



Divi's Laboratories Limited

Date: July 15, 2024

To
The Secretary
National Stock Exchange of India Limited
Exchange Plaza,
Bandra-Kurla Complex, Bandra (East)
MUMBAI – 400 051

To
The Secretary
BSE Limited
Phiroze Jeejeebhoy Towers,
Dalal Street
MUMBAI – 400 001

Trading Symbol: **DIVISLAB**

Scrip Code: **532488**

Dear Sir/ Madam,

Sub: Notice of 34th Annual General Meeting and Annual Report for the financial year 2023-24

As informed vide our letter dated May 25, 2024, the 34th Annual General Meeting (AGM) of the Company is scheduled to be held on Monday, August 12, 2024 at 10.00 a.m. IST through Video Conferencing (VC) / Other Audio-Visual Means (OAVM).

Pursuant to Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed Notice convening the 34th AGM of the Company and Annual Report for the financial year 2023-24, being sent to the members through electronic mode.

The Annual Report 2023-24 containing the Notice of the 34th AGM is also uploaded on the Company's website at <https://www.divislabs.com/investor-relations/reports-and-filings/annual-reporting/>.

The Company is pleased to provide to its members the facility to exercise their right to vote on the resolutions proposed to be passed at the AGM by electronic means. The date and time of remote e-voting facility are as under:

Cut-off date for determining the eligibility to vote by electronic means or during the AGM	Tuesday, August 06, 2024
Date and time of commencement of remote e-voting	9:00 a.m. (IST) on Thursday, August 08, 2024
Date and time of end of remote e-voting	5:00 p.m. (IST) on Sunday, August 11, 2024

This is for your information and records.

Thanking you,

Yours faithfully,

For **Divi's Laboratories Limited**

M. Satish Choudhury
Company Secretary & Compliance Officer

Regd. Off. : Divi Towers, 1-72/23(P)/DIVIS/303, Cyber Hills, Gachibowli, Hyderabad - 500 032, Telangana, INDIA.

Tel : +91-40-6696 6300/400, Fax : 91-40-6696 6460., CIN : L24110TG1990PLC011854

E-mail : mail@divislabs.com, Website : www.divislabs.com



Divis Laboratories Limited



Leading with **Purpose.**

Expanding Frontiers.

Table of Contents

Theme Intro	01
Vision Mission Core Values	02
Corporate Information	03
CORPORATE OVERVIEW	04-15
About Us	04
Who We Are	06
Our Presence	10
Managing Director's Message	12
Key Performance Indicators	14
VALUE CREATION APPROACH	16-51
Business Model	18
Sustainability at Divi's	20
Environment	22
Social – People	26
Employee-Driven Voluntary Social Engagement	30
Showcasing Our Commitment to a Greener Future	32
Social – Communities	34
Governance	48



For more details, visit <https://www.divislabs.com>

Forward-looking Statements

Some information in this report may contain forward-looking statements which include statements regarding Company's expected financial position and results of operations, business plans and prospects etc. and are generally identified by forward-looking words such as "believe," "plan," "anticipate," "continue," "estimate," "expect," "may," "will" or other similar words. Forward looking statements are dependent on assumptions or basis underlying such statements. We have chosen these assumptions or basis in good faith, and we believe that they are reasonable in all material respects. However, we caution that actual results, performances or achievements could differ materially from those expressed or implied in such forward-looking statements. We undertake no obligation to update or revise any forward-looking statement, whether as a result of new information, future events, or otherwise.

STATUTORY REPORTS	52-135
Business Responsibility & Sustainability Report (BRSR)	52
Management Discussion and Analysis	84
Corporate Governance Report	93
Board's Report	116
FINANCIAL STATEMENTS	136-256
Standalone	
Independent Auditor's Report	136
Balance Sheet	148
Statement of Profit and Loss	149
Statement of Cash Flows	150
Statement of Changes in Equity	152
Notes to the Standalone Financial Statements	153
Consolidated	
Independent Auditor's Report	198
Balance Sheet	204
Statement of Profit and Loss	205
Statement of Cash Flows	206
Statement of Changes in Equity	208
Notes to the Consolidated Financial Statements	209
NOTICE	257-275
Notice of the 34 th Annual General Meeting	257

Leading with Purpose. Expanding Frontiers.

At Divi's, we are driven by a deep sense of purpose – to contribute to global health through our customers and partners, driving sustainable positive impact. Over the years, we have embraced purpose-driven leadership principles to create long-term value beyond financial performance, establishing ourselves as a significant entity in the pharmaceutical industry.

We are on a journey towards leadership in sustainable chemistry, and at every turn, we are expanding frontiers. With our solid financial standing and commitment to value investing, we prioritise long-term impact. Throughout the year, we have diligently identified and capitalised on new avenues for expansion, leveraging our expertise to stay ahead of the curve. From exploring and focusing on our six-point growth areas to forging strategic partnerships, we have proactively embraced change, turning challenges into opportunities

for advancement. Our integrated business model, rooted in sustainability, has enhanced our agility, efficiency, and customer-centric solutions.

With a focus on environmental sustainability, reducing our carbon footprint, and promoting resource efficiency across our value chain, we continue to lead with purpose in all dimensions of our operations. As we reflect on the past year and look to the future, Divi's remains committed to forging sustainable growth pathways, cultivating lasting relationships, and contributing to the advancement of healthcare worldwide, through our customers. With each milestone achieved, we are poised to continue charting new territories and expanding our horizon in the pursuit of growth, opportunity, and innovation.

Vision

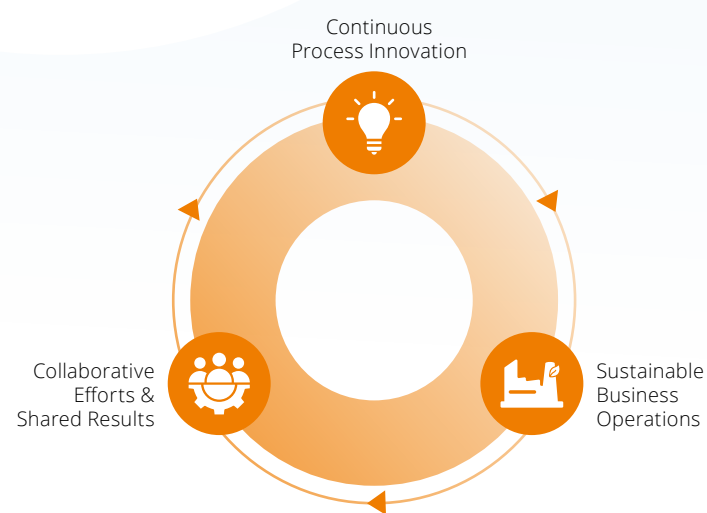
We envision creating value for all stakeholders by manufacturing high quality Generic APIs, Custom synthesis of APIs & Intermediates along with Nutraceutical Ingredients for the Global Pharmaceutical & Nutraceutical industry through sustainable leadership in chemistry.

Mission

We at Divi's aim to be a responsible business, adding value through our core competency in the area of chemistry while adhering to our core values and serving the immediate community and at large through our diverse social initiatives that would establish a strong foundation for a better tomorrow for all stakeholders.

Core Values

Divi's has always believed that success hinges on a commitment to continuous process innovation, sustainable operations, and collaborative efforts. Continuous process innovation ensures that our business remains agile and competitive. Sustainable business operations are essential for long-term viability and responsible growth. Collaborative efforts and shared results cultivate a culture of teamwork and collective achievement for diverse perspectives and shared goals.



Corporate Information

Manufacturing Facilities

Unit 1: Hyderabad

Choutuppal Unit: Lingojigudem Village, Choutuppal Mandal, Yadadri Bhuvanagiri Dist. (TG) Pin - 508252

DC SEZ Unit: Lingojigudem Village, Choutuppal Mandal, Yadadri Bhuvanagiri Dist. (TG) Pin - 508252

Unit 2: Visakhapatnam

Export Oriented Unit: Chippada Village, Bheemunipatnam Mandal, Visakhapatnam Dist. (AP) Pin - 531163

Divi's Pharma SEZ: Chippada Village, Bheemunipatnam Mandal, Visakhapatnam Dist. (AP) Pin - 531163

DSN SEZ Unit: Chippada Village, Bheemunipatnam Mandal, Visakhapatnam Dist. (AP) Pin - 531163

DCV SEZ Unit: Chippada Village, Bheemunipatnam Mandal, Visakhapatnam Dist. (AP) Pin - 531163

Unit 3: Kakinada (Under Construction)

Ontimamidi Village (Kona), Thondangi Post, Thondangi Mandal, Kakinada Dist. (AP) Pin - 533408

R&D Centres

B-34, Industrial Estate Sanathnagar, Hyderabad. (TG) Pin - 500018.

Lingojigudem Village, Choutuppal Mandal, Yadadri Bhuvanagiri Dist (TG) Pin - 508252

Chippada Village, Bheemunipatnam Mandal, Visakhapatnam Dist. (AP) Pin - 531163

Subsidiaries

Divis Laboratories (USA) Inc; New Jersey, USA

Divi's Laboratories Europe AG, Basel, Switzerland

Registered Office

Divi Towers, 1-72/23(P)/DIVIS/303 Cyber Hills, Gachibowli, Hyderabad - 500032
CIN: L24110TG1990PLC011854
Phone: +91 40 66966300
Fax: +91 40 66966460
E-mail: mail@divislabs.com
Website: www.divislabs.com

Statutory Auditors

Price Waterhouse Chartered Accountants LLP
Chartered Accountants, Unit-2B 8th Floor, Octave Block Block E1, Parcel-4 Salarpuria Sattva Knowledge City Raidurg, Hyderabad - 500081

Cost Auditors

EVS & Associates
Cost Accountants, 205 Raghava Ratna Towers, Chirag Ali Lane, Hyderabad - 500001

Secretarial Auditors

V. Bhaskara Rao & Co.
Company Secretaries, 6-2-1085/B Flat No.-105, Badam Sohana Apts Raj Bhavan Road, Somajiguda, Hyderabad - 500082

Bankers

State Bank of India
CCG Branch, Door No. 8-2-684/2/A I Floor, NSL Icon Building Anand Banjara Colony Road No. 12, Banjara Hills; Hyderabad - 500034

HDFC Bank Ltd.
Bank House, Wholesale Banking Operations, H.No.6-3-246 & 244 Road No. 1, Banjara Hills; Hyderabad - 500034

Registrar & Share Transfer Agent

Kfin Technologies Limited
Selenium Tower B, Plot No. 31-32 Gachibowli, Financial District, Nanakramguda, Hyderabad - 500032
CIN: U72400TG2017PTC117649
Phone No.: 040-67161526,
Fax: 040-23001153
Toll Free No.: 1800 4258 998
E-mail: einward.ris@kfintech.com

Date, Time & Mode of AGM

Monday, August 12, 2024 at 10.00 AM IST
Through Video Conferencing (VC) Other Audio Visual Means (OAVM)



Corporate Overview

About Us

We are one of the leading pharmaceutical companies in the world, manufacturing and supplying Active Pharmaceutical Ingredients (APIs), Intermediates, and Nutraceuticals. We have established ourselves as a reliable partner to global innovator companies and have been consistently recognised for our excellence in quality, innovative processes, research and development, and sustainable chemistry.

34 years

Sectoral expertise

2+1 (Unit III Greenfield)

Manufacturing locations

~₹80 billion

Revenue in FY 2024



Key Highlights of FY 2024

Financial

Total Income	Profit Before Tax	Profit After Tax	Earnings Per Share
₹8,002 cr	₹2,132 cr	₹1,576 cr	₹59.37

Environment

Energy conserved	Water conserved
~1,64,900 GJ	~1,30,300 KL

Waste reduced	GHG emissions reduced
~40MT of plastic waste	~19,000 tCO ₂ e

Social

Female employees	EHS training programmes	Safe man-hours achieved	CSR commitment
~10%	~1,39,200	~35 mn	₹57.97 cr

Governance

Women Directors	Independent Directors on the Board	Average Board meeting attendance	Shareholder grievances resolved
2/11 <small>(as of May 25, 2024)</small>	55% <small>(as of May 25, 2024)</small>	97%	100%

Who We Are

Driving Progress with Sustainable Chemistry

Established in 1990, we are recognised as one of the top 3 API manufacturers in the world.



Among the **top 3** API manufacturers in the world!

Business Portfolios

Our strategic focus revolves around three core business portfolios: Generic APIs, Custom Synthesis, and Nutraceuticals. These three portfolios enable us to address the distinct demands of our customers across various markets. Through meticulous research and constant refinement, we ensure that each portfolio remains agile and responsive to evolving market needs.



Generic APIs

At Divi's, we take pride in being recognised as one of the world's largest API manufacturers, offering a selective list of 30 Generic APIs, manufactured in 10's to 100's/1000's of metric tonnes each year. Our commitment to achieving global leadership in the molecules we have selected is evident in our position as the world's largest API manufacturer for 10 of the generic APIs we manufacture.

Our competent and qualified R&D team comprising over 600 scientists specialises in developing innovative processes and optimising them to maintain a competitive leadership position.



Custom Synthesis

Our Custom Synthesis portfolio offers contract manufacturing services of APIs and Intermediates for global innovator companies across a vast portfolio of products in diverse therapeutic areas. We are a global partner trusted by leading pharmaceutical companies, including 12 out of the top 20 Big Pharma.

Our manufacturing facilities have undergone numerous audits by regulatory authorities, global environmental, health and safety teams, and Big Pharma/multinational companies.



Nutraceuticals

At Divi's, our Unit II manufacturing location houses a specialised Nutraceutical Facility - an integrated facility dedicated to the production of active ingredients and finished forms of carotenoids. We are the major supplier of carotenoids to all the leading food, dietary supplement, and feed manufacturers worldwide. Our product portfolio encompasses a complete range of essential carotenoids, such as Beta Carotene, Astaxanthin, Lycopene, and Canthaxanthin, alongside other finished forms including Lutein and Vitamins (A, D3, D2, E Acetate, and A Palmitate).

Our Nutraceutical Facility undergoes regular audits by regulatory and statutory authorities, including the USFDA (CFR 110) and Halal/Kosher.

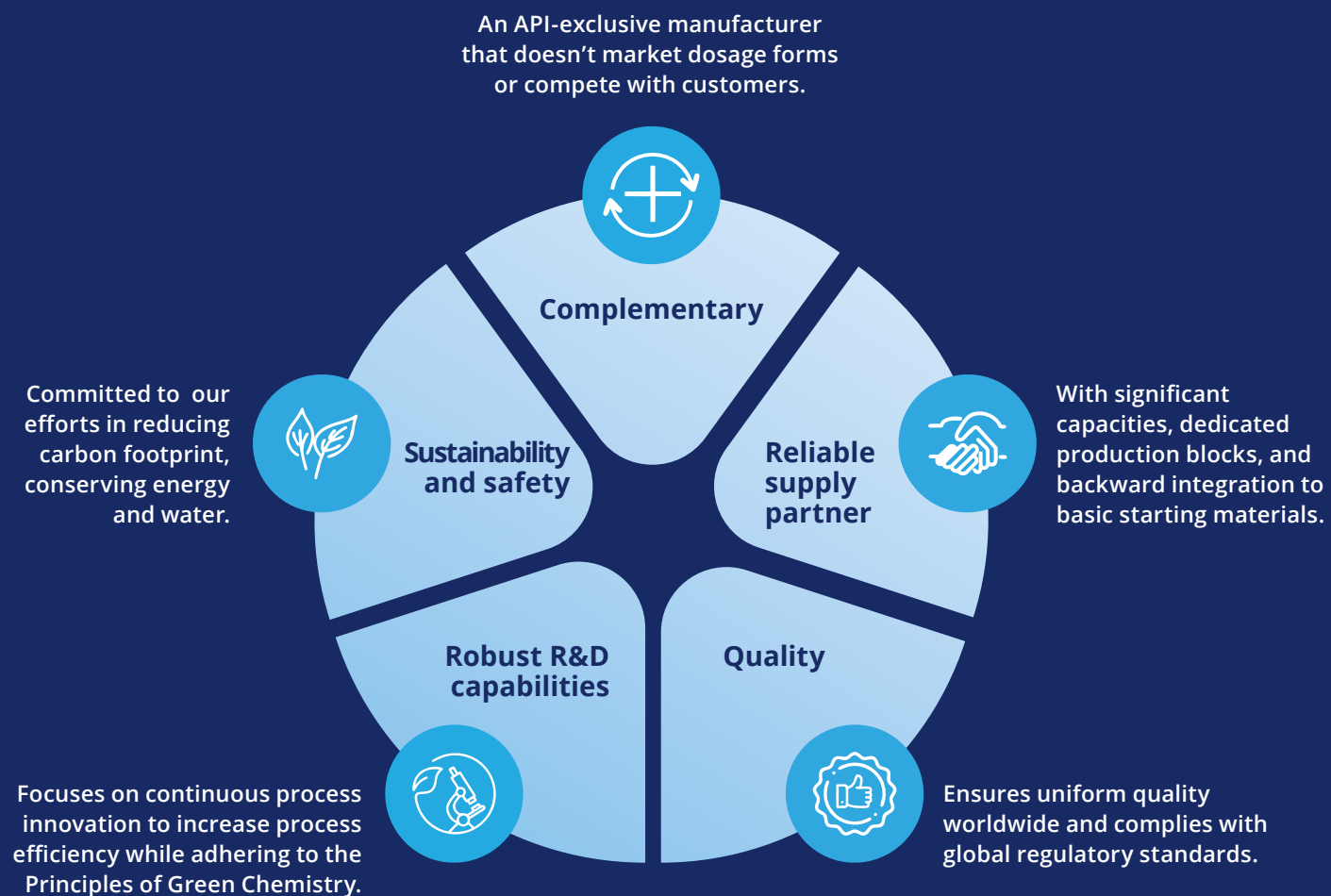


Who We Are

Why Divi's?

