

# Corporate Governance

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

## 1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

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

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

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

## 2. BOARD OF DIRECTORS

### 2.1 Composition

The Company has an Executive Chairman. The Board comprised of nine directors, four of whom are Executive and remaining are non-executive independent directors, which is in conformity with clause 49 of the listing agreement. The category of directors as on 31<sup>st</sup> March 2012 is as follows :

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

\*Resigned as Whole-time Director w.e.f. 01.06.2011

\*\*Ceased to be a Director w.e.f. 31.12.2011

## 2.2 Board Procedures

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.

## 2.3 Number & Dates of Board Meetings held during the year

The Board meets in executive session at least four times in a year at quarterly intervals and more frequently if deemed necessary, to transact its business. During the financial year the Board has met four times, i.e. on 20<sup>th</sup> May 2011, 6<sup>th</sup> August 2011, 1<sup>st</sup> November 2011 and 28<sup>th</sup> January 2012. Director's attendance at the Board and General Meetings held during the financial year 2011-12 and number of other Directorships and Chairmanship/ Membership of Committees of each Director in various companies is as follows :

Name of the Director	Attendance Particulars			No. of Directorships and Committee member / chairmanship in other Companies		
	No. of Board Meetings		Last AGM	Directorships	Committee Memberships	Committee Chairmanships
	Held	Attended				
Dr. Murali K. Divi	4	4	Yes	6	1	-
Sri. N. V. Ramana	4	4	Yes	2	-	-
Sri. Madhusudana Rao Divi	4	3	Yes	-	-	-
Dr. P. Gundu Rao*	4	1	No	-	-	-
Sri. Kiran S. Divi	4	3	Yes	2	-	-
Dr. K. Satyanarayana	4	3	No	-	-	-
Sri. S. Vasudev	4	4	Yes	-	-	-
Sri. G. Venkat Rao	4	4	Yes	1	-	-
Prof. C. Ayyanna	4	3	Yes	-	-	-
Dr. G. Suresh Kumar	4	3	Yes	-	-	-

\*Ceased to be a Director w.e.f. 31.12.2011

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

## Brief profile of the directors retiring by rotation and seeking re-appointment at this Annual General Meeting :

Name of the Director	Dr. K. Satyanarayana	Mr. S. Vasudev	Mr. Kiran S. Divi
Date of Appointment	08.08.1995	09.08.2004*	10.08.2001
Date of Birth	20.12.1942	25.12.1940	06.10.1976
Qualification	M. S. (General Surgery) from Osmania Medical College, Hyderabad. M. Ch. (Neurosurgery) from Christian Medical College, Vellore.	Postgraduate degree in Chemical Engineering from Madras University	Bachelor of Pharmacy from College of Pharmacy, Manipal.
Expertise in specific functional areas	He is a common fellow of Royal Infirmary, Edinburg, UK. He was a Professor of Neuro Surgery at Kakatiya Medical College, Warangal and at Gandhi Medical College, Hyderabad. He also worked as Professor & Head of Dept. of Neurosurgery at Osmania Medical College, Hyderabad and as the Director of Medical Education, Government of AP. He has retired from Government service and is currently Consulting Neuro Surgeon at Vijaya Health Care, Durgabhai Hospital and Medwin Hospitals at Hyderabad.	He started his career with Reserve Bank of India and was deputed to the Industrial Development Bank of India (IDBI). He worked with IDBI for 25 years and has gained wide experience in term lending finance. Later he worked with Apollo Hospitals Group as their Vice President (Finance) from 1988-89 in charge of Hotels, Hospital and Financial Services divisions. He has also worked as a Consultant with the Asian Development Bank, Manila.	He was involved in understanding the markets in USA in respect of active Pharma ingredients and intermediates for about two years before joining the Board. He is responsible for marketing the company's generic products in the USA, which is considered an important value market for the Pharma ingredients.
Directorships held in other companies	Not a Director in any other Company	Not a Director in any other Company	Divis Biotech Private Limited Divi's Resorts Private Limited
Memberships/Chairmanships of committees in other companies	Neither a Member nor Chairman of Committees of other Companies.	Neither a Member nor Chairman of Committees of other Companies.	Neither a Member nor Chairman of Committees of other Companies.
Shareholding of Non-Executive Directors in the company	Holds 10000 equity shares of the company as on 31 <sup>st</sup> March 2012.	Not holding any equity shares of the company as on 31 <sup>st</sup> March 2012	Not applicable

\*joined the company as Director being nominee of IDBI on 01.12.1999 and appointed as Director liable to retire by rotation on 9<sup>th</sup> August 2004.

