

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 are 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 2009, 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 2009 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 19th April 2008, 7th June 2008, 26th July 2008, 16th September 2008, 29th October 2008 and 24th January 2009. Director's attendance at the Board and General Meetings held during the financial year 2008-09 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	4	1	-
2.	Sri N V Ramana	6	6	Yes	1	-	-
3.	Sri Madhusudana Rao Divi	6	6	Yes	-	-	-
4.	Dr P Gundu Rao	6	4	Yes	-	-	-
5.	Sri Kiran S. Divi	6	6	Yes	2	-	-
6.	Dr K Satyanarayana	6	5	Yes	-	-	-
7.	Sri S Vasudev	6	6	No	1	1	1
8.	Sri G Venkat Rao	6	6	Yes	1	-	-
9.	Prof C Ayyanna	6	5	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 during the year.

Brief profile of the directors retiring by rotation and seeking re-appointment :**i) Mr. S. Vasudev**

Mr. S. Vasudev holds a postgraduate degree in Chemical Engineering from Madras University. 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.

Mr. Vasudev joined the company as Director being nominee of IDBI on 01.12.1999 and appointed as director liable to retire by rotation on 9th August 2004. He is also a director in M/s Fatpipe Networks India Limited and not holding any equity shares of the company as on 31st March 2009.

ii) Dr. G. Suresh Kumar

Dr G Suresh Kumar is a Consulting Surgeon and holds an MBBS degree from Gandhi Medical College,

Hyderabad and M.S. (General Surgery) from Gulbarga University, Karnataka. He worked with the Ministry of Health, Government of Algeria between 1978 and 1983. He is a practicing Consultant Surgeon at several multi-speciality hospitals at Hyderabad.

Dr. Suresh Kumar joined the company as Director on 10.03.2001. He is not a director of any other company and not holding any equity shares of the company as on 31st March 2009.

iii) Mr Kiran S Divi

Mr. Kiran S. Divi is a Bachelor of Pharmacy from College of Pharmacy, Manipal. 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.

Mr. Kiran S. Divi has been a whole-time director of the company since 10.08.2001. Mr. Kiran S. Divi is also a Director in M/s. Divi's Biotech Private Limited and M/s. Divi's Resorts Private Limited. He is neither a Member nor Chairman of Committees of other Companies. Mr. Kiran belongs to the promoter-group and holds 35,00,000 equity shares of Rs.2 each of the company.

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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 six times during the year, i.e. on 19th April 2008, 7th June 2008, 26th July 2008, 16th September 2008, 29th October 2008 and 23rd January 2009.

Name	Designation	No. of Meetings	
		Held	Attended
Mr. G. Venkat Rao	Chairman	6	6
Mr. S. Vasudev	Member	6	6
Dr. G. Suresh Kumar	Member	6	6

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 as well as the officials 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 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 and evaluating and recommending plans, policies and programs relating to remuneration of Executive Directors of the Company.

The said committee met five times during the year on 19th April 2008, 7th June 2008, 26th July 2008, 29th October 2008 and 24th January 2009 and the attendance of each member of the Committee is as follows:

Name	Designation	No. of Meetings	
		Held	Attended
Dr K Satyanarayana	Chairman	5	4
Sri S Vasudev	Member	5	5
Prof C Ayyanna	Member	5	5

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	13.42	1466.59	-	1560.65	Nil
Sri. N V Ramana	60.00	7.20	13.16	733.30	51.02	864.68	130185*
Sri D Madhusudana Rao	48.00	5.76	12.00	-	-	65.76	Nil
Dr. P Gundu Rao	19.42	0.62	6.34	-	9.96	36.34	25410*
Sri. Kiran S. Divi	48.00	5.76	13.47	488.86	-	556.09	Nil
Total	247.42	27.98	58.39	2688.75	60.98	3083.52	

*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 2008-09 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	1.80
02	Sri S Vasudev	Director	Nil	3.40
03	Sri G Venkat Rao	Director	1500	2.40
04	Prof C Ayyanna	Director	Nil	2.00
05	Dr G Suresh Kumar	Director	Nil	2.40

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 3 times on 5th June 2008, 15th November 2008 and 22nd December 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	3	3
Mr. N. V. Ramana	Member	3	3
Mr. L. Kishore Babu	Member	3	3

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	9	9	0
2.	Dividend Related	0	45	45	0

Disclosure on legal proceedings pertaining to shares

There are no pending cases pertaining to shares as on 31.03.2009.

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 2008-09.

For and on behalf of the Board of Directors

Hyderabad
6th June 2009

Dr. Murali K. Divi
Chairman & 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
18 th	31.03.2008	KLN Prasad Auditorium, FAPCCI Premises, 11-6-841, Red Hills, Hyderabad – 500 004	16.08.2008 10 A.M	Increase of remuneration payable to Mr Kiran S Divi, Director (Business Development) of the company.
17 th	31.03.2007		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.

No special resolutions were put through postal ballot during the year.

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.14 of Notes to Accounts (Schedule - 24). 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.

The Company has paid listing fees for 2009-10 to both the above Stock Exchanges.