Divi's has established a prominent position within the pharmaceutical sector by adopting an API-centric business model. We prioritise reliability, maintain adherence to global quality standards, drive continuous process innovation, and uphold a commitment to sustainability and safety.

Unique Attributes of Divi's



Fundamental Strengths

Large-scale and Reliable Production Facilities

Our state-of-the-art manufacturing facilities and extensive research capabilities have positioned us as a respected entity in the global pharmaceutical market. Operating with two manufacturing units and a third one currently in the setup phase, we proudly stand as one of the world's largest API manufacturers. Continuously refining our processes and methodologies, we strive for sustainable chemistry, while also ensuring the safety of individuals and the conservation of the environment.

2

World-class manufacturing units with a combined capacity of over **~14,600 M³**

API-centric Portfolio

Our portfolio of ~160 products covers diverse therapeutic areas, making us a leading manufacturer and supplier of high-quality Generics, Custom Synthesis of APIs and Intermediates, and Nutraceutical ingredients.

Largest

API manufacturer in the world for 10 of the Generic APIs manufactured

Established R&D Capabilities

Divi's has established three R&D centres with competent and qualified teams that focus on continuous process improvement, constant technological upgradation, and strict implementation of the Principles of Green Chemistry.

As a testament to our innovation, we have been granted several process patents, further validating our technological prowess.

~600

Scientists working in three R&D centres across functions

Capable Workforce

With a highly skilled and diverse team of professionals across departments, Divi's is committed to deliver world class products to customers. Our reliable delivery of products makes us a trusted partner for companies across the globe.

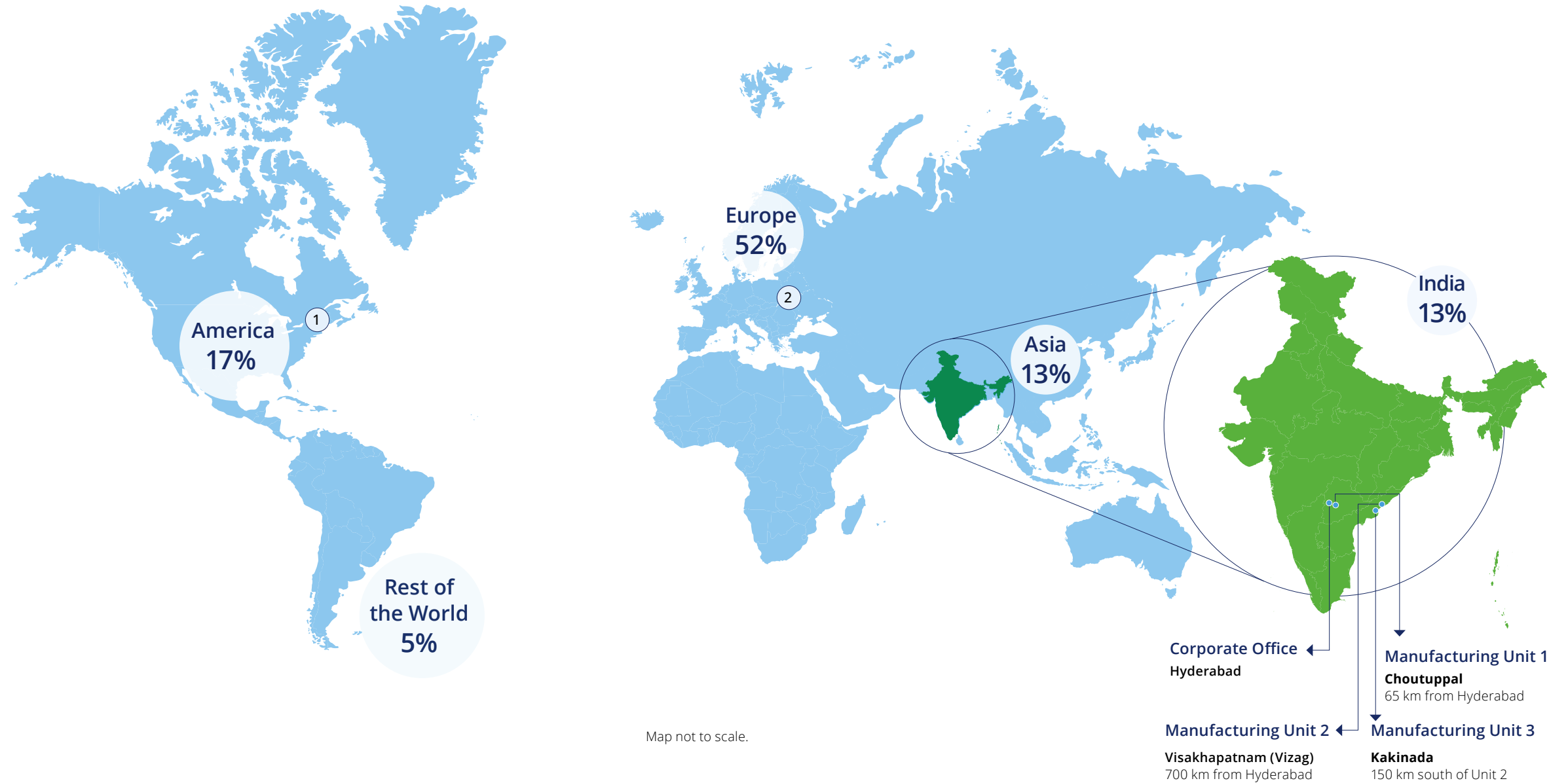
~17,500

Employees across 3 countries

Our Presence

Expanding Our Global Footprint

Spanning across Hyderabad, Visakhapatnam, and Kakinada, our state-of-the-art manufacturing facilities signify scale, innovation, and technological excellence.



Map not to scale.

AMERICA				
2020-21	2021-22	2022-23	2023-24	
1,587	3,833	2,196	1,310	
23.3%	43.1%	28.9%	17.1%	

INDIA				
2020-21	2021-22	2022-23	2023-24	
912	1,038	957	971	
13.4%	11.7%	12.6%	12.7%	

REST OF THE WORLD				
2020-21	2021-22	2022-23	2023-24	
299	346	349	351	
4.4%	3.9%	4.6%	4.6%	

EUROPE				
2020-21	2021-22	2022-23	2023-24	
3,174	2,865	3,063	4,003	
46.6%	32.2%	40.2%	52.3%	

ASIA				
2020-21	2021-22	2022-23	2023-24	
827	798	1,041	1,017	
12.2%	9.0%	13.7%	13.3%	

SALES (₹ in crores)
% Share

Manufacturing Units

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Subsidiaries

- ① New Jersey, USA
- ② Basel, Switzerland

Managing Director's Message

Driving Purposeful Growth

Dear shareholders,

I am pleased to introduce our 34th Annual Report, which showcases our journey towards leadership in sustainable chemistry, and our commitment to responsible growth, prioritising long-term impact.

In the dynamic landscape of the pharmaceutical industry, marked by significant transformations and evolving challenges, Divi's stands firm, leading with purpose, proactively managing risks, and expanding frontiers. As we reflect on FY 2024, full to the brim with volatile market conditions, and numerous geopolitical crises - particularly in the Red Sea, it is worth noting that Divi's remained steadfast in its role as an ideal global partner, meeting customer requirements through strategic supply chain management and operational proficiency.

With shifting trends such as the increasing demand for affordable products, evolving healthcare and security policies, technological advancements, and the emergence of newer innovative therapies, we continue to see great opportunities.

Divi's - The Consistent Achiever

Against an overall neutral year characterised by both challenges and expanding market opportunities, Divi's proactively demonstrated resilience and adaptability, navigating through adversities with agility and foresight. Amidst these circumstances,



our commitment to excellence was recognised by the USFDA Commissioner and his team during their visit, applauding the magnitude of our Company's operations and quality systems. We have consistently adhered to Good Manufacturing Practices (cGMP) for the past 25 years, evident in several global regulatory inspections.

Maintaining the Leadership Position

Building upon the leadership position in our core products, Divi's is focused on unlocking higher growth potential by strategically expanding on emerging opportunities across various portfolios.

Generics Portfolio

Our generics portfolio maintained stability throughout the year, leveraging sustained demand for established products while actively pursuing opportunities in newer generics. While the impact of pricing pressure continues across generic markets, the broader trajectory remains vibrant with numerous opportunities, particularly the loss of exclusivity (LOE) for patent-expiry products that are expected to fuel our growth beyond FY 2025.

Custom Synthesis Portfolio

The custom synthesis portfolio witnessed significant progress, specifically with contributions from the two major Big Pharma Projects that have entered full-scale production and are poised to contribute significantly in subsequent years. With expanded production capacity for both large and small-volume products and several molecules at various regulatory stages, the custom synthesis portfolio will continue to fuel our growth.

Contrast Media Opportunity

We made significant strides in the contrast media portfolio, leveraging our expertise and presence in

Iodine-based contrast media. We successfully scaled up high-value contrast media projects and made advancements in Gadolinium compounds for MRI contrast media. Our strength lies in our cost-effective capacity, and Iodine recovery resulting in sustainable production.

Peptide Opportunity

We are actively involved in the manufacturing of peptide building blocks with a strategic focus on developing this portfolio and capitalising on the promising opportunity in this space. I would also like to emphasise that along with manufacturing PAAs, we are forward integrating into the fragments required for various GLP-1 drugs.

Investing and Expanding Responsibly

In Unit III's Greenfield project, an investment of ₹1,500 crores have led to notable advancements and infrastructural development. The upcoming production activity in this 200-acre Phase I project is expected to commence gradually during FY 2025. This strategic move aims to increase capacity, freeing the two established Units (I and II) for new opportunities in custom synthesis and generic products. Moreover, with 300 acres of additional available land for future development, substantial potential exists for further investment and expansion.

Caring for our People and Planet!

In addition to our "People First" culture, we are committed to providing a safe and healthy environment for our employees to flourish. We are grateful for their consistent efforts in delivering the best results over the years.



Divi's stands firm, leading with purpose, proactively managing risks, and expanding frontiers".

Divi's remains committed to responsible business practices and making meaningful contributions to the communities we operate in. Throughout the year, Divi's has actively undertaken several initiatives aimed at empowering the lives of rural communities with long-lasting impacts.

In conclusion, I express my sincere appreciation to all our stakeholders for their unwavering trust and support. Your confidence in Divi's has played a vital role in our achievements, and it is your trust in us that strengthens our commitment to excellence.

Warm regards,

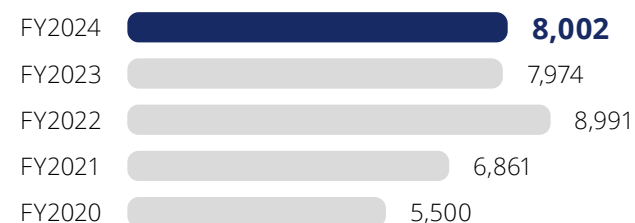
Dr. Murali K. Divi
Managing Director



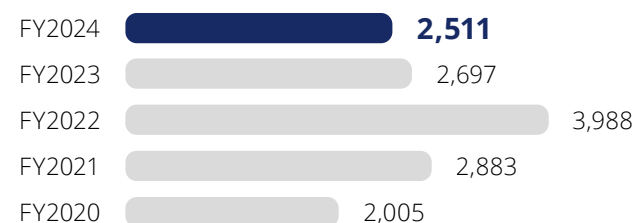
Key Performance Indicators

Measuring Progress Diligently

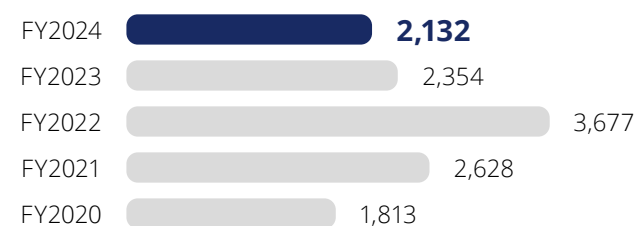
Total Income (₹ in crores)



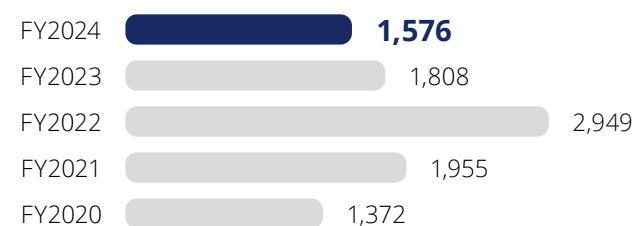
EBITDA (₹ in crores)



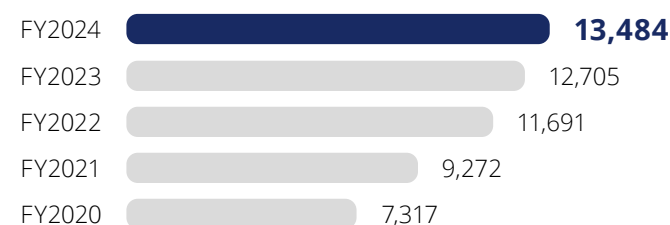
PBT (₹ in crores)



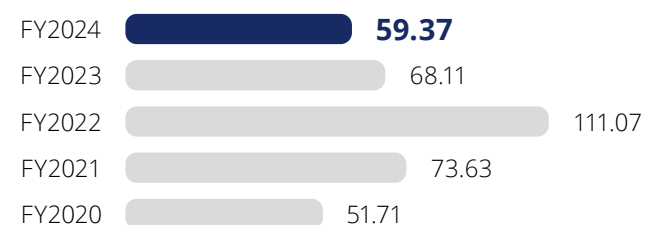
PAT (₹ in crores)



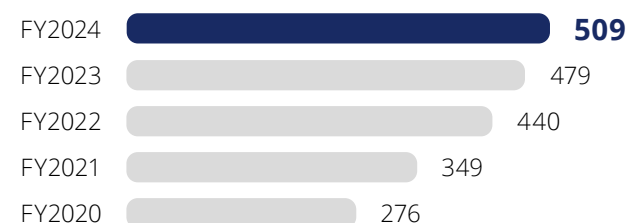
Net Worth (₹ in crores)



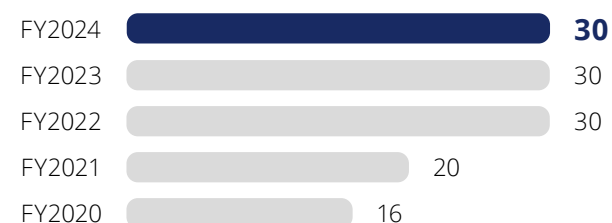
Earnings Per Share (₹)



Book Value Per Share (₹)



Dividend (₹)



Company's Performance Highlights for last 5 years

	2019-20	2020-21	2021-22	2022-23	2023-24
(₹ in crores)					
Income and Profit					
Revenue	5,310	6,799	8,880	7,625	7,665
Revenue Growth %	8.81%	28.04%	30.61%	(14.13%)	0.52%
Other Income	190	62	111	349	337
Total Income	5,500	6,861	8,991	7,974	8,002
Total Income Growth %	9.21%	24.75%	31.05%	(11.31%)	0.35%
Profit Before Interest, Depreciation and Tax (EBITDA)	2,005	2,883	3,988	2,697	2,511
EBITDA to Revenue	36.45%	42.02%	44.36%	33.82%	31.38%
EBITDA Growth %	(0.05%)	43.79%	38.33%	(32.37%)	(6.90%)
Interest	6	1	1	1	3
Depreciation	186	255	311	342	376
Profit Before Tax (PBT)	1,813	2,628	3,677	2,354	2,132
PBT Growth %	(1.09%)	44.95%	39.92%	(35.98%)	-9.43%
Tax Expense	441	673	728	546	556
Profit After Tax (PAT)	1,372	1,955	2,949	1,808	1,576
PAT Growth %	2.93%	42.49%	50.84%	(38.69%)	-12.83%
Dividend, Share Capital and Capital Employed					
Dividend Per Share %	800%	1,000%	1,500%	1,500%	1,500%
Dividend Payout	512	531	796	796	796
Dividend Payout to PAT (%)	37.32%	27.16%	26.99%	44.03%	50.51%
Equity Share Capital	53	53	53	53	53
Other Equity	7,264	9,218	11,638	12,652	13,431
Net Worth	7,317	9,272	11,691	12,705	13,484
Net Worth Growth %	4.93%	26.72%	26.09%	8.67%	6.13%
Gross Fixed Assets	4,109	5,151	6,101	6,832	7,234
Net Fixed Assets	2,776	3,699	4,321	4,719	4,737
Total Assets (balance sheet total)	8,514	10,724	13,308	14,352	15,362
Key Financial Indicators					
Earnings Per Share (₹2/- each)	51.71	73.63	111.07	68.11	59.37
Cash Earnings Per Share (₹2/- each)	58.71	83.23	122.77	81.00	73.53
Gross Turnover Per share (₹2/- each)	207	258	339	300	302
Book Value Per Share (₹2/- each)	276	349	440	479	509
Total Debt to Equity	0	0	0	0	0
EBITDA/Total Income %	36.45%	42.02%	44.36%	33.82%	31.38%
Net Profit Margin % (PAT/Total Income)	24.95%	28.49%	32.80%	22.67%	19.70%
RoNW % (PAT/Net Worth)	18.75%	21.08%	25.22%	14.23%	11.69%

