

Corporate Governance

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. Corporate governance also includes the relationships among the many stakeholders involved and the goals for which the corporation is governed. 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, and complying with the legal and regulatory requirements, apart from meeting environmental and local community needs. Key elements of good corporate governance principles include honesty, trust and integrity, openness, performance orientation, responsibility and accountability, mutual respect, and commitment to the organization. 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. 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

The Company has an Executive Chairman. The Board comprised of ten directors, five 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 2011 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 Venkata 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 four times, i.e. on 22nd May 2010, 12th August 2010, 9th November 2010 and 4th February 2011. Director's attendance at the Board and General Meetings held during the financial year 2010-11 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	4	4	Yes	5	1	-
2.	Sri N V Ramana	4	4	Yes	2	-	-
3.	Sri Madhusudana Rao Divi	4	4	Yes	-	-	-
4.	Dr P Gundu Rao	4	4	Yes	-	-	-
5.	Sri Kiran S. Divi	4	3	Yes	2	-	-
6.	Dr K Satyanarayana	4	3	Yes	-	-	-
7.	Sri S Vasudev	4	4	Yes	-	-	-
8.	Sri G Venkat Rao	4	4	Yes	1	-	-
9.	Prof C Ayyanna	4	4	Yes	-	-	-
10.	Dr G Suresh Kumar	4	4	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. G. Venkata Rao

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. He is a Director of Biological E. Limited.

Mr. G. Venkata Rao joined the company as Director on 10.03.2001. He is Chairman of the Audit Committee and Review Committee of the company. He holds 3000 equity shares of the company as on 31st March 2011.

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 multispecialty 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 2011.

iii) Mr. Madhusudana Rao Divi

Mr. 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 offshore and on-shore construction projects.

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

Mr. Rao Divi joined the company as Director on 01.10.1994. He is not a Director in any other Companies. He holds 127800 equity shares of the company as on 31st March 2011.

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 four times during the year, i.e. on 22nd May 2010, 12th August 2010, 9th November 2010 and 4th February 2011.

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

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 as may be required from time to time by any statutory, contractual or other regulatory requirements to be attended to by such committee.

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 four times during the year on 22nd May 2010, 12th August 2010, 9th November 2010 and 4th February 2011 and the attendance of each member of the Committee is as follows:

Name	Designation	No. of Meetings	
		Held	Attended
Dr. K Satyanarayana	Chairman	4	3
Sri. S Vasudev	Member	4	4
Prof. C Ayyanna	Member	4	4

DETAILS OF REMUNERATION TO DIRECTORS

Executive Directors

(Rs. in Lakhs)

Name	Salary	PF	Perks	Commission	Total
Dr. Murali K. Divi	7200000	864000	1483881	153338846	162886727
Sri. N V Ramana	6000000	720000	1236289	76669423	84625712
Sri D Madhusudana Rao	4800000	576000	1200000	-	6576000
Dr. P Gundu Rao	2764752	88272	913596	-	3766620
Sri. Kiran S. Divi	4800000	576000	1363639	51112949	57852588
Total	25564752	2824272	6197405	281121218	315707647

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 2010-11 is as follows:

Sl. No.	Name of the Non-Executive Director	Designation	No. of shares held	Sitting Fees (Rs. in Lakhs)
01	Dr K Satyanarayana	Director	10000	1.20
02	Sri S Vasudev	Director	Nil	2.40
03	Sri G Venkat Rao	Director	3000	1.60
04	Prof C Ayyanna	Director	Nil	1.60
05	Dr G Suresh Kumar	Director	Nil	1.60

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 5 times on 25th April 2010, 8th June 2010, 21st August 2010, 22nd December 2010 and 12th January 2011 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	5	5
Sri. N V Ramana	Member	5	5
Sri. L Kishore Babu	Member	5	5

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

d) 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 31.03.2011.

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 2010-11.

For and on behalf of the Board of Directors

Hyderabad
20th May, 2011

Dr. Murali K. Divi
Chairman & Managing Director

4 GENERAL BODY MEETINGS

Particulars of last three Annual General Meetings :

AGM	Year ended	Venue	Date & Time	Special Resolutions Passed
20 th	31.03.2010	KLN Prasad Auditorium, FAPCCI Premises, 11-6-841, Red Hills, Hyderabad - 500 004	13.08.2010 10 A.M	Re-appointment of Dr.P.Gundu Rao as Director (R&D) of the Company.
19 th	31.03.2009		17.08.2010 10 A.M	Nil
18 th	31.03.2008		16.08.2010 10 A.M	Increase of remuneration payable to Mr Kiran S Divi, Director (Business Development) of the company.

SPECIAL RESOLUTIONS THROUGH POSTAL BALLOT

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

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.14 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

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 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: 8 th August 2011 Time: 10.00 A.M.
Venue	KLN Prasad Auditorium, FAPCCI Premises, 11-6-841, Red Hills, Hyderabad — 500 004
Financial Year	1 st April 2010 to 31 st March 2011
Book Closure Date	18 th June 2011 to 24 th June 2011
Dividend payment date	19 th August 2011
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

