purchase	3742904	1.41
				26-Feb-16	171951	Purchase	3914855	1.47
				04-Mar-16	6	Purchase	3914861	1.47
				11-Mar-16	11000	Purchase	3925861	1.48
				18-Mar-16	2200	Purchase	3928061	1.48
	At the end of the year			31-Mar-16	198008	Purchase	4126069	1.55

SI No.	Name	Shareholding at the beginning of the year (As on 01-04-2015)		Date	Increase/ Decrease in shareholding	Reason	Cumulative Shareholding during the year (01-04-2015 to 31-03-2016)	
		No. of Shares	% of total Shares of the company				No. of Shares	% of total Shares of the company
8	ABU DHABI INVESTMENT AUTHORITY							
	At the beginning of the year	1460066	1.10	01-Apr-15				
				24-Apr-15	-33079	Sale	1426987	1.08
				22-May-15	-6300	Sale	1420687	1.07
				29-May-15	-65404	Sale	1355283	1.02
				05-Jun-15	-22255	Sale	1333028	1.00
				12-Jun-15	-218	Sale	1332810	1.00
				24-Jul-15	7018	Purchase	1339828	1.01
				07-Aug-15	176000	Purchase	1515828	1.14
				14-Aug-15	18571	Purchase	1534399	1.16
				21-Aug-15	49346	Purchase	1583745	1.19
				25-Aug-15	-6941	Sale	1576804	1.19
				04-Sep-15	-14382	Sale	1562422	1.18
				18-Sep-15	-1850	Sale	1560572	1.18
				25-Sep-15	-15938	Sale	1544634	1.16
				28-Sep-15	1544634	BONUS	3089268	1.16
				30-Oct-15	91400	Purchase	3180668	1.20
				20-Nov-15	61170	Purchase	3241838	1.22
				27-Nov-15	-7179	Sale	3234659	1.22
				04-Dec-15	-57412	Sale	3177247	1.20
				29-Jan-16	74330	Purchase	3251577	1.22
				04-Mar-16	104547	Purchase	3356124	1.26
				18-Mar-16	80649	Purchase	3436773	1.29
				25-Mar-16	55048	Purchase	3491821	1.32
	At the end of the year			31-Mar-16			3491821	1.32
9	M3 INVESTMENT PRIVATE LIMITED*							
	At the beginning of the year	1443464	1.09	01-Apr-15				
				28-Sep-15	1443464	BONUS	2886928	1.09
				30-Oct-15	-250000	Sale	2636928	0.99
				18-Dec-15	-150000	Sale	2486928	0.94
				25-Dec-15	-136928	Sale	2350000	0.89
				04-Mar-16	-350000	Sale	2000000	0.75
	At the end of the year			31-Mar-16			2000000	0.75

SI No.	Name	Shareholding at the beginning of the year (As on 01-04-2015)		Date	Increase/ Decrease in shareholding	Reason	Cumulative Shareholding during the year (01-04-2015 to 31-03-2016)	
		No. of Shares	% of total Shares of the company				No. of Shares	% of total Shares of the company
10	MORGAN STANLEY ASIA (SINGAPORE) PTE.*							
	At the beginning of the year	1350026	1.02	01-Apr-15				
				10-Apr-15	-3087	Sale	1346939	1.01
				17-Apr-15	1004	Purchase	1347943	1.02
				24-Apr-15	-1935	Sale	1346008	1.01
				01-May-15	-30861	Sale	1315147	0.99
				08-May-15	-20875	Sale	1294272	0.98
				15-May-15	-9927	Sale	1284345	0.97
				22-May-15	-372	Sale	1283973	0.97
				29-May-15	1960	Purchase	1285933	0.97
				05-Jun-15	-52546	Sale	1233387	0.93
				12-Jun-15	7494	Purchase	1240881	0.93
				19-Jun-15	1191	Purchase	1242072	0.94
				26-Jun-15	16444	Purchase	1258516	0.95
				30-Jun-15	5849	Purchase	1264365	0.95
				03-Jun-15	5152	Purchase	1269517	0.96
				10-Jul-15	-901	Sale	1268616	0.96
				17-Jul-15	4544	Purchase	1273160	0.96
				24-Jul-15	-25924	Sale	1247236	0.94
				07-Aug-15	-1375	Sale	1245861	0.94
				14-Aug-15	-13468	Sale	1232393	0.93
				21-Aug-15	-41127	Sale	1191266	0.90
				28-Aug-15	243	Purchase	1191509	0.90
				04-Sep-15	-42970	Sale	1148539	0.87
				11-Sep-15	-38	Sale	1148501	0.87
				18-Sep-15	-52519	Sale	1095982	0.83
				25-Sep-15	-109966	Sale	986016	0.74
				28-Sep-15	986016	BONUS	1972032	0.74
				30-Sep-15	580	Purchase	1972612	0.74
				02-Oct-15	638	Purchase	1973250	0.74
				09-Oct-15	2464	Purchase	1975714	0.74
				16-Oct-15	-30103	Sale	1945611	0.73
				23-Oct-15	-2653	Sale	1942958	0.73
				30-Oct-15	-37570	Sale	1905388	0.72
				06-Nov-15	-6732	Sale	1898656	0.72
				13-Nov-15	404	Purchase	1899060	0.72

SI No.	Name	Shareholding at the beginning of the year (As on 01-04-2015)		Date	Increase/ Decrease in shareholding	Reason	Cumulative Shareholding during the year (01-04-2015 to 31-03-2016)	
		No. of Shares	% of total Shares of the company				No. of Shares	% of total Shares of the company
				20-Nov-15	7980	Purchase	1907040	0.72
				27-Nov-15	1271	Purchase	1908311	0.72
				04-Dec-15	1308	Purchase	1909619	0.72
				11-Dec-15	-4208	Sale	1905411	0.72
				18-Dec-15	-3020	Sale	1902391	0.72
				25-Dec-15	3931	Purchase	1906322	0.72
				31-Dec-15	655	Purchase	1906977	0.72
				08-Jan-16	-175355	Sale	1731622	0.65
				15-Jan-16	-1138	Sale	1730484	0.65
				22-Jan-16	18374	Purchase	1748858	0.66
				29-Jan-16	-7177	Sale	1741681	0.66
				05-Feb-16	-636	Sale	1741045	0.66
				12-Feb-16	1394	Purchase	1742439	0.66
				19-Feb-16	-10631	Sale	1731808	0.65
				26-Feb-16	-57067	Sale	1674741	0.63
				04-Mar-16	104537	Purchase	1779278	0.67
				11-Mar-16	-8481	Sale	1770797	0.67
				18-Mar-16	-18857	Sale	1751940	0.66
	At the end of the year			31-Mar-16	-7719	Sale	1744221	0.66
11	GOVERNMENT PENSION FUND GLOBAL**							
	At the beginning of the year	1262024	0.95	01-Apr-15				
				10-Jul-15	28537	Purchase	1290561	0.97
				17-Jul-15	5746	Purchase	1296307	0.98
				28-Sep-15	1296307	BONUS	2592614	0.98
	At the end of the year			31-Mar-16			2592614	0.98
12	WASATCH SMALL CAP GROWTH FUND**							
	At the beginning of the year	1172379	0.88	01-Apr-15				
				26-Jun-15	-94969	Sale	1077410	0.81
				30-Jun-15	-29235	Sale	1048175	0.79
				03-Jul-15	-46415	Sale	1001760	0.75
				28-Sep-15	1001760	BONUS	2003520	0.75
	At the end of the year			31-Mar-16			2003520	0.75

*Ceased to be in the list of Top 10 shareholders as on 31-03-2016. The same is reflected above since the shareholder was one of the Top 10 shareholders as on 01-04-2015.

**Not in the list of Top 10 shareholders as on 01-04-2015. The same is reflected above since the shareholder was one of the Top 10 shareholders as on 31-03-2016.

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 (As on 01-04-2015)		Date	Increase/ Decrease in shareholding	Reason	Cumulative Shareholding during the year (01-04-2015 to 31-03-2016)	
		No. of Shares	% of total Shares of the company				No. of Shares	% of total Shares of the company
A	DIRECTORS							
1	MURALI KRISHNA PRASAD DIVI Chairman and Managing Director							
	At the beginning of the year	7783500	5.86	01-Apr-15				
				28-Sep-15	7783500	BONUS	15567000	5.86
	At the end of the year			31-Mar-16			15567000	5.86
2	NIMMAGADDA VENKATA RAMANA Executive Director							
	At the beginning of the year	461539	0.35	01-Apr-15				
				28-Sep-15	461539	BONUS	923078	0.35
	At the end of the year			31-Mar-16			923078	0.35
3	MADHUSUDANA RAO DIVI Director - Projects							
	At the beginning of the year	282316	0.21	01-Apr-15				
				28-Sep-15	282316	BONUS	564632	0.21
	At the end of the year			31-Mar-16			564632	0.21
4	SATCHANDRA KIRAN DIVI Director & President - Operations							
	At the beginning of the year	23000000	17.33	01-Apr-15				
				28-Sep-15	23000000	BONUS	46000000	17.33
	At the end of the year			31-Mar-16			46000000	17.33
5	DR. GANGAVARAPU SURESH KUMAR Independent Director							
	At the beginning of the year	-	-	01-Apr-15				
	At the end of the year			31-Mar-16			-	-
6	RANGA RAO RAVIPATI Independent Director							
	At the beginning of the year	-	-	01-Apr-15				
	At the end of the year			31-Mar-16			-	-
7	KANTHETI VENKATA KRISHNA SESHAVATARAM Independent Director							
	At the beginning of the year	-	-	01-Apr-15				
	At the end of the year			31-Mar-16			-	-
8	SURAPANENI SRIDEVI Independent Director							
	At the beginning of the year	10000	0.01	01-Apr-15				
				28-Sep-15	10000	BONUS	20000	0.01
	At the end of the year			31-Mar-16			20000	0.01
B	KEY MANAGERIAL PERSONNEL							
1	L.KISHORE BABU Chief Financial Officer							
	At the beginning of the year	125	-	01-Apr-15				
				28-Sep-15	125	BONUS	250	-
	At the end of the year			31-Mar-16			250	-
2	P V LAKSHMI RAJANI Company Secretary							
	At the beginning of the year	-	-	01-Apr-15				
	At the end of the year			31-Mar-16			-	-

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

(₹ in lakhs)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning 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
Change in Indebtedness during the financial year				
Addition	1983.78	-	-	1983.78
Reduction	348.81	58.30	-	407.11
Net Change	1634.97	58.30	-	1576.67
Indebtedness at the end of the financial year				
i) Principal Amount	4142.09	46.70	-	4188.79
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	4142.09	46.70	-	4188.79

VI REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

(₹ in lakhs)

SI 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	16.18	14.07	12.00	14.76	57.01
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-	-	-
2	Stock Option	-	-	-	-	-
3	Sweat Equity	-	-	-	-	-
4	Commission					
	- as % of profit	4382.31	2191.16	-	1460.77	8034.24
	- others	-	-	-	-	-
5	Others - PF	10.80	10.08	9.36	9.36	39.60
	Total (A)	4499.29	2299.31	99.36	1562.89	8460.85
	Ceiling as per the Act	₹ 14607.72 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:

(₹ in lakhs)

SI No.	Particulars of Remuneration	Name of Director				Total Amount
		Dr. G. Suresh Kumar	Mr. R. Ranga Rao	Mr. K.V.K. Seshavaram	Mrs. S. Sridevi	
1	Independent Directors					
	Fee for attending board / committee meetings	5.00	6.00	5.00	3.50	19.50
	Commission	-	-	-	-	-
	Others	-	-	-	-	-
	Total (1)	5.00	6.00	5.000	3.50	19.50
2	Other Non-Executive Directors					
	Fee for attending board / committee meetings	-	-	-	-	-
	Commission	-	-	-	-	-
	Others	-	-	-	-	-
	Total (2)	-	-	-	-	-
	Total (B) = (1)+(2)	5.00	6.00	5.00	3.50	19.50
	Total Managerial Remuneration					8480.35
	Overall Ceiling as per the Act	₹ 16068.50 lakhs (being 11% of the net profits of the Company calculated as per Section 198 of the Companies Act, 2013)				

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

(₹ in lakhs)

SI No.	Particulars of Remuneration	Key Managerial Personnel			
		CEO	Company Secretary (P V Lakshmi Rajani)	CFO (L Kishore Babu)	Total
1	Gross Salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961		24.48	169.12	193.60
	(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		-	-	-
2	Stock Option	Not Applicable	-	-	-
3	Sweat Equity		-	-	-
4	Commission - as % of profit - others		-	-	-
5	Others - PF		0.59	4.06	4.65
	Total		25.07	173.18	198.25

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 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 31st 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

- 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.
- As required by Section 143 (3) of the Act, we report that:
 - 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.
 - 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.
 - 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.
 - 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.
 - On the basis of written representations received from the directors as on 31st March, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
 - 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:

- i. 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;
- 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, 2016;
- 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, 2016.