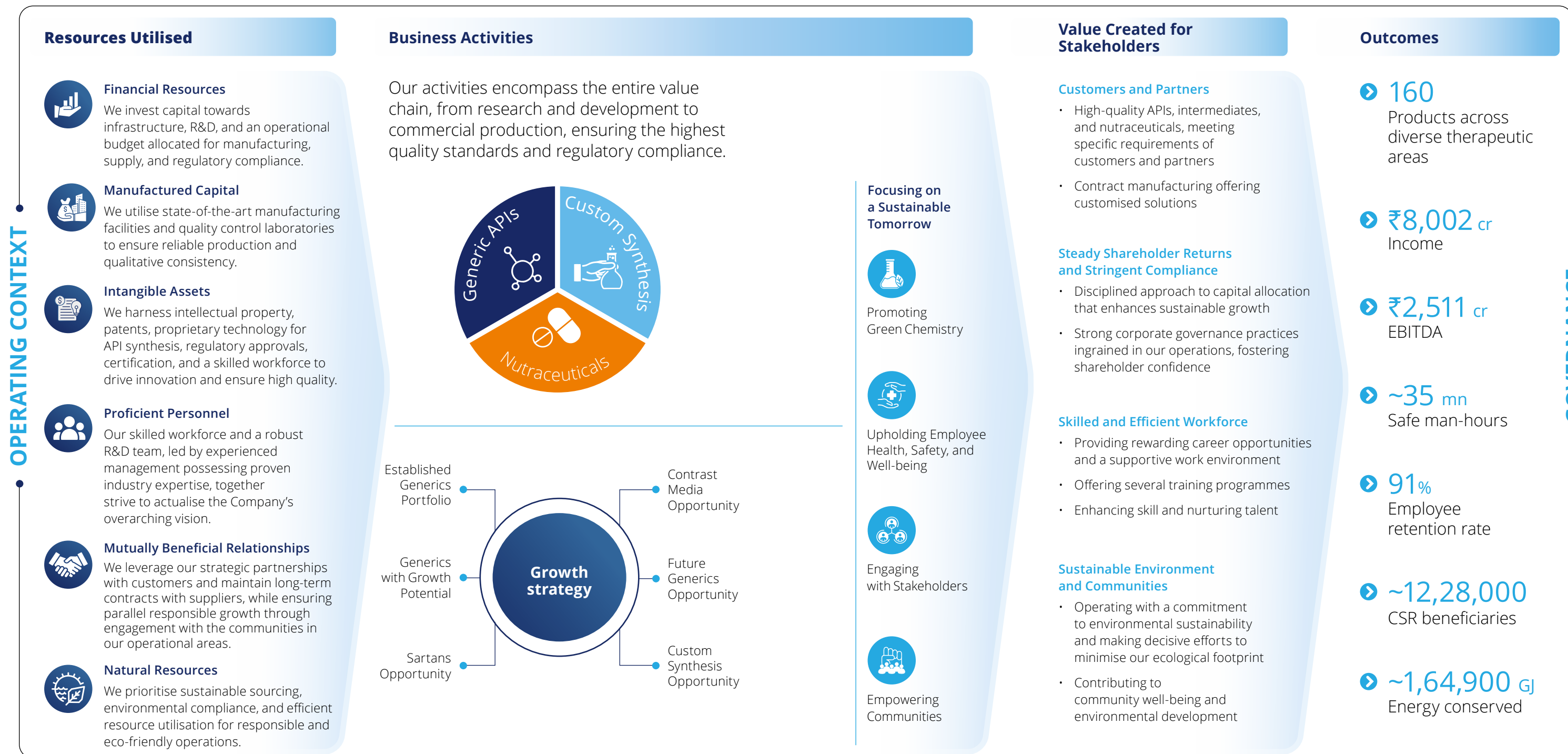
Value Creation Approach

Our business model revolves around creating lasting value for every stakeholder, driving responsible growth, and prioritising social and environmental stewardship – a holistic approach aimed at ensuring sustained success in a constantly evolving world.



Business Model

Ensuring Sustainable Returns for Stakeholders



Sustainability at Divi's

At Divi's, sustainability is fundamental to our mission, operations, and mindset. In FY 2024, we reinforced our commitment to environmental stewardship and social responsibility.



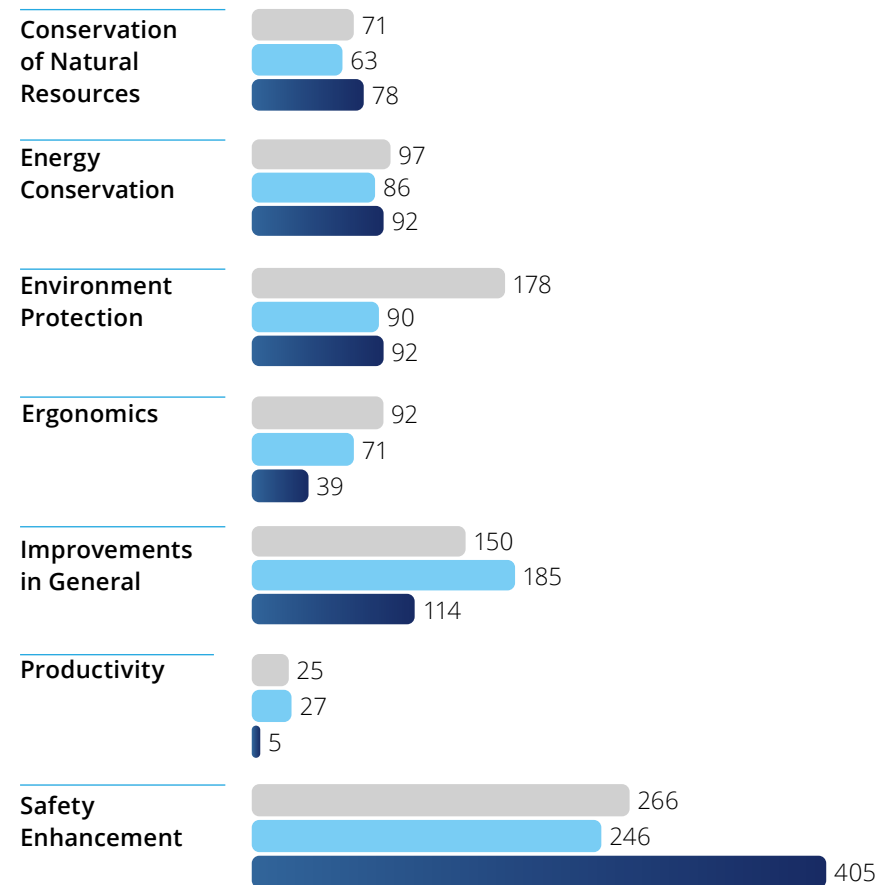
Environment

Building a Greener Tomorrow

Divi's is focused on improving access to medicines, minimising our carbon footprint, and enhancing people's lives through efficient water, energy conservation and waste management.



Categorisation of Completed Initiatives



SDGs Impacted



Our Sustainability Goals 2030*

- Carbon Footprint**
 - Reduce absolute GHG (Scope 1 and Scope 2) emissions by 5%
 - Reduce intensity-based GHG (Scope 1 and Scope 2) emissions by 25%
- Water Conservation**
 - Reduce groundwater and surface water intake by 30%
 - Reduce water consumption by 25%
 - Reduce intensity-based water consumption by 25%
- Energy Conservation**
 - Decrease intensity-based energy consumption by 25%
 - Rely on renewable energy sources to the extent possible, where applicable
- Waste Management**
 - Reduce intensity-based waste disposal by 25%
 - Reduce plastic waste usage for packaging

FY 2024 Updates

- ~19,000 tCO₂e emissions were reduced with the initiatives taken during the reporting period
- ~1,30,300 KL of water was conserved with the initiatives taken during the reporting period
- ~1,64,900 GJ of energy was conserved with the initiatives taken during the reporting period
- ~40 MT of plastic waste was reduced during the reporting period

*Considering 2019-20 as base year | Status

Environment



Developing Green Belt

Our initiative for green belt development focuses on promoting afforestation and enhancing self-sustainable green coverage in and around our facilities by implementing the Miyawaki and Avenue plantation techniques. This endeavour aims to establish dense, native forests in a short period, resembling natural growth patterns and creating ecosystems beneficial for the environment, as well as providing numerous social and ecological benefits.

- Total number of plants/trees planted is ~10,40,000
- Oxygen generated is ~56,500 MT

~77,900 MT
Carbon sequestration



Reducing Carbon Footprint

- Improvements made in coal mix composition used for steam generation resulted in reduction of ~10,930 tCO₂e
- Replacing screw type air compressors with centrifugal type air compressors and purge type ADU with HOC (Heat of Compression) type ADU (Air Dryer Unit) aided in reducing ~2,880 tCO₂e
- Recovering and reusing steam condensate for boiler operations aided in reducing ~1,410 tCO₂e
- Implementing Green Chemistry Principles in process operations resulted in reduction of ~450 tCO₂e

~19,000 tCO₂e
GHG emissions



Managing Energy Usage

- Recovering and reusing of steam condensate and coal mix improvement in boiler operations, aided in conservation of ~1,25,179 GJ energy
- Replacing older equipments with higher energy-efficient equipment, aided in conserving ~12,419 GJ energy
- Process optimisation and advancements in sampling techniques aided in conserving ~2,483 GJ energy
- Interconnecting the chillers lines of HVAC systems conserved ~1,650 GJ energy

~1,64,900 GJ
Energy conservation



Minimising Water Usage

- Reuse of steam condensate water for boiler operations aided in reducing ~74,350 KL water demand
- Utilising AHU condensate water as makeup water for cooling tower aided in reducing ~16,460 KL water demand
- Water recycled through STP (sewage treatment plant) is used for fly ash conditioner in boiler, reducing ~1,100 KL of freshwater demand
- ~3,038 KL rainwater was harvested with additional rainwater harvesting pits
- Implementing Principles of Green Chemistry in process operations reduced ~9,200 KL of water usage

~1,30,300 KL
Water conservation



Reducing Waste

- Implementing process improvements through Principles of Green Chemistry enhanced recovery and reuse potential
- Recycling plastic containers, liners, metal containers and metal scrap
- Established solvent recovery stations to recover and reuse solvents
- Process solid residue sent by Divi's is reused as fuel (co-incineration) in cement industries

~40 MT
of plastic waste reduced

Social – People

Creating a Culture of Growth and Recognition

For over three decades, Divi's has recognised and rewarded the contributions of its employees to the Company's success. We have a well-defined career path across functions, designed to support employees both personally and professionally. We empower employees to reach their full potential by investing in the development of our workforce.

Investing in People

We instil a sense of ownership and belonging among employees by involving them in decision-making processes and empowering them to contribute ideas and suggestions for improving the organisation's values and culture. Our Company's leaders and managers exemplify the organisation's values and culture in their actions and decision-making processes. They serve as role models for employees to emulate, fostering a culture of accountability and integrity.



Prioritising Competitive Emoluments

We follow a compensation strategy that leads the market, ensuring that our employees are remunerated well above minimum wage standards. The median remuneration increased significantly in the last financial year alone.

Our compensation and benefits strategy aims to comply with statutory requirements and positively impact employees' commitment, contribution, and continuity within the organisation. We provide regular salary increments that are competitive compared to industry standards and tailored to the markets in which we operate.

Fostering a Purpose-driven Culture

For the past three decades, Divi's has been dedicated to the pursuit of sustainable chemistry. We strive to optimise our processes and practices to protect and enhance human health and the environment. This commitment has built a genuine connection with our employees, who share our passion for making a positive impact.

Organisations with values and missions similar to their employees are becoming increasingly attractive as workforce dynamics evolve. Beyond traditional factors like designations and compensation, employees seek to associate with companies committed to making a meaningful difference. By cultivating a purpose-oriented workplace, we have achieved remarkable retention rates within the industry.

Promoting Diversity, Equality, and Inclusion



~17,500

Total employees

~10%

Female employees

Pay Equality

At Divi's, we are committed to nurturing an inclusive work culture where every employee feels respected and valued and can thrive personally and professionally. We implement a policy of equal salary for specific positions, ensuring fairness and transparency in compensation across the organisation to promote pay equality.

Prioritising Work-Life Balance

We prioritise the well-being of our employees by promoting a healthy work-life balance. To achieve this, we discourage taking work home after office hours. Moreover, we implement efficient workforce planning strategies at the beginning of each year to ensure employees feel energised. We strongly believe that satisfied employees are the best advocates of our Company culture, which is evident through high levels of employee satisfaction and most of our hiring being done through employee referrals.

Learning and Development

Our people-first culture values all potential employees, offering personalised training and development programmes, both in-house and externally supported, to equip them with the necessary skills to reach peak performance levels.

Establishing Clear Policies and Objectives

We have developed policies and objectives that outline their commitment to fostering a diverse and inclusive workplace. These policies encompass recruitment, hiring, promotion, training, and other aspects of employee management.

Promoting Equal Opportunities for Advancement

Our Company ensures that all employees have equal opportunities for advancement and career development, regardless of their background or identity. This approach involves implementing transparent promotion processes, offering training programmes and providing leadership development opportunities for all employees without any bias.

Social – People

Standardised Selection Process

Divi's employs a rigorous and standardised selection process to uphold fairness and eliminate bias in candidate evaluation. This approach ensures that candidates are assessed based on their competencies, skills, and qualifications rather than subjective factors. We prioritise diversity and inclusivity in our recruitment efforts, reaching out to diverse stakeholder groups, including individuals with disabilities and retirees with valuable experience. As a result, our workforce boasts a healthy mix of employees of different ages and experience levels.

30.34

Average age of employees in years



Support for Female Employees

Divi's aspires to create a supportive and inclusive workplace environment for female employees. We understand women's unique needs and challenges, particularly during life transitions such as pregnancy and parental leave. Our departmental heads ensure that their roles are adjusted to minimise physical strain and exposure to potential hazards to support female employees during pregnancy. Additionally, we implement a gradual return-to-work transition plan for new mothers, allowing them to balance their professional responsibilities with their caregiving duties. Our commitment to supporting women in the workplace is reflected in our impressive return-to-work rate of nearly 100% over the past two years and a retention rate exceeding 90%, which surpasses industry averages.



Ensuring a Safe and Healthy Working Environment

Our Company adheres to a well-structured EHS management system certified by ISO 45001 (OHSMS) and ISO 14001 (EMS), which includes a commitment to a safe working environment through our EHS policy.

We ensure this by undertaking hazard identification, hazard analysis, and mitigation of hazards through

techniques such as HIRA, HAZOP, Chemical risk assessments, and LOPA, which are deeply rooted in our Company's functioning. All these are ensured through a strict change management system and timely scheduled internal inspections and audits by various multi-disciplinary teams around the year.



Safety Indicators

~35 mn
safe man-hours
during the
reporting period

0.37
LTI frequency
rate

0.03
LTI severity
rate

Our Safety-first Approach

We provide safe, healthy, and ergonomic workplaces and resources to promote the physical and mental well-being of our employees. We have also laid down environment, health, and safety targets and periodically track the performance of individual teams.

EHS Targets for FY 2024

No major fire,
explosion, or toxic
gas leak

No fatality and
reportable injury

Lost time injury
severity (LTIs) rate
of <0.3

Minimum 15 EHS
training hours per
employee per year

~1,39,200

EHS training sessions

~12,69,300

EHS training participants

United by Purpose

Employee-Driven Voluntary Social Engagement

At Divi's, through our dedication to local communities, our exceptional teams engage in voluntary activities and inspire change by contributing to meaningful social welfare.

~2,100

Employees donated blood across our manufacturing facilities

1,200+

Participants to spread awareness on Autism

~700 lts

of blood donated during FY 2024

Our Engagement Over the Years

Plantation Drives



Beach Clean-ups



Blood Donation



Awareness Walks



United by Purpose

Showcasing Our Commitment to a Greener Future

At Divi's, we are dedicated to leading the way in sustainable manufacturing. From energy-efficient technologies to waste reduction programmes and promoting biodiversity, we undertake various eco-friendly initiatives and follow sustainable practices across our manufacturing sites.

Flourishing Biodiversity in Our Beautiful Unit 2 Tal



PURPOSE: Providing and encouraging nature-friendly ecosystem to develop thriving biodiversity in Non-process Facilities at dedicated areas within the factory premises.

~20
Species of birds
in the Tal

~3,030 KL
Rainwater harvested

Real-time Vermicompost



Rainwater Harvesting Pit



Reusing Boiler Ash



Sewage Water Recovery



Biogas Preparation Facility



Social – Communities

Making a Difference to Society

As a conscientious corporate citizen, we believe meaningful growth entails safeguarding the environment and ensuring the well-being of the communities around us.

Divi's is committed to actively contribute to community-building by addressing primary challenges faced by these rural communities and empowering lives through our focused areas of intervention.

~12,28,000

CSR beneficiaries during FY 2024

₹57.97 cr

CSR commitment for FY 2024



Our CSR Thrust Areas



Child Empowerment



Safe Drinking Water



Community Development

- Preventive Healthcare
- Village Development
- Animal Welfare



People Empowerment

- Women Empowerment
- Supporting Differently-abled



Environmental Sustainability



Social – Communities

Child Empowerment



Empowering the Future Stars

We firmly believe that investing in the youth is investing in the future of our nation. It is imperative to empower them with the skills and knowledge to thrive as responsible members of society. Recognising the pivotal role education plays in shaping lives, Divi's is focused in its commitment to supporting educational initiatives that pave the way for holistic growth, nurturing the leaders of tomorrow.

