

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 31st March 2013 is as follows:

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

*Ceased to be a Director w.e.f. 03.11.2012

**Appointed as an additional Director w.e.f. 03.11.2012

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 12th May 2012, 4th August 2012, 3rd November 2012 and 2nd February 2013. Director's attendance at the Board and General Meetings held during the financial year 2012-13 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	Director-ships	Committee Member-ships	Committee Chairman-ships
	Held	Attended				
Dr. Murali K. Divi	4	4	Yes	7	1	-
Sri. N. V. Ramana	4	4	Yes	2	-	-
Sri. Madhusudana Rao Divi	4	4	No	-	-	-
Sri. Kiran S. Divi	4	4	Yes	3	-	-
Dr. K. Satyanarayana	4	4	Yes	-	-	-
Sri. S. Vasudev	4	4	Yes	-	-	-
Sri. G. Venkat Rao*	4	3	Yes	1	-	-
Prof. C. Ayyanna	4	4	Yes	-	-	-
Dr. G. Suresh Kumar	4	4	No	-	-	-
Sri. R. Ranga Rao**	4	2	No	-	-	-

*Ceased to be a Director w.e.f. 03.11.2012

**Appointed as an additional Director w.e.f. 03.11.2012

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

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

Name of the Director	Dr. G. Suresh Kumar	Mr. Madhusudana Rao Divi	Mr. R. Ranga Rao
Date of Appointment	10.03.2001	14.10.1994	03.11.2012
Date of Birth	22.01.1951	14.01.1944	10.07.1951
Qualifications	MBBS from Gandhi Medical College, Hyderabad. M.S. (General Surgery) from Gulbarga University, Karnataka.	Post-graduate degree in Structural Engineering from Mysore University, Karnataka.	Post-graduate degree in Pharmacy from College of Pharmacy, Manipal, Karnataka.
Expertise in specific functional areas	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.	Started his career as a Senior Engineer with M/s Howe India and had executed several offshore construction contracts such as Vizag Outer Harbour Project. In 1975, he joined M/s. Towell Construction Company and has executed large 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 looks after Environment Management, project implementation, production planning and regulatory affairs. He is responsible for successfully implementing the new Projects of the company, Plant upgradation to comply with FDA requirements, Environment management and over-seeing logistics at Plant.	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 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.
Directorships held in other companies	Not a Director in any other Company.	Not a Director in any other Company.	Not a Director in any other Company.
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	Holding 500 equity shares of the company as on 31 st March 2013.	Not applicable.	Not holding any equity shares of the company as on 31 st March 2013.

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 12th May 2012, 4th August 2012, 3rd November 2012 and 2nd February 2013.

Name	Designation	No. of Meetings Held	No. of Meetings Attended
Sri. S. Vasudev	Chairman	4	4
Dr. G. Suresh Kumar	Member	4	4
Sri. R. Ranga Rao	Member	4	1

Note : 1. Mr. G. Venkata Rao was member of the Committee upto 3rd November, 2012 and he attended all the meetings of the Committee held during his tenure. Mr. Ranga Rao was appointed as member of the Committee in his place.

2. Mr. S. Vasudev was appointed as Chairman of the Committee in place of Mr. G. Venkata Rao, who was the former Chairman of the Committee.

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 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 once during the year on 12th May 2012 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	1	1
Sri. S. Vasudev	Member	1	1
Prof. C. Ayyanna	Member	1	1
Sri. G. Venkat Rao*	Member	1	1
Sri. R. Ranga Rao**	Member	1	-

*Ceased to be a Director w.e.f. 03.11.2012

**Appointed as an additional Director w.e.f. 03.11.2012

Details of Remuneration to Executive Directors

Name	Salary	PF	Perks	Commission	Total
Dr. Murali K. Divi	90.00	10.80	14.96	2529.92	2645.68
Sri. N.V. Ramana	84.00	10.08	12.15	1264.96	1371.19
Sri. D. Madhusudana Rao	78.00	9.36	12.00	-	99.36
Sri. Kiran S. Divi	78.00	9.36	14.74	843.31	945.41
Total	330.00	39.60	53.85	4638.19	5061.64

