

Corporate Governance

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Corporate governance is the system by which business corporations are directed and controlled. The corporate governance structure specifies the distribution of rights and responsibilities among different participants in the corporation, such as, the board, managers, shareholders and other stakeholders, and spells out the rules and procedures for making decisions on corporate affairs. Corporate governance is used to monitor whether outcomes are in accordance with plans and to motivate the organization to be more fully informed in order to maintain or alter organizational activity. It is the mechanism by which individuals are motivated to align their actual behaviors with the overall participants. It further inspires and strengthens investor's confidence by ongoing commitment to overall growth of the Company.

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. In accordance with

the clause 49 of the Listing Agreement, a report in line with the requirement of the stock exchanges, on the practices followed by the company and other voluntary compliances is given below.

2. BOARD OF DIRECTORS

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. The Company Secretary, in consultation with the Chairman and Managing Director, will prepare the agenda for the meeting. Information and data that are more important to the Board's understanding of the business in general and related matters tabled for discussion. The Agenda and relevant enclosures are distributed to the members of the Board sufficiently in advance of the meeting. Sensitive Material, however, is presented for discussion at the meeting only. The meetings of the Board of Directors are generally held at Company's Registered Office at Hyderabad, and are scheduled well in advance.

2.1 Composition

As at 31st March, 2008, the Board comprised of ten directors, five of whom are Executive and remaining are non-executive independent directors. The category of directors as on 31st March 2008 is as follows:

Sl. No.	Name of the Director	Status / Designation	Category
1.	Dr Murali K. Divi	Chairman and Managing Director	Promoter and Executive Director
2.	Sri N V Ramana	Executive Director	Executive Director
3.	Sri Madhusudana Rao Divi	Director (Projects)	Executive Director
4.	Dr P Gundu Rao	Director (R&D)	Executive Director
5.	Sri Kiran S Divi	Director (Business Development)	Executive Director
6.	Dr K Satyanarayana	Director	Non-executive Independent Director
7.	Sri S Vasudev	Director	Non-executive Independent Director
8.	Sri G Venkat Rao	Director	Non-executive Independent Director
9.	Prof C Ayyanna	Director	Non-executive Independent Director
10.	Dr G Suresh Kumar	Director	Non-executive Independent Director

2.2 Number & Dates of Board Meetings held during the year :

During the financial year the Board has met six times, i.e. on 23rd May 2007, 10th July 2007, 30th July 2007, 27th September 2007, 27th October 2007 and 28th January 2008. Director's attendance at the Board and General Meetings held during the financial year 2007-08 and number of other Directorship and Chairmanship/ Membership of Committees of each Director in various companies is as follows:

Sl. No.	Name of the Director	Attendance Particulars			No. of Directorships and Committee member/chairmanship in other Companies		
		No. of Board Meetings held	No. of Board Meetings attended	Last AGM	Directorships	Committee Memberships	Committee Chairmanships
1.	Dr Murali K. Divi	6	6	Yes	3	1	-
2.	Sri N V Ramana	6	6	Yes	1	-	-
3.	Sri Madhusudana Rao Divi	6	5	Yes	-	-	-
4.	Dr P Gundu Rao	6	5	Yes	-	-	-
5.	Sri Kiran S. Divi	6	6	Yes	1	-	-
6.	Dr K Satyanarayana	6	5	Yes	-	-	-
7.	Sri S Vasudev	6	4	No	-	-	-
8.	Sri G Venkat Rao	6	6	Yes	1	-	-
9.	Prof C Ayyanna	6	4	No	-	-	-
10.	Dr G Suresh Kumar	6	6	Yes	-	-	-

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.

Re-appointment of Directors:

There are no changes in directors since last annual general meeting.

Brief resume of the directors retiring by rotation and seeking re-appointment:

Mr. G. Venkata Rao is a Science graduate from Andhra University, post-graduate in Law from Osmania University and is a Fellow Member of the Institute of Chartered Accountants of India. Mr. Rao started his career with Canara Bank in 1962 as Inspecting Officer and had diverse experience with the Bank for about 30 years. He was Finance director of a paper mill as a nominee of the Bank and was also Managing Director of Canfin Homes Limited, Bangalore. Between 1992-1997, he was the Chairman and Chief Executive of The Lakshmi Vilas Bank Limited. He was member of the Managing Committee of Indian Banks Association, member of the Governing Board of Southern Indian Bank's Staff Training College and member of the Managing Committee of Private Bankers Association. Presently, Mr. G. Venkata Rao is the Finance Director of Biological E.Limited.