~1,00,500 students across **1,037** schools in Andhra Pradesh and Telangana over the years

Impact

In FY 2024, our endeavours extended to aiding over 1,000 schools across Telangana and Andhra Pradesh by enhancing their educational infrastructure. Our multifaceted initiatives included constructing additional classrooms, providing essential supplies like books, school bags, shoes, and stationery, and ensuring children's access to modern learning tools through the provision of computers, with the goal of fostering a conducive learning environment.

Wholesome development was facilitated through the promotion of sports and extracurricular activities in schools, and our collaborative initiatives such as conducting health camps and ensuring proper nutrition intake aimed at promoting the overall well-being of every student.

Way Forward

Our firm dedication remains unchanged in our efforts to uphold education and nurture responsible citizenship among children. We are determined to extend our educational initiatives, reaching out to additional schools and enriching the lives of a broader student community. By supplying them with essential resources, we aim to empower them to pursue their dreams and accomplish their aspirations.

Clean Water in Schools

In 2010, we initiated a project to install RO plants in schools, ensuring that students in government schools have access to safe and clean drinking water. This project involved thorough planning, precise execution, and continuous support. Our objective was to tackle the critical issue of inadequate access to clean drinking water in schools, especially those situated near our manufacturing facilities.

Impact

133 schools
RO plants installed during FY 2024

~11,000 students benefitted

Way Forward

We are committed to expanding our efforts in reaching more schools in need by continuously assessing our CSR initiatives' impact, pursuing opportunities, improving the health of countless students and lowering the risk of waterborne illnesses.



Our Commitment to Child Empowerment

New constructions and infrastructural renovations
Students: ~4,000

Clean water in schools since 2010
Students: ~1,03,000
Schools: 1,037

Conducted health camps and enhanced students' nutritional uptake
Students: ~10,000
Schools: 94

Distribution of model papers to SSC students in government schools
Students: ~2,250
Schools: 22

Distribution of school supplies including school bags and sandals in schools across Telangana and Andhra Pradesh
Students: ~8,550
Schools: 72

Social – Communities



Safe Drinking Water



Project Sujalam – Strong Water, Strong Communities!

Project Sujalam stands as our flagship CSR endeavour, with the primary goal of ensuring access to safe drinking water for communities residing near our manufacturing sites. This initiative has proven effective in mitigating severe water scarcity and tackling groundwater pollution in the neighbouring villages.

~5,56,500
beneficiaries across
1,120 locations

Impact

In 1994, upon establishing our first manufacturing unit, our founder recognised the pressing need for safe drinking water within local communities. Driven by a commitment to enact positive change, Divi's embarked on its primary CSR endeavour, Project Sujalam, to address the shortfall in clean water supply. This initiative centres on employing Reverse Osmosis (RO) technology for water purification, effectively eliminating excess fluoride and other contaminants to ensure safe consumption.

Introducing the innovative Any Time Water technology, access to clean drinking water is now available round-the-clock through a prepaid card system, empowering village communities to take charge of water purification systems and witnessing tangible health improvements within a mere two months of installation. With a sustainable upkeep model, this project has made significant strides in providing accessible clean water by installing RO plants in villages, temples, colleges, and schools across Telangana and Andhra Pradesh.



Project Jalaprasadam

~3,72,000
beneficiaries across
16 locations each day

We meticulously installed RO water purification plants at various public centric places including temples, motivated by our commitment to providing safe drinking water. These temples, steeped in ancient traditions and spiritual significance, attracted devotees from far and wide seeking solace, guidance, and a connection to the divine. However, a significant concern loomed over the temple

authorities: the absence of clean drinking water for the weary pilgrims.

Recognising that ensuring access to pure drinking water was not only a necessity but also a duty imbued with compassion and service, Divi's embarked on a journey of compassionate action. We established RO purification plants at temples, ensuring that every visitor could partake in the divine experience with a sense of purity and well-being. Our commitment extended beyond mere installation as we also assumed the responsibility of training temple staff in proper maintenance and monitoring to uphold the operational efficiency of the RO systems.

We believe that our endeavour not only quenched the thirst of the

people but also nurtured a sense of solidarity and shared responsibility within the community to safeguard this invaluable resource. We aspire that our journey serves as a testament to the transformative power of simple acts of kindness, performed with dedication and love, in effecting meaningful change.

Way Forward

Project Sujalam and Jalaprasadam have brought about a noticeable improvement in the lives of people by revolutionising their access to water. Divi's remains committed to this mission and anticipates expanding this project to more communities in the future.

Social – Communities



Community Development

Our community development initiatives revolve around three core focus areas: preventive healthcare, village advancement, and animal welfare. Through these endeavours, we aim to effect positive change in the lives of individuals and animals within the communities we serve. Our initiatives have brought tangible benefits to thousands of people, and we are dedicated to persisting in our efforts to cultivate sustainable and thriving communities.



Preventive Healthcare

Divi's places a high priority on preventive healthcare and raising awareness about diseases and their prevention. Through our healthcare programmes and awareness campaigns, our goal is to create a community free from diseases.

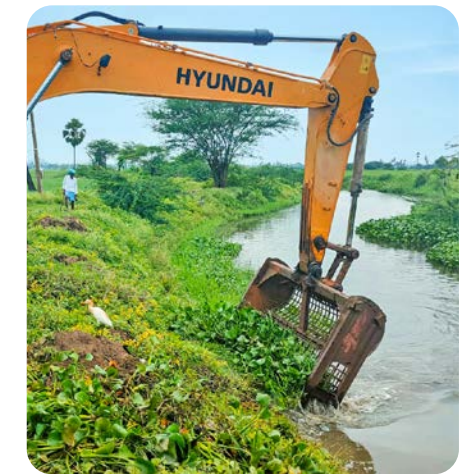
~1,89,500
beneficiaries across
Choutuppal and
Bheemili Mandal

Impact

In FY 2024, we conducted mass health camps including eye examination and facilitated Pulse Polio immunisation programmes, extending assistance to thousands of individuals, while also facilitating infrastructural upgradations in hospitals.

Way Forward

We will continue to prioritise preventive healthcare by organising health checkups, administering vaccinations, and educating the community about various diseases.



Village Development

Divi's recognises the vital role of rural India as the backbone of our nation's economy and culture. Since the nineties, we have been dedicated to creating comprehensive development in rural infrastructure.

~2,52,700
beneficiaries across
44 villages

Impact

To support Holistic Rural Development, Divi's has actively contributed to the upgradation of infrastructure, roads, and sanitation systems in villages surrounding the manufacturing units.

During FY 2024, we engaged in conducting cleanliness drives, building sustainable community assets, developing community areas, and providing necessary amenities such as open gym equipment and high mast lights to gram panchayats.

Way Forward

Our commitment to holistic rural development remains unwavering as we continuously strive to make meaningful contributions to the villages surrounding our manufacturing units by constructing sustainable infrastructure and empowering local communities.

Social – Communities

Animal Welfare & Dairy Development

This project focuses on women, who are the driving force of this programme. Increasing the productivity of animals, providing better healthcare and breeding facilities with proper management of dairy animals can reduce the cost of milk production.

~22,000

beneficiaries across Choutuppal and Bheemili Mandal



Impact

Women engaged in dairy farming have witnessed enhanced income and living standards, alongside improvements in animal health and the quality of service delivery within dairy units. These advancements have contributed to the overall economic upliftment of households, reflected in improved milk consumption patterns and heightened nutritional status among target households. Our endeavours in FY 2024 included the construction of buildings at veterinary hospitals as well as conducting veterinary and animal wellness camps to ensure the well-being of domesticated animals.

Way Forward

Divi's will persist in offering assistance to veterinary dispensaries, establishing dairy development and cattle feed camps, and promoting the involvement of women in advocating the significance of dairy farming as a sustainable economic pursuit.



Livelihood Enhancement

Central to our approach to uplifting communities is our commitment to empowering individuals through skill-building programmes and creating sustainable livelihoods. We established the Skill Development Centre (SDC) in Chippada village, providing youth with tailored training to kickstart their professional endeavours. Throughout the year, our CSR initiatives were geared towards strengthening income streams for rural households, with a special focus on supporting women and fishing communities.

Beneficiaries: ~410

Infrastructural Development

Construction and renovation of community halls, libraries, bridges and bus shelters.

Beneficiaries ~1,29,600

Construction and Maintenance of Canals

In the villages surrounding our manufacturing units in Telangana and Andhra Pradesh, we undertook the construction, renovation, and regular maintenance of canals.

Beneficiaries: ~24,000

Construction and Renovation of Roads

We have undertaken the construction, renovation, and maintenance of several cement-concrete and bitumen roads in villages.

Beneficiaries: ~24,300

Social – Communities



People Empowerment

Nurturing Humanity

At Divi's, we champion the potential of every individual, striving to empower women and support differently-abled members of our community through diverse initiatives. Our efforts in people empowerment are modelled towards fostering an inclusive society, where everyone is granted equal opportunities to thrive and make meaningful contributions to sustainable progress.

Women Empowerment

We firmly believe that empowering women through skill development and self-employment opportunities is instrumental in eradicating poverty and fostering economic growth within our society. Through our Mahila Bhavans and comprehensive training programmes, we equip women with the tools and training needed to excel across diverse fields.

~800
people empowered across 7 villages



Impact

In FY 2024, we empowered women through multiple training programmes aimed at fostering financial independence. These initiatives provided essential skills in areas such as tailoring, bookbinding, embroidery, and beauty-related courses. We facilitated the inauguration of Mahila Mandal Bavan in Annavaram, offered diverse training courses at the Skill Development Centre, and conducted an awareness programme on 'The Importance of Millets'.

Way Forward

We are committed to supporting women's livelihood programmes and providing robust skill development opportunities. Our goal is to empower more women to achieve financial independence and actively contribute to driving our society's economic advancement.

~500
women empowered across 5 villages



Supporting Differently-abled Individuals

We are dedicated to supporting differently-abled individuals, striving to create an environment where they can live independently and pursue their aspirations. Through tailored facilities and support, we aim to enable them to achieve their goals and realise a better tomorrow.

Impact

In FY 2024, we supported the Government School for the Visually Challenged in Yendada, Andhra Pradesh, which is the state's only institution exclusively serving visually impaired female students.

- Infrastructure upgrades
- Improved amenities for students
- Salaries for teaching and non-teaching staff



Other initiative

Construction and renovation at Govt. ITI College for differently-abled boys.

Way Forward

Our dedication to supporting differently-abled individuals remains firm as we strive to develop facilities tailored to their needs. Our overarching goal is to nurture a society that embraces inclusivity, ensuring equal opportunities for all to thrive and experience fulfilling lives.

Social – Communities



Environmental Sustainability



Divi's upholds the significance of advancing human well-being and environmental health. We remain committed to sustainability and have undertaken numerous initiatives to foster ecological balance within and beyond our manufacturing facilities.

~31,000
saplings planted

~68,000
beneficiaries across **7** villages

Impact

We planted roughly 31,000 saplings near Visakhapatnam and Choutuppal to enhance greenery and ecological balance, expecting significant local environmental benefits. This effort aligns with our past initiatives, including plantations around our facilities, universities, and national highways and protecting plantations from animals. We have maintained Yadadri Model Natural Forest Sites with Green Volunteers and organised clean and green programmes and tree plantation drives to foster sustainability and environmental consciousness.

Way Forward

This initiative will create a favourable habitat for wildlife, improve soil quality, and reduce soil erosion. Looking ahead, we are dedicated to implementing initiatives that promote ecological balance and environmental protection, thereby fostering a more sustainable future for all. In line with this commitment, Divi's CSR will actively engage in reversing the effects of our ecological footprint through various sustainability initiatives.



Afforestation Drives

Plantation drive on the National Highways.

Saplings planted: ~4,000

Distribution of Eco-friendly Ganesh Idols

Beneficiaries: 14,000

Maintenance of Miyawaki-Yadadri Natural Forest in Four Villages

Our continuous initiative is to cultivate rapidly growing groves of indigenous plants that simulates the layers of a natural forest.

Beneficiaries: ~6,000

Plantations to date: ~13,860

Cleanliness Programmes 'Swachh Bharat'

We conducted beach and village clean-up drives, facilitated the construction of individual toilets, and distributed cleaning accessories and products in Bheemili Mandal.

Beneficiaries: ~20,000

Governance

Instilling Integrity at the Core

We uphold the standards of corporate governance by building trust and credibility with stakeholders, demonstrating our commitment to responsible business practices. By doing so, we not only achieve our strategic goals but also make a positive impact on society and create long-term value for our stakeholders.

Board Composition during the Year

Our Board is comprised of a diverse mix of Executive and Non-executive Directors, each bringing unique expertise and perspectives to the table. This diversity fosters a culture of innovation and collaboration, enabling the Board to provide effective oversight and guidance to the management team.

5
Executive Directors

7
Non-executive Independent Directors

2
Women Directors

Our Governance Philosophy

Our corporate governance philosophy is founded on the principles of integrity, fairness, transparency, compliance with laws, accountability, responsibility towards stakeholders, and ethical business conduct. We recognise that we have a duty to ensure that our stakeholders' interests are protected while creating value for our business.

Board of Directors

Our Board of Directors is responsible for overseeing our Company's overall functioning, providing strategic guidance, and ensuring effective management monitoring. Our Board regularly reviews information relating to our business, operations, and risks, as well as compliance reports of all applicable laws. This ensures that our Board is fully informed and can make informed decisions in the best interests of our Company and its stakeholders.



Board Competency

Skillsets	No. of Directors with Developed Skillsets
Global Business	9/12
Strategy, Planning, and Marketing	7/12
Governance	12/12
Leadership	12/12
Technology	8/12
Legal, Commercial, and Financial	9/12
Sustainability and Risk Management	12/12

Governance

Board of Directors*

Executive Directors



Dr. Murali K. Divi
Managing Director



N. V. Ramana
Executive Director



Dr. Kiran S. Divi
Whole-time Director &
Chief Executive Officer



Nilima Prasad Divi
Whole-time Director (Commercial)



Dr. S. Devendra Rao
Whole-time Director (Manufacturing)



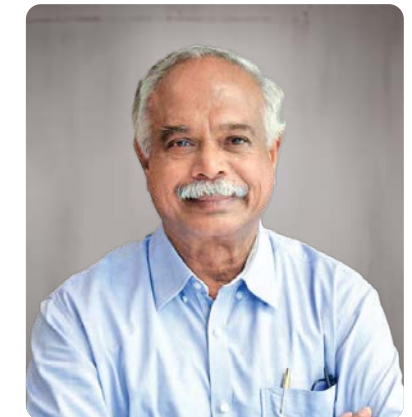
Independent Directors



Dr. Ramesh B. V. Nimmagadda
Non-executive Chairman &
Independent Director



K. V. K. Seshavataram
Independent Director



Dr. S. Ganapathy
Independent Director



K. V. Chowdary
Independent Director



Dr. Rajendra Kumar Premchand
Independent Director



Prof. Sunaina Singh
Independent Director



Committee Details

Audit Committee

Stakeholders Relationship Committee

Risk Management and Sustainability Committee

Nomination and Remuneration Committee

Corporate Social Responsibility Committee

Chairman

Member

*as of May 25, 2024.

Business Responsibility & Sustainability Report (BRSR)

SECTION A: GENERAL DISCLOSURES

I. Details of the listed entity

1.	Corporate Identity Number (CIN) of the Company	L24110TG1990PLC011854
2.	Name of the Listed Entity	Divi's Laboratories Limited
3.	Year of incorporation	1990
4.	Registered office address	Divi Towers, 1-72/23(P)/DIVIS/303, Cyber Hills, Gachibowli, Hyderabad – 500 032, Telangana, India
5.	Corporate address	Divi Towers, 1-72/23(P)/DIVIS/303, Cyber Hills, Gachibowli, Hyderabad – 500 032, Telangana, India
6.	E-mail	mail@divislabs.com
7.	Telephone	+91 40-66966300
8.	Website	www.divislabs.com
9.	Financial year for which reporting is being done	April 01, 2023 to March 31, 2024
10.	Name of the Stock Exchange(s) where shares are listed	National Stock Exchange of India Limited (NSE), and BSE Limited (BSE)
11.	Paid-up Capital	₹53,09,37,160/-
12.	Name and contact details (telephone, email address) of the person who may be contacted in case of any queries on the BRSR report	M. Satish Choudhury Company Secretary & Compliance Officer cs@divislabs.com +91 40-66966352
13.	Reporting boundary - Are the disclosures under this report made on a standalone basis (i.e. only for the entity) or on a consolidated basis (i.e. for the entity and all the entities which form a part of its consolidated financial statements, taken together).	The disclosure under this BRSR is on standalone basis unless otherwise stated.
14.	Name of assurance provider	Bureau Veritas (India) Private Limited
15.	Type of assurance obtained	Reasonable Assurance (for BRSR core indicators).