(Rs. in Lakhs)

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 2012-13 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	1.80
Sri. G. Venkat Rao*	Director	3000	1.40
Prof. C. Ayyanna	Director	Nil	1.00
Dr. G. Suresh Kumar	Director	500	1.60
Sri. R. Ranga Rao**	Director	Nil	0.60

*Ceased to be a Director w.e.f. 03.11.2012

**Appointed as an additional Director w.e.f. 03.11.2012

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, 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 met 6 times on 4th June 2012, 22nd June 2012, 2nd July 2012, 25th July, 2012, 3rd September 2012 and 21st December 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	6	6
Sri. N.V. Ramana	Member	6	6
Sri. L. Kishore Babu	Member	6	5

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 36 complaints 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 31.03.2013.

CEO and CFO Certification

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

Code of ethics and business conduct

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

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

I hereby confirm that the company has obtained from all the members of the board and senior management, affirmation that they have complied with the code of ethics and business conduct for directors and senior management in respect of the financial year 2012-13.

For and on behalf of the Board of Directors

Hyderabad
20th May 2013

Dr. MURALI K. DIVI
Chairman and Managing Director

4. GENERAL BODY MEETINGS

Particulars of last three Annual General Meetings:

AGM	Year ended	Venue	Date & Time	Special Resolutions passed for
22 nd	31.03.2012	KLN Prasad Auditorium, FAPCCI Premises, 11-6-841, Red Hills, Hyderabad – 500 004	06.08.2012 10 AM	Appointment of a relative of Director to an office or place of profit U/s 314.
21 st	31.03.2011		08.08.2011 10 AM	NIL
20 th	31.03.2010		13.08.2010 10 AM	Re-appointment of Dr.P.Gundu Rao as Director (R&D) of the Company.

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 20th April 2012.

The results of the postal ballot as per the report dated 20th April, 2012 submitted by Mr. V. Bhaskara Rao, Scrutinizer are as follows:

RESOLUTION 1 - Ordinary Resolution for re-appointment and revision in remuneration of Mr. Madhusudana Rao Divi as Director - Projects of the Company:

Particulars	Number of Members	Number of Votes	Percentage of Votes
Total Postal Ballots received	911	93790723	100.00
·Postal Ballots - Valid	894	93786870	99.996
·Postal Ballots - Invalid	17	3853	0.004
Postal Ballots - in favour of the Resolution	831	93781714	99.995
Postal Ballots - against the Resolution	63	5156	0.005

RESOLUTION 2 - Ordinary Resolution for re-appointment and revision in remuneration of Mr. Kiran S. Divi as Director & President-Operations of the Company:

Particulars	Number of Members	Number of Votes	Percentage of Votes
Total Postal Ballots received	911	93790723	100.00
·Postal Ballots - Valid	894	93786870	99.996
·Postal Ballots - Invalid	17	3853	0.004
Postal Ballots - in favour of the Resolution	823	93622482	99.825
Postal Ballots - against the Resolution	71	164388	0.175

RESOLUTION 3 - Ordinary Resolution for enhancement of remuneration of Dr. Murali K. Divi, Chairman & Managing Director of the Company:

Particulars	Number of Members	Number of Votes	Percentage of Votes
Total Postal Ballots received	911	93790723	100.00
·Postal Ballots - Valid	894	93786870	99.996
·Postal Ballots - Invalid	17	3853	0.004
Postal Ballots - in favour of the Resolution	806	93613374	99.815
Postal Ballots - against the Resolution	88	173496	0.185

RESOLUTION 4 - Ordinary Resolution for enhancement of remuneration of Mr. N. V. Ramana, Executive Director of the Company:

Particulars	Number of Members	Number of Votes	Percentage of Votes
Total Postal Ballots received	911	93790723	100.00
·Postal Ballots - Valid	894	93786870	99.996
·Postal Ballots - Invalid	17	3853	0.004
Postal Ballots - in favour of the Resolution	805	93613137	99.815
Postal Ballots - against the Resolution	89	173733	0.185

The Resolution Nos. 1, 2, 3 and 4, were accordingly carried by the requisite majority.