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

**Annexure A 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.
- (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 ₹ 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	Customs duty and Penalty	18.00	Customs, Excise and Service Tax Appellate Tribunal, South Zonal Bench, Bangalore.
Customs Act, 1962	March, 2012	Customs duty and Penalty	36.70	Customs, Excise and Service Tax Appellate Tribunal, South Zonal Bench, Bangalore.
Customs Act, 1962	November, 2012	Customs duty and Penalty	63.15	Customs, Excise and Service Tax Appellate Tribunal, South Zonal Bench, Bangalore.

Name of the Statute	Period to which the amount relates	Nature of dues	Amount ₹ in Lakhs	Forum where dispute is pending
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: 0022835

N. ANKA RAO
Partner

Membership Number :23939

HYDERABAD
28.05.2016

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 31st 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 31st 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.

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

BALANCE SHEET

as at 31st March, 2016

(₹ in Lakhs)

Particulars	Note No.	As at 31st March, 2016		As at 31st March, 2015	
EQUITY AND LIABILITIES					
Shareholders' funds					
Share capital	1	5309.37		2654.69	
Reserves and surplus	2	429704.74	435014.11	353541.29	356195.98
Non-current liabilities					
Long-term borrowings	3	46.70		105.00	
Deferred tax liabilities (Net)	4	14920.43		13245.13	
Long-term provisions	5	1156.52	16123.65	699.16	14049.29
Current liabilities					
Short-term borrowings	6	4142.09		2507.12	
Trade payables:					
Total outstanding dues of micro and small enterprises (Refer Note No.29 (II)(7))		-		-	
Total outstanding dues of creditors other than micro and small enterprises		23042.42		22437.83	
Other current liabilities	7	23946.43		20273.01	
Short-term provisions	8	481.32	51612.26	32013.96	77231.92
TOTAL			502750.02		447477.19
ASSETS					
Non-current assets					
Fixed assets					
Tangible assets	9	143571.04		130477.13	
Intangible assets		292.70		395.42	
Capital work -in- progress		26391.36		21818.23	
		170255.10		152690.78	
Non-current investments	10	282.81		281.61	
Long-term loans and advances	11	20299.66		14907.10	
Other non-current assets	12	-	190837.57	-	167879.49
Current assets					
Current investments	13	80252.45		73300.36	
Inventories	14	116289.18		111489.51	
Trade receivables	15	96612.28		82303.05	
Cash and Bank balances	16	5766.71		5666.33	
Short-term loans and advances	17	12451.72		5915.72	
Other current assets	18	540.11	311912.45	922.73	279597.70
TOTAL			502750.02		447477.19
Summary of Significant Accounting Policies and Other Explanatory Information	29				

For and on behalf of the Board

Per our Report of Even Date
For P.V.R.K.Nageswara Rao & Co.,
Chartered Accountants
Firm's Registration Number: 002283S

Dr. MURALI K.DIVI
Chairman and Managing Director

N.V.RAMANA
Executive Director

N.ANKA RAO
Partner
Membership Number: 23939

L. KISHOREBABU
Chief Financial Officer

P.V.LAKSHMI RAJANI
Company Secretary

Place: Hyderabad
Date: 28.05.2016

STATEMENT OF PROFIT AND LOSS

for the year ended 31st March, 2016

(₹ in Lakhs)

Particulars	Note No.	For the Year ended 31st March, 2016	For the Year ended 31st March, 2015
REVENUE			
Revenue from operations			
Sale of products		373523.84	309191.10
Sale of services	19	724.39	732.57
Other operating revenues	20	736.71	1170.80
		374984.94	311094.47
Less: Excise duty		2851.81	2693.58
		372133.13	308400.89
Other income	21	9440.00	4284.08
Total Revenue		381573.13	312684.97
EXPENSES			
Cost of raw materials consumed	22	147243.34	144627.41
Changes in inventories of finished goods, stock-in-trade and work-in-progress	23	2327.31	(23083.37)
Employee benefits expense	24	35736.41	28314.88
Finance costs	25	231.95	186.45
Research and development expenses	26	3092.35	2766.16
Depreciation and amortisation expense	27	11810.20	13585.22
Other expenses	28	43947.78	39570.60
Total Expenses		244389.34	205967.35
Profit before tax		137183.79	106717.62
Tax expense			
Current tax		28300.00	21620.00
MAT credit entitlement		(3536.00)	(735.00)
Deferred tax		1675.30	1077.96
MAT credit adjustments		(76.44)	55.09
Income tax adjustments		51.62	(5.96)
Profit after tax		110769.31	84705.53
Earnings per equity share (Face value ₹ 2/- per share)			
Basic and Diluted	29 (II) (14)	41.73	31.91
Summary of Significant Accounting Policies and Other Explanatory Information	29		

For and on behalf of the Board

Per our Report of Even Date
For P.V.R.K.Nageswara Rao & Co.,
 Chartered Accountants
 Firm's Registration Number: 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

Place: Hyderabad
 Date: 28.05.2016

CASH FLOW STATEMENT

for the year ended 31st March, 2016

(₹ in Lakhs)

Particulars	For the year ended 31st March, 2016		For the year ended 31st March, 2015	
I CASH FLOW / (USED) FROM OPERATING ACTIVITIES:				
Profit before tax for the year		137183.79		106717.62
Add/ (Less) : Adjustments for:				
Depreciation	11810.20		13585.22	
Provision for doubtful debts	7.45		30.78	
Unrealised foreign exchange loss (net)	114.30		654.49	
Provison for doubtful debts no longer required written back	(18.40)		(6.28)	
Provision for diminution in value of investment no longer required written back	(1.20)		-	
Provision for liabilities no longer required written back	(98.31)		(130.97)	
Interest expense	96.48		56.64	
Interest income	(817.86)		(464.52)	
Bad debts written off	17.22		14.20	
Claims written off	16.83		0.95	
Dividend from current investments	(4675.39)		(3612.78)	
Profit on redemption of mutual funds	(239.44)		-	
Profit on sale of assets (net)	-		(3.80)	
Book deficit on assets discarded	424.20	6636.08	709.10	10833.03
		143819.87		117550.65
Add / (Less) : Adjustments for Working Capital Changes :				
(Increase) in Long term loans and advances	(328.81)		(139.35)	
(Increase) in inventories	(4799.67)		(22162.46)	
(Increase) in trade receivables	(14581.55)		(4174.38)	
(Increase)/decrease in short term loans and advances	107.52		(703.21)	
(Increase)/decrease in other current assets	407.98		(180.88)	
Increase in trade payables	747.08		7767.37	
Increase in other current liabilities	3345.06		5084.42	
Increase/(decrease) in short term provisions	418.53		(36.47)	
Increase in long term provisions	457.36	(14226.50)	380.95	(14164.01)
Cash generated from operations		129593.37		103386.64
Less : Direct taxes paid		26353.28		21142.83
Net Cash flow from operating activities		103240.09		82243.81

(₹ in Lakhs)

Particulars	For the year ended 31st March, 2016	For the year ended 31st March, 2015
II CASH FLOW / (USED) FROM INVESTING ACTIVITIES:		
Purchase of fixed assets	(39570.74)	(30713.61)
Sale of Fixed assets	-	5.32
Proceeds / (Purchase) of current investments (net)	(6712.65)	(23112.74)
Dividend from current investments	4675.39	3612.78
Investments in bank deposits (original maturity of more than three months) (net)	(527.85)	(2202.31)
Interest received	792.50	333.86
Net Cash (Used) in Investing activities	(41343.35)	(52076.70)
III CASH FLOW/ (USED) FROM FINANCING ACTIVITIES:		
Repayment of long-term borrowings	(50.06)	(54.98)
Proceeds from short-term borrowings (net)	1634.97	874.75
Interest paid	(96.48)	(56.64)
Dividend paid (including corporate dividend tax)	(63902.34)	(31058.50)
Net Cash (Used) in Financing Activities	(62413.92)	(30295.37)
IV Net (Decrease) in cash and cash equivalents	(517.18)	(128.26)
V Cash and Cash Equivalents as at the beginning of the year	906.46	1034.72
VI Cash and Cash Equivalents as at the end of the year	389.28	906.46

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.29) form an Integral part of the Cash Flow Statement

Per our Report of Even Date
For P.V.R.K.Nageswara Rao & Co.,
 Chartered Accountants
 Firm's Registration Number: 002283S

N.ANKA RAO
 Partner
 Membership Number: 23939

Place: Hyderabad
 Date: 28.05.2016

For and on behalf of the Board

Dr. MURALI K.DIVI
 Chairman and Managing Director

N.V.RAMANA
 Executive Director

L. KISHOREBABU
 Chief Financial Officer

P.V.LAKSHMI RAJANI
 Company Secretary

NOTES to Balance Sheet

(₹ in Lakhs)

Note No.	Particulars	As at 31st March, 2016		As at 31st March, 2015	
1	SHARE CAPITAL				
	Authorised:				
	30,00,00,000 (Previous year: 15,00,00,000) Equity Shares of ₹2/- each		6000.00		3000.00
	Issued:				
	26,54,68,580 (Previous year: 13,27,34,290) Equity Shares of ₹2/- each		5309.37		2654.69
	Subscribed and paid up:				
	26,54,68,580 (Previous year: 13,27,34,290) Equity Shares of ₹2/- each fully paid up		5309.37		2654.69

Reconciliation of the number of equity shares outstanding and amount of share capital is set out below:

Particulars	Number	Amount	Number	Amount
Shares outstanding at the beginning of the year	132734290	2654.69	132734290	2654.69
Bonus shares issued during the year	132734290	2654.68	-	-
Shares outstanding at the end of the year	265468580	5309.37	132734290	2654.69

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

Name of the Shareholders	No. of Shares held	% of Holding	No. of Shares held	% of Holding
PROMOTERS GROUP:				
Dr.Murali Krishna Prasad Divi	15567000	5.86	7783500	5.86
Satchandra Kiran Divi	46000000	17.33	23000000	17.33
Swarnalatha Divi	14000000	5.27	7000000	5.27
Nilima Motaparti	54000000	20.34	27000000	20.34
OTHER THAN PROMOTERS GROUP:				
Reliance Capital Trustee Company Limited	11466386	4.32	6982362	5.26

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

On 28th September, 2015, the company issued 13,27,34,290 equity shares of ₹ 2/- each as fully paid bonus shares by capitalisation of securities premium account.

Terms/rights attached to equity shares:

The company has only one class of equity shares having a par value of ₹ 2/- per share. Each holder of equity shares is entitled to one vote per share. The company declares and pays dividends in Indian rupees.

During the year ended 31st March, 2016 the amount of per share dividend recognised as distribution to equity shareholders is ₹ 10/- (31st March, 2015: ₹ 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.

(₹ in Lakhs)

Note No.	Particulars	As at 31st March, 2016		As at 31st March, 2015	
2	RESERVES AND SURPLUS				
	Capital Reserve		32.58		32.58
	Securities Premium Account				
	As Per Last Account	10642.33		10642.33	
	Less: Amount utilised for issue of Bonus Shares (Refer Note No.1)	2654.69	7987.64	-	10642.33
	General Reserve:				
	As Per Last Account	90000.00		70000.00	
	Add: Amount transferred from Statement of Profit and Loss	10000.00	100000.00	20000.00	90000.00
	Balance in Statement of Profit and Loss (Surplus):				
	As Per Last Account	252866.38		220112.02	
	Add: Profit as per Statement of Profit and Loss	110769.31		84705.53	
	Total available for allocations and appropriations	363635.69		304817.55	
	Less: Allocations and appropriations:				
	Proposed Dividend	-		26546.86	
	Interim Dividend	26546.86		-	
	Corporate Dividend Tax	5404.31		5404.31	
	Amount transferred to General Reserve	10000.00		20000.00	
	Profit carried forward to next year		321684.52		252866.38
			429704.74		353541.29
3	LONG-TERM BORROWINGS				
	Deferred Payment Liabilities (Unsecured):				
	Deferred Sales Tax Credit	105.00		155.06	
	Less: Current maturities of long-term debt	58.30	46.70	50.06	105.00
	1. Term of Repayment				
	Period : 14 Years				
	Number of Installments due : 2				
	Rate of Interest : Interest free				
	2. The above liability has been paid upto date and there are no continuing defaults.				
			46.70		105.00
4	DEFERRED TAX LIABILITIES(NET)				
	Opening balance at the beginning of the year		13245.13		12167.17
	Add: Adjustments during the year (Refer Note No. 29 (II)(15))		1675.30		1077.96
			14920.43		13245.13

(₹ in Lakhs)

Note No.	Particulars	As at 31st March, 2016		As at 31st March, 2015	
5	LONG-TERM PROVISIONS				
	Provision for employee benefits (Refer Note No. 29 (II)(10))		1156.52		699.16
			1156.52		699.16
6	SHORT-TERM BORROWINGS				
	Loans repayable on demand:				
	Working Capital Loans from banks (Secured):		606.05		954.86
	1. Nature of Security: (Secured by hypothecation of stocks, book debts and current assets and further secured by second charge on movable fixed assets of the company)				
	2. There are no defaults in repayment of loans and interest				
	3. Interest: 0.35% p.a. above base rate				
	Overdraft against Fixed Deposits from banks (Secured):		3536.04		1552.26
	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 @ 7.00% to 8.5% p.a.				
			4142.09		2507.12
7	OTHER CURRENT LIABILITIES				
	Current maturities of long-term debt		58.30		50.06
	Advance from customers		3977.45		4062.68
	Unpaid dividends (Of the above, there is no amount due and outstanding to be credited to Investor Education and Protection Fund)		147.25		57.54
	Other Payables:				
	Creditors for Capital Works	2564.17		2235.91	
	Statutory liabilities	671.59		555.24	
	Employee benefits payable	10744.74		8069.50	
	Others	5782.93	19763.43	5242.08	16102.73
			23946.43		20273.01
8	SHORT-TERM PROVISIONS				
	Provision for employee benefits (Refer Note No. 29 (II)(10))		217.35		62.79
	Provision for income tax (Net of prepaid taxes of ₹ 280.70 Crores)		230.47		-
	Provision for Interest on Income tax		33.50		-
	Proposed Dividend		-		26546.86
	Provision for Tax on Proposed Dividend		-		5404.31
			481.32		32013.96