### 3. COMMITTEES OF BOARD

#### a) Audit Committee

The primary objective of the Audit Committee of the company is to monitor and provide effective supervision of the management's financial reporting process with a view to ensure accurate, timely and proper disclosures and transparency, integrity and quality of financial reporting. The Committee comprising of three Independent Directors, met four times during the year, i.e. on 20<sup>th</sup> May 2011, 6<sup>th</sup> August 2011, 1<sup>st</sup> November 2011 and 28<sup>th</sup> January 2012.

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

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

The constitution, terms of reference, role and scope are in line with those prescribed by Clause 49 of the Listing Agreement with the stock exchanges read with Section 292A of the Companies Act, 1956.

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

1. To oversee 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. To recommend the appointment and re-appointment of the statutory auditors and the fixation of their remuneration;
3. To review with the management, the annual financial statements before submission to the board with particular reference to:
  - a. Matters required to be included in the Directors' Responsibility Statement to be included in the Board's Report in terms of clause (2AA) of Section 217 of the Companies Act, 1956;
  - 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; and
  - g. Qualifications in the draft audit report.
4. To review the quarterly and half yearly financial results and the annual financial statements before they are submitted to board;
5. To review, with the management, performance of statutory and internal auditors, adequacy of the internal control systems, the internal audit reports relating to internal control weaknesses and letters of internal control weaknesses issued by the statutory auditors.
6. To review 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;
7. To review, if necessary, 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;

8. To discuss 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;
9. To look into the reasons for substantial defaults in the payment to depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors, if any;
10. To review the management discussion and analysis of financial condition and results of operations;
11. To review the statement of significant related party transactions, submitted by management;
12. To monitor the use of issue proceeds;
13. To approve the appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience & background, etc. of the candidate; and,
14. Such other matters relating to any statutory, contractual or other regulatory requirements to be attended to by such committee from time to time.

#### b) Remuneration and Compensation Committee

The purpose of the Remuneration and Compensation committee of the company shall be to discharge the Board's responsibilities relating to remuneration of the Company's Executive Directors and also to administer the employee's stock option scheme. The committee has overall responsibility for approving, evaluating and recommending plans, policies and programs relating to remuneration of Executive Directors of the Company.

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

The said committee met three times during the year on 20<sup>th</sup> May 2011, 6<sup>th</sup> August 2011 and 1<sup>st</sup> November 2011 and the attendance of each member of the Committee is as follows:

Name	Designation	No. of Meetings Held	No. of Meetings Attended
Dr. K. Satyanarayana	Chairman	3	2
Sri. S. Vasudev	Member	3	3
Prof. C. Ayyanna	Member	3	2
Sri. G. Venkat Rao	Member	3	3

#### Details of Remuneration to Executive Directors

(Rs. in Lakhs)

Name	Salary	PF	Perks	Commission	Total
Dr. Murali K. Divi	72.00	8.64	15.09	2219.12	2314.85
Sri. N. V. Ramana	60.00	7.20	12.28	1109.56	1189.04
Sri. D. Madhusudana Rao	48.00	5.76	12.00	-	65.76
Dr. P. Gundu Rao*	4.97	0.16	11.48	-	16.61
Sri. Kiran S. Divi	48.00	5.76	14.05	739.70	807.51
<b>Total</b>	<b>232.97</b>	<b>27.52</b>	<b>64.90</b>	<b>4068.38</b>	<b>4393.77</b>