8. GENERAL SHAREHOLDER INFORMATION

Annual General Meeting	Date: 17th August 2009 Time: 10 AM
Venue	KLN Prasad Auditorium, FAPCCI Premises, 11-6-841, Red Hills, Hyderabad – 500 004
Financial Year	1 st April 2008 to 31 st March 2009
Book Closure Date	17th June 2009 to 20th June 2009
Dividend payment date	On or before 16th September 2009
Listing on Stock Exchanges	a) Bombay Stock Exchange Ltd. b) National Stock Exchange of India Limited
Stock Code	BSE - 532488 NSE - DIVISLAB
ISIN No	INE361B01024

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9. DEPOSITORY REGISTRAR AND TRANSFER AGENT

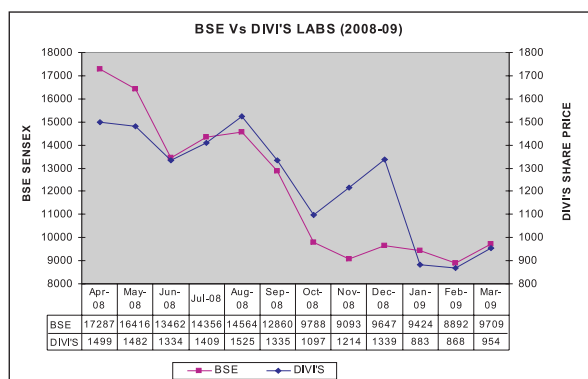
M/s. Karvy Computershare Private Limited
Plot No 17-24, Vittal Rao Nagar,
Madhapur, HYDERABAD – 500 081
Phone No. 040-23420815-28
Fax : 040-23420814/ 23420857
Email: mailmanager@karvy.com

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 2008-09 are as follows:

Month	Mumbai Stock Exchange			National Stock Exchange		
	Low	High	Volume	Low	High	Volume
Apr-08	1224.00	1522.90	599093	1219.95	1524.00	2166421
May-08	1302.00	1560.00	564824	1305.55	1550.00	2475884
Jun-08	1306.65	1634.95	1162055	1301.00	1634.70	3819620
Jul-08	1249.90	1454.70	326155	1245.00	1453.40	1599008
Aug-08	1387.00	1613.80	616714	1381.10	1614.00	2420913
Sep-08	1222.05	1586.00	500374	1228.00	1596.80	4037839
Oct-08	890.15	1350.00	581464	894.05	1355.00	1924906
Nov-08	1080.00	1294.00	702385	1085.50	1295.00	1870581
Dec-08	1108.00	1351.90	356133	1108.00	1350.00	1472938
Jan-09	797.10	1367.95	3017623	793.00	1368.00	7388951
Feb-09	793.00	963.00	1577000	793.00	965.00	3798617
Mar-09	765.05	975.00	1373281	765.00	975.00	3293383

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, 2009:

Financial Year	No. of warrants unclaimed	Unclaimed Dividend (Rs in Lakhs)
2001-2002	76	2.49
2002-2003	190	4.31
2003-2004	171	3.90
2004-2005	232	3.43
2005-2006	222	2.91
2006-2007	344	3.40
2007-2008	1475	4.82

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 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
31.03.2002	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
31.03.2008	16.08.2008	15.09.2015

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.

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.

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14. DISTRIBUTION OF SHAREHOLDING

Category	As on 31 st March, 2009				As on 31 st March, 2008			
	No. of Members		No. of Shares		No. of Members		No. of Shares	
	Total	%	Total	%	Total	%	Total	%
1 – 5000	25531	97.87	2927301	4.52	25956	97.69	3217433	4.99
5001 – 10000	234	0.90	922302	1.42	282	1.06	1099423	1.70
10001 – 20000	122	0.47	898271	1.39	137	0.52	1015964	1.57
20001 – 30000	55	0.21	676439	1.04	47	0.18	578923	0.90
30001 – 40000	21	0.08	383261	0.59	24	0.09	441634	0.68
40001 – 50000	17	0.06	379595	0.59	18	0.07	406634	0.63
50001 – 100000	36	0.14	1282759	1.98	46	0.17	1665581	2.58
100001 & above	71	0.27	57288097	88.47	58	0.22	56131508	86.95
Total	26087	100	64758025	100	26568	100	64557100	100

15. (i) Shareholding pattern

Category	As on 31.03.2009		As on 31.03.2008	
	No. of shares	% to share capital	No. of shares	% to share capital
Promoters	34584300	53.41	34584500	53.57
Mutual Funds and UTI	9000918	13.90	8965682	13.89
Banks/Financial institutions	57154	0.09	32942	0.05
Foreign Institutional Investors	10428674	16.10	10080548	15.61
Private Corporate Bodies	4043599	6.24	3070296	4.76
Indian Public	5543460	8.56	6594983	10.22
Non-Resident Indians / Overseas Corporate Bodies	633818	0.98	839814	1.30
Clearing Members	99263	0.15	28145	0.04
Trusts	22579	0.04	82155	0.13
Directors (Not having control over the Company)	344260	0.53	278035	0.43
Grand Total	64758025	100	64557100	100

ii) Shareholding profile

Mode of Holding	As on 31.03.2009				As on 31.03.2008			
	No. of Holders	%	No. of shares	%	No. of Holders	%	No. of shares	%
Demat	25967	99.54	33264700	51.37	26429	99.48	33008150	51.13
Physical	120	0.46	31493325	48.63	139	0.52	31548950	48.87
Total	26087	100	64758025	100	26568	100	64557100	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, 2009, 51.37 % of the shares were in demat mode.

(iv) Plant Location

Unit I : Lingojugudem Village, Choutuppal Mandal, Nalgonda Dist. (A.P.) Pin Code-508 252.
 EOU : 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
 6th June 2009

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: 6th June 2009

Dr. Murali K. Divi
Chairman and Managing Director

L. Kishorebabu
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, 2009, 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: 6th June 2009

P V R K NAGESWARA RAO
Partner