9 FIXED ASSETS:

(₹ in Lakhs)

S. No.	Description	GROSS BLOCK			DEPRECIATION / AMORTISATION				NET BLOCK		
		Cost as at 01.04.2015	Additions	Deductions	Total Upto 31.03.2016	Upto 01.04.2015	For the Year	On Deductions	Total Upto 31.03.2016	As at 31.03.2016	As at 31.03.2015
	OWN ASSETS										
A.	Tangible Assets										
1	Free hold land and development	2723.70	-	-	2723.70	-	-	-	-	2723.70	2723.70
2	Buildings	36229.25	7763.00	0.70	43991.55	6500.63	1396.75	0.36	7897.02	36094.53	29728.62
3	Plant and Equipment	143604.91	13573.52	703.17	156475.26	52680.69	8861.15	330.33	61211.51	95263.75	90924.22
4	Laboratory Equipment	8989.39	972.74	80.44	9881.69	3430.37	1004.61	70.08	4364.90	5516.79	5559.02
5	Furniture and Fittings	1156.48	1473.42	70.56	2559.34	465.37	107.56	35.77	537.16	2022.18	691.11
6	Vehicles	671.52	113.28	1.14	783.66	394.16	59.85	1.08	452.93	330.73	277.36
7	Office and Other Equipment	698.43	985.92	66.15	1618.20	428.74	114.08	60.40	482.42	1135.78	269.69
8	Computers and Data Processing Units	709.88	280.74	1.14	989.48	406.47	100.51	1.08	505.90	483.58	303.41
	Sub total	194783.56	25162.62	923.30	219022.88	64306.43	11644.51	499.10	75451.84	143571.04	130477.13
B.	Intangible Assets										
9	Software	456.28	62.97	-	519.25	60.86	165.69	-	226.55	292.70	395.42
	Total	195239.84	25225.59	923.30	219542.13	64367.29	11810.20	499.10	75678.39	143863.74	130872.55
	Previous year Total	173979.25	23008.25	1747.66	195239.84	51819.10	13585.22	1037.03	65950.96	129288.88	122160.15
C.	Capital Work In Progress	21818.23	29798.72	25225.59	26391.36	-	-	-	-	26391.36	21818.23

Note: Additions to fixed assets during the year includes value of capital expenditure towards Research and Development aggregating to ₹ 762.96 lakhs (Previous year ₹ 1.03 lakhs) (Refer Note No. 29 (II)(9). Depreciation for the year includes depreciation amounting to ₹387.39 lakhs (previous year: ₹ 528.52 lakhs) on assets used for Research and Development.

(₹ in Lakhs)

Note No.	Particulars	As at 31st March, 2016		As at 31st March, 2015	
10	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:				
	- Divi's Laboratories (USA) Inc 2,000 (Previous year: 2,000) Ordinary Shares of US\$0.01 each		245.43		245.43
	- Divi's Laboratories (EUROPE) AG 200 (Previous year: 200) Shares of CHF 500 each		36.18		36.18
	In Other Companies:				
	Pattan Cheru Enviro - Tech Limited 12,000 (Previous year: 12,000) Equity Shares of ₹10/- each	1.20		1.20	
	Less: Provision for diminution in value of Investments	-	1.20	1.20	-
			282.81		281.61
	Aggregate amount of unquoted Investments		282.81		282.81
	Aggregate provision made for diminution in value of investments		-		1.20
11	LONG-TERM LOANS AND ADVANCES (Unsecured, considered good)				
	Capital Advances		12242.68		2142.40
	Security Deposits (includes ₹332.67 Lakhs to a related party, Previous Year ₹Nil) (Refer Note No. 29 (II) (12))		2517.55		1426.24
	Loans and advances to related parties (Refer Note No. 29 (II) (12))		3623.06		4358.08
	Pre-paid Expenses		24.89		35.10
	Prepaid Taxes (Net of Provision for taxation: ₹ 7093.81 Lakhs, Previous year: ₹70730.93 Lakhs)		1338.05		3336.39
	Other Loans and advances		553.43		560.98
	MAT Credit entitlements		-		3047.91
			20299.66		14907.10
12	OTHER NON CURRENT ASSETS				
	Long term trade receivables:				
	Unsecured, considered doubtful	33.64		40.01	
	Less: Provision for doubtful debts	33.64	-	40.01	
	Other receivables :				
	Unsecured, considered doubtful	0.60		5.18	
	Less: Provision for doubtful debts	0.60	-	5.18	
			-		-

(₹ in Lakhs)

Note No.	Particulars	As at 31st March, 2016		As at 31st March, 2015	
13	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 79,79,907 (Previous year: 73,03,950) Units of ₹1000/- each Fair Value: ₹ 80285.16 lakhs (Previous year: ₹73404.36 lakhs)		80252.45		73204.10
	SBI-ULTRA Short term Debt Fund -Regular daily Dividend Plan Nil (Previous year: 9606) Units of ₹1000/- each Fair Value ₹ Nil (Previous year ₹96.53 lakhs)		-		96.26
			80252.45		73300.36
	Aggregate amount of unquoted investments		80252.45		73300.36
	Aggregate Provision for diminution in value of Investments		-		-
14	INVENTORIES (Valued at lower of Cost and Net realisable Value)				
	Raw Materials (including stock in transit of ₹1691.15 lakhs (previous year ₹1088.79 lakhs)		32923.02		26772.00
	Work - in - Progress		68068.72		70256.28
	Finished Goods		7597.10		7611.98
	Stock - in - Trade		-		0.87
	Stores and Spares (including stock in transit of ₹156.68 lakhs (previous year ₹Nil))		7700.34		6848.38
			116289.18		111489.51
15	TRADE RECEIVABLES				
	(Unsecured, Considered Good) Outstanding for a period exceeding six months from the date they became due for payment		1766.33		1504.00
	Others		94845.95		80799.05
			96612.28		82303.05
16	CASH AND BANK BALANCES				
	Cash and Cash Equivalents:				
	Cash on Hand	10.95		6.29	
	Balance with Banks				
	In Current Accounts	378.33	389.28	900.17	906.46
	Other Bank Balances:				
	In Unclaimed Dividend accounts		147.25		57.54
	In Fixed Deposits with original maturity of more than three months but less than twelve months (Pledged towards Overdraft facilities from banks)		5077.37		4702.31
	Balance with banks to the extent held as Margin Money (Towards margin on Letters of Credit and Bank Guarantees issued by bank)		152.81		0.02
			5766.71		5666.33

(₹ in Lakhs)

Note No.	Particulars	As at 31st March, 2016		As at 31st March, 2015	
17	SHORT-TERM LOANS AND ADVANCES (Unsecured, considered good)				
	Balance with central excise		1721.51		1739.71
	Prepaid expenses		537.83		502.12
	Advances to suppliers		1272.73		1713.22
	Advances to employees		12.51		14.78
	Other advances and receivables		2246.79		1945.89
	MAT credit entitlements		6660.35		-
			12451.72		5915.72
18	OTHER CURRENT ASSETS				
	Interest accrued on deposits		303.90		278.54
	Export Incentives receivable		168.68		192.25
	Insurance claims receivable		2.05		277.41
	Other receivables		65.48		174.53
			540.11		922.73

NOTES to Statement of Profit and Loss

(₹ in Lakhs)

Note No.	Particulars	For the year ended 31st March, 2016		For the year ended 31st March, 2015	
19	SALE OF SERVICES				
	Contract research fee		724.39		732.57
			724.39		732.57
20	OTHER OPERATING REVENUES				
	Export incentives		201.97		162.43
	Sale of scrap out of manufacturing process		534.74		1008.37
			736.71		1170.80
21	OTHER INCOME				
	Interest income		817.86		464.52
	Dividend income from current investments		4675.39		3612.78
	Net gain on foreign currency transaction and translations		3404.69		-
	Sale of other scrap		176.51		56.76
	Provision for liabilities no longer required written back		98.31		130.97
	Provision for doubtful debts no longer required written back		18.40		6.28
	Profit on redemption of mutual funds		239.44		-
	Provision for diminution in value of investment no longer required written back		1.20		-
	Profit on sale of assets (Previous Year : Net of Loss on Sale of assets of ₹0.25 Lakhs)		-		3.80
	Other non-operating income		8.20		8.97
			9440.00		4284.08
22	COST OF RAW MATERIALS CONSUMED				
	(Refer Note No. 29 (II)(16))				
	Opening Inventory		26772.00		28264.54
	Add: Purchases during the year		153394.36		143134.87
			180166.36		171399.41
	Less: Closing Inventory		32923.02		26772.00
			147243.34		144627.41

(₹ in Lakhs)

Note No.	Particulars	For the year ended 31st March, 2016		For the year ended 31st March, 2015	
23	CHANGE IN INVENTORY OF FINISHED GOODS, STOCK-IN-TRADE AND WORK-IN-PROGRESS				
	Finished Goods:				
	Closing Inventory	7597.10		7611.98	
	Opening Inventory	7611.98	14.88	3932.24	(3679.74)
	Excise duty adjustment in movement in finished goods inventory		(124.00)		(55.61)
			138.88		(3624.13)
	Stock - in - Trade:				
	Closing Inventory	-		0.87	
	Opening Inventory	0.87	0.87	0.87	-
	Work-in-Progress:				
	Closing Inventory	68068.72		70256.28	
	Opening Inventory	70256.28	2187.56	50797.04	(19459.24)
			2327.31		(23083.37)
24	EMPLOYEE BENEFITS EXPENSE				
	Salaries, wages, bonus and other allowances		33729.93		26833.53
	Contribution to Provident and other funds		1103.99		573.44
	Contribution to ESI		90.83		117.11
	Staff welfare expenses		811.66		790.80
			35736.41		28314.88
25	FINANCE COSTS				
	Interest expense		61.32		54.43
	Interest on Income Tax		35.16		2.21
	Other borrowing costs		135.47		129.81
			231.95		186.45

(₹ in Lakhs)

Note No.	Particulars	For the year ended 31st March, 2016	For the year ended 31st March, 2015
26	RESEARCH AND DEVELOPMENT EXPENSES		
	Raw Materials Consumed	83.64	90.66
	Salaries, wages, bonus and other allowances	1936.88	1602.13
	Contribution to Provident and other funds	61.67	42.10
	Contribution to ESI	2.43	3.67
	Staff Welfare expenses	1.89	1.62
	Stores consumed	281.14	329.57
	Power and fuel	164.35	100.31
	Repairs to Buildings	14.64	8.90
	Repairs to Machinery	239.72	180.90
	Repairs to other assets	63.69	59.38
	Rates and taxes, excluding taxes on income	88.88	85.97
	Printing and stationery	8.29	12.62
	Communication expenses	0.14	1.56
	Travelling and conveyance	0.30	0.34
	Vehicle maintenance	-	0.05
	Professional and consultancy charges	58.32	170.93
	Miscellaneous expenses	85.45	74.90
	Bank charges	0.92	0.55
		3092.35	2766.16
27	DEPRECIATION AND AMORTISATION EXPENSE		
	Depreciation expense	11644.51	11940.69
	Amortisation expense	165.69	60.86
	Depreciation adjustments pursuant to change in accounting estimate	-	1583.67
		11810.20	13585.22

(₹ in Lakhs)

Note No.	Particulars	For the year ended 31st March, 2016	For the year ended 31st March, 2015
28	OTHER EXPENSES		
	Consumption of stores and spare parts	3096.23	2639.70
	Packing materials consumed	3165.83	2859.88
	Power and fuel	18034.41	17082.45
	Repairs to Buildings	903.23	686.48
	Repairs to Machinery	5080.33	3951.32
	Repairs to other assets	139.49	94.31
	Insurance	592.75	425.20
	Rates and taxes, excluding taxes on income	814.24	600.85
	Directors sitting fees	20.54	24.50
	Printing and stationery	253.84	263.30
	Rent	391.29	73.49
	Communication expenses	99.45	100.25
	Travelling and conveyance	560.75	738.41
	Vehicle maintenance	253.14	262.91
	Payment to Auditors:		
	As Statutory Audit	26.00	25.00
	As Tax Auditors	-	12.00
	For Certification	8.29	8.25
	For Quarterly Reviews	13.52	12.75
	For Taxation Matters	9.02	15.00
	For Reimbursement of expenses	1.05	0.92
	Professional and consultancy charges	404.72	610.43
	Net loss on foreign currency transaction and translations	-	104.50
	Factory upkeep	234.51	221.21
	Environment management expenses	1317.00	1019.91
	Advertisement	12.59	13.32
	Sales commission	465.03	523.52
	Carriage outward	4559.49	4046.41
	General expenses	2217.53	1937.48
	Bad debts written off	17.22	14.20
	Provision for doubtful debts	7.45	30.78
	Donations	2.29	-
	Corporate Social Responsibility (CSR) Expenditure (Refer Note No. 29 (II)(24))	712.02	358.21
	Book deficit on assets discarded	424.20	709.10
	Claims Written off	16.83	0.95
	Bank charges	93.50	98.71
	Prior year expenses	-	4.90
		43947.78	39570.60

29. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION:

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PREPARATION:

The financial statements have been prepared in accordance with the generally accepted accounting principles in India under the historical cost convention on 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. 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. 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 unavailed leave liability based on actuarial valuation using projected unit credit method.