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

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

5. DISCLOSURES

A) Disclosures on Materially Significant Related Party Transactions

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

B) Cases of Non-Compliances / Penalties

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

C) Risk Management

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

D) Whistle Blower Policy

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

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.

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 : 5 th August, 2013 Time: 10.00 AM
Venue :	KLN Prasad Auditorium, FAPCCI Premises, 11-6-841, Red Hills, Hyderabad - 500 004
Financial Year :	1 st April, 2012 to 31 st March, 2013
Book Closure Date :	29 th July, 2013 to 2 nd August, 2013
Dividend payment date :	19 th August, 2013
Listing on Stock Exchanges :	a) BSE Limited b) National Stock Exchange of India Limited
Stock Code :	BSE - 532488 NSE - DIVISLAB
ISIN No :	INE361B01024

The Company has paid listing fees for the year 2013-14 to both the above Stock Exchanges.

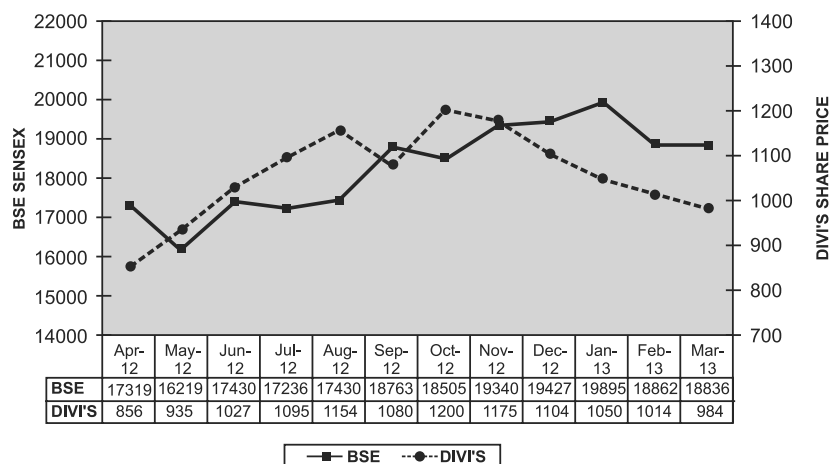
9. MARKET PRICE DATA

Monthly high and low quotations as well as the volume of shares traded at BSE and National Stock Exchanges for the financial year 2012-13 are as follows:

Month	BSE Limited			National Stock Exchange		
	Low	High	Volume	Low	High	Volume
Apr-12	752.05	861.70	338399	748.30	861.95	3390690
May-12	810.10	951.00	709944	810.00	950.80	5437349
Jun-12	898.30	1033.00	300902	898.95	1033.00	4084982
Jul-12	1011.00	1113.00	395386	1010.00	1113.75	3463008
Aug-12	1090.00	1201.00	536298	1090.10	1201.70	4877593
Sep-12	1025.20	1175.00	694656	1025.00	1175.00	5976316
Oct-12	1084.70	1202.00	416329	1084.45	1201.00	4914990
Nov-12	1101.55	1233.00	324602	1104.00	1234.40	9524848
Dec-12	1046.00	1195.00	2245205	1045.00	1198.00	5446277
Jan-13	1005.15	1118.75	445125	1005.00	1119.30	3200248
Feb-13	994.65	1120.00	169363	994.00	1079.35	2626460
Mar-13	925.00	1056.00	157127	924.45	1058.40	3387454

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

BSE Vs DIVISLAB (2012-13)