He is Chairman of the Audit Committee and Review Committee of the company.

Prof. C. Ayyanna holds a B.Tech degree in Chemical Engineering from Andhra University in 1965 and Ph.D., from Indian Institute of Science, Bangalore. He joined the faculty of Chemical Engineering at Andhra

University, Visakhapatnam in 1974 and was elevated as Professor of Chemical Engineering in 1987. He is a Fellow of the Institution of Engineers (India), a Member of the Indian Institute of Chemical Engineers and also a Fellow of the Andhra Pradesh Academy of Sciences, Hyderabad. Prof. Ayyanna has undertaken research work relating to chemical engineering and biotechnology and associated with a number of technical papers and conducted several National seminars, summer programmes. He visited several universities in USA under the Indo-US Scientists Exchange program and several countries for presenting technical papers and conducting training programmes. Presently Prof. Ayyanna is Principal, Al-Amir College of Engineering and Technology, Visakhapatnam.

He is a not a Director in any other Companies.

He is a member of the Remuneration Committee of your Company.

Sri Madhusudhana Rao Divi is a post-graduate in Structural Engineering from Mysore University. He 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 off-shore and on-shore construction projects.

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Sri Rao Divi looks after Environment Management, project implementation, production planning and regulatory affairs. Sri Rao Divi is responsible for successfully implementing the new Projects under capital expenditure plans of the company, Plant up-gradation to comply with FDA requirements, Environment management and overseeing logistics at Plant.

He is not a Director in any other Companies

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 the transparency, integrity and quality of financial reporting. The Committee comprising of three Independent Directors, met five times during the year, i.e. on 23rd May 2007, 30th July 2007, 27th September 2007, 27th October 2007 and 28th January 2008.

Name	Designation	No. of Meetings	
		Held	Attended
Mr. G. Venkat Rao	Chairman	5	5
Mr. S. Vasudev	Member	5	4
Dr. G. Suresh Kumar	Member	5	5

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 and representatives of Statutory Auditors of the Company.

Terms of reference to the Audit Committee include the following:

- To oversee the Company's financial information disclosure, review the adequacy of internal control systems.

- To hold periodic discussions with the Statutory Auditors of the Company concerning the accounts of the company, internal control systems, scope and observations of the Auditors.
- To review the un-audited financial statements before submission to the Board.
- To investigate into any matter in relation to items specified in Section 292A of the Companies Act, 1956 or as may be referred to it by the Board and for this purpose to seek any relevant information contained in the records of the Company and also seek external professional advice, if necessary.
- To make recommendations to the Board on any matter relating to the financial management of the Company, including the Audit report.

b) Remuneration and Compensation Committee

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

The said committee met once during the year on 23rd May, 2007 and the attendance of each member of the Committee is as follows:

Name	Designation	No. of Meetings	
		Held	Attended
Dr. K. Satyanarayana	Chairman	1	1
Mr. S. Vasudev	Member	1	1
Prof. C. Ayyanna	Member	1	1

DETAILS OF REMUNERATION TO DIRECTORS

Executive Directors:

(Rs. in Lakhs)

Name	Salary	PF	Perks	Commision	Options Value	Total	Stock Options Outstanding (Nos.)
Dr. Murali K. Divi	72.00	8.64	19.68	1224.98	—	1325.30	Nil
Sri. N V Ramana	60.00	7.20	15.25	612.49	89.44	784.38	189360*
Sri D Madhusudana Rao	48.00	5.76	14.78	—	—	68.54	Nil
Dr. P Gundu Rao	20.40	0.66	5.17	—	17.46	43.69	36960*
Sri. Kiran S. Divi	48.00	5.76	14.40	—	—	68.16	Nil
Total	248.40	28.02	69.28	1837.47	106.90	2290.07	

*To be exercised in subsequent years as per ESOP Scheme.