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

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:

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

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, which coincides with the delivery of the goods.

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 within 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. DIVIDEND:

Provision for dividend, as proposed by Board of Directors, is made in the books of account, pending approval of the shareholders 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 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. CONTINGENT LIABILITIES AND COMMITMENTS:

(₹ in Lakhs)

	As on 31.03.2016	As on 31.3.2015
A. CONTINGENT LIABILITIES		
(i) On account of Letter of Credit and Guarantees issued by the bankers.	7013.37	7493.16
(ii) Claims against the Company not acknowledged as debts in respect of:		
Central Excise	355.98	400.82
Customs	158.49	154.47
Service Tax	-	69.96
Income Tax	247.67	172.25
Sales Tax	2.76	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)	5654.53	2862.36
(ii) On account of bonds and / or legal agreements executed with Central Excise/ Customs authorities/ Development Commissioners	13950.00	11950.00

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

5. Excise duty on sales for the year has been disclosed as reduction from turnover. Excise duty relating to the difference between closing stock and opening stock has been included in Note No. 23 "Change in Inventory of Finished Goods, Stock-in-Trade and Work-in-Progress".

6. UNHEDGED FOREIGN CURRENCY EXPOSURE:

Details of net foreign currency exposures that are not hedged by any derivative instruments or otherwise are as under: (in Lakhs)

S. No	Particulars	Type of Foreign Currency	AS ON 31.03.2016		AS ON 31.03.2015	
			Foreign Currency	Amount	Foreign Currency	Amount
1.	Payable for Supplies and services	EURO	218.00	14460.25	2.43	164.02
		USD	1.06	79.91	176.66	11057.54
2.	Advance Payments to Supplies and Services	EURO	12.99	975.77	2.09	141.15
		USD	14.68	973.65	6.62	414.54
		GBP	0.11	10.10	0.01	0.22
		CHF	0.46	31.82	--	--
		JPY	8.55	5.05	--	--
3.	Receivables for Supplies and Services	EURO	70.74	5312.44	80.66	5445.19
		GBP	128.95	12261.64	113.81	10522.94
		USD	1019.90	67653.18	912.81	57133.32
		ACU	4.77	316.26	0.10	6.51
4.	Advance Receipts for Supplies and Services	EURO	0.15	11.25	0.11	7.38
		GBP	33.68	3203.02	12.22	1129.40
		USD	10.25	679.87	46.57	2914.69
5.	Loans and Advances	CHF	40.19	2758.67	43.19	2791.37
		USD	13.03	864.39	25.03	1566.71
		TOTAL		109597.27		93294.98

7. DUES OF MICRO AND SMALL ENTERPRISES:

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 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.

		2015-16	2014-15
a.	Principal amount remaining unpaid as on 31st March	NIL	NIL
b.	Interest due thereon as on 31st March	NIL	NIL
c.	Interest paid by the Company in terms of Section 16 of Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of payment made to the supplier beyond the appointed day during the year	NIL	NIL
d.	Interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Act	NIL	NIL
e.	Interest accrued and remaining unpaid as at 31st March	NIL	NIL
f.	Further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under Section 23 of the Act	NIL	NIL

8. ADVANCES TO SUBSIDIARIES:

a. The Company 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 01.04.2014. 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 ₹3431.75 Lakhs (Previous year CHF 50.00 Lakhs equivalent to ₹ 3231.25 Lakhs.)

b. Disclosures pursuant to the Regulation 34(3) read with para A of Schedule V to SEBI Listing Regulations, 2015:

(i) Loans and advances in the nature of loans to subsidiaries: (₹ in Lakhs)

Particulars	Balance as on		Maximum Balance Outstanding during the Year	
	31.03.2016	31.03.2015	2015-16	2014-15
Divi's Laboratories (USA) Inc	864.39	1566.71	1566.71	1804.86
Divi's Laboratories Europe AG	2758.67	2791.37	2791.37	2991.45

(ii) Investment by the loanees in the shares of the Company:

The loanees have not made any investments in the shares of the Company

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 31.03.2016.

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

(₹ in Lakhs)

Particulars	2015-16	2014-15
Buildings	161.24	--
Plant and equipment	157.37	0.21
Lab equipment	402.39	0.41
Office equipment	5.65	0.41
Furniture and fittings	27.70	--
Computers	7.18	--
Vehicles	1.43	--
Total	762.96	1.03

10. 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:

(₹ in Lakhs)

	2015-16	2014-15
Employer's Contribution to Provident Fund	819.23	516.78
Employer's Contribution to State Insurance Scheme	93.26	120.79

II. (i) Defined Benefit Plans: GRATUITY (Funded)

(₹ in Lakhs)

	2015-16	2014-15
A) Components of Employer Expense		
Current Service Cost	17.19	15.32
Interest Cost on Benefit Obligation	68.75	61.27
Expected Return On Plan Assets	(90.28)	Nil
Net Actuarial Gain /Loss Recognised	376.07	39.52
Past Service Cost	Nil	Nil
Settlement Cost	Nil	(22.70)
Total expense recognised in Statement of Profit and Loss	371.73	93.41
B) Actual Return on Plan Assets	(90.28)	(64.86)
C) Net Asset /Liability recognised in Balance Sheet		
Defined Benefit Obligation	1312.66	859.28
Fair Value Of Plan Assets	(1168.16)	(1086.51)
Status(Surplus/Deficit)	144.50	(227.23)
Unrecognised Past Service Cost	Nil	Nil
(Net Asset)/Liability recognised in Balance Sheet	144.50	(227.23)
D) Changes in the PV of DBO		
Opening Defined Benefit Obligation	859.28	765.87
Interest Cost	68.75	61.27
Current Service Cost	17.19	15.32
Benefits Paid	(8.63)	(22.70)
Actuarial (gains) losses on obligation	376.07	39.52
Closing Defined Benefit obligation	1312.66	859.28
E) Changes in Fair Value of Plan Assets		
Opening Fair Value of Plan Assets	1086.51	701.23
Expected Return	86.92	64.86
Contributions	Nil	295.90
Benefits Paid	(8.63)	(22.70)
Actuarial Gain/loss	3.36	47.22
Closing Fair value of Plan Assets	1168.16	1086.51
F) Movement in Balance Sheet		
Opening liability	(227.23)	765.87
Expenses as above	371.73	93.41
Contribution Paid	Nil	(1086.51)
Direct Payments	Nil	Nil
Closing Net Liability	144.50	(227.23)

(₹ in Lakhs)

	2015-16	2014-15
G) Actuarial assumptions:		
Retirement age	60years	60years
Future Salary Rise	6%	4%
Rate of Discounting	8%	8%
Attrition Rate	1% to 3% depending on age	1% to 3% depending on age
Rate of Return on Plan Assets	8.35%	9.00%
Av Balance Future Service	30 Years	31 Years
Mortality Table	IALM (2006-08)	IALM (2006-08)

II. (ii) Amounts recognized in current and previous four years

(₹ in Lakhs)

Particulars	31st March, 2016	31st March, 2015	31st March, 2014	31st March, 2013	31st March, 2012
Gratuity					
Defined Benefit Obligation	1312.66	859.28	765.87	659.30	517.82
Plan Assets	(1168.16)	(1086.51)	(701.23)	(692.39)	517.82
(Surplus)/Deficit	144.50	(227.23)	64.64	(33.09)	Nil
Experience Adjustments in Plan Liabilities	--	--	--	--	--
Experience Adjustments in Plan Asstes	--	--	--	--	--

III. Defined Benefit Plans:
LEAVE ENCASHMENT (UNFUNDED):

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:

(₹ in Lakhs)

	2015-16	2014-15
A. Reconciliation of opening and closing balances of Defined Benefit obligation:		
Defined Benefit obligation at beginning of the year	761.95	352.84
Current Service Cost	15.24	7.05
Interest Cost	60.96	28.23
Actuarial (gain)/loss	416.65	402.04
Benefits paid	(25.44)	(28.21)
Defined Benefit obligation at year end	1229.36	761.95
B. Expenses recognised during the year :		
Current Service Cost	15.24	7.05
Interest Cost on benefit obligation	60.96	28.23
Actuarial (gain)/loss	416.65	402.04
Net benefit expense	492.85	437.32
C. Actuarial assumptions:		
Mortality Table	IALM (2006-08)	IALM (2006-08)
Discount rate (per annum)	8.00%	8.00%
Attrition Rate (per annum)	1% to 3% depending on age	1% to 3% depending on age
Rate of escalation in salary (per annum)	6.00%	4.00%

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

11. SEGMENT REPORTING:

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

a. Identification of reportable segments:**(i) Business Segments:**

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

(ii) Geographical Segments:

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

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

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

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

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

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

1. Mrs. D. Swarna Latha
2. Mrs. Nilima Motaparti
3. Mr. D. Babu Rajendra Prasad
4. Mr. D. Radha Krishna Rao
5. Mr. D. Ramachandra Rao
6. Mrs. D. Raja Kumari
7. Mr. D. Satyasayee Babu
8. Mrs. A. Shanti Chandra
9. Mrs. N. Nirmala Kumari
10. Mrs. N. Chandrika Ramana
11. Mr. N.V. Anirudh
12. Mrs. N. Monisha
13. Mr. N. Prashanth
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 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	Yes
8	Sky High Infrastructure Private Limited	Company In Which Key Management Personnel have Significant Influence	No
9	Pridhvi Asset Reconstruction And Securitisation Company Limited	Company In Which Key Management Personnel And Relatives of Key Management Personnel have Significant Influence	No

Transactions with Related Parties:

(₹ in Lakhs)

S.No	Particulars	2015-16		2014-15	
		Amount	Outstanding as at 31.03.2016	Amount	Outstanding as at 31.03.2015
1	Managerial Remuneration to Key Management Personnel	8460.85	8047.97	6704.80	6299.06
2	Dividend paid to Key Management Personnel	12608.24	--	6302.77	--
3	Lease Rent to Key Management Personnel	28.75	--	36.74	3.24
4	Lease Rent to Relative of Key Management Personnel	28.75	--	36.74	3.24
5	Dividend paid to Relatives of Key Management Personnel	13883.13	--	6955.08	--
6	Salary and Allowances to Relatives of Key Management Personnel	33.99	2.19	18.02	1.22
7	Dividend paid to Company in which Key Management Personnel have Significant Influence	1600.00	--	800.00	--
8	Lease Rent to a Company in which Key Management Personnel have Significant Influence	333.79	--	--	--
9	Rent Deposit to a Company in which Key Management Personnel have Significant Influence	332.67	332.67	--	--
10	Repayment of Advance from Subsidiaries	1010.52	3623.06	374.79	4358.08
11	Sales to Subsidiaries	11921.21	12075.87	11713.25	11288.12
12	Purchases of Materials from Subsidiaries	--	--	2.31	--

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

(₹ in Lakhs)

Nature of transaction	Name of the party	2015-16	2014-15
Managerial Remuneration*	Dr. Muali. K. Divi	4499.29	3541.38
	Mr. N.V. Ramana	2299.31	1820.09
	Mr. D. Madhusudana Rao	99.36	99.36
	Mr. Kiran S. Divi	1562.89	1243.97
Salary and Allowances	Mrs. Nilima Motaparti	25.71	13.15
	Mr. N.V.Anirudh	8.28	--
Rent	Mr. Kiran S. Divi	28.75	36.74
	Mrs. Nilima Motaparti	28.75	36.74
	Divi's Properties Private Limited	333.79	--
Dividend Paid	Dr. Murali. K. Divi	3113.40	1556.70
	Mr. Kiran S. Divi	9200.00	4600.00
	Mrs. Nilima Motaparti	10800.00	5400.00
Sales to Subsidiaries	Divi's Laboratories (USA) Inc.	6884.06	6479.55
	Divi's Laboratories (EUROPE) AG	5037.14	5233.70
Repayment of Advance from Subsidiaries	Divi's Laboratories (USA) Inc.	804.91	310.47
	Divi's Laboratories (EUROPE) AG	205.61	64.33
Purchases of Materials from Subsidiary	Divi's Laboratories (USA) Inc.	--	2.31
Rent Deposit	Divi's Properties Private Limited	332.67	--

*Note: As gratuity and leave encashment are computed for all the employees in aggregate, the amounts relating to the Key Managerial Personnel cannot be individually identified.