10. UNCLAIMED DIVIDEND AMOUNTS

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

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

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

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

Financial Year	Date of declaration of dividend	Amount outstanding as on 31.03.2013 (Rs. In lakhs)	Due for transfer to IEPF on
2005-2006	02.09.2006	2.82	01.10.2013
2006-2007	17.03.2007	3.30	16.04.2014
2007-2008	16.08.2008	4.23	15.09.2015
2008-2009	17.08.2009	6.30	16.09.2016
2009-2010	13.08.2010	5.82	12.09.2017
2010-2011	08.08.2011	12.58	07.09.2018
2011-2012	06.08.2012	8.03	05.09.2019

11. SHARE TRANSFER SYSTEM

The Share Transfer Committee approves transfer of shares in physical mode. The Company's RTA transfers the shares within 15 days of receipt of request. Dematerialization is done within 15 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.

12. DISTRIBUTION OF SHAREHOLDING

Category	As on 31 st March 2013				As on 31 st March 2012			
	No. of Members		No. of Shares		No. of Members		No. of Shares	
	Total	%	Total	%	Total	%	Total	%
1 - 5000	33759	96.85	4209666	3.17	38517	97.26	4549986	3.43
5001 - 10000	428	1.23	1706318	1.28	451	1.14	1780556	1.34
10001 - 20000	254	0.73	1948166	1.47	249	0.62	1913914	1.44
20001 - 30000	93	0.27	1175694	0.89	94	0.24	1201013	0.90
30001 - 40000	45	0.13	784540	0.59	42	0.11	740222	0.56
40001 - 50000	40	0.11	910315	0.69	33	0.08	755455	0.57
50001 - 100000	89	0.25	3266947	2.46	74	0.19	2726836	2.05
100001 - above	149	0.43	118732644	89.45	143	0.36	119066308	89.71
TOTAL	34857	100	132734290	100	39603	100	132734290	100

13. (I) SHAREHOLDING PATTERN

Category	As on 31.03.2013		As on 31.03.2012	
	No. of shares	% to share capital	No. of shares	% to share capital
Promoters	69222100	52.15	69222100	52.15
Mutual Funds and UTI	17599044	13.26	22506892	16.96
Banks/Financial institutions	70178	0.05	503278	0.38
Foreign Institutional Investors	18597857	14.01	12761845	9.61
Private Corporate Bodies	14893368	11.22	14502556	10.93
Indian Public	10008144	7.54	11190796	8.43
Non-Resident Indians/ Overseas Corporate Bodies	1045130	0.79	1098975	0.83
Clearing Members	428252	0.32	237765	0.18
Trusts	203247	0.15	613	0.00
Directors (Not having control over the Company)	666970	0.51	709470	0.53
Grand Total	132734290	100	132734290	100

(II) SHAREHOLDING PROFILE

Mode of Holding	As on 31.03.2013			As on 31.03.2012		
	No. of Holders	No. of shares	% to Equity	No. of Holders	No. of shares	% to Equity
Demat	34781	132008575	99.45	39509	131861370	99.34
Physical	76	725715	0.55	94	872920	0.66
Total	34857	132734290	100	39603	132734290	100

14. DEMATERIALIZATION OF SHARES AND LIQUIDITY

The Company's shares have been mandated for compulsory trading in demat form. Valid demat requests received by the Company's Depository Registrar are confirmed within the statutory period.

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

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

As on March 31, 2013, 99.45 % of the shares were in demat mode.

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

We have no GDRs/ADRs or any commercial instrument.

16. PLANT LOCATIONS

Choutuppal Unit :

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

Export Oriented Unit :

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

Divi's Pharma SEZ :

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

DSN SEZ Unit :

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

17. CORRESPONDENCE ADDRESS

Depository Registrar and Transfer Agent

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

Company Secretary & Compliance Officer

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

For and on behalf of the Board of Directors

Hyderabad
20th May 2013

Dr. MURALI K. DIVI
Chairman and 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

Hyderabad
20.05.2013

Dr. MURALI K. DIVI **L. KISHORE BABU**
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, 2013, as stipulated in clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

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 the above mentioned Listing Agreement.

We 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

Hyderabad
20.05.2013