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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 2007-08 is as follows:

Sl. No.	Name of the Non-Executive Directors	Designation	No. shares held	Sitting Fees (Rs. in Lakhs)
01	Dr K Satyanarayana	Director	5000	1.20
02	Sri S Vasudev	Director	Nil	1.80
03	Sri G Venkat Rao	Director	1500	2.20
04	Prof C Ayyanna	Director	Nil	1.00
05	Dr G Suresh Kumar	Director	Nil	2.20

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 10 times on 16th April 2007, 30th May 2007, 7th July 2007, 9th August 2007, 18th December 2007, 26th December 2007, 2nd January 2008, 7th February 2008, 12th February 2008 and 17th March 2008 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	Attended
Dr. G. Suresh Kumar	Chairman	10	10
Mr. N. V. Ramana	Member	10	9
Mr. L. Kishore Babu	Member	10	10

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

Complaints / Grievances received and attended

During the year under review, complaints received from investors were replied / resolved to the satisfaction of the investors as follows:

Sl.No.	Particulars	Opening	Received	Resolved	Pending
1.	Share Certificate / Annual Report & Others	0	31	31	0
2.	Dividend Related	0	20	20	0

Disclosure on legal proceedings pertaining to shares

There are no pending cases pertaining to shares as on 31.03.2008.

Review Committee

The role of Review Committee is to consider and approve the un-audited financial results, the audited financial results and the limited review report.

The said committee met once during the year on 22nd November 2007 and the attendance of each member of the Committee is as follows:

Name	Designation	No. of Meetings	
		Held	Attended
Mr. G. Venkata Rao	Chairman	1	1
Dr. Murali K. Divi	Member	1	1
Dr. P. Gundu Rao	Member	1	1
Dr. K. Suresh Kumar	Member	1	1
Mr. N. V. Ramana	Member	1	1
Mr. Kiran S. Divi	Member	1	1

The Company Secretary is the Secretary of the Committee.

Code of ethics and business conduct

The Board at its meeting held on 28th January 2005, 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 2007-08.

For and on behalf of the Board of Directors

Hyderabad
7th June, 2008

Dr. Murali K. Divi
Chairman and Managing Director

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4. GENERAL BODY MEETINGS

Particulars of last three Annual General Meetings:

AGM	Year ended	Venue	Date & Time	Special Resolutions Passed
17 th	31.03.2007	KLN Prasad Auditorium, FAPCCI Premises, 11-6-841, Red Hills, Hyderabad – 500 004	03.09.2007 10 A.M	NIL
16 th	31.03.2006		02.09.2006 10 A.M	1.Re-appointment of Mr. Madhusudhana Rao Divi as Director (Projects) and Mr. Kiran S. Divi as Director (Business Development) of the Company. 2. Increase of remuneration payable to Mr N V Ramana, Executive Director and Dr P Gundu Rao, Director (R & D) of the company.
15 th	31.03.2005		22.08.2005 10 A.M	1. Voluntary delisting of shares from Hyderabad Stock Exchange. 2. Re-appointment of Dr. P. Gundu Rao as Director (R&D)

SPECIAL RESOLUTION PASSED THROUGH POSTAL BALLOT:

The Company has sought approval from members through Postal Ballot during the year through Notices dated 17th March, 2007 and 23rd May, 2007 in respect of which results were declared on 19th May, 2007 and 9th July, 2007 respectively.

The details of the Special Resolutions approved through postal ballots are:

a) For increasing the remuneration payable to whole time Directors, as mentioned below, in accordance with the provisions of Sections 198, 269, 309, 310, 314 and other applicable provisions, if any read along with Schedule XIII of the Companies Act, 1956.

Item No.1 : Enhancement of remuneration of Dr Murali K Divi, Chairman and Managing Director

Item No.2 : Enhancement of remuneration of Mr N V Ramana, Executive Director

Item No.3 : Enhancement of remuneration of Mr Madhusudana Rao Divi, Director (Projects)

Item No.4 : Enhancement of remuneration of Mr Kiran S Divi, Director (Business Development)

The results of the postal ballot as per the report dated 19th May, 2007 submitted by Mr. V. Bhaskara Rao, Scrutinizer are as follows:

Particulars	Item No.1	Item No.2	Item No.3	Item No.4
Number of Valid Postal Ballot forms received	439	439	439	439
Votes in favour of the Resolutions	5741961	5741626	5741628	5741598
Votes against the Resolutions	899	1234	1232	1262
% of votes in favour of all the Resolutions	99.98%	99.98%	99.98%	99.98%
Result	Approved by requisite majority	Approved by requisite majority	Approved by requisite majority	Approved by requisite majority

b) For sub-division of equity shares and for re-appointment of a director as described below:

Item No. 1 : Sub division of the 1 (one) Equity share of Rs.10/- each of the Company into 5 (Five) shares of Rs.2/-each commonly known as “Stock Split” and consequential alterations in the existing Clause V being Capital Clause of the Memorandum of Association and Article 4 of the Articles of Association of the Company