13. LEASES:

The Company has operating lease for office premise, which is renewable on a periodical basis and cancellable at its option. Rental expenses for operating lease recognised in Statement of Profit and Loss for the year is ₹391.29 Lakhs (Previous Year ₹ 73.49 Lakhs).

The future minimum lease payments are as given below:

(₹ in Lakhs)

Year Ending:	2015-16	2014-15
Not later than one year	685.39	77.16
Later than one year and not later than five years	3976.55	172.72
Later than Five years	3414.18	--

14. EARNINGS PER SHARE (EPS):

The Numerator and denominator used to calculate Earnings Per Share:

(₹ in Lakhs except Earnings per Share)

	2015-16	2014-15
A EARNINGS: Profit attributable to Equity Shareholders	110769.31	84705.53
B NO. OF SHARES: Weighted average number of Equity shares outstanding during the year (Nos.)	26,54,68,580	26,54,68,580
C EARNINGS PER SHARE: Earnings Per Share of Par Value of ₹ 2/- each – Basic and Diluted (₹)	41.73	31.91

Note:

EPS for the previous year has been recomputed after considering bonus shares issued during the year (Refer Note No.1)

15. DEFERRED TAX:

Movement of Provision for Deferred Tax for the year ended 31.03.2016 is as given below:

(₹ in Lakhs)

Particulars	As at 01.04.2015	(Charge)/ Credit for the year	As at 31.03.2016
Timing Differences on account of:			
Deferred Tax Liability:			
Depreciation on Assets	13662.92	1768.41	15431.33
Total (A)	13662.92	1768.41	15431.33
Deferred Tax Assets:			
Expenses allowable on the basis of Payment	405.62	97.31	502.93
Others	12.17	(4.20)	7.97
Total (B)	417.79	93.11	510.90
Net (A-B)	13245.13	1675.30	14920.43

16. DETAILS OF RAW MATERIALS CONSUMED:

(₹ in Lakhs)

Raw Materials	2015-16	2014-15
Toluene	5220.58	6857.36
Beta Naphthol	4203.05	4824.91
Methanol	4339.48	4730.87
Ethyl acetate	4232.98	5348.06
Caustic soda lye	4047.15	3535.97
Para anisaldehyde	1236.09	1246.94
Secondary butyl alcohol	2319.87	2049.92
1,1 Cyclo hexane diacetic acid	7339.34	11151.00
Aluminium chloride	1882.85	1697.20
Others	112421.95	103185.18
TOTAL	147243.34	144627.41

17. DETAILS OF FINISHED GOODS:

(₹ in Lakhs)

Particulars	Sales Value		Closing Inventory		Opening Inventory	
	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15
Manufactured Goods						
Active Pharma Ingredients and Intermediates	373523.84	309191.10	7597.10	7611.98	7611.98	3932.24
Traded Goods						
Active Pharma Ingredients and Intermediates	--	--	--	0.87	0.87	0.87

18. DETAILS OF WORK-IN-PROGRESS:

(₹ in Lakhs)

Particulars	Closing Inventory	
	2015-16	2014-15
Active Pharma Ingredients and Intermediates	68068.72	70256.28

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

(₹ in Lakhs)

Particulars	2015-16	2014-15
Raw Materials	84453.58	71467.15
Packing Material	122.67	171.43
Lab Chemicals	62.57	97.88
Components, Spare parts and Others	188.13	312.51
Capital goods	1714.19	2375.68

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

(₹ in Lakhs)

Particulars	2015-16	2014-15
Membership and Subscription	41.79	59.24
Books and Periodicals	17.30	-
Travelling Expenses	149.14	194.84
Consultancy charges	374.97	665.22
Sales commission	291.25	324.59
Foreign Bank charges	62.51	58.62
Rates and Taxes	220.15	118.15
Others	46.89	35.65

21. 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:

(₹ in Lakhs)

		2015-16		2014-15	
		Value	%	Value	%
A.	Raw Materials				
	Imported	80337.27	54.56	72250.56	49.96
	Indigenous	66906.07	45.44	72376.85	50.04
	Total	147243.34	100.00	144627.41	100.00
B.	Spare parts and components				
	Imported	190.01	10.00	253.11	15.77
	Indigenous	1709.16	90.00	1351.76	84.23
	Total	1899.17	100.00	1604.87	100.00

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

			2015-16	2014-15
A	Total No. of Non-resident Shareholders	(Nos.)	Nil	1
B	Total No. of Shares held by them (Equity Shares of ₹ 2/- each)	(Nos.)	Nil	1000
C	Year to which dividend related to		2014-15	2013-14
D	Amount of dividend Remitted (Net of Tax ₹ NIL)	(₹in Lakhs.)	Nil	0.20

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

(₹ in Lakhs)

Particulars	2015-16	2014-15
FOB Value of Exports	321980.05	262437.78
Export of Services	724.39	732.57

24. CSR EXPENDITURE:

Gross amount required to be spent during the year is ₹2039.45 Lakhs

Amount spent during the year on:

(₹ 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				
	Construction of Skill Development Center	91.25			91.25
	Purchase of water tanker	11.00			11.00
	Sub Total	102.25			102.25
(B)	On purposes other than (A) above				
	1 Promoting Education	109.83			109.83
	2 Promoting health care	4.82			4.82
	3 Rural development	31.39			31.39
	4 Empowering Women	4.99			4.99
	5 Animal Welfare	6.20			6.20
	6 Safe Drinking Water	296.42	80.56	42.76	334.22
	7 Environment Sustainability	48.34			48.34
	8 Promotion of Rural Sports	5.50			5.50
	9 Swatch Bharat program	51.96			51.96
	10 Support to differently abled	21.47	0.40	0.46	21.41
	11 Administrative Expenses	28.85		0.79	28.06
	Sub Total	609.77	80.96	44.01	646.72
	Total	712.02	80.96	44.01	748.97

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

Place: Hyderabad
 Date: 28.05.2016

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 31st 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 31st 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 ₹ 10756.37 lakhs and net assets of ₹ (5067.93) lakhs as at March 31, 2016, total revenue of ₹ 17899.59 lakhs, net profit after tax of ₹ 203.71 lakhs and net cash flows amounting to ₹ 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

CONSOLIDATED BALANCE SHEET

as at 31st March, 2016

(₹ in Lakhs)

Particulars	Note No.	As at 31st March, 2016		As at 31st March, 2015	
EQUITY AND LIABILITIES					
Shareholders' funds					
Share capital	1	5309.37		2654.69	
Reserves and surplus	2	423460.21	428769.58	346881.29	349535.98
Non-current liabilities					
Long-term borrowings	3	46.70		105.00	
Deferred tax liabilities (Net)	4	14920.43		13245.13	
Long-term provisions	5	1156.52	16123.65	699.16	14049.29
Current liabilities					
Short-term borrowings	6	4142.09		2507.12	
Trade payables:					
Total outstanding dues of micro and small enterprises		-		-	
Total outstanding dues of creditors other than micro and small enterprises		23269.05		22686.57	
Other current liabilities	7	24057.88		20344.94	
Short-term provisions	8	481.32	51950.34	32013.96	77552.59
TOTAL			496843.57		441137.86
ASSETS					
Non-current assets					
Fixed assets					
Tangible assets	9	143583.99		130494.03	
Intangible assets		292.70		395.42	
Capital work -in- progress		26391.36		21818.23	
		170268.05		152707.68	
Non-current investments	10	1.20		-	
Deferred tax asset	11	413.62		623.32	
Long-term loans and advances	12	16695.75		10567.07	
Other non-current assets	13	-	187378.62	-	163898.07
Current assets					
Current investments	14	80252.45		73300.36	
Inventories	15	120782.77		116264.02	
Trade receivables	16	88092.31		74164.26	
Cash and Bank balances	17	7172.39		6521.98	
Short-term loans and advances	18	12624.92		6066.44	
Other current assets	19	540.11	309464.95	922.73	277239.79
TOTAL			496843.57		441137.86
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: 002283S

Dr. MURALI K.DIVI
Chairman and Managing Director

N.V.RAMANA
Executive Director

N.ANKA RAO
Partner
Membership Number: 23939

L. KISHOREBABU
Chief Financial Officer

P.V.LAKSHMI RAJANI
Company Secretary

Place: Hyderabad
Date: 28.05.2016

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

for the Year ended 31st March, 2016

(₹ in Lakhs)

Particulars	Note No.	For the Year ended 31st March, 2016	For the Year ended 31st March, 2015
REVENUE			
Revenue from operations			
Sale of products		363131.54	298302.93
Sale of traded goods		15895.33	13981.29
Sale of services	20	724.39	732.57
Other operating revenues	21	736.71	1170.80
		380487.97	314187.59
Less: Excise duty		2851.81	2693.58
		377636.16	311494.01
Other income	22	8483.58	4469.68
Total Revenue		386119.74	315963.69
EXPENSES			
Cost of raw materials consumed	23	147777.73	145102.84
Purchases of Stock-in-trade		93.31	180.82
Changes in inventories of finished goods, stock-in-trade and work-in-progress	24	2661.39	(23959.73)
Employee benefits expense	25	36492.20	29042.00
Finance costs	26	231.95	186.45
Research and development expenses	27	3092.35	2766.16
Depreciation and amortisation expense	28	11818.13	13599.84
Other expenses	29	46143.72	41837.53
Total Expenses		248310.78	208755.91
Profit before tax		137808.96	107207.78
Tax expense			
Current tax		28300.00	21620.00
MAT credit entitlement		(3536.00)	(735.00)
Deferred tax		1885.00	1121.47
MAT credit adjustments		(76.44)	55.09
Income tax adjustments		51.62	(5.96)
Profit after tax		111184.78	85152.18
Earnings per equity share (Face value ₹2/- per share) Basic and Diluted	30(II) (13)	41.88	32.08
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: 002283S

Dr. MURALI K.DIVI
 Chairman and Managing Director

N.V.RAMANA
 Executive Director

N.ANKA RAO
 Partner
 Membership Number: 23939

L. KISHOREBABU
 Chief Financial Officer

P.V.LAKSHMI RAJANI
 Company Secretary

Place: Hyderabad
 Date: 28.05.2016

CONSOLIDATED CASH FLOW STATEMENT

for the Year ended 31st March, 2016

(₹ in Lakhs)

Particulars	For the year ended 31st March, 2016		For the year ended 31st March, 2015	
I CASH FLOW / (USED) FROM OPERATING ACTIVITIES:				
Profit before tax for the year		137808.96		107207.78
Add/ (Less) : Adjustments for:				
Depreciation	11818.13		13599.84	
Provision for Doubtful Debts	7.45		30.78	
Unrealised Foreign Exchange loss/ (gain) (net)	951.13		(1069.50)	
Provision for doubtful debts no longer required written back	(18.40)		(6.28)	
Interest Expense	96.48		56.64	
Provision for liabilities no longer required written back	(98.31)		(130.97)	
Provision for diminution in value of investment no longer required written back	(1.20)		-	
Interest Income	(817.89)		(464.61)	
Bad debts written off	17.22		14.20	
Claims written off	16.83		0.95	
Dividend from Current Investments	(4675.39)		(3612.78)	
Profit on redemption of mutual funds	(239.44)		-	
Profit on sale of assets (net)	-		(3.80)	
Book Deficit on Assets Discarded	424.20	7480.81	709.10	9123.57
		145289.77		116331.35
Add / (Less) : Adjustments for Working Capital Changes :				
(Increase)/ Decrease in Long term Loans and Advances	1705.68		(626.70)	
(Increase) in Inventories	(4518.75)		(23022.26)	
(Increase) in Trade Receivables	(14221.11)		(1246.28)	
(Increase)/Decrease in Short term Loans and Advances	93.22		(892.73)	
(Increase)/Decrease in Other Current Assets	407.98		(180.88)	
Increase in Trade Payables	177.79		8042.02	
Increase in Other Current Liabilities	3384.78		5026.93	
Increase/(Decrease) in Short Term Provisions	418.53		(36.47)	
Increase in Long term Provisions	457.36	(12094.52)	380.95	(12555.42)
Cash generated from operations		133195.25		103775.93
Less : Direct taxes paid		29401.19		21142.83
Net Cash flow from operating activities		103794.06		82633.10

(₹ in Lakhs)

Particulars	For the year ended 31st March, 2016	For the year ended 31st March, 2015
II CASH FLOW / (USED) FROM INVESTING ACTIVITIES:		
Purchase of Fixed assets	(39574.72)	(30721.15)
Sale of Fixed assets	-	5.32
Investments in bank deposits (original maturity of more than three months) (net)	(527.85)	(2202.31)
Purchase of Current Investments (net)	(6712.65)	(23112.74)
Dividend from Current Investments	4675.39	3612.78
Interest Received	792.53	333.95
Net Cash (Used) in Investing activities	(41347.30)	(52084.15)
III CASH FLOW/ (USED) FROM FINANCING ACTIVITIES:		
Repayment of long-term borrowings	(50.06)	(54.98)
Proceeds from short-term borrowings (net)	1634.97	874.75
Interest paid	(96.48)	(56.64)
Dividend paid (including corporate dividend tax)	(63902.34)	(31058.50)
Net Cash (Used) in Financing Activities	(62413.91)	(30295.37)
IV Net Increase in cash and cash equivalents	32.85	253.58
V Cash and Cash Equivalents as at the beginning of the year	1762.11	1508.53
VI Cash and Cash Equivalents as at the end of the year	1794.96	1762.11