\*Resigned as Whole-time Director w.e.f. 01.06.2011

### Non-Executive Directors

The Company does not pay any remuneration to Non- Executive Directors except sitting fees and reimbursement of travelling and out of pocket expenses for attending the Board/Committee meetings. The details of sitting fee paid to Non-Executive Directors during the year 2011-12 is as follows :

Name of the Non-Executive Director	Designation	No. of shares held	Sitting Fees (Rs. in Lakhs)
Dr. K. Satyanarayana	Director	10000	1.00
Sri. S. Vasudev	Director	Nil	2.20
Sri. G. Venkat Rao	Director	3000	2.20
Prof. C. Ayyanna	Director	Nil	1.00
Dr. G. Suresh Kumar	Director	Nil	1.20

### c) Shareholders / Investors' Grievance Committee

The Shareholders/Investors' Grievance Committee is empowered to approve issue of duplicate share certificates, to review all matters connected with the shares transfers and transmissions, to review the performance of the Registrar and Transfer Agents. The Committee also looks into redressing of shareholders' complaints like non transfer of shares, non-receipt of dividend and Annual Report etc.

The Shareholders/Investors' Grievance Committee consists of Executive Director, One Independent Non-Executive Director and Chief Financial Officer of the Company.

During the year the committee has met 4 times on 16<sup>th</sup> May 2011, 3<sup>rd</sup> June 2011, 20<sup>th</sup> July 2011 and 12<sup>th</sup> January 2012 and considered the share transfers, issue of duplicate shares, rematerialisation of shares and other investor grievances.

The constitution of the Committee and the attendance of each member of the Committee is as follows :

Name	Designation	No. of Meetings Held	No. of Meetings Attended
Dr. G. Suresh Kumar	Chairman	4	4
Sri. N. V. Ramana	Member	4	4
Sri. L. Kishore Babu	Member	4	4

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

### Complaints / Grievances received and attended

During the year under review, company has received a total of 68 complaints received from investors. All were replied / resolved to the satisfaction of the investors and no complaints were outstanding.

### Allotment Committee

The Allotment Committee oversees the issues relating to allotment of shares under various corporate actions like Mergers, Amalgamations, Preferential Issue, Rights Issue, Bonus Issue etc.,

The Company Secretary is the Secretary of the Committee.

### Subsidiaries

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

### Disclosure on legal proceedings pertaining to shares

There are no pending cases pertaining to shares as on 31.03.2012.

### CEO and CFO Certification

The CEO and CFO of the company have certified to the Board in relation to reviewing financial statements and other information as mentioned in Para V of clause 49 of the listing agreement and the required certificate is appended.

### Code of ethics and business conduct

The Company has adopted the Code of ethics and business conduct for Directors and Senior Management. The code is comprehensive in nature and applicable to all Directors, Executive as well as Non- Executive and to Senior Management of the company.

Copy of the said Code is available on the Company's website, [www.divislaboratories.com](http://www.divislaboratories.com). The code has been circulated to all the members of the Board and Senior Management and the compliance of the same has been affirmed by them. A declaration signed by the Chairman & Managing Director is as follows:

I hereby confirm that the company has obtained from all the members of the board and senior management, affirmation that they have complied with the code of ethics and business conduct for directors and senior management in respect of the financial year 2011-12.

For and on behalf of the Board

Visakhapatnam  
12<sup>th</sup> May, 2012

**Dr. MURALI K. DIVI**  
Chairman & Managing Director

#### 4. GENERAL BODY MEETINGS

Particulars of last three Annual General Meetings :

AGM	Year ended	Venue	Date & Time	Special Resolutions Passed
21 <sup>st</sup>	31.03.2011	KLN Prasad Auditorium, FAPCCI Premises, 11-6-841, Red Hills, Hyderabad - 500 004	08.08.2011 10 AM	NIL
20 <sup>th</sup>	31.03.2010		13.08.2010 10 AM	Re-appointment of Dr.P.Gundu Rao as Director (R&D) of the Company.
19 <sup>th</sup>	31.03.2009		17.08.2009 10 AM	NIL

#### SPECIAL RESOLUTIONS THROUGH POSTAL BALLOT

No special resolutions have been passed through postal ballot during the year.