Item No.2 : Reappointment and enhancement of remuneration payable to Dr P Gundu Rao, Director (R&D) of the Company

The results of the postal ballot as per the report dated 9th July, 2007 submitted by Mr. V. Bhaskara Rao, Scrutinizer are as follows:

Particulars	Item No.1	Item No.2
Number of Valid Postal Ballot forms received	908	908
Votes in favour of the Resolutions	7697263	7696707
Votes against the Resolutions	93	559
% of votes in favour of all the Resolutions	99.99%	99.99%
Result	Approved by requisite majority	Approved by 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, 2001 and amendments thereto.

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 to Accounts (Schedule - 25). 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

The company is in the process of development of suitable Whistle Blower Policy.

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

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 detail 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 communication 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 prominent English and Telugu newspapers. They 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: 16 th August, 2008 Time: 10 AM
Venue	KLN Prasad Auditorium, FAPCCI Premises, 11-6-841, Red Hills, Hyderabad – 500 004
Financial Year	1 st April 2007 to 31 st March 2008
Book Closure Date	28 th June 2008 to 4 th July 2008
Dividend payment date	On or before 17 th Sep. 2008
Listed on Stock Exchanges	a) Bombay Stock Exchange Ltd. b) National Stock Exchange of India Limited
Stock Code	BSE - 532488 NSE - DIVISLAB
ISIN No	INE361B01024

The Company has paid listing fees for 2008-09 to both the above Stock Exchanges.

9. DEPOSITORY REGISTRAR AND TRANSFER AGENT

M/s. Karvy Computershare Private Limited
Plot No.17-24, Vittal Rao Nagar,
Madhapur, HYDERABAD – 500 081
Phone No. 040-23420815-28
Fax : 040-23420814/857
Email: mailmanager@karvy.com

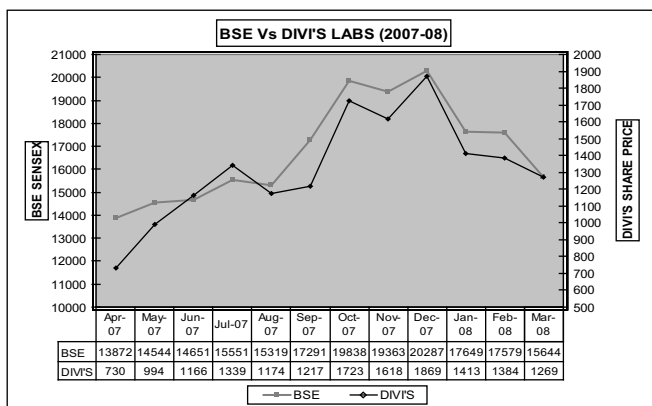
10. MARKET PRICE DATA

Monthly high and low quotations as well as the volume of shares traded at Mumbai and National Stock Exchanges for the financial year 2007-08 are as follows:

Month	Mumbai Stock Exchange			National Stock Exchange			
	Low	High	Volume	Low	High	Volume	
Pre Split	Apr-07	2999.00	3,695.00	485343	2,901.30	3,695.00	1588012
	May-07	3655.25	5050.00	1198183	3653.00	5048.80	2984561
	Jun-07	4725.00	6508.00	1879217	4710.10	6510.00	4133628
	Jul-07	5306.10	7180.00	1772502	5824.40	7175.10	4217213
	Aug-07	6301.00	6842.00	165597	6306.00	6840.00	411381
Post Split *	Aug-07	990.25	1326.90	1836142	990.00	1328.00	6588146
	Sep-07	1145.00	1269.00	992567	1140.00	1267.00	4646322
	Oct-07	1213.30	1780.00	1918686	1144.40	1779.70	7356470
	Nov-07	1436.10	1779.90	1097781	1440.00	1799.00	3927991
	Dec-07	1600.70	1915.00	593769	1633.10	1904.00	2732849
	Jan-08	1100.35	1930.00	711457	1170.00	1929.95	3017745
	Feb-08	1255.05	1536.00	299042	1250.00	1544.80	1645091
Mar-08	1100.00	1419.85	686111	1100.00	1450.00	1362506	

* Effective 10th August, 2007, the quotations for equity shares are on post split basis.