The Company has paid listing fees for 2011-12 to both the above stock exchanges

9 DEPOSITORY REGISTRAR AND TRANSFER AGENT

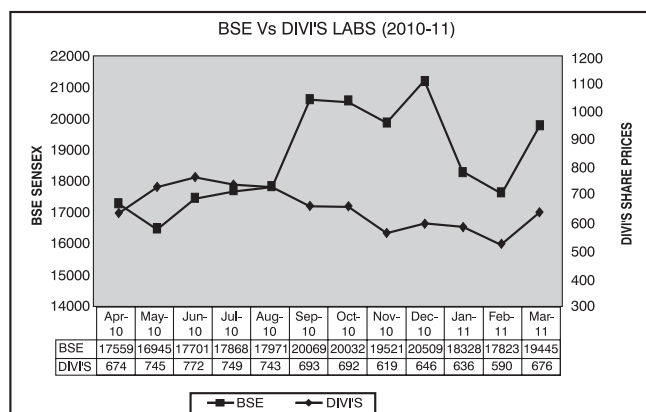
M/s. Karvy Computershare Private Limited
Plot No 17-24, Vittal Rao Nagar,
Madhapur, HYDERABAD - 500 081
Phone No. 040-23420815-28
Fax : 040-23420814 / 23420857
Email: mailmanager@karvy.com

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 2010-11 are as follows:

Month	Mumbai Stock Exchange			National Stock Exchange		
	Low	High	Volume	Low	High	Volume
Apr-10	668.05	726.50	550170	634.00	727.00	4106814
May-10	662.00	750.00	892728	662.00	748.00	4666519
Jun-10	725.25	783.80	463221	725.50	784.40	3102175
Jul-10	742.05	797.70	568039	742.05	797.10	2803475
Aug-10	643.00	770.40	964935	710.10	771.15	2923951
Sep-10	640.00	775.90	540360	685.00	776.00	4053955
Oct-10	681.00	736.90	284598	682.00	736.90	3030334
Nov-10	594.10	757.00	508091	594.05	757.00	5340645
Dec-10	590.00	657.95	346010	589.00	657.00	3255418
Jan-11	592.05	674.55	174244	592.00	674.55	1750239
Feb-11	585.00	673.85	1062419	585.15	673.85	3454987
Mar-11	582.05	692.50	335218	581.75	692.00	2112787

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, 2011:

Financial Year	No. of warrants unclaimed	Unclaimed Dividend (Rs in Lakhs)
2003-2004	167	3.86
2004-2005	231	3.41
2005-2006	220	2.83
2006-2007	343	3.37
2007-2008	1453	4.46
2008-2009	1206	6.74
2009-2010	1066	6.62

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
31.03.2003	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
31.03.2009	17.08.2009	16.09.2016
31.03.2010	13.08.2010	12.09.2017

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.

14 DISTRIBUTION OF SHAREHOLDING

Category	As on 31 st March, 2011				As on 31 st March, 2010			
	No. of Members		No. of Shares		No. of Members		No. of Shares	
	Total	%	Total	%	Total	%	Total	%
1 - 5000	31245	96.76	4080940	3.08	34427	96.84	4568678	3.46
5001 - 10000	492	1.52	1942502	1.46	537	1.51	2132940	1.61
10001 - 20000	230	0.71	1803571	1.36	254	0.71	1990003	1.50
20001 - 30000	75	0.23	956827	0.72	83	0.23	1057463	0.80
30001 - 40000	44	0.14	778273	0.59	39	0.11	697596	0.53
40001 - 50000	28	0.09	630961	0.48	31	0.09	721500	0.55
50001 - 100000	67	0.21	2387080	1.80	66	0.19	2276367	1.72
100001 & above	109	0.34	120014956	90.51	112	0.32	118699598	89.83
TOTAL	32290	100	132595110	100	35549	100	132144145	100

15 (i) Shareholding pattern

Category	As on 31.03.2011		As on 31.03.2010	
	No. of Shares	% to share capital	No. of Shares	% to share capital
Promoters	69222900	52.21	69195600	52.36
Mutual Funds and UTI	17492497	13.19	18190891	13.77
Banks/Financial institutions	834652	0.63	313519	0.24
Foreign Institutional Investors	20306327	15.31	20453970	15.48
Private Corporate Bodies	11535922	8.70	9763127	7.39
Indian Public	11114870	8.39	11978397	9.06
Non-Resident Indians / Overseas Corporate Bodies	1164758	0.88	1335086	1.01
Clearing Members	190626	0.14	59889	0.05
Trusts	1098	0.00	1456	0.00
Directors (Not having control over the Company)	731460	0.55	852210	0.64
Grand Total	132595110	100	132144145	100

ii) Shareholding profile

Mode of Holding	As on 31.03.2011				As on 31.03.2010			
	No. of Holders	%	No. of shares	%	No. of Holders	%	No. of shares	%
Demat	32180	99.66	69829690	52.66	35432	99.67	69258539	52.41
Physical	110	0.34	62765420	47.34	117	0.33	62885606	47.59
Total	32290	100	132595110	100	35549	100	132144145	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, 2011, 52.66 % 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 : 040-2378 6300 Fax : 040-2378 6460
 email : cs@divislaboratories.com

For and on behalf of the Board of Directors

Hyderabad
 20th May, 2011

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: 20th May, 2011

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, 2011, as stipulated in clause 49 of the Listing Agreements of the said Company with Stock Exchanges in India. The compliance of the conditions of corporate governance is the responsibility of the management. Our examination was limited to a review of the procedures and implementation thereof, adopted by the company for ensuring the compliance with the conditions of the Corporate Governance as stipulated in the said clause. It is neither an audit nor an expression of opinion on the financial statements of the company.

In our opinion and to the best of our information and according to the explanations given to us, and based on the representations made by the Directors and the Management, we certify that the company has complied with the conditions of Corporate Governance as stipulated in clause 49 of the above mentioned Listing Agreements.

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

For P.V.R.K. NAGESWARA RAO & CO.,
Chartered Accountants
Firm's Registration Number : 0022835

HYDERABAD
Date : 20th May, 2011

P.V.R.K. NAGESWARA RAO
Partner
Membership number : 18840