II. Products/services

16. Details of business activities (accounting for 90% of the turnover):

S. No	Description of Main Activity	Description of Business Activity	% of Turnover of the entity
1.	Manufacture of Active Pharma Ingredients, Intermediates and Nutraceuticals.	Manufacture of Active Pharma Ingredients, Intermediates and Nutraceuticals.	100%

17. Products/Services sold by the entity (accounting for 90% of the entity's Turnover):

S. No	Description of Business Activity	NIC Code	% of Turnover of the entity
1.	Manufacture of Active Pharma Ingredients, Intermediates and Nutraceuticals.	21009	100%

III. Operations

18. Number of locations where plants and/or operations/offices of the entity are situated:

Location	Number of plants	Number of offices	Total
National	4*	1	5
International	0	2	2

*The number of plants include the Company's manufacturing facility including Unit 3 under construction and R&D centre.

19. Markets served by the entity:

a. Number of locations

Locations	Number
National (No. of States)	PAN India
International (No. of Countries)	80

b. What is the contribution of exports as a percentage of the total turnover of the entity?

87%

c. A brief on types of customers

Our customers include various Pharmaceutical and Nutraceutical companies across the globe.

IV. Employees

20. Details as at the end of Financial Year:

a. Employees and workers (including differently abled):

S. No.	Particulars	Total (A)	Male		Female	
			No. (B)	% (B/A)	No. (C)	% (C/A)
Employees						
1.	Permanent (D)	9,683	8,239	85.09	1,444	14.91
2.	Other than Permanent (E)	1,424	1,158	81.32	266	18.68
3.	Total employees (D + E)	11,107	9,397	84.60	1,710	15.40
Workers						
4.	Permanent (F)	58	58	100	0	0
5.	Other than Permanent (G)	6,359	6,353	99.91	6	0.09
6.	Total workers (F + G)	6,417	6,411	99.91	6	0.09

b. Differently abled Employees and workers:

S. No.	Particulars	Total (A)	Male		Female	
			No. (B)	% (B/A)	No. (C)	% (C/A)
Differently abled Employees						
1.	Permanent (D)	17	15	88.23	2	11.77
2.	Other than Permanent (E)	0	0	0	0	0
3.	Total differently abled employees (D + E)	17	15	88.23	2	11.77
Differently abled Workers						
4.	Permanent (F)	0	0	0	0	0
5.	Other than Permanent (G)	11	11	100	0	0
6.	Total differently abled workers (F + G)	11	11	100	0	0

21. Participation/Inclusion/Representation of women:

	Total (A)	No. and percentage of Females	
		No. (B)	% (B/A)
Board of Directors	12	2	16.67
Key Management Personnel*	7	1	14.29

* Including Executive Directors

22. Turnover rate for permanent employees and workers:

	FY 2023-24			FY 2022-23			FY 2021-22		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Permanent Employees	8.11%	14.64%	9.05%	17.69%	23.70%	18.52%	15.72%	27.90%	17.39%
Permanent Workers	0	0	0	1.72%	0	1.72%	0	0	0

V. Holding, Subsidiary and Associate Companies (including joint ventures)

23. (a) Names of holding/subsidiary/associate companies/joint ventures:

S. No.	Name of the holding/subsidiary/associate companies/joint ventures (A)	Indicate whether holding/Subsidiary/Associate/Joint Venture	% of shares held by listed entity	Does the entity indicated at column A, participate in the Business Responsibility initiatives of the listed entity? (Yes/No)
1	Divis Laboratories (USA) Inc., New Jersey, USA.	Subsidiary	100%	No
2	Divi's Laboratories Europe AG, Basel, Switzerland	Subsidiary	100%	No

VI. CSR Details

24. (i) Whether CSR is applicable as per Section 135 of Companies Act, 2013: Yes
 (ii) Turnover (in ₹ crores): ₹8,002
 (iii) Net worth (in ₹ crores): ₹13,484

VII. Transparency and Disclosures Compliances

25. Complaints/Grievances on any of the principles (Principles 1 to 9) under the National Guidelines on Responsible Business Conduct:

Stakeholder group from whom complaint is received	Grievance Redressal Mechanism in Place (Yes/No) (If Yes, then provide web-link for grievance redress policy)	FY 2023-24			FY 2022-23		
		Number of complaints filed during the year	Number of complaints pending resolution at close of the year [#]	Remarks	Number of complaints filed during the year	Number of complaints pending resolution at close of the year [#]	Remarks
Communities	Yes*	0	0	-	0	0	-
Investors (other than shareholders)	NA	-	-	-	-	-	-
Shareholders	Yes*	23	0	-	59	0	-
Employees and workers	Yes*	0	0	-	0	0	-
Customers	Yes*	42	07	-	37	05	-
Value Chain Partners	Yes*	0	0	-	0	0	-
Other (please specify)	-	-	-	-	-	-	-

* Various policies of the Company for redressing the grievances of its stakeholders are available at <https://www.divislab.com/investor-relations/>. In addition there are internal policies placed on intranet of the Company.

Pending complaints at the end of relevant period are redressed as per the standard operating procedure and are/will be closed in due course.

26. Overview of the entity's material responsible business conduct issues:

Please indicate material responsible business conduct and sustainability issues pertaining to environmental and social matters that present a risk or an opportunity to your business, rationale for identifying the same, approach to adapt or mitigate the risk along-with its financial implications, as per the following format.

S. No.	Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk/opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk opportunity (Indicate positive or negative implications)
1	Occupational Health and Safety	R	In pharmaceutical manufacturing, health and safety management systems must ensure uninterrupted and safe operations.	Health and Safety management systems and procedures are in place in line with the applicable laws enacted in India like Factories Act, Explosives Act, etc., as well as applicable international standards like ISO. These systems/procedures are reviewed and audited periodically. Processes are in place for incident reviews leading to corrective and preventive action.	Occupational health & safety incidents can have negative financial implications.
2	Environment Management	R	The Company's operations if not managed properly may result in risk to environment.	Environmental risks and impacts are managed through established environment management practices. The practices include conducting risk assessments, periodic review mechanisms and continuous strengthening practices and mitigation plans, using reviews and corrective and preventive actions. We are certified for ISO 14001 Environment Management System.	Environmental risks may result in negative financial implications.
3	Water Management	R	Water management is crucial for the Company's operations from the perspective of protection and conservation of the natural resource and cost effectiveness.	We are managing risks associated with water management through implementation and strengthening of water recycle and reuse programmes, installation of RO plants to treat water to reuse, water conservation programmes (rainwater harvesting, collecting steam condensate, etc), and by installation of desalination plants to utilise seawater for selected operations.	Water management risks may result in negative financial implications apart from scarcity of this resource.
4	Community Care	O	The Company believes in sustainable development and serves the vulnerable population around its manufacturing operations through its CSR activities.	-	Positive: The Company helps the communities with CSR activities in the area of health, education, drinking water, women empowerment, green initiatives, support to differently abled, rural development, Skill development, etc. This gives the Company a positive response in the communities it operates.

S. No.	Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk/opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk opportunity (Indicate positive or negative implications)
5	Waste Management	R	Manufacturing of products requires abundant quantities of raw materials and proper management of waste generated.	We are managing risks associated with Waste management through implementation and strengthening of recycle and reuse programmes. Effective recovery of solvents from solvent recovery system and reuse in the process. Implementation of green chemistry in the process to reduce the waste generation. All solid waste generated are handled as per the applicable regulations of Ministry of Environment, Forest & Climate Change of India and Pollution Control Board's (PCB) conditions.	Waste management risks may result in negative financial implications.
6	Climate Change	R	Increased levels of Green House Gas emissions may pose harmful effects to environment, human health and associated risks.	We are mitigating climate change risks by reducing the dependency on fossil fuel sources and focusing on renewable sources for power and heat energy. We have taken various initiatives to reduce GHG emissions from our operations. We have also committed to SBTi for both near term and net zero targets. In line with our commitment, we are working on developing targets. Our GHG footprint is being verified by external agency as per ISO 14064-1 on annual basis.	Climate change risks may result in negative financial implications

SECTION B: MANAGEMENT AND PROCESS DISCLOSURES

This section is aimed at helping businesses demonstrate the structures, policies and processes put in place towards adopting the NGRBC Principles and Core Elements.

Disclosure Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
Policy and management processes									
1. a. Whether your entity's policy/policies cover each principle and its core elements of the NGRBCs. (Yes/No)	Yes	Yes	Yes	Yes	Yes	Yes	NA	Yes	Yes
b. Has the policy been approved by the Board? (Yes/No)	The Policies are approved by the Board or by the respective Executive Director as authorised by the Board.								
c. Web Link of the Policies, if available	(Click on policy for web access if available on the Company website i.e. www.divislabs.com) P1 to P9 (excluding P7) - Code of Ethics and Business Conduct P1 - Whistle Blower Policy P2 - Supplier Code of Conduct, Sustainable procurement policy P3 to P5 - Labour and Human Rights Policy P4 - Corporate Social Responsibility Policy P6 - Environmental, Health and Safety Policy, Environmental Sustainability Policy P7 - NA P9 - Information Security Policies (available on our intranet)								
2. Whether the entity has translated the policy into procedures. (Yes/No)				Yes			NA		Yes
3. Do the enlisted policies extend to your value chain partners? (Yes/No)	Yes	Yes	Yes	Yes	Yes	Yes	NA	No	Yes
4. Name of the national and international codes/certifications/labels/standards (e.g. Forest Stewardship Council, Fairtrade, Rainforest Alliance, Trustea) standards (e.g. SA 8000, OHSAS, ISO, BIS) adopted by your entity and mapped to each principle.	ISO 45001, ISO 9001		ISO 45001		ISO 14001, - ISO 14064, G.M.P & G.L.P certification		As per the CSR Rules prescribed under the Companies Act, 2013		
5. Specific commitments, goals and targets set by the entity with defined timelines, if any.	The Company has set specific Sustainability targets, which lays down the key aspects of the sustainability including timelines for the same and yearly EHS (Environment, Health and Safety) targets as detailed below:								
Sustainability targets for 2030:									
Carbon Footprint					Water Conservation				
<ul style="list-style-type: none"> Reduce absolute based GHG (Scope-1 & Scope-2) emission by 5%. Reduce intensity based GHG (Scope-1 & Scope-2) emission by 25%. 					<ul style="list-style-type: none"> Reduce ground water & surface water intake by 30%. Reduce water consumption by 25%. Reduce intensity-based water consumption by 25%. 				
Energy Conservation					Waste Management				
<ul style="list-style-type: none"> Decrease intensity-based energy consumption by 25%. Rely on renewable energy sources to the extent possible, where applicable. 					<ul style="list-style-type: none"> Reduce intensity-based waste disposal by 25%. Reduce plastic waste using for packing. 				
EHS targets for 2023-24									
<ul style="list-style-type: none"> No major fire, explosion, toxic gas leak; No fatality & reportable injury Lost time injury severity (LTIs) rate of not more than 0.3 Minimum 15 EHS training hours per employee per year. 									
We are committed to Science Based Targets initiative (SBTi) for both Near term and Net-Zero targets. In line to our commitment, we are working on developing targets.									

Disclosure Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
6. Performance of the entity against the specific commitments, goals and targets along-with reasons in case the same are not met.	The performance against specific commitments, goals achieved during the year is as follows:								
	Carbon Footprint			Water Conservation					
	• ~19,000 TCO ₂ e emissions were reduced with the initiatives taken during the reporting period.			• ~ 1,30,300 KL of water was conserved and ~3,030 KL of water was harvested with the initiatives taken during the reporting period.					
	Energy Conservation			Waste Management					
	• ~1,64,900 GJ of energy was conserved with the initiatives taken during the reporting period.			• ~ 40 MT of plastic waste was reduced.					
	Achievement of EHS targets in 2023-24								
	<ul style="list-style-type: none"> No major fire, explosion, toxic gas leak, fatality and reportable injuries have occurred during 2023-24. Lost time injury severity (LTIs) rate for 2023-24 is 0.03 that is well below the target of 0.3. Average training hours per employee for 2023-24 is ~21 hours. 								

Governance, leadership and oversight

7. Statement by director responsible for the business responsibility report, highlighting ESG related challenges, targets and achievements (listed entity has flexibility regarding the placement of this disclosure): At Divi's, Sustainability is fundamental to our business operations. In line with our commitment, we have set sustainability targets for 2030 and signed the Science Based Targets initiative (SBTi) for both Near term and Net-Zero targets. Dr. S. Devendra Rao Whole-time Director (Manufacturing)	The performance against specific commitments, goals achieved during the year is as follows:								
8. Details of the highest authority responsible for implementation and oversight of the Business Responsibility policy (ies).	Dr. S. Devendra Rao Whole-time Director (Manufacturing) DIN: 10481393 Email: cs@divislab.com ; Tel: +91 40-66966352								
9. Does the entity have a specified Committee of the Board/Director responsible for decision making on sustainability related issues? (Yes/No). If yes, provide details.	Yes, the Risk Management Committee oversees the Environment, Social and Governance related topics.								
10. Details of Review of NGRBCs by the Company:									

Subject for Review	Indicate whether review was undertaken by Director/Committee of the Board/Any other Committee and Frequency								
Performance against above policies and follow up action	The Policies of the Company are reviewed periodically or on need basis by respective Department heads/Executive Directors/Board Committees/Board of Directors, as applicable.								
Compliance with statutory requirements of relevance to the principles, and rectification of any non-compliances	The Company is in compliance with all applicable laws.								
11. Has the entity carried out independent assessment/evaluation of the working of its policies by an external agency? (Yes/No). If yes, provide name of the agency.	P1	P2	P3	P4	P5	P6	P7	P8	P9
	No	Yes, Bureau Veritas (India) Private Limited	Yes, Bureau Veritas (India) Private Limited	No	No	Yes, Bureau Veritas (India) Private Limited	NA	No	No

12. If answer to question (1) above is "No" i.e. not all Principles are covered by a policy, reasons to be stated:
With respect to Principle 7, the answer is "Not Applicable" (NA) as the Company does not have a separate policy on public advocacy.

SECTION C: PRINCIPLE WISE PERFORMANCE DISCLOSURE

This section is aimed at helping entities demonstrate their performance in integrating the Principles and Core Elements with key processes and decisions. The information sought is categorised as "Essential" and "Leadership". While the essential indicators are expected to be disclosed by every entity that is mandated to file this report, the leadership indicators may be voluntarily disclosed by entities which aspire to progress to a higher level in their quest to be socially, environmentally and ethically responsible.

PRINCIPLE 1: Businesses should conduct and govern themselves with integrity, and in a manner that is Ethical, Transparent and Accountable

Essential Indicators

1. Percentage coverage by training and awareness programmes on any of the Principles during the financial year:

Segment	Total number of training and awareness programmes held	Topics/principles covered under the training and its impact	% age of persons in respective category covered by the awareness programmes
Board of Directors (BoD) Key Managerial Personnel (KMP)	5	Familiarisation programmes for the Board of Directors/KMPs of the Company are done periodically. The topics of the programmes includes business and industry updates, risk management, important regulatory changes and compliances of various statutory requirements, updating on various Codes/Policies of the Company, environmental, social and governance parameters, legal cases, etc.	100%
Employees other than BoD and KMPs Workers	2,275	In addition to on-the-job training programmes, all the employees including workers underwent trainings which include topics covering principles P1-6, P8, P9.	100%

2. Details of fines/penalties /punishment/award/compounding fees/settlement amount paid in proceedings (by the entity or by directors/KMPs) with regulators/law enforcement agencies/judicial institutions, in the financial year, in the following format.
(Note: the entity shall make disclosures on the basis of materiality as specified in Regulation 30 of SEBI (Listing Obligations and Disclosure Obligations) Regulations, 2015 and as disclosed on the entity's website):

Monetary				
NGRBC Principle	Name of the regulatory/enforcement agencies/judicial institutions	Amount (In INR)	Brief of the Case	Has an appeal been preferred? (Yes/No)
Penalty/Fine				
Settlement		Nil		
Compounding fee				
Non-Monetary				
NGRBC Principle	Name of the regulatory/enforcement agencies/judicial institutions	Brief of the Case	Has an appeal been preferred? (Yes/No)	
Imprisonment				
Punishment		Nil		

3. Of the instances disclosed in Question 2 above, details of the Appeal/Revision preferred in cases where monetary or non-monetary action has been appealed.
Not Applicable.

4. Does the entity have an anti-corruption or anti-bribery policy? If yes, provide details in brief and if available, provide a web-link to the policy.
Yes. The Company has Anti-Corruption Policy, which not only covers the company but also extends to its stakeholders, viz., suppliers, customers, employees, etc. Weblink: <https://www.divislab.com/wp-content/uploads/2022/02/Anti-Corruption-Policy.pdf>

5. Number of Directors/KMPs/employees/workers against whom disciplinary action was taken by any law enforcement agency for the charges of bribery/corruption:

	FY 2023-24	FY 2022-23
Directors	0	0
KMPs	0	0
Employees	0	0
Workers	0	0

6. Details of complaints with regard to conflict of interest:

	FY 2023-24		FY 2022-23	
	Number	Remarks	Number	Remarks
Number of complaints received in relation to issues of Conflict of Interest of the Directors	0	-	0	-
Number of complaints received in relation to issues of Conflict of Interest of the KMPs	0	-	0	-

7. Provide details of any corrective action taken or underway on issues related to fines/penalties/action taken by regulators/law enforcement agencies/judicial institutions, on cases of corruption and conflicts of interest. Not Applicable

8. Number of days of accounts payables ((Accounts payable *365)/Cost of goods/services procured) in the following format:

	FY 2023-24	FY 2022-23
Number of days of accounts payables	92	88

9. Open-ness of business

Provide details of concentration of purchases and sales with trading houses, dealers, and related parties along-with loans and advances & investments, with related parties, in the following format:

Parameter	Metrics	FY 2023-24	FY 2022-23
Concentration of Purchases	a. Purchases from trading houses as % of total purchases	21.91 %	25.15%
	b. Number of trading houses where purchases are made from	728	733
	c. Purchases from top 10 trading houses as % of total purchases from trading houses	44.15 %	51.77%
Concentration of Sales	a. Sales to dealers/distributors as % of total sales	4.42%	4.26%
	b. Number of dealers/distributors to whom sales are made	2	2
	c. Sales to top 10 dealers/distributors as % of total sales to dealers/distributors	100%	100%
Share of RPTs in	a. Purchases (Purchases with related parties/Total Purchases)	Nil	Nil
	b. Sales (Sales to related parties/Total Sales)	4.42%	4.26%
	c. Loans & advances (Loans & advances given to related parties/Total loans & advances)	Nil	Nil
	d. Investments (Investments in related parties/Total Investments made)	8.22%	8.72%

Leadership Indicators

1. Awareness programmes conducted for value chain partners on any of the Principles during the financial year:

Total number of awareness programmes held	Topics/Principles covered under the training	% age of value chain partners covered (by value of business done with such partners) under the awareness programmes
Nil	Nil	Nil

2. Does the entity have processes in place to avoid/manage conflict of interests involving members of the Board? (Yes/No) If Yes, provide details of the same.