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
 Partner
 Membership Number: 23939

L. KISHOREBABU
 Chief Financial Officer

P.V.LAKSHMI RAJANI
 Company Secretary

Place: Hyderabad
 Date: 28.05.2016

NOTES to Consolidated Balance Sheet

(₹ in Lakhs)

Note No.	Particulars	As at 31st March, 2016		As at 31st March, 2015	
1	SHARE CAPITAL				
	Authorised:				
	30,00,00,000 (previous year: 15,00,00,000) Equity Shares of ₹2/- each		6000.00		3000.00
	Issued:				
	26,54,68,580 (previous year: 13,27,34,290) Equity Shares of ₹2/- each		5309.37		2654.69
	Subscribed and paid up:				
	26,54,68,580 (previous year: 13,27,34,290) Equity Shares of ₹ 2/- each fully paid up		5309.37		2654.69

Reconciliation of the number of equity shares outstanding and amount of share capital is set out below:

	Particulars	As at 31st March, 2016		As at 31st March, 2015	
		Number	Amount	Number	Amount
	Shares outstanding at the beginning of the year	132734290	2654.69	132734290	2654.69
	Bonus shares issued during the year	132734290	2654.68	-	-
	Shares outstanding at the end of the year	265468580	5309.37	132734290	2654.69

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

	Name of the Shareholder	As at 31st March, 2016		As at 31st March, 2015	
		No. of Shares held	% of Holding	No. of Shares held	% of Holding
	PROMOTERS GROUP:				
	Dr.Murali Krishna Prasad Divi	15567000	5.86	7783500	5.86
	Satchandra Kiran Divi	46000000	17.33	23000000	17.33
	Swarnalatha Divi	14000000	5.27	7000000	5.27
	Nilima Motaparti	54000000	20.34	27000000	20.34
	OTHER THAN PROMOTERS GROUP:				
	Reliance Capital Trustee Company Limited	11466386	4.32	6982362	5.26

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

On 28th September, 2015, the company issued 13,27,34,290 equity shares of ₹ 2/- each as fully paid bonus shares by capitalisation of securities premium account.

Terms/rights attached to equity shares:

The company has only one class of equity shares having a par value of ₹2/- per share. Each holder of equity shares is entitled to one vote per share. The company declares and pays dividends in Indian rupees.

During the year ended 31st March, 2016 the amount of per share dividend recognised as distribution to equity shareholders is ₹10/- (31st March, 2015: ₹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.

(₹ in Lakhs)

Note No.	Particulars	As at 31st March, 2016		As at 31st March, 2015	
2	RESERVES AND SURPLUS				
	Capital Reserve		32.58		32.58
	Securities Premium Account	10642.33		10642.33	
	Less: Amount utilised for issue of Bonus Shares (Refer Note No.1)	2654.69	7987.64	-	10642.33
	General Reserve:				
	As Per Last Account	90000.00		70000.00	
	Add: Amount transferred from Statement of Profit and Loss	10000.00	100000.00	20000.00	90000.00
	Foreign Currency Translation Reserve		19.29		19.29
	Balance in Statement of Profit and Loss (Surplus):				
	As Per Last Account	246187.09		212986.08	
	Add: Profit as per Statement of Profit and Loss	111184.78		85152.18	
	Total available for allocations and appropriations	357371.87		298138.26	
	Less: Allocations and appropriations:				
	Proposed Dividend	-		26546.86	
	Interim Dividend	26546.86		-	
	Corporate Dividend Tax	5404.31		5404.31	
	Amount transferred to General Reserve	10000.00		20000.00	
	Profit carried forward to next year		315420.70		246187.09
			423460.21		346881.29
3	LONG-TERM BORROWINGS				
	Deferred Payment Liabilities (Unsecured) :				
	Deferred Sales Tax Credit	105.00		155.06	
	Less: Current maturities of long-term debt	58.30	46.70	50.06	105.00
	1. Term of Repayment:				
	Period : 14 Years				
	Number of Installments due : 2				
	Rate of Interest : Interest Free				
	2. The above liability as been paid upto date and there are no continuing defaults.				
			46.70		105.00
4	DEFERRED TAX LIABILITIES (NET)				
	Opening balance at the beginning of the year		13245.13		12167.17
	Add: Adjustments during the year		1675.30		1077.96
	Refer Note No. 30 (II)(12)(ii)				
			14920.43		13245.13

(₹ in Lakhs)

Note No.	Particulars	As at 31st March, 2016		As at 31st March, 2015	
5	LONG TERM PROVISIONS				
	Provision for employee benefits		1156.52		699.16
	(Refer Note No. 30 (II)(8))				
			1156.52		699.16
6	SHORT-TERM BORROWINGS				
	Loans repayable on demand:				
	Working Capital Loans from banks (Secured):		606.05		954.86
	1. Nature of Security: (Secured by hypothecation of stocks, book debts and current assets and further secured by second charge on movable fixed assets of the company)				
	2. There are no defaults in repayment of loans and interest				
	3. Interest: 0.35% p.a. above base rate				
	Overdraft against Fixed Deposits from banks (Secured):		3536.04		1552.26
	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 @ 7.00% to 8.5% p.a.				
			4142.09		2507.12
7	OTHER CURRENT LIABILITIES				
	Current maturities of long-term debt		58.30		50.06
	Advance from customers		3977.70		4062.68
	Unpaid dividends (Of the above, there is no amount due and outstanding to be credited to Investor Education and Protection Fund)		147.25		57.54
	Other Payables:				
	Creditors for Capital Works	2564.17		2235.91	
	Statutory liabilities	676.29		563.07	
	Employee benefits payable	10744.74		8069.50	
	Others	5889.43	19874.63	5306.18	16174.66
			24057.88		20344.94
8	SHORT-TERM PROVISIONS				
	Provision for employee benefits		217.35		62.79
	Refer Note No.30 (II)(8)				
	Proposed Dividend		-		26546.86
	Provision for Tax on Proposed Dividend		-		5404.31
	Provision for income tax (Net of prepaid taxes of ₹280.70 Crores)		230.47		-
	Provision for interest on income tax		33.50		-
			481.32		32013.96

9 FIXED ASSETS:

(₹ in Lakhs)

S. No.	Description	GROSS BLOCK			DEPRECIATION / AMORTISATION			NET BLOCK			
		Cost as at 01.04.2015	Additions	Deductions	Total Upto 31.03.2016	Upto 01.04.2015	For the Year	On Deductions	Total Upto 31.03.2016	As at 31.03.2016	As at 31.03.2015
	OWN ASSETS										
A	TANGIBLE ASSETS										
1	Free hold land and Development	2723.70		-	2723.70	-	-	-	-	2723.70	2723.70
2	Buildings	36229.25	7763.00	0.70	43991.55	6486.30	1396.75	0.36	7882.69	36108.86	29742.95
3	Plant and Equipment	143604.91	13573.52	703.17	156475.26	52680.69	886115	330.33	61211.51	95263.75	90924.22
4	Laboratory Equipment	8989.39	972.74	80.44	9881.69	3430.37	1004.61	70.08	4364.90	5516.79	5559.02
5	Furniture and Fittings	1173.24	1474.15	70.56	2576.83	476.46	109.39	35.77	550.08	2026.75	696.78
6	Vehicles	671.52	113.28	1.14	783.66	408.49	59.85	1.08	467.26	316.40	263.03
7	Office and other Equipment	709.03	985.92	66.15	1628.80	434.89	115.28	60.40	489.77	1139.03	274.14
8	Computers and Data Processing Units	744.66	283.99	1.14	1027.51	434.47	105.41	1.08	538.80	488.71	310.19
	Sub total	194845.70	25166.60	923.30	219089.00	64351.67	11652.44	499.10	75505.01	143583.99	130494.03
B	INTANGIBLE ASSETS										
	Software	456.28	62.97	-	519.25	60.86	165.69	-	226.55	292.70	395.42
	Total	195301.98	25229.57	923.30	219608.25	64412.53	11818.13	499.10	75731.56	143876.69	130889.45
	Previous year Total	174033.84	23015.80	1747.66	195301.98	51849.72	13599.84	1037.03	66000.94	129301.04	122184.12
C	CAPITAL WORK IN PROGRESS	21818.23	29798.72	25225.59	26391.36	-	-	-	-	26391.36	21818.23

Note: Additions to fixed assets during the year includes value of capital expenditure towards Research and Development aggregating to ₹ 762.96 lakhs (Previous year ₹ 1.03 lakhs) (Refer Note No. 30 (ii)(7). Depreciation for the year includes depreciation amounting to ₹ 387.39 lakhs (previous year: ₹ 528.52 lakhs) on assets used for Research and Development.

(₹ in Lakhs)

Note No.	Particulars	As at 31st March, 2016		As at 31st March, 2015	
10	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 ₹10/- each	1.20		1.20	
	Less: Provision for diminution in value of Investments	-	1.20	1.20	-
			1.20		-
	Aggregate amount of unquoted Investments		1.20		1.20
	Aggregate provision made for diminution in value of investments		-		1.20
11	DEFERRED TAX ASSET				
	Opening balance at the beginning of the year		623.32		666.83
	Less: Adjustments during the year		(209.70)		(43.51)
	Refer Note No. 30 (II)(12)(iii)				
			413.62		623.32
12	LONG-TERM LOANS AND ADVANCES				
	(Unsecured, considered good)				
	Capital Advances		12242.68		2142.40
	Security Deposits		2536.70		1444.29
	(includes ₹332.67 Lakhs to a related party, Previous Year ₹Nil)				
	(Refer Note No.30 (II) (10))				
	Pre-paid Expenses		24.89		35.10
	Prepaid Taxes (Net of Provision for Taxation of ₹7093.81 Lakhs, previous year ₹70730.93 Lakhs)		1338.05		3336.39
	Other Loans and advances		553.43		560.98
	MAT Credit Entitlements		-		3047.91
			16695.75		10567.07
13	OTHER NON CURRENT ASSETS				
	Long term trade receivables:				
	Unsecured, considered doubtful	33.64		40.01	
	Less: Provision for doubtful debts	33.64	-	40.01	-
	Other receivables :				
	Unsecured, considered doubtful	0.60		5.18	
	Less: Provision for doubtful debts	0.60	-	5.18	-
			-		-

(₹ in Lakhs)

Note No.	Particulars	As at 31st March, 2016		As at 31st March, 2015	
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 79,79,907 (Previous year: 73,03,950) Units of ₹ 1000/- each Fair Value: ₹80285.16 lakhs (Previous year: ₹ 73404.36 lakhs)		80252.45		73204.10
	SBI-ULTRA Short term Debt Fund -Regular daily Dividend Plan Nil (Previous year: 9,606) Units of ₹ 1000/- each Fair Value ₹ Nil (Previous year ₹ 96.53 lakhs)		-		96.26
			80252.45		73300.36
	Aggregate amount of unquoted investments		80252.45		73300.36
	Aggregate Provision for diminution in value of Investments		-		-
15	INVENTORIES (Valued at lower of Cost and Net realisable Value)				
	Raw Materials (including stock in transit of ₹1691.15 lakhs (previous year Rs 1088.79 lakhs)		33032.14		26827.37
	Work - in - Progress		68068.72		70256.28
	Finished Goods		8471.39		8374.70
	Stock - in - Trade (including stock in transit of ₹Nil (previous year ₹352.69 lakhs)		3477.58		3924.10
	Stores and Spares (including stock in transit of ₹156.68 lakhs (previous year ₹Nil)		7732.94		6881.57
			120782.77		116264.02
16	TRADE RECEIVABLES				
	(Unsecured, Considered Good) Outstanding for a period exceeding six months from the date they became due for payment		90.94		505.30
	Others		88001.37		73658.96
			88092.31		74164.26

(₹ in Lakhs)

Note No.	Particulars	As at 31st March, 2016		As at 31st March, 2015	
17	CASH AND BANK BALANCES				
	Cash and Cash Equivalents:				
	Cash on Hand	11.39		6.46	
	Balance with Banks				
	In Current Accounts	1783.57	1794.96	1755.65	1762.11
	Other Bank Balances:				
	In Unclaimed Dividend accounts		147.25		57.54
	In Fixed Deposits with original maturity of more than three months but less than twelve months (Pledged towards Overdraft facilities from banks)		5077.37		4702.31
	Balance with banks to the extent held as Margin Money (Towards margin on Letters of Credit and Bank Guarantees issued by bank)		152.81		0.02
			7172.39		6521.98
18	SHORT-TERM LOANS AND ADVANCES				
	(Unsecured, considered good)				
	Balances with central excise		1721.51		1739.71
	Prepaid expenses		584.50		568.05
	Advances to suppliers		1279.31		1713.22
	Advances to employees		12.51		14.78
	Other advances and receivables		2366.74		2030.68
	MAT Credit Entitlements		6660.35		-
			12624.92		6066.44
19	OTHER CURRENT ASSETS				
	Interest accrued on deposits		303.90		278.54
	Export Incentives receivable		168.68		192.25
	Insurance claims receivable		2.05		277.41
	Other receivables		65.48		174.53
			540.11		922.73