The Company sought approval through Postal Ballot dated 07.03.2012 from the Members for re-appointment and revision in remuneration of Mr. Madhusudana Rao Divi as Director - Projects and Mr. Kiran S. Divi as Director & President - Operations of the Company; and Enhancement of remuneration of Dr. Murali K. Divi, Chairman & Managing Director and Mr. N. V. Ramana, Executive Director of the Company. Mr. V. Bhaskara Rao, Practicing Company Secretary has been appointed as Scrutinizer for conducting Postal Ballot. The results were declared on 20<sup>th</sup> April 2012. Since, the resolution is passed and approved by Members in the financial year 2012-13, details of results will be taken into consideration in the next Annual Report.

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

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

## 5. DISCLOSURES

### A) Disclosures on Materially Significant Related Party Transactions

The Company does not have any related party transactions, which may have potential conflict with the interest of the Company. Other related party transactions have been reported at item No.13 of Notes on Accounts (Note No.31). The Register of Contracts containing transactions, in which Directors are interested, is placed before the Board regularly.

### B) Cases of Non-Compliances / Penalties

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

### C) Risk Management

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

### D) Whistle Blower Policy

To strengthen its policy of corporate transparency, the company has established an innovative and empowering mechanism for employees. Employees can report to the management their concerns about unethical behaviour, actual or suspected fraud or violation of the company's code of conduct or ethics policy.

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

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

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

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

## 6. MEANS OF COMMUNICATION

Quarterly, half-yearly and annual financial results of the Company are communicated to the Stock Exchanges immediately after the same are considered by the Board and are published in the all India editions of Financial Express and Hyderabad edition of Andhra Prabha. The results and official news releases of the Company are also made available on the Company's website, i.e. [www.divislaboratories.com](http://www.divislaboratories.com).

## 7. MANAGEMENT DISCUSSION AND ANALYSIS

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

## 8. GENERAL SHAREHOLDER INFORMATION

Annual General Meeting	Date: 6th August 2012 Time: 10.00 A.M.	Stock Code	<b>BSE - 532488</b> <b>NSE - DIVISLAB</b>
Venue	KLN Prasad Auditorium, FAPCCI Premises, 11-6-841, Red Hills, Hyderabad - 500 004	ISIN No	<b>INE361B01024</b>
Financial Year	1 <sup>st</sup> April 2011 to 31 <sup>st</sup> March 2012	The Company has paid listing fees for 2011-12 to both the above stock exchanges	
Book Closure Date	30th July 2012 to 3rd August 2012		
Dividend payment date	21st August 2012		
Listing on Stock Exchanges	a) Bombay Stock Exchange Ltd. b) National Stock Exchange of India Limited		

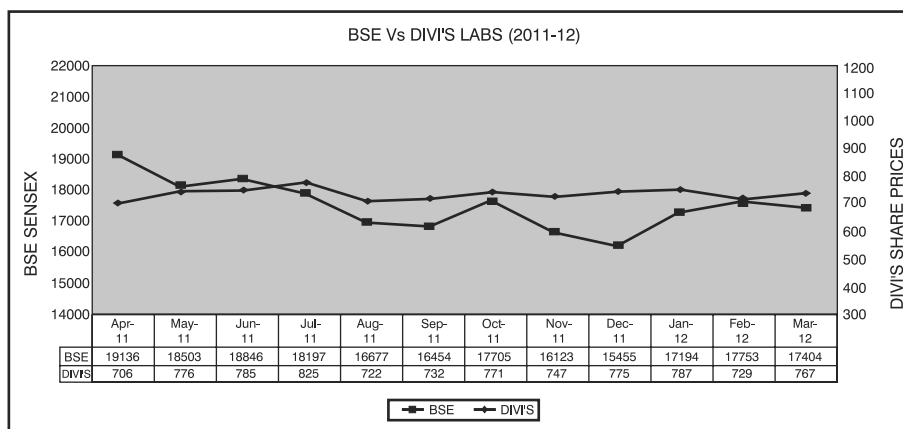


## 9. MARKET PRICE DATA

Monthly high and low quotations as well as the volume of shares traded at Bombay and National Stock Exchanges for the financial year 2011-12 are as follows:

Month	Bombay Stock Exchange			National Stock Exchange		
	Low	High	Volume	Low	High	Volume
Apr-11	668.00	724.50	746980	617.00	730.00	2331191
May-11	672.10	777.40	3379657	672.30	777.00	11295081
Jun-11	715.00	806.90	383556	712.20	806.00	4628476
Jul-11	781.90	842.50	320594	783.00	841.90	3518799
Aug-11	690.00	831.90	347686	690.05	833.85	3006121
Sep-11	701.05	763.00	301396	701.90	764.70	2252222
Oct-11	711.00	777.75	158614	704.60	778.00	1981776
Nov-11	695.00	785.40	239293	693.10	778.95	2914260
Dec-11	715.00	790.00	221155	710.95	789.50	3119567
Jan-12	753.45	825.30	332134	694.00	822.35	3417686
Feb-12	711.00	799.00	424988	710.60	798.90	4924270
Mar-12	714.00	771.00	230519	715.05	772.05	3053524

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



## 10. UNCLAIMED DIVIDEND AMOUNTS

In spite of periodic reminders to members during the last year, the following dividend amounts continue to remain unclaimed as at 31<sup>st</sup> March, 2012 :

Financial Year	No. of warrants unclaimed	Unclaimed Dividend (Rs in Lakhs)
2004-2005	229	3.34
2005-2006	219	2.83
2006-2007	342	3.32
2007-2008	1446	4.29
2008-2009	1202	6.33
2009-2010	1047	5.91
2010-2011	1023	13.68

Members who did not encash their warrants or whose warrants are lost / misplaced are advised to get in touch with the Company Secretary and obtain duplicate dividend warrants.

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

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

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

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

Financial Year ended	Date of declaration of dividend	Due for transfer to IEPF on
31.03.2005	22.08.2005	21.09.2012
31.03.2006	02.09.2006	01.10.2013
31.03.2007	17.03.2007	16.04.2014
31.03.2008	16.08.2008	15.09.2015
31.03.2009	17.08.2009	16.09.2016
31.03.2010	13.08.2010	12.09.2017
31.03.2011	08.08.2011	07.09.2018

## 12. SHARE TRANSFER SYSTEM

The Share Transfer Committee approves transfer of shares in physical mode. The Company's RTA transfers the shares within 30 days of receipt of request. Dematerialization is done within 20 days of receipt of request along with the shares through the Depository Participant of the shareholder. The Share Transfer Committee / Grievance Committee generally meets once in a fortnight for approving 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

Category	As on 31 <sup>st</sup> March 2012				As on 31 <sup>st</sup> March 2011			
	No. of Members		No. of Shares		No. of Members		No. of Shares	
	Total	%	Total	%	Total	%	Total	%
1 - 5000	38517	97.26	4549986	3.43	31245	96.76	4080940	3.08
5001 - 10000	451	1.14	1780556	1.34	492	1.52	1942502	1.46
10001 - 20000	249	0.63	1913914	1.44	230	0.71	1803571	1.36
20001 - 30000	94	0.24	1201013	0.90	75	0.23	956827	0.72
30001 - 40000	42	0.11	740222	0.56	44	0.14	778273	0.59
40001 - 50000	33	0.08	755455	0.57	28	0.09	630961	0.48
50001 - 100000	74	0.19	2726836	2.05	67	0.21	2387080	1.80
100001 - above	143	0.36	119066308	89.70	109	0.34	120014956	90.51
<b>TOTAL</b>	<b>39603</b>	<b>100</b>	<b>132734290</b>	<b>100</b>	<b>32290</b>	<b>100</b>	<b>132595110</b>	<b>100</b>