Yes, the Company has in place "Code of Ethics and Business Conduct" and a 'Policy on Related Party Transactions', which are applicable to the members of the Board of Directors. Transactions with Directors or any entity in which such Directors are concerned or interested, are required to be approved by the Audit Committee, the Board of Directors and Members of the Company, wherever applicable. In such cases, the interested Directors abstain themselves from the discussions at the meeting. Related Party Transactions, if any, with the Company shall be at arm's length basis only. The weblink of the abovementioned policies are mentioned below:

Code of Ethics and Business Conduct: <https://www.divislab.com/wp-content/uploads/2022/02/Code-of-Ethics-and-Business-Conduct-of-Divis-Laboratories-Limited.pdf>

Policy on Related Party Transactions: <https://www.divislab.com/wp-content/uploads/2022/04/RPT-policy.pdf>

PRINCIPLE 2: Businesses should provide goods and services in a manner that is sustainable and safe

Essential Indicators

1. Percentage of R&D and capital expenditure (capex) investments in specific technologies to improve the environmental and social impacts of product and processes to total R&D and capex investments made by the entity, respectively.

	March 31, 2024	March 31, 2023	Details of improvements in environmental and social impacts
R&D	100%	100%	The expenditure towards R&D is aimed at improving environmental and social impacts, such as reduction in emission and waste generation, conservation of energy and water.
Capex	24.6%	9.95%	With the investments in specific technologies to improve the environmental and social impacts of product and processes during the year, the Company was able to reduce ~19,000 TCO ₂ e emissions, conserve ~1,30,300 KL of water, harvest 3,030 KL of water and ~ 1,64,900 GJ of energy

2. a. Does the entity have procedures in place for sustainable sourcing? (Yes/No): Yes

b. If yes, what percentage of inputs were sourced sustainably?

Yes, At Divi's, we are striving for sustainability across all functions of our organisation including sourcing and procurement. Through our Sustainable Procurement policy, we are committed to ensuring the goods and services we purchase are manufactured, delivered, used and disposed of in an environmentally and socially responsible manner. It is also intended to encourage our suppliers to adopt practices that minimise their environmental impact and deliver community benefits, in relation to their own operations, and throughout the supply chains in which they operate. About 59% value of our purchases are sourced from vendors who embraced our sustainable procurement policy.

3. Describe the processes in place to safely reclaim your products for reusing, recycling and disposing at the end of life, for (a) Plastics (including packaging) (b) E-waste (c) Hazardous waste and (d) other waste.

We have a well-established waste management system in place to collect the waste generated from our operations. Certain types of waste are being sent to authorised recyclers/vendors for recovery and disposal. Plastic waste generated from our operations is either recycled or reused. E-waste is sent to authorised recyclers. Majority of Hazardous waste is sent for co-processing at Cement industries for value recovery.

4. Whether Extended Producer Responsibility (EPR) is applicable to the entity's activities (Yes/No). If yes, whether the waste collection plan is in line with the Extended Producer Responsibility (EPR) plan submitted to Pollution Control Boards? If not, provide steps taken to address the same.

Yes. Actions are implemented to minimise the amount of plastic waste generated and ensure that the waste is recycled/reused or disposed off to environment in friendly manner. For the purpose of implementation, we have engaged with authorised recyclers. Our waste collection plan is in line with the EPR plan submitted to PCB.

Leadership Indicators

- Has the entity conducted Life Cycle Perspective/Assessments (LCA) for any of its products (for manufacturing industry) or for its services (for service industry)? If yes, provide details in the following format?

We have conducted Life Cycle Assessments (LCA) internally for Climate Change category for the below products.

NIC Code	Name of Product /Service	% of total Turnover contributed	Boundary for which the Life Cycle Perspective/ Assessment was conducted	Whether conducted by independent external agency (Yes/No)	Results communicated in public domain (Yes/No) If yes, provide the web-link.
210	Naproxen Sodium	7.31%	Cradle to Gate	No	No
210	Valsartan	5.43%	Cradle to Gate	No	No

- If there are any significant social or environmental concerns and/or risks arising from production or disposal of your products/services, as identified in the Life Cycle Perspective/Assessments (LCA) or through any other means, briefly describe the same along-with action taken to mitigate the same.

There were no significant social or environmental concerns identified in LCA.

- Percentage of recycled or reused input material to total material (by value) used in production (for manufacturing industry) or providing services (for service industry).

We have established systems for recovering and recycle/reuse for most of our input materials.

Indicate input material	Recycled or re-used input material to total material	
	FY 2023-24	FY 2022-23
Toluene	~95%	~95%
Nitrobenzene	~93%	~93%

- Of the products and packaging reclaimed at end of life of products, amount (in metric tonnes) reused, recycled, and safely disposed, as per the following format:

Not applicable. Considering the line of business/operations, we have not reclaimed any products and packaging at the end of life of products.

- Reclaimed products and their packaging materials (as percentage of products sold) for each product category.

Not applicable. We have not reclaimed any products and their packaging materials.

PRINCIPLE 3: Businesses should respect and promote the well-being of all employees, including those in their value chains

Essential Indicators

- a. Details of measures for the well-being of employees:

Category	Total (A)	% of employees covered by									
		Health Insurance		Accident Insurance		Maternity Benefits		Paternity Benefits		Day Care facilities	
		Number (B)	% (B/A)	Number (C)	% (C/A)	Number (D)	% (D/A)	Number (E)	% (E/A)	Number (F)	% (F/A)
Permanent Employees											
Male	8,239	8,239	100	8,239	100	NA	NA	NA	NA	8,239	100
Female	1,444	1,444	100	1,444	100	1,444	100	NA	NA	1,444	100
Total	9,683	9,683	100	9,683	100	1,444	14.91	-	-	9,683	100
Other than Permanent Employees											
Male	1,158	1,158	100	1,158	100	NA	NA	NA	NA	1,158	100
Female	266	266	100	266	100	266	100	NA	NA	266	100
Total	1,424	1,424	100	1,424	100	266	18.68	-	-	1,424	100

NA: Not Applicable

- b. Details of measures for the well-being of workers:

Category	Total (A)	% of workers covered by									
		Health Insurance		Accident Insurance		Maternity Benefits		Paternity Benefits		Day Care facilities	
		Number (B)	% (B/A)	Number (C)	% (C/A)	Number (D)	% (D/A)	Number (E)	% (E/A)	Number (F)	% (F/A)
Permanent Workers											
Male	58	58	100	58	100	NA	NA	NA	NA	58	100
Female	0	0	0	0	0	0	0	NA	NA	0	0
Total	58	58	100	58	100	0	0	-	-	58	100
Other than Permanent Workers											
Male	6,353	6,353	100	6,353	100	NA	NA	NA	NA	6,353	100
Female	6	6	100	6	100	6	100	NA	NA	6	100
Total	6,359	6,359	100	6,359	100	6	100	-	-	6,359	100

- c. Spending on measures towards well-being of employees and workers (including permanent and other than permanent) in the following format.

	FY 2023-24	FY 2022-23
Cost incurred on well-being measures as a % of total revenue of the company	0.13%	0.09%

2. Details of retirement benefits, for Current Financial year and Previous Financial Year.

Benefits	FY 2023-24			FY 2022-23		
	No. of employees covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and deposited with the authority (Y/N/N.A.)	No. of employees covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and deposited with the authority (Y/N/N.A.)
PF	100	100	Y	100	100	Y
Gratuity	100	100	N.A.	100	100	N.A.
ESI	34.9	81.9	Y	53	83.4	Y
Others -please specify	-	-	-	-	-	-

3. Accessibility of workplaces: Are the premises/offices of the entity accessible to differently abled employees and workers, as per the requirements of the Rights of Persons with Disabilities Act, 2016? If not, whether any steps are being taken by the entity in this regard.

Yes.

4. Does the entity have an equal opportunity policy as per the Rights of Persons with Disabilities Act, 2016? If so, provide a web-link to the policy.

Yes. The Company's Code of Ethics and Business Conduct provides for equal opportunities for all its employees and all qualified applicants for employment without regard to their race, caste, religion, colour, ancestry, marital status, gender, age, nationality, ethnic origin or disability (to the extent it does not affect the performance of the expected functions), subject to applicable laws and regulations. Weblink to access the Code of Ethics and Business Conduct is <https://www.divislab.com/wp-content/uploads/2022/02/Code-of-Ethics-and-Business-Conduct-of-Divi-Laboratories-Limited.pdf>

5. Return to work and Retention rates of permanent employees and workers that took parental leave.

Gender	Permanent Employees		Permanent Workers	
	Return to work rate	Retention rate	Return to work rate	Retention rate
Male	NA	NA	NA	NA
Female	95.45 %	93.18 %	NA	NA
Total	95.45 %	93.18 %	NA	NA

6. Is there a mechanism available to receive and redress grievances for the following categories of employees and worker? If yes, give details of the mechanism in brief.

	Yes/No	(If Yes, then give details of the mechanism in brief)
Permanent Workers	Yes	Yes, a Grievance Redressal Mechanism has been constituted to hear and redress individual grievances.
Other than Permanent Workers	Yes	
Permanent Employees	Yes	The Company has formulated Whistle Blower Policy for redressing grievances related to unethical behavior, actual or suspected fraud or a violation of a Company's Code of Conduct. As per this Policy, the concerns can be sent to the Vigilance Officer or directly to the Chairman of the Audit Committee. The policy can be accessed at https://www.divislab.com/wp-content/uploads/2020/06/WhistleBlowerPolicy.pdf
Other than Permanent Employees	Yes	

7. Membership of employees and worker in association(s) or Unions recognised by the listed entity:

Category	FY 2023-24			FY 2022-23		
	Total employees/workers in respective category (A)	No. of employees/workers in respective category, who are part of association(s) or Union (B)	% (B/A)	Total employees/workers in respective category (C)	No. of employees/workers in respective category, who are part of association(s) or Union (D)	% (D/C)
Total Permanent Employees	9,683	Nil	0	8,375	Nil	0
Male	8,239	Nil	0	7,223	Nil	0
Female	1,444	Nil	0	1,152	Nil	0
Total Permanent Workers	58	Nil	0	58	Nil	0
Male	58	Nil	0	58	Nil	0
Female	0	Nil	0	0	Nil	0

8. Details of training given to employees and workers:

Category	FY 2023-24					FY 2022-23				
	Total (A)	On Health and safety measures		On Skill upgradation		Total (D)	On Health and safety measures		On Skill upgradation	
		No. (B)	% (B/A)	No. (C)	% (C/A)		No. (E)	% (E/D)	No. (F)	% (F/D)
Employees										
Male	9,397	9,397	100	9,397	100	8,990	8,990	100	8,990	100
Female	1,710	1,710	100	1,710	100	1,675	1,675	100	1,675	100
Total	11,107	11,107	100	11,107	100	10,665	10,665	100	10,665	100
Workers										
Male	6,411	6,411	100	6,411	100	6,241	6,241	100	6,241	100
Female	6	6	100	6	100	5	5	100	5	100
Total	6,417	6,417	100	6,417	100	6,246	6,246	100	6,246	100

Note: Training programmes offered under health and safety and skill upgradation are mandatory for all employees and workers. All of them attended the training programmes as per schedule.

9. Details of performance and career development reviews of employees and worker:

Category	FY 2023-24			FY 2022-23		
	Total (A)	No. (B)	% (B/A)	Total (C)	No. (D)	% (C/D)
Employees						
Male	8,239	8,239	100	7,223	7,223	100
Female	1,444	1,444	100	1,152	1,152	100
Total	9,683	9,683	100	8,375	8,375	100
Workers						
Male	58	58	100	58	58	100
Female	0	0	100	0	0	100
Total	58	58	100	58	58	100

10. Health and safety management system:

a. Whether an occupational health and safety management system has been implemented by the entity? (Yes/No). If yes, the coverage such system?

Yes, occupational health and safety management system has been implemented at all our manufacturing sites and supporting centers as per the requirements of ISO 45001, and the same has been certified with 100% coverage of our operations.

b. What are the processes used to identify work-related hazards and assess risks on a routine and non-routine basis by the entity?

Divi's has well established procedures in place to identify work-related hazards and assess risks on a routine and non-routine basis. Robust management of change is implemented in the organisation, which ensures the compliance of all the required assessments prior start-up of work. These assessments include various hazard & risk identification strategies like Hazard Identification and Risk Assessment (HIRA), Hazard and Operability Study (HAZOP), Chemical workplace risk assessments, Layers of Protection Analysis (LOPA), Process safety risk assessments, Process safety testing for materials chaired by a team of experts with remarkable industrial experience. The identified hazards are re-examined, to establish the level of risk reduction, after implementation of safeguards. It covers routine and non-routine works with an executed action plan that minimises risks to acceptable levels.

- c. Whether you have processes for workers to report the work-related hazards and to remove themselves from such risks. (Y/N)

Yes. Procedures that enables the workers to report work related hazards are in place. As a regular practice, worker is nominated as one of the team members for all Hazard Identifications and Risk Assessments where he can share his expertise for effective risk reduction. In addition, a well-established procedure for employee /worker suggestions on all work-related improvements is in place.

- d. Do the employees/worker of the entity have access to non-occupational medical and healthcare services? (Yes/No)

Yes. All Employees and worker of the entity have access to non-occupational medical and healthcare services.

11. Details of safety related incidents, in the following format:

Safety Incident/Number	Category	FY 2023-24	FY 2022-23
Lost Time Injury Frequency Rate (LTIFR) (per one million-person hours worked)	Employees	0.18	0.26
	Workers	0.66	0.64
Total recordable work-related injuries	Employees	0	0
	Workers	0	0
No. of fatalities	Employees	0	0
	Workers	0	0
High consequence work-related injury or ill-health (excluding fatalities)	Employees	0	0
	Workers	0	0

12. Describe the measures taken by the entity to ensure a safe and healthy work place.

Divi's established a strong and self-sustaining culture of health and safety in the organisation. This is monitored and implemented through well-established ISO 45001 certified management system to oversee all the health and safety activities that are required to ensure a safe and healthy workplace according to the Plan-Do-Check-Act (PDCA) cycle. Divi's has Committees (Safety, Health) in place at different levels in the organisation, to guide employees on EHS aspects and to monitor the implementation of health and safety practices. As part of our commitment to consciously promote safe and healthy workplace practices, we encourage our employees, supervisors and managers to take direct ownership of their safety, and the safety of their colleagues.

13. Number of Complaints on the following made by employees and workers:

Category	FY 2023-24			FY 2022-23		
	Filed during the year	Pending resolution at the end of year	Remarks	Filed during the year	Pending resolution at the end of year	Remarks
Working Conditions	Nil	Nil	-	Nil	Nil	-
Health & Safety	Nil	Nil	-	Nil	Nil	-

14. Assessments for the year:

	% of your plants and offices that were assessed (by entity or statutory authorities or third parties)
Health and safety practices	100%
Working Conditions	100%

15. Provide details of any corrective action taken or underway to address safety-related incidents (if any) and on significant risks/concerns arising from assessments of health & safety practices and working conditions.

There were no safety-related incidents during the year and no significant corrective actions were required. As part of improving the safe working environment, the hazards associated with routine and non-routine activities were identified and effective control measures are in place.

Leadership Indicators

1. Does the entity extend any life insurance or any compensatory package in the event of death of (A) Employees (Y/N) (B) Workers (Y/N).

(A) Employees: Yes

(B) Workers: Yes

2. Provide the measures undertaken by the entity to ensure that statutory dues have been deducted and deposited by the value chain partners.

The Company periodically communicates with the value chain partners and peruses compliances. This activity is also reviewed by internal auditor/consultants. The Company expects its value chain partners to uphold business responsibility principles and values of transparency and accountability.

3. Provide the number of employees/workers having suffered high consequence work-related injury/ill-health/fatalities (as reported in Q11 of Essential Indicators above), who have been/are rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment:

	Total no. of affected employees/workers		No. of employees/workers that are rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment	
	FY 2023-24	FY 2022-23	FY 2023-24	FY 2022-23
Employees	Nil	Nil	NA	NA
Workers	Nil	Nil	NA	NA

4. Does the entity provide transition assistance programmes to facilitate continued employability and the management of career endings resulting from retirement or termination of employment? (Yes/No)

Yes

5. Details on assessment of value chain partners:

	% of value chain partners (by value of business done with such partners) that were assessed
Health and safety practices	Assessment of value chain partners has commenced and ~59% of our supply chain partners by value have responded to participate in our assessment.
Working Conditions	

6. Provide details of any corrective actions taken or underway to address significant risks/concerns arising from assessments of health and safety practices and working conditions of value chain partners.