NOTES to Consolidated Statement of Profit and Loss

(₹ in Lakhs)

Note No.	Particulars	For the year ended 31st March, 2016		For the year ended 31st March, 2015	
20	SALE OF SERVICES				
	Contract research fee		724.39		732.57
			724.39		732.57
21	OTHER OPERATING REVENUES				
	Export incentives		201.97		162.43
	Sale of scrap out of manufacturing process		534.74		1008.37
			736.71		1170.80
22	OTHER INCOME				
	Interest income		817.89		464.61
	Dividend income from current investments		4675.39		3612.78
	Net gain on foreign currency transaction and translation		2447.74		185.51
	Sale of other scrap		176.51		56.76
	Provision for liabilities no longer required written back		98.31		130.97
	Provision for doubtful debts no longer required written back		18.40		6.28
	Profit on redemption of mutual funds		239.44		-
	Profit on sale of assets (Previous Year: Net of loss on sale of assets of ₹ 0.25 lakhs)		-		3.80
	Provison for diminution in value of investment no longer required written back		1.20		-
	Other non-operating Income		8.70		8.97
			8483.58		4469.68
23	COST OF RAW MATERIALS CONSUMED				
	Opening Inventory		26827.37		28342.11
	Add: Purchases during the year		153982.50		143588.10
			180809.87		171930.21
	Less: Closing Inventory		33032.14		26827.37
			147777.73		145102.84
24	CHANGE IN INVENTORY OF FINISHED GOODS, STOCK-IN-TRADE AND WORK-IN-PROGRESS				
	Finished Goods:				
	Closing Inventory	8471.39		8374.70	
	Opening Inventory	8374.70	(96.69)	4400.58	(3974.12)
	Excise duty adjustment in movement in finished goods inventory		(124.00)		(55.61)
			27.31		(3918.51)
	Stock - in - Trade:				
	Closing Inventory	3477.58		3,924.10	
	Opening Inventory	3924.10	446.52	3,342.12	(581.98)
	Work-in-Progress:				
	Closing Inventory	68068.72		70256.28	
	Opening Inventory	70256.28	2187.56	50797.04	(19459.24)
			2661.39		(23959.73)

(₹ in Lakhs)

Note No.	Particulars	For the year ended 31st March, 2016		For the year ended 31st March, 2015	
25	EMPLOYEE BENEFITS EXPENSE				
	Salaries, wages, bonus and other allowances		34485.72		27560.65
	Contribution to Provident and other funds		1103.99		573.44
	Contribution to ESI		90.83		117.11
	Staff welfare expenses		811.66		790.80
			36492.20		29042.00
26	FINANCE COSTS				
	Interest expense		61.32		54.43
	Interest on Income Tax		35.16		2.21
	Other borrowing costs		135.47		129.81
			231.95		186.45
27	RESEARCH AND DEVELOPMENT EXPENSES				
	Raw Materials Consumed		83.64		90.66
	Salaries, wages, bonus and other allowances		1936.88		1602.13
	Contribution to Provident and other funds		61.67		42.10
	Contribution to ESI		2.43		3.67
	Staff Welfare expenses		1.89		1.62
	Stores consumed		281.14		329.57
	Power and fuel		164.35		100.31
	Repairs to Buildings		14.64		8.90
	Repairs to Machinery		239.72		180.90
	Repairs to other assets		63.69		59.38
	Rates and taxes, excluding taxes on income		88.88		85.97
	Printing and stationery		8.29		12.62
	Communication expenses		0.14		1.56
	Travelling and conveyance		0.30		0.34
	Vehicle maintenance		-		0.05
	Professional and consultancy charges		58.32		170.93
	Miscellaneous expenses		85.45		74.90
	Bank charges and commission		0.92		0.55
			3092.35		2766.16
28	DEPRECIATION AND AMORTISATION EXPENSE				
	Depreciation Expense		11652.44		11950.57
	Amortisation expense		165.69		60.86
	Depreciation adjustments pursuant to change in accounting estimate		-		1588.41
			11818.13		13599.84

(₹ in Lakhs)

Note No.	Particulars	For the year ended 31st March, 2016		For the year ended 31st March, 2015	
29	OTHER EXPENSES				
	Consumption of stores and spare parts		3096.23		2639.70
	Packing materials consumed		3220.21		2919.96
	Conversion Charges		898.87		1160.51
	Power and fuel		18034.41		17082.45
	Repairs to Buildings		903.23		686.48
	Repairs to Machinery		5080.33		3951.32
	Repairs to other assets		142.22		98.62
	Insurance		651.45		462.59
	Rates and taxes, excluding taxes on income		815.35		601.25
	Directors sitting fees		20.54		24.50
	Printing and stationery		278.69		293.63
	Rent		475.70		151.29
	Communication expenses		128.71		126.70
	Travelling and conveyance		684.67		874.08
	Vehicle maintenance		274.34		279.90
	Payment to Auditors:				
	As Statutory Audit		26.00		25.00
	As Subsidiary Audit		19.06		16.19
	As Tax Auditors		-		12.00
	For Certification		8.29		8.25
	For Quarterly Reviews		13.52		12.75
	For Taxation Matters		9.02		15.00
	For Reimbursement of expenses		1.05		0.92
	Professional and consultancy charges		592.11		690.63
	Factory upkeep		234.51		221.21
	Environment management expenses		1317.00		1019.91
	Advertisement		64.39		61.20
	Sales commission		489.62		572.27
	Carriage outward		5049.54		4559.57
	General expenses		2338.77		2050.22
	Bad debts written off		17.22		14.20
	Provision for doubtful debts		7.45		30.78
	Corporate Social Responsibility (CSR) Expenditure		712.02		358.21
	Donations		2.29		-
	Book deficit on assets discarded		424.20		709.10
	Claims Written off		16.83		0.95
	Bank charges		95.88		101.29
	Prior year expenses		-		4.90
			46143.72		41837.53

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 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 unavailed leave liability based on actuarial valuation using projected unit credit method
- c Actuarial gains / losses arising during the year are recognised in the Statement of Profit and Loss.

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:**
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 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 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 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 differences 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.

Offsetting:

Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle the asset and the liability on a net basis. Deferred tax assets and liabilities are offset where the Company has a legally enforceable right to set-off assets against liabilities representing current tax, and where such deferred tax assets and liabilities relate to taxes on income levied by the same governing taxation laws.

iv Minimum Alternate Tax (MAT) Credit:

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

14 EXPORT BENEFITS :

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

15 REVENUE RECOGNITION

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

- i. SALES: Revenue from 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, which coincides with the delivery of the goods.

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 within 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. DIVIDEND:

Provision for dividend, as proposed by Board of Directors, is made in the books of account, pending approval of the shareholders 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 engaged in manufacture of Active Pharmaceutical Ingredients and Intermediates and having headquarters at Hyderabad, India. Major portion of its turnover is on account of export of 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 in India. Equity Shares of the Company are listed in The Bombay Stock Exchange Limited and The National Stock Exchange. The Company has two Subsidiaries viz., Divis Laboratories (USA) Inc., and Divis Laboratories Europe AG looking after manufacturing and marketing of Neutraceutical products in North American and European Countries.

2. LIST OF FOREIGN SUBSIDIARIES CONSIDERED FOR CONSOLIDATION:

S. No.	Name of the Entity	Country of Incorporation	Extent of Holding	
			As on 31.03.2016	As on 31.3.2015
1.	Divis Laboratories (USA) Inc	USA	100%	100%
2.	Divis Laboratories Europe AG	SWITZERLAND	100%	100%

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

4. CONTINGENT LIABILITIES AND COMMITMENTS:

(₹ in Lakhs)

	As on 31.03.2016	As on 31.3.2015
A. CONTINGENT LIABILITIES		
(i) On account of Letter of Credit and Guarantees issued by the bankers.	7013.37	7493.16
(ii) Claims against the Company not acknowledged as debts in respect of:		
Central Excise	355.98	400.82
Customs Duty	158.49	154.47
Service Tax	--	69.96
Income Tax	247.67	172.25
Sales Tax	2.76	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)	5654.53	2862.36
(ii) On account of bonds and / or legal agreements executed with Central Excise/ Customs authorities/ Development Commissioners	13950.00	11950.00
(iv) The Company leases premises in Florham Park, New Jersey for its office. The Lease will expire on April 30, 2020. The Company entered into operating lease agreement for two vehicles expiring on March 11, 2017 and August 20th, 2018.	194.24	16.26
(v) 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 a confidentiality clause pertaining to any internal non- public trade information.		

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

6. Excise duty on sales for the year has been disclosed as reduction from turnover. Excise duty relating to the difference between closing stock and opening stock has been included in Note No. 23 " Change in Inventory of Finished Goods, Stock-in-Trade and Work-in-Progress".

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

(₹ in lakhs)

Particulars	2015-16	2014-15
Buildings	161.24	--
Plant and equipment	157.37	0.21
Lab equipment	402.39	0.41
Office equipment	5.65	0.41
Furniture and fittings	27.70	--
Computers	7.18	--
Vehicles	1.43	--
Total	762.96	1.03

8. EMPLOYEE BENEFITS:

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:

(₹ in Lakhs)

	2015-16	2014-15
Employer's Contribution to Provident Fund	831.99	532.41
Employer's Contribution to State Insurance Scheme	93.26	120.79

II Defined Benefit Plans: GRATUITY (Funded)

(₹ in Lakhs)

	2015-16	2014-15
A) Components of Employer Expense:		
Current Service Cost	17.19	15.32
Interest Cost on Benefit Obligation	68.75	61.27
Expected Return On Plan Assets	(90.28)	Nil
Net Actuarial Gain /Loss Recognised	376.07	39.52
Past Service Cost	Nil	Nil
Settlement Cost	Nil	(22.70)
Total expense recognised in Statement of Profit and Loss	371.73	93.41
B) Actual Return on Plan Assets	(90.28)	(64.86)
C) Net Asset /Liability recognised in Balance Sheet:		
Defined Benefit Obligation	1312.66	859.28
Fair Value Of Plan Assets	(1168.16)	(1086.51)
Status(Surplus/Deficit)	144.50	(227.23)
Unrecognised Past Service Cost	Nil	Nil
(Net Asset)/Liability recognised in Balance Sheet	144.50	(227.23)

		2015-16	2014-15
D)	Changes in the PV of DBO:		
	Opening Defined Benefit Obligation	859.28	765.87
	Interest Cost	68.75	61.27
	Current Service Cost	17.19	15.32
	Benefits Paid	(8.63)	(22.70)
	Actuarial(gains)losses on obligation	376.07	39.52
	Closing Defined Benefit obligation	1312.66	859.28
E)	Changes in Fair Value of Plan Assets:		
	Opening Fair Value of Plan Assets	1086.51	701.23
	Expected Return	86.92	64.86
	Contributions	Nil	295.90
	Benefits Paid	(8.63)	(22.70)
	Actuarial Gain/loss	3.36	47.22
	Closing Fair value of Plan Assets	1168.16	1086.51
F)	Movement in Balance Sheet:		
	Opening liability	(227.23)	765.87
	Expenses as above	371.73	93.41
	Contribution Paid	Nil	(1086.51)
	Direct Payments	--	--
	Closing Net Liability	144.50	(227.23)
G)	Actuarial assumptions:		
	Retirement age	60years	60years
	Future Salary Rise	6%	4%
	Rate of Discounting	8%	8%
	Attrition Rate	1% to 3% depending on age	1% to 3% depending on age
	Rate of Return on Plan Assets	8.35%	9.00%
	Av Balance Future Service	30 Years	31 Years
	Mortality Table	IALM (2006 -08)	IALM (2006-08)

II (ii) Amounts recognized in current and previous four years

(₹ in Lakhs)

Particulars	31st March, 2016	31st March, 2015	31st March, 2014	31st March, 2013	31st March, 2012
Gratuity					
Defined Benefit Obligation	1312.66	859.28	765.87	659.30	517.82
Plan Assets	(1168.16)	(1086.51)	(701.23)	(692.39)	517.82
(Surplus)/Deficit	144.50	(227.23)	64.64	(33.09)	Nil
Experience Adjustments in Plan Liabilities	--	--	--	--	--
Experience Adjustments in Plan Asstes	--	--	--	--	--

III Defined Benefit Plans:

LEAVE ENCASHMENT (Unfunded):

The present value of obligation in respect of provision for 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:

(₹ in Lakhs)

		2015-16	2014-15
A	Reconciliation of opening and closing balances of Defined Benefit obligation:		
	Defined Benefit obligation at beginning of the year	761.95	352.84
	Current Service Cost	15.24	7.05
	Interest Cost	60.96	28.23
	Actuarial (gain)/loss	416.65	402.04
	Benefits paid	(25.44)	(28.21)
	Defined Benefit obligation at year end	1229.36	761.95
B	Expenses recognised during the year :		
	Current Service Cost	15.24	7.05
	Interest Cost on benefit obligation	60.96	28.23
	Actuarial (gain)/loss	416.65	402.04
	Net benefit expense	492.85	437.32
C	Actuarial assumptions:		
	Mortality Table	IALM (2006-08)	IALM (2006-08)
	Discount rate (per annum)	8.00%	8.00%
	Attrition Rate (per annum)	1% to 3% depending on age	1% to 3% depending on age
	Rate of escalation in salary (per annum)	6.00%	4.00%
	The estimate of rate of escalation in salary considered in actuarial valuation is determined after taking into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is certified by the Actuary.		