## 14. (I) SHAREHOLDING PATTERN

Category	As on 31.03.2012		As on 31.03.2011	
	No. of shares	% to share capital	No. of shares	% to share capital
Promoters	69222100	52.15	69222900	52.21
Mutual Funds and UTI	22506892	16.96	17492497	13.19
Banks/Financial institutions	503278	0.38	834652	0.63
Foreign Institutional Investors	12761845	9.61	20306327	15.31
Private Corporate Bodies	14502556	10.93	11535922	8.70
Indian Public	11190796	8.43	11114870	8.39
Non-Resident Indians/ Overseas Corporate Bodies	1098975	0.83	1164758	0.88
Clearing Members	237765	0.18	190626	0.14
Trusts	613	0.00	1098	0.00
Directors (Not having control over the Company)	709470	0.53	731460	0.55
<b>Grand Total</b>	<b>132734290</b>	<b>100</b>	<b>132595110</b>	<b>100</b>

## (II) SHAREHOLDING PROFILE

Mode of Holding	As on 31.03.2012			As on 31.03.2011		
	No. of Holders	No. of shares	% to Equity	No. of Holders	No. of shares	% to Equity
Demat	39509	131861370	99.34	32180	69829690	52.66
Physical	94	872920	0.66	110	62765420	47.34
<b>Total</b>	<b>39603</b>	<b>132734290</b>	<b>100</b>	<b>32290</b>	<b>132595110</b>	<b>100</b>

## 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 Depository Registrar are confirmed within the statutory period.

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

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

As on March 31, 2012, 99.34 % 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. PLANT LOCATIONS

<b>Choutuppal Unit :</b> Lingojigudem Village, Choutuppal Mandal Nalgonda Dist. (A.P.), Pin Code - 508 252.	<b>100% EOU-Chippada :</b> Chippada Village Bheemunipatnam Mandal Visakhapatnam Dist. (A.P.) Pin Code - 531 163	<b>Divi's Pharma SEZ :</b> Chippada Village Bheemunipatnam Mandal Visakhapatnam Dist.(A.P.) Pin Code - 531 163	<b>DSN SEZ Unit :</b> Chippada Village Bheemunipatnam Mandal, Visakhapatnam Dist. (A.P.) Pin Code - 531 163
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**18. CORRESPONDENCE ADDRESS****Depository Registrar and Transfer Agent**

M/s. Karvy Computershare Private Limited  
Plot No 17-24, Vittal Rao Nagar,  
Madhapur, Hyderabad - 500 081  
Phone No. 040-44655000, Fax : 040-23420814  
Toll Free No. : 1800-3454-001  
Email : [einward.ris@karvy.com](mailto:einward.ris@karvy.com)

**Company Secretary & Compliance Officer**

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

For and on behalf of the Board

Visakhapatnam  
12<sup>th</sup> May, 2012

**Dr. MURALI K. DIVI**  
Chairman & Managing Director

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

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

- a. We have reviewed balance sheet and statement of profit and loss (consolidated and unconsolidated) and notes on accounts as well as the cash flow statements and the directors' report :
  - i. do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - ii. together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b. There are no transactions entered into by the company during the year which are fraudulent, illegal or violative of the company's code of conduct.
- c. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- d. We have indicated to the auditors and the Audit committee
  - i. significant changes in internal control over financial reporting during the year;
  - ii. significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - iii. instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.

For Divi's Laboratories Limited

Visakhapatnam  
12.05.2012

**Dr. MURALI K. DIVI**      **L. KISHOREBABU**  
Chairman and Managing Director      Chief Financial Officer

### CERTIFICATE

To

The Members of

#### ***DIVI'S LABORATORIES LIMITED***

We have examined the compliance of the conditions of corporate governance by *DIVI'S LABORATORIES LIMITED*, for the year ended on 31st March, 2012, as stipulated in clause 49 of the Listing Agreements of the said 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 a review of the procedures and implementation thereof, adopted by the company for ensuring the compliance with the conditions of the Corporate Governance as stipulated in the said clause. 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, and based on the representations made by the Directors and the Management, we certify that the company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreements.

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

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

**P.V.R.K. NAGESWARA RAO**  
Partner  
Membership No. 18840

Vishakapatnam  
12-05-2012