During the reporting period, no corrective action plan was necessitated.

If any such risks/concerns are noticed, the value chain partner will be asked to comply with requisite measures in a timebound manner. If not complied within the given time, procurement will be deferred till the value chain partners improve the safety practices and working conditions to address the risk/concern.

PRINCIPLE 4: Businesses should respect the interests of and be responsive to all its stakeholders

Essential Indicators

- Describe the processes for identifying key stakeholder groups of the entity.

We recognize key stakeholder as an individual or group of individuals or institutions that impact our business or are impacted by our business. Our key stakeholders include employees, customers, investors, suppliers, the community and government authorities.

- List stakeholder groups identified as key for your entity and the frequency of engagement with each stakeholder group.

Stakeholder Group	Whether identified as Vulnerable & Marginalised Group (Yes/No)	Channels of communication (Email, SMS, Newspaper, Pamphlets, Advertisement, Community Meetings, Notice Board, Website, others)	Frequency of engagement (Annually/Half yearly/Quarterly/ others - please specify)	Purpose and scope of engagement including key topics and concerns raised during such engagement
Employees	No	Emails, notice boards, website, management interactions	Continuous and as per requirement	For employee wellbeing, to provide a safe and inclusive workplace, provide required infrastructure and training for professional and personal growth. Also to redress grievances and work on feedbacks and consultation.
Customers	No	Emails, brochures, website and meetings (physical and virtual).	Based on business needs	To keep the customers informed about our products and services and to understand the business needs.
Value chain partners	No	Emails, website and meetings (physical and virtual).	Based on business needs	To ensure timely supply of goods and services in order to maintain business continuity sustainably.
Shareholders	No	Notices, advertisements, email, annual reports, stock exchange intimations, earnings conference calls and through updates on Company's website.	Quarterly/half-yearly/annual	Disclosure of financial information and business updates beside applicable statutory disclosures.
Community	Yes	CSR Initiatives, In-person Meetings	Need basis	With a commitment to make meaningful change a reality, we continue to undertake varied initiatives aimed at improving lives of vulnerable/ Marginalised groups in the community.
Government/ Government Agencies	No	Various submissions and disclosures, meetings, emails, etc	As per statutory requirement and need based	To ensure and report various compliances to discharge statutory responsibilities and to keep the policy makers informed about industry requirements.

Leadership Indicators

- Provide the processes for consultation between stakeholders and the Board on economic, environmental, and social topics or if consultation is delegated, how is feedback from such consultations provided to the Board.

Consultation with relevant stakeholders on the economic, environmental, and social topics is done by the respective functional heads and the feedback is shared with the Management/Committee/Board, as required.

- Whether stakeholder consultation is used to support the identification and management of environmental, and social topics (Yes/No). If so, provide details of instances as to how the inputs received from stakeholders on these topics were incorporated into policies and activities of the entity.

Yes. For instance, CSR activities are identified, prioritised, and implemented in consultation with relevant stakeholders.

- Provide details of instances of engagement with, and actions taken to, address the concerns of vulnerable/Marginalised stakeholder groups.

The departmental heads are empowered to engage and address the concerns of vulnerable/Marginalised stakeholder groups as needed.

Our CSR initiatives are implemented with an objective to reach out to the vulnerable and Marginalised stakeholder groups. Based on the engagement with stakeholder groups, needs are identified, and efforts are put in to address the concerns.

Some of the areas in which the organisation is working are:

- Promoting Education by strengthening infrastructure through science labs, digital class rooms, sports facilities, libraries and an initiative to eradicate malnutrition by providing Horlicks sachets to all the schools surrounding the manufacturing facilities.
- Providing pure drinking water to people residing in the surrounding communities through which approx. 3,00,000 people are benefitted.
- Empowering women by providing required support by encouraging them to get educated to earning a livelihood.
- Plantation around the company's manufacturing facilities and organising clean and green programme.
- To empower the youth with right skills for their future employment and self-employment needs livelihood training programmes like Tailoring, Beautician course, Hospitality, basic computer skills etc. in Divi's Skill Development Centre.
- Other key initiatives include, animal welfare, preventive healthcare, Swachh Bharat, rural development, support to differently abled, etc.

PRINCIPLE 5: Businesses should respect and promote human rights

Essential Indicators

- Employees and workers who have been provided training on human rights issues and policy(ies) of the entity, in the following format:

Category	FY 2023-24			FY 2022-23		
	Total (A)	No. of employees/workers covered (B)	% (B/A)	Total (C)	No. of employees/workers covered (D)	% (D/C)
Employees						
Permanent	9,683	9,683	100	8,375	8,375	100
Other than Permanent	1,424	1,424	100	2,290	2,290	100
Total Employees	11,107	11,107	100	10,665	10,665	100
Workers						
Permanent	58	58	58	58	58	100
Other than Permanent	6,359	6,359	6,359	6,188	6,188	100
Total Workers	6,417	6,417	6,417	6,246	6,246	100

2. Details of minimum wages paid to employees and workers, in the following format:

Category	FY 2023-24					FY 2022-23				
	Total (A)	Equal to Minimum Wage		More than Minimum Wage		Total (D)	Equal to Minimum Wage		More than Minimum Wage	
		No. (B)	% (B/A)	No. (C)	% (C/A)		No. (E)	% (E/D)	No. (F)	% (F/D)
Employees										
Permanent	9,683	0	0	9,683	100	8,375	0	0	8,375	100
Male	8,239	0	0	8,239	100	7,223	0	0	7,223	100
Female	1,444	0	0	1,444	100	1,152	0	0	1,152	100
Other than Permanent	1,424	0	0	1,424	100	2,290	0	0	2,290	100
Male	1,158	0	0	1,158	100	1,767	0	0	1,767	100
Female	266	0	0	266	100	523	0	0	523	100
Workers										
Permanent	58	0	0	58	100	58	0	0	58	100
Male	58	0	0	58	100	58	0	0	58	100
Female	0	0	0	0	100	0	0	0	0	100
Other than Permanent	6,359	0	0	6,359	100	6,188	0	0	6,188	100
Male	6,353	0	0	6,353	100	6,183	0	0	6,183	100
Female	6	0	0	6	100	5	0	0	5	100

3. Details of remuneration/salary/wages:

a. Median remuneration/wages:

	Male		Female	
	Number	Median remuneration/salary/wages of respective category (In ₹ lakhs)	Number	Median remuneration/salary/wages of respective category (In ₹ lakhs)
Executive Directors	4	2794.25	1	2274.47
Independent Directors*	6	33.00	1	28.00
Key Managerial Personnel#	2	197.96	0	0
Employees other than BoD and KMP	8,239	4.97	1,444	3.89
Workers	58	9.39	0	NA

Note: *Independent directors are paid by way of sitting fees and annual remuneration equal to male and female categories.

#Other than Executive Directors

b. Gross wages paid to females as % of total wages paid by the entity, in the following format:

	FY 2023-24	FY 2022-23
Gross wages paid to females as % of total wages	8.90 %	8.49 %

4. Do you have a focal point (Individual/Committee) responsible for addressing human rights impacts or issues caused or contributed to by the business? (Yes/No)

Yes

5. Describe the internal mechanisms in place to redress grievances related to human rights issues.

For employees, a grievance redressal committee is constituted for the resolution of disputes arising out of individual grievances. The committee has equal representation from management and workers. Individual workers can raise grievances to the committee. The grievance redressal committee would enquire and resolve the grievance within defined time limits.

Also, the Company has a Whistle Blower Policy with defined procedures to report instances of unethical behavior, actual or suspected fraud, or violation of the Code of Ethics and Business Conduct to the Vigilance Officer/Chairman of the Audit Committee. The Policy is available on the Company's website.

6. Number of Complaints on the following made by employees and workers:

Category	FY 2023-24			FY 2022-23		
	Filed during the year	Pending resolution at the end of year	Remarks	Filed during the year	Pending resolution at the end of year	Remarks
Sexual Harassment	0	0	-	0	0	-
Discrimination at workplace	0	0	-	0	0	-
Child Labour	0	0	-	0	0	-
Forced Labour/Involuntary Labour	0	0	-	0	0	-
Wages	0	0	-	0	0	-
Other human rights related issues	0	0	-	0	0	-

7. Complaints filed under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, in the following format:

	FY 2023-24	FY 2022-23
Total Complaints reported under Sexual Harassment on of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 (POSH)	0	0
Complaints on POSH as a % of female employees/workers	0	0
Complaints on POSH upheld	0	0

8. Mechanisms to prevent adverse consequences to the complainant in discrimination and harassment cases.

A mechanism is in place to handle the complaints related to discrimination and harassment which also includes prevention of adverse consequences to the complainant. Any retaliation or threats against those who make harassment complaints or assist in the investigation shall be subject to disciplinary measures.

Also, the Company has Whistle Blower Policy with a set mechanism to file complaints, which will be appropriately dealt with by the Chairman of the Audit Committee.

9. Do human rights requirements form part of your business agreements and contracts? (Yes/No)

Yes

10. Assessments for the year:

Category	% of your plants and offices that were assessed (by entity or statutory authorities or third parties)
Child labour	100%
Forced/involuntary labour	100%
Sexual harassment	100%
Discrimination at workplace	100%
Wages	100%
Others - please specify	-

11. Provide details of any corrective actions taken or underway to address significant risks/concerns arising from the assessments at Question 9 above.

Not applicable

Leadership Indicators

- Details of a business process being modified/introduced as a result of addressing human rights grievances/complaints.
Not applicable
- Details of the scope and coverage of any Human rights due-diligence conducted.
The Company in the reporting period did not undertake any Human Rights due diligence.
- Is the premise/office of the entity accessible to differently abled visitors, as per the requirements of the Rights of Persons with Disabilities Act, 2016?
Yes.
- Details on assessment of value chain partners:

Category	% of your plants and offices that were assessed (by entity or statutory authorities or third parties)
Sexual Harassment	Assessment of value chain partners has commenced and ~59% of our supply chain partners by value have responded to participate in our assessment.
Discrimination at workplace	
Child Labour	
Forced Labour/Involuntary Labour	
Wages	
Others – please specify	

- Provide details of any corrective actions taken or underway to address significant risks/concerns arising from the assessments at Question 4 above.
Not applicable.

PRINCIPLE 6: Businesses should respect and make efforts to protect and restore the environment:

Essential Indicators

- Details of total energy consumption (in Joules or multiples) and energy intensity, in the following format:

Parameter	FY 2023-24	FY 2022-23
From renewable sources		
Total electricity consumption (A)	7,441 GJ	11,196 GJ
Total fuel consumption (B)	0	0
Energy consumption through other sources (C)	0	0
Total energy consumed from renewable sources (A+B+C)	7,441 GJ	11,196 GJ
From non-renewable sources		
Total electricity consumption (D)	16,31,524 GJ	14,92,563 GJ
Total fuel consumption (E)	34,49,936 GJ	36,94,336 GJ
Energy consumption through other sources (F)	2,397 GJ	1,939 GJ
Total energy consumed from non-renewable sources (D+E+F)	50,83,857 GJ*	51,88,838 GJ
Total energy consumed (A+B+C+D+E+F)	50,91,298 GJ	52,00,034 GJ
Energy intensity per rupee of turnover (Total energy consumed/Revenue from operations)	0.0000664	0.0000682
Energy intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP) (Total energy consumed/Revenue from operations adjusted for PPP)#	0.0014880	0.0015117
Energy intensity in terms of physical output	77.58 GJ/MT	85.76 GJ/MT

* Considered data with respect to Divi's Research Center (DRC).

The revenue from operations has been adjusted for PPP based on the latest PPP conversion factor published by the IMF- for India. For the years ended March 31, 2024 and March 31, 2023, it is 22.401 and 22.167, respectively.

Note: Indicate if any independent assessment/evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

Yes, Bureau Veritas (India) Private Limited.

- Does the entity have any sites/facilities identified as designated consumers (DCs) under the Performance, Achieve and Trade (PAT) Scheme of the Government of India? (Y/N) If yes, disclose whether targets set under the PAT scheme have been achieved. In case targets have not been achieved, provide the remedial action taken, if any.

No.

- Provide details of the following disclosures related to water, in the following format:

Parameter	FY 2023-24	FY 2022-23
Water withdrawal by source (in kiloliters)		
(i) Surface water	10,97,058	10,66,027
(ii) Groundwater	7,65,261*	8,17,105
(iii) Third party water	28,299*	24,577
(iv) Seawater/desalinated water	9,18,955	9,31,001
(v) Others	0	0
Total volume of water withdrawal (in kiloliters) (i + ii + iii + iv + v)	28,09,573	28,38,710
Total volume of water consumption (in kiloliters)	35,50,556	36,18,258
Water intensity per rupee of turnover (Total water consumption/Revenue from operations)	0.0000463	0.0000475
Water intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP) (Total water consumption/Revenue from operations adjusted for PPP) #	0.0010377	0.0010518
Water intensity in terms of physical output	54.10 KI/MT	59.67 KI/MT

*Considered data with respect to Head office and DRC.

The revenue from operations has been adjusted for PPP based on the latest PPP conversion factor published by the IMF- for India. For the years ended March 31, 2024 and March 31, 2023, it is 22.401 and 22.167, respectively.

Note: Indicate if any independent assessment/evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

Yes, Bureau Veritas (India) Private Limited.

- Provide the following details related to water discharged:

Parameter	FY 2023-24	FY 2022-23
Water discharge by destination and level of treatment (in kiloliters)		
(i) To Surface water	0	0
- No treatment	0	0
- With treatment – please specify level of treatment	0	0
(ii) To Groundwater	0	0
- No treatment	0	0
- With treatment – please specify level of treatment	0	0
(iii) To Seawater	4,24,705	4,20,702
- No treatment	0	0
- With treatment – Secondary treatment	4,24,705	4,20,702
(iv) Sent to third-parties	120	0
- No treatment	120*	0
- With treatment – please specify level of treatment	0	0
(v) Others	4,447	0
- No treatment	0	0
- With treatment – Primary Treatment	4,447*	0
Total water discharged (in kiloliters)	4,29,272	4,20,702

*Considered data with respect to Head office and DRC.

Note: Indicate if any independent assessment/evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

Yes, Bureau Veritas (India) Private Limited.

5. Has the entity implemented a mechanism for Zero Liquid Discharge? If yes, provide details of its coverage and implementation.

Yes, Divi's laboratories Limited has installed Zero Liquid Discharge (ZLD) for effluent treatment at Unit-I operating in Telangana state. All kind of effluents are managed under ZLD system installed with various kinds of advance technologies and adequate standby systems. The RO permeates collected from final treatment of effluents are re-used/recycled within the industry. The domestic wastewater is treated in STP and the treated water is re-used for toilet flushing and gardening. Complete ETP of ZLD system is monitored through online monitoring system. The real time data of online monitoring system is connected to official websites of PCB.

6. Please provide details of air emissions (other than GHG emissions) by the entity, in the following format:

Parameter	Please specify unit	FY 2023-24	FY 2022-23
NOx	Metric tonnes	92.88	86.94*
SOx	Metric tonnes	71.16	64.86*
Particulate matter (PM)	µg/m ³ (average)	36.44	31.09
Persistent organic pollutants (POP)	-	-	-
Volatile organic compounds (VOC)	µg/m ³	3.85	5.12
Hazardous air pollutants (HAP)	-	-	-
Others – please specify -Ammonia	µg/m ³	16.46	17.08

*Updated w.r.t unit conversion factors.

Note: Indicate if any independent assessment/evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

Yes, ambient air quality analysis has been carried out by Re Sustainability Solutions Private Limited and SV Enviro labs and consultants.

7. Provide details of greenhouse gas emissions (Scope 1 and Scope 2 emissions) & its intensity, in the following format:

Parameter	Please specify unit	FY 2023-24	FY 2022-23
Total Scope 1 emissions (Break-up of the GHG into CO ₂ , CH ₄ , N ₂ O, HFCs, PFCs, SF ₆ , NF ₃ , if available)	Metric tonnes of CO ₂ equivalent	3,63,246*	3,80,676
Total Scope 2 emissions (Break-up of the GHG into CO ₂ , CH ₄ , N ₂ O, HFCs, PFCs, SF ₆ , NF ₃ , if available)	Metric tonnes of CO ₂ equivalent	3,25,972*	3,73,141
Total Scope 1 and Scope 2 emissions per rupee of turnover (Total Scope 1 and Scope 2 GHG emissions/Revenue from operations)	MT CO ₂ e/Rupees	0.0000090	0.0000099
Total Scope 1 and Scope 2 emission intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP) # (Total Scope 1 and Scope 2 GHG emissions/Revenue from operations adjusted for PPP)	MT CO ₂ e/per rupee adjusted for PPP	0.0002014	0.0002191
Total Scope 1 and Scope 2 emission intensity in terms of physical output	MTCO ₂ e/MT	10.50	12.43

* Considered data with respect to Divi's Research Centre (DRC).

The revenue from operations has been adjusted for PPP based on the latest PPP conversion factor published by the IMF- for India. For the years ended March 31, 2024 and March 31, 2023, it is 22.401 and 22.167, respectively.