9. SEGMENT REPORTING:

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

a) Identification of reportable segments:

(i) Business Segments:

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

(ii) Geographical Segments:

Revenue is segregated into two segments namely India (Sales to customers within 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:

(₹ in Lakhs)

Details	India		Other Countries		Total	
	31.03.2016	31.03.2015	31.03.2016	31.03.2015	31.03.2016	31.03.2015
Revenue (From external Customers)	44911.92	40711.06	334839.34	272305.73	379751.26	313016.79
Carrying amount of Segment Assets	487183.10	431549.38	9660.47	8965.16	496843.57	440514.54
Additions to Fixed Assets	25225.59	23008.25	3.98	7.55	25229.57	23015.80

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

- (i) Names of Key Management Personnel with whom transactions were carried out during the year:
- | | |
|------------------------|---------------------------|
| 1. Dr. Murali. K. Divi | 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. Nilima Motaparti | 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. 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	Yes
6	Sky High Infrastructure Private Limited	Company In Which Key Management Personnel have Significant Influence	No
7	Pridhvi Asset Reconstruction and Securitisation Company Limited	Company In Which Key Management Personnel And Relatives of Key Management Personnel have Significant Influence	No

Transactions with Related Parties:

(₹ in Lakhs)

SL No	Particulars	2015-16		2014-15	
		Amount	Outstanding as at 31.03.2016	Amount	Outstanding as at 31.03.2015
1	Managerial Remuneration to Key Management Personnel	8460.85	8047.97	6704.80	6299.06
2	Dividend paid to Key Management Personnel	12608.24	--	6302.77	--
3	Lease Rent to Key Management Personnel	28.75	--	36.74	3.24
4	Lease Rent to Relative of Key Management Personnel	28.75	--	36.74	3.24
5	Dividend paid to Relatives of Key Management Personnel	13883.13	--	6955.08	--
6	Salary and Allowances to Relatives of Key Management Personnel	33.99	2.19	18.02	1.22
7	Dividend paid to Company In Which Key Management Personnel have Significant Influence	1600.00	--	800.00	--
8	Lease Rent to Company In Which Key Management Personnel have Significant Influence	333.79	--	--	--
9	Rent Deposit to Company In Which Key Management Personnel have Significant Influence	332.67	332.67	--	--

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

(₹ in Lakhs)

Nature of transaction	Name of the party	2015-16	2014-15
Managerial Remuneration*	Dr. Murali. K. Divi	4499.29	3541.38
	Mr. N.V. Ramana	2299.31	1820.09
	Mr. D. Madhusudana Rao	99.36	99.36
	Mr. Kiran S. Divi	1562.89	1243.97
Salary and Allowances	Mrs. Nilima Motaparti	25.71	13.15
Rent	Mr. Kiran S. Divi	28.75	36.74
	Mrs. Nilima Motaparti	28.75	36.74
	Divi's Properties Private Limited	333.79	--
Dividend Paid	Dr. Murali. K. Divi	3113.40	1556.70
	Mr. Kiran S. Divi	9200.00	4600.00
	Mrs. Nilima Motaparti	10800.00	5400.00
Rent Deposit	Divi's Properties Private Limited	332.67	--

*Note: As gratuity and leave encashment are computed for all the employees in aggregate, the amounts relating to the Key Managerial Personnel cannot be individually identified.

11 LEASES:

The Company has operating leases for premises and vehicles, which are renewable on a periodical basis and cancellable at its option. Rental expenses for operating lease recognised in Statement of Profit and Loss for the year is ₹ 475.70 Lakhs (Previous Year ₹ 151.29 Lakhs).

The future minimum lease payments are as given under:

(₹ in Lakhs)

	2015-16	2014-15
Not later than one year	743.51	89.28
Later than one year and not later than five years	4112.67	176.86
Later than five years	3414.18	--

12 INCOME TAX EXPENSE:

(i) TAX CREDIT ENTITLEMENTS:

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

(ii) DEFERRED TAX LIABILITY: (NET): Holding Company

Movement of Provision for Deferred Tax for the year ended 31.03.2016 is as given below:

(₹ in Lakhs)

Particulars	As at 01.04.2015	(Charges)/ Credit for the year	As at 31.03.2016
Timing Differences on account of:			
Deferred Tax Liability:			
A. Depreciation on Assets	13662.92	1768.41	15431.33
Total (A)	13662.92	1768.41	15431.33
B. Deferred Tax Assets:			
Expenses allowable on the basis of Payment	405.62	97.31	502.93
Others	12.17	(4.20)	7.97
Total (B)	417.79	93.11	510.90
Net (A-B)	13245.13	1675.30	14920.43

(iii) DEFERRED TAX ASSET: Subsidiary Company

Movement of Provision for Deferred Tax for the year ended 31.03.2016 is as given below:

(₹ in Lakhs)

Particulars	As at 01.04.2015	(Charges)/ Credit for the year	As at 31.03.2016
Deferred Tax Asset	623.32	(209.70)	413.62
Total	623.32	(209.70)	413.62

13 EARNINGS PER SHARE (EPS):

The Numerator and denominator used to calculate Earnings Per Share:

(₹ in Lakhs except Earnings per Share)

	2015-16	2014-15
A EARNINGS: Profit attributable to Equity Shareholders	111184.78	85152.18
B NO. OF SHARES: Weighted average number of Equity shares outstanding during the year (Nos.)	26,54,68,580	26,54,68,580
C EARNINGS PER SHARE: Earnings Per Share of Par Value of ₹2/- each –Basic and Diluted	41.88	32.08

Note: EPS for the previous year has been recomputed after considering bonus shares issued during the year (Refer Note No.1)

14. 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 ₹ in lakhs	As % of consolidated profit or loss	Amount ₹ In lakhs
Parent				
Divis Laboratories Ltd	101.45	435014.11	99.62	110769.31
Subsidiaries:				
Foreign				
Divis Laboratories (USA) Inc	(0.81)	(3484.54)	0.03	29.83
Divis Laboratories Europe AG	(0.64)	(2759.99)	0.35	385.64

15. The audited financial statements of foreign subsidiaries have been prepared in accordance with the generally accepted accounting principle of its country of incorporation. 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

N.ANKA RAO
 Partner
 Membership Number: 23939

L. KISHOREBABU
 Chief Financial Officer

P.V.LAKSHMI RAJANI
 Company Secretary

Place: Hyderabad
 Date: 28.05.2016

NOTICE of Annual General Meeting

Notice is hereby given that the Twenty Sixth Annual General Meeting (AGM) of the Members of DIVI'S LABORATORIES LIMITED will be held **on Monday the 29th day of August, 2016 at 10.00 A.M.** at Sundarayya Vignana Kendram (SVK), Gachibowli X-Roads, Green Lands Colony, Besides Centre for Good Governance, Serilingampalli Mandal, Hyderabad – 500 032 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, 2016 and the reports of the Board of Directors and Auditors thereon.

Item No. 2 – Declaration of Dividend

To confirm the interim dividend paid on equity shares as final dividend for the financial year ended 31st March 2016

Item No. 3 – Appointment of Director

To re-appoint Mr. Madhusudana Rao Divi (DIN: 00063843), 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, as amended from time to time, 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 here by authorized to fix the remuneration payable to them for the financial year 2016-17, 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.”

Hyderabad
28.05.2016

For and on behalf of the Board

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

Registered Office:
1-72/23(P)/DIVIS/303,
Divi Towers, Cyber Hills,
Gachibowli, Hyderabad – 500 032
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, duly completed, should 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 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. The Company has notified that Register of Members and Share Transfer Books will be closed from 22nd August, 2016 to 26th August, 2016 (both days inclusive) for the purpose of AGM.
7. 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 and all correspondence may be addressed directly to them. In respect of shares held in Electronic form, shareholders have to send requests or correspond through their respective Depository Participants.
8. Members are advised to register/ update their address, e_mail addresses and bank mandates with their depository participants in case of shares held in electronic form; and with the Company's Registrar and Share Transfer agent, M/s Karvy Computershare Private Limited in case shares held in physical form.
9. 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.
10. Pursuant to the provisions of Section 205A(5) and 205C of the Companies Act, 1956, the unpaid or unclaimed dividend for the Financial year 2008-09 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) 2008-09, 2009-10 2010-11, 2011-12, 2012-13, 2013-14, 2014-15 and 2015-16

(interim dividend) are held in separate Bank accounts and shareholders who have not received the dividend / encashed the warrants are advised to write to the Company or Registrar and Share Transfer Agents with complete details.

11. The annual report for the financial year 2015-16 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 2015-16 upon sending a request to the Company. The Notice of the 26th AGM and the Annual Report 2015-16 will be available on the Company's website www.divislaboratories.com.
12. 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 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 Registrar and Share Transfer Agents, mentioning therein their folio number and e-mail address.
13. Profile of Mr. Madhusudana Rao Divi seeking re-appointment at the annual general meeting is provided in the Report on Corporate Governance.
14. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Registrar and Share Transfer Agents.
15. 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.

16. Remote e-voting

In compliance with provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules 2014, as amended and Regulation 44 of the SEBI (LODR) Regulations, 2015, Divi's Laboratories Limited ("the Company") is pleased to provide to the shareholders the facility to cast their vote electronically through e-voting services provided by M/s.Karvy Computershare Private Limited ("Karvy") on all resolutions set forth in this Notice, from a place other than the venue of the Meeting (Remote e-voting).

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 URL: <https://evoting.karvy.com>.
2. Enter the login credentials (i.e., User ID and password mentioned in your email/sent separately). However, if you are already registered with Karvy for e-voting, you can use your existing User ID and password for casting your vote.

User Id:	For Members holding shares in Demat form:
	a. For NSDL: 8 character DP ID followed by 8 digit Client ID
	b. For CDSL: 16 digit Beneficiary ID/ Client ID
	For Members holding shares in Physical form:
	EVEN(E-Voting Event Number) followed by Folio Number.
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 have

voted on the resolution, 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 refer to the Help & FAQ's section and E-voting user manual available at the download section of <https://evoting.karvy.com> (Karvy e-voting website) or contact Karvy's toll free number 1-800-34-54-001 or phone no. 040 – 6716 1500 for any further clarifications.**
- D. The remote e-voting facility is available during the following period:**
- Commencement of remote e-voting: From 9.00 a.m. on 25th August, 2016
- End of remote e-voting: up to 5.00 p.m. on 28th August, 2016
- 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.
17. 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.
 18. The Board of Directors of the Company at their meeting held on 28th May, 2016 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.
 19. 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., 22nd August, 2016. Members holding shares either in physical form or dematerialized form may cast their vote electronically.
 20. 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., 22nd August, 2016, 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> XXXX1234567890
 - 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
 21. 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., 22nd August, 2016 only shall be entitled to avail the facility of remote- e-voting and Poll.
 22. 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.
 23. 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.
 24. 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.

Attention Members:
Please update your latest address and Mail-ID
with your Depository Participant (DP) or the Registrar.

AGM VENUE ROUTE MAP



Date :

Monday 29th August, 2016 at 10.00 A.M.

Venue:

**Sundarayya Vignana Kendram (SVK), Gachibowli X-Roads,
Green Lands Colony, Besides Centre for Good Governance,
Serilingampalli Mandal, Hyderabad – 500 032**



DIVI'S LABORATORIES LIMITED

CIN : L24110TG1990PLC011854

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

E-mail : mail@divislabs.com URL : www.divislabs.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 26th Annual General Meeting of the Company to be held at Sundarayya Vignana Kendram (SVK), Gachibowli X-Roads, Green Lands Colony, Besides Centre for Good Governance, Serilingampalli Mandal, Hyderabad - 500 032. at 10.00 A.M. on Monday the 29th day of August, 2016.

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.



DIVI'S LABORATORIES LIMITED

CIN : L24110TG1990PLC011854

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

E-mail : mail@divislabs.com URL : www.divislabs.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) ofshares 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 26th Annual General Meeting of the Company to be held at Sundarayya Vignana Kendram (SVK), Gachibowli X-Roads, Green Lands Colony, Besides Centre for Good Governance, Serilingampalli Mandal, Hyderabad - 500 032. at 10.00 A.M. on Monday the 29th day of August, 2016 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, 2016.			
2 Confirmation of Interim dividend paid on Equity Shares as final dividend for the financial year ended 31 st March, 2016.			
3 Re-appointment of Mr. Madhusudana Rao Divi (DIN: 00063843), who retires by rotation and being eligible, offers himself for re-appointment.			
4 Ratification of appointment of M/s. PVRK Nageswara Rao & Co., as Statutory Auditors and fixing their remuneration.			

Signed this.....day of.....2016.

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.



Divi's Laboratories Limited

Registered office:

Divi Towers, 1-72/23(P)/DIVIS/303, Cyber Hills, Gachibowli, Hyderabad - 500 032, India
Phone: 040-2378 6300, Fax: 040-2378 6460, E-mail: mail@divislaboratories.com, www.divislaboratories.com