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



11. UNCLAIMED DIVIDEND AMOUNTS

In spite of periodic reminders during the last year, the following dividend amounts continue to remain unclaimed as at 31st March, 2008:

Financial Year	No. of warrants unclaimed	Unclaimed Dividend (Rs in Lakhs)
2000-2001	83	1.81
2001-2002	94	3.12
2002-2003	193	4.37
2003-2004	171	3.90
2004-2005	234	3.51
2005-2006	225	3.36
2006-2007	350	3.87

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.

12. Pursuant to the provisions of Section 205A of the Companies Act, 1956, the dividend for the following

14. DISTRIBUTION OF SHAREHOLDING

Category	As on 31 st March, 2008				As on 31 st March, 2007			
	No. of Members		No. of Shares		No. of Members		No. of Shares	
	Total	%	Total	%	Total	%	Total	%
1 – 5000	25956	97.69	3217433	4.99	9747	93.32	594602	4.61
5001 – 10000	282	1.06	1099423	1.70	329	3.15	261284	2.02
10001 – 20000	137	0.52	1015964	1.57	142	1.36	216789	1.68
20001 – 30000	47	0.18	578923	0.90	61	0.58	153351	1.19
30001 – 40000	24	0.09	441634	0.68	34	0.33	122564	0.95
40001 – 50000	18	0.07	406634	0.63	18	0.17	84103	0.65
50001 – 100000	46	0.17	1665581	2.58	44	0.42	320213	2.48
100001 & above	58	0.22	56131508	86.95	70	0.67	11158514	86.42
TOTAL	26568	100	64557100	100	10445	100	12911420	100

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
31.03.2001	04.06.2001	03.07.2008
31.03.2002	11.03.2002	10.04.2009
31.03.2003	18.08.2003	17.09.2010
31.03.2004	09.08.2004	08.09.2011
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

13. 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 meet once in a fortnight for approving share transfers and for attending to any grievances or complaints received from the members.

15. (i) Shareholding pattern

Category	As on 31.03.2008		As on 31.03.2007	
	No. of shares	% to share capital	No. of shares	% to share capital
Promoters	34584500	53.57	6913000	53.54
Mutual Funds and UTI	8965682	13.89	1714484	13.28
Banks/Financial institutions	32942	0.05	5928	0.04
Foreign Institutional Investors	10080548	15.61	1705999	13.21
Private Corporate Bodies	3070296	4.76	687963	5.33
Indian Public	6594983	10.22	1582452	12.25
Non-Resident Indians / Overseas Corporate Bodies	839814	1.30	208632	1.62
Clearing Members	28145	0.04	9739	0.08
Trusts	82155	0.13	20257	0.16
Directors (Not having control over the Company)	278035	0.43	62766	0.49
Foreign Nationals	0	0	200	0.00
Grand Total	64557100	100	12911420	100

ii) Shareholding profile

Mode of Holding	As on 31.03.2008				As on 31.03.2007			
	No. of Holders	%	No. of shares	%	No. of Holders	%	No. of shares	%
Demat	26429	99.48	33008150	51.13	10242	98.06	6466176	50.08
Physical	139	0.52	31548950	48.87	203	1.94	6445244	49.92
Total	26568	100	64557100	100	10445	100	12911420	100

(iii) 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, 2008, 51.13 % of the shares were in demat mode.

(iv) Plant Location

Unit I : Lingojjudem Village, Choutuppall Mandal
Nalgonda Dist. (A.P.),
Pin Code: 508 252

EOU Unit : Chippada Village, Bheemunipatnam mandal
Visakhapatnam Dist. (A.P.),
Pin Code: 531 162

SEZ : Chippada Village, Bheemunipatnam mandal
Visakhapatnam Dist. (A.P.),
Pin Code: 531 162

16. CORRESPONDENCE ADDRESS

Ms. P.V. Lakshmi Rajani

Company Secretary & Compliance Officer
Divi's Laboratories Limited

'Divi Towers', 7-1-77/E/1/303, Dharam Karan Road,
Ameerpet, Hyderabad – 500 016, INDIA

Phone: 040-2373 1318, 1760 / 61

Fax: 040-2373 3242, email: cs@divilaboratories.com

For and on behalf of the Board of Directors

Hyderabad
7th June, 2008

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 to the best of our knowledge and belief, certify that:

- a. We have reviewed balance sheet and profit and loss account (consolidated and unconsolidated) and all its schedules 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
Date: 7th June 2008

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, 2008, 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

HYDERABAD
Date: 7th June 2008

P V R K NAGESWARA RAO
Partner