Note: Indicate if any independent assessment/evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

Yes, Bureau Veritas (India) Private Limited.

8. Does the entity have any project related to reducing Green House Gas emission? If Yes, then provide details.

Yes, various initiatives are implemented to reduce the Green House Gas emissions (GHG).

Key initiatives taken to reduce GHG emissions are:

- Steam to fuel ratio improved due to changes in the coal mix composition.
- Replacing screw type air compressors with centrifugal type air compressors and purge type ADU with HOC (Heat of Compression) type ADU (Air Dryer Unit)
- Recovering and reusing of steam condensate for boiler operations
- Recovering and re-using of heat energy from flash steam letting out to atmospheres.
- Installed dry-claw vacuum pump system in place of regular ejector system
- Process optimisation and advancements in sampling techniques
- Arranging O₂ analysers for process vessels, benefited us in reducing the nitrogen demand for equipment energisation.

9. Provide details related to waste management by the entity, in the following format:

Parameter	FY 2023-24	FY 2022-23
Total Waste generated (in metric tonnes)		
Plastic waste (A)	655.26	496.53
E-waste (B)	3.25	2.81
Bio-medical waste (C)	0.477	0.35
Construction and demolition waste (D)	3,547.35	4,469.36
Battery waste (E)	24.45	33.21
Radioactive waste (F)	0	0
Other Hazardous waste. Please specify, if any. (G)	88,471.01*	94,412.67
Other Non-hazardous waste generated (H). Please specify, if any. (Break-up by composition i.e. by materials relevant to the sector)	22,144.29*	20,071.60
Total (A+B + C + D + E + F + G+ H)	1,14,846.08	1,19,486.53
Waste intensity per rupee of turnover (Total waste generated/Revenue from operations)	0.0000015	0.0000016
Waste intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP) # (Total waste generated/Revenue from operations adjusted for PPP)	0.0000336	0.0000347
Waste intensity in terms of physical output	1.75 MT/MT	1.97 MT/MT
For each category of waste generated, total waste recovered through recycling, re-using or other recovery operations (in metric tonnes)		
Category of waste		
(i) Recycled	31,166.74	28,505.94
(ii) Re-used	33,536.31	26,227.17
(iii) Other recovery operations	31,830.38	49,834.84
Total	96,533.42	1,04,567.95
For each category of waste generated, total waste disposed by nature of disposal method (in metric tonnes)		
Category of waste		
(i) Incineration	36.03	13.34
(ii) Landfilling	17,909.68	14,405.58
(iii) Other disposal operations	0	0
Total	17,945.71	14,418.92

*Considered data with respect to Head office and DRC.

The revenue from operations has been adjusted for PPP based on the latest PPP conversion factor published by the IMF- for India. For the years ended March 31, 2024 and March 31, 2023, it is 22.401 and 22.167, respectively.

Note: Indicate if any independent assessment/evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

Yes, Bureau Veritas (India) Private Limited.

10. Briefly describe the waste management practices adopted in your establishments. Describe the strategy adopted by your company to reduce usage of hazardous and toxic chemicals in your products and processes and the practices adopted to manage such wastes.

Hazardous & Other Waste, most of the waste is Co-processed as alternative fuel instead of incineration which shall cutdown the incinerated ash sent for Landfill. Organic/distillation bottom residues which possess calorific value are sent to cement industries as alternate fuel in the kilns. Inorganic solid wastes are disposed to TSDF (An authorised Govt. secure land fill) and or to authorised re-processor.

~80% of our hazardous waste is sent to cement industries and recyclers for co-processing and recycling. The remaining ~20% of hazardous waste is sent to landfilling and incineration. Other non-hazardous waste such as glass, MS scrap, wood waste, boiler ash etc. is sent to recyclers, cement industries for co-processing or to brick manufacturers.

The plastic waste (packaging and other type) generated from our operations is collected, segregated at source and sent to authorised recyclers by following all applicable local regulations. E-waste generated from our operations is collected and transferred to authorised recyclers/dismantling agencies by following all applicable local regulations.

We treat all our waste as a value stream and 3R's strategy is effectively implementing to reduce its impact on Environment. We reduce waste through technological interventions and by implementing green chemistry principles. Ongoing initiatives increasing usage time cycles, segregation of waste at point of generation, process optimisation, packaging optimisation/ changes in packaging types, multistage scrubbers etc. We have shifted to jumbo bags from small size packaging, getting RMs in bulk tankers instead of in plastic drums.

11. If the entity has operations/offices in/around ecologically sensitive areas (such as national parks, wildlife sanctuaries, biosphere reserves, wetlands, biodiversity hotspots, forests, coastal regulation zones etc.) where environmental approvals/ clearances are required, please specify details in the following format:

The Company does not have any of its manufacturing facilities in ecologically sensitive areas.

12. Details of environmental impact assessments of projects undertaken by the entity based on applicable laws, in the current financial year:

In the current financial year, no environmental impact assessments studies were undertaken.

13. Is the entity compliant with the applicable environmental law/regulations/guidelines in India; such as the Water (Prevention and Control of Pollution) Act, Air (Prevention and Control of Pollution) Act, Environment protection act and rules thereunder (Y/N). If not, provide details of all such non-compliances, in the following format:

Yes, we are compliant with the applicable environmental law/regulations/guidelines in India.

Leadership Indicators

1. Water withdrawal, consumption and discharge in areas of water stress (in kilolitres):

Not Applicable. Our facilities are not located in areas of water stress.

2. Please provide details of total Scope 3 emissions & its intensity, in the following format:

Considering the non-availability of auditable GHG emission data from most of our supply-chain related to purchased goods, purchased capital goods and external waste disposal, information related to Scope 3 emissions is not included in this report. Accounting of Scope 3 emissions is under progress as per ISO 14064.

Note: Indicate if any independent assessment/evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

No.

3. With respect to the ecologically sensitive areas reported at Question 11 of Essential Indicators above, provide details of significant direct & indirect impact of the entity on biodiversity in such areas along-with prevention and remediation activities.

Not applicable.

4. If the entity has undertaken any specific initiatives or used innovative technology or solutions to improve resource efficiency, or reduce impact due to emissions/effluent discharge/waste generated, please provide details of the same as well as outcome of such initiatives, as per the following format:

Sr. No	Initiative undertaken	Details of the initiative (Web-link, if any, may be provided along-with summary)	Outcome of the initiative
01	Reducing Carbon Footprint	Key initiatives: <ul style="list-style-type: none"> Steam to fuel ratio improved due to changes in the coal mix composition. Replacing screw type air compressors with centrifugal type air compressors and purge type ADU with HOC (Heat of Compression) type ADU (Air Dryer Unit). Recovering and reusing of steam condensate for boiler operations. Recovering and re-using of heat energy from flash steam letting out to atmospheres. Implementing green chemistry principles in process operations. 	~19,000 TCO ₂ e emissions were reduced with the initiatives taken during the reporting period.
02	Water Management	Key initiatives: <ul style="list-style-type: none"> Reuse of steam condensate water for boiler operations. Utilising AHU condensate water as makeup water for cooling tower. Water recycled through STP (sewage treatment plant) is using for fly ash conditioner in boiler. Facilitating rainwater harvesting pits around non-process facilities. 	~ 1,30,300 KL of water was conserved and ~3,030 KL of water was harvested with the initiatives taken during the reporting period.
03	Energy Management	Key initiatives: <ul style="list-style-type: none"> Steam to fuel ratio improved due to changes in the coal mix composition. Installed dry-claw vacuum pump system in place of regular ejector system. Interconnecting the chillers lines of HVAC systems. Process optimisation and advancements in sampling techniques. Arranging O2 analysers for process vessels, benefited us in reducing the nitrogen demand for equipment energisation. 	~1,64,900 GJ of energy was conserved with the initiatives taken during the reporting period
04	Waste Management	Key initiatives: <ul style="list-style-type: none"> Implementing process improvements through Green Chemistry Principles aided in improving recovery & reuse potential. Recycling of plastic containers, liners, metal containers and metal scrap. Established solvent recovery stations to recover and reuse solvents. Process solid residue sent by Divi's is reused as fuel (Co-Incineration) in cement industries 	~ 40 MT of plastic waste was reduced.

5. Does the entity have a business continuity and disaster management plan? Give details in 100 words/web link.

Yes, the Company has developed business continuity and disaster management plan. The plans are developed keeping in view of various risks which could be mitigated/minimised. However, despite the plans and comprehensive standard operating procedures (SOPs) for various situations, unforeseen events/risks may cause interruption to the Company's operations. The plans are aimed at continuing Company's operations with the least possible interruptions.

6. Disclose any significant adverse impact to the environment, arising from the value chain of the entity. What mitigation or adaptation measures have been taken by the entity in this regard.

No significant adverse impact to the environment were reported from the value chain of the entity.

7. Percentage of value chain partners (by value of business done with such partners) that were assessed for environmental impacts.

Assessment of value chain partners has commenced and ~59% of our supply chain partners by value have responded to participate in our assessment.

PRINCIPLE 7: Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent

Essential Indicators

1. a. Number of affiliations with trade and industry chambers/associations.
The Company is associated with 9 trade and industry chambers/associations.
- b. List the top 10 trade and industry chambers/associations (determined based on the total members of such body) the entity is a member of/affiliated to.

S. No.	Name of the trade and industry chambers/associations	Reach of trade and industry chambers/associations (State/National)
1.	National Safety Council	National
2.	Indian chemical council	National
3.	Confederation of Indian industry	National
4.	Pharmaceuticals Export Promotion Council of India	National
5.	Bulk Drug Manufacturers Association	National
6.	National Fire Protection Association	National
7.	Swiss-India Chamber of Commerce	International
8.	American Industrial Hygiene Association (AIHA)	International
9.	Federation of Telangana Chambers of Commerce and Industry	State

2. Provide details of corrective action taken or underway on any issues related to anti- competitive conduct by the entity, based on adverse orders from regulatory authorities.

Not Applicable

Leadership Indicators

1. Details of public policy positions advocated by the entity:

Not Applicable

PRINCIPLE 8: Businesses should promote inclusive growth and equitable development

Essential Indicators

1. Details of Social Impact Assessments (SIA) of projects undertaken by the entity based on applicable laws, in the current financial year.

Not Applicable.

2. Provide information on project(s) for which ongoing Rehabilitation and Resettlement (R&R) is being undertaken by your entity, in the following format:

Not Applicable.

3. Describe the mechanisms to receive and redress grievances of the community.

A grievance redressal mechanism is in place consisting of CSR team members to receive and redress grievances of the community and also an effective whistle blower policy at corporate level.

4. Percentage of input material (inputs to total inputs by value) sourced from suppliers:

	FY 2023-24	FY 2022-23
Directly sourced from MSMEs/small producers	18.36 %	20.10%
Sourced directly from within India	64.37 %	60.98%

5. Job creation in smaller towns – Disclose wages paid to persons employed (including employees or workers employed on a permanent or non-permanent/on contract basis) in the following locations, as % of total wage cost

Location	FY 2023-24	FY 2022-23
Rural	71.72%	70.87%
Semi-urban	21.55%	21.81%
Urban	6.73%	7.31%
Metropolitan	-	-

(Place to be categorised as per RBI Classification System - rural/semi-urban/urban/metropolitan)

Leadership Indicators

1. Provide details of actions taken to mitigate any negative social impacts identified in the Social Impact Assessments (Reference: Question 1 of Essential Indicators above): Not applicable.

2. Provide the following information on CSR projects undertaken by your entity in designated aspirational districts as identified by government bodies:

S. No.	State	Aspirational District	Amount Spent (in ₹ crores)
1	Andhra Pradesh	Visakhapatnam	4.89
2	Andhra Pradesh	Vizianagaram	0.58

3. a) Do you have a preferential procurement policy where you give preference to purchase from suppliers comprising Marginalised /vulnerable groups?

No

- b) From which Marginalised /vulnerable groups do you procure?

NA

- c) What percentage of total procurement (by value) does it constitute?

NA

4. Details of the benefits derived and shared from the intellectual properties owned or acquired by your entity (in the current financial year), based on traditional knowledge:

S. No.	Intellectual Property based on traditional knowledge	Owned/Acquired (Yes/No)	Benefit Shared (Yes/No)	Basis of calculating benefit share
	Not applicable	Not applicable	Not applicable	Not applicable

5. Details of corrective actions taken or underway, based on any adverse order in intellectual property related disputes wherein usage of traditional knowledge is involved.

Name of Authority	Brief of the Case	Corrective Action Taken
Not applicable	Not applicable	Not applicable

6. Details of beneficiaries of CSR Projects:

S. No.	CSR Project	No. of persons benefitted from CSR Projects	% of beneficiaries from vulnerable and Marginalised groups
1	Safe Drinking Water	5,56,436	Our CSR initiatives are implemented with an objective to reach out to the vulnerable and Marginalised communities, including persons with disabilities, elderly, women and children from the less privileged socio-economic sections of the society.
2	Preventive Healthcare	1,89,390	
3	Village Development	2,50,650	
4	Animal Welfare	21,289	
5	Promoting Education	1,00,372	
6	Environment Sustainability	68,230	
7	Swachh Bharat	19,954	
8	Promoting Rural Sports	20,013	
9	Empowering Women	413	
10	Support to Differently Abled	1,062	
11	Livelihood Enhancement Projects	411	

PRINCIPLE 9: Businesses should engage with and provide value to their consumers in a responsible manner

Essential Indicators

1. Describe the mechanisms in place to receive and respond to consumer complaints and feedback.

Divi's manufactures Active Pharmaceutical Ingredients (APIs), API Intermediates, Nutraceuticals, and supplies them to customers for further manufacturing to make respective finished dosage products. Being a Business-to-business (B2B) company, we deal with relatively small number of large customers. We have established procedures to receive customer complaints whether received in oral or in writing and respond back to customers within agreed timelines. The customer complaints are concluded and closed upon mutual agreement.

2. Turnover of products and/services as a percentage of turnover from all products/service that carry information about:

	As a percentage to total turnover
Environmental and social parameters relevant to the product	The Company complies with all the regulatory requirements in relation to the display of information on product label.
Safe and responsible usage	
Recycling and/or safe disposal	

3. Number of consumer complaints in respect of the following:

Category	FY 2023-24			FY 2022-23		
	Received during the year	Pending resolution at end of year	Remarks	Received during the year	Pending resolution at end of year	Remarks
Data privacy	0	0	-	0	0	-
Advertising	0	0	-	0	0	-
Cyber-security	0	0	-	0	0	-
Delivery of essential services	0	0	-	0	0	-
Restrictive Trade Practices	0	0	-	0	0	-
Unfair Trade Practices	0	0	-	0	0	-
Other	0	0	-	0	0	-

4. Details of instances of product recalls on account of safety issues:

	Number	Reasons for recall
Voluntary recalls	Nil	-
Forced recalls	Nil	-

5. Does the entity have a framework/policy on cyber security and risks related to data privacy? (Yes/No) If available, provide a web-link of the policy.

Yes, we are following a set of Information Security Policies which are aligned to ISO 24001.

6. Provide details of any corrective actions taken or underway on issues relating to advertising, and delivery of essential services; cyber security and data privacy of customers; re-occurrence of instances of product recalls; penalty/action taken by regulatory authorities on safety of products/services.

No corrective actions were warranted during the year, as no issues or instances as stated above have occurred during the year under review.

7. Provide the following information relating to data breaches: Nil

- Number of instances of data breaches along-with impact:
- Percentage of data breaches involving personally identifiable information of customers:
- Impact, if any, of the data breaches:

Leadership Indicators

1. Channels/platforms where information on products and services of the entity can be accessed (provide web link, if available).

The information on products and services of the Company can be accessed from website of the Company at <https://www.divislabs.com/>

2. Steps taken to inform and educate consumers about safe and responsible usage of products and/or services.

As Divi's manufactures active pharmaceutical ingredients (APIs), API intermediates and supplies to customers for further manufacturing to make respective finished drug products, we have no direct consumers. However, Storage and handling conditions/measures are displayed on the labels of each material container shipped to our customers.

3. Mechanisms in place to inform consumers of any risk of disruption/discontinuation of essential services.

Divi's manufactures Active Pharmaceutical Ingredients (APIs), API Intermediates, Nutraceuticals and supplies to customers for further manufacturing to make respective finished dosage products. Being a Business-to-business (B2B) company, we deal with relatively small number of large customers. We keep our customers informed of any risk of disruption/discontinuation of supplies in a prompt manner as agreed with them.

4. Does the entity display product information on the product over and above what is mandated as per local laws? (Yes/No/ Not Applicable) If yes, provide details in brief.

Yes, product information displayed on the label of product container like name of product and grade (USP/EP/BP/IP), unique batch number, date of manufacture & retest date, quantity, manufacturing site address and license details, storage and handling conditions/precautions, approved by sign from quality department.

Did your entity carry out any survey with regard to consumer satisfaction relating to the major products/services of the entity, significant locations of operation of the entity or the entity as a whole? (Yes/No)

Yes, the Company has a mechanism to survey the customer satisfaction level for all its products/services.

Independent Practitioner's Reasonable Assurance Report

To
The Board of Directors of
Divi's Laboratories Limited

Introduction and objectives of work

The Board of Directors of Divi's Laboratories Limited (the 'Company') have engaged us for providing Assurance Report on identified sustainability information in the Business Responsibility & Sustainability Report (BRSR) of the Company for the year ended March 31, 2024 including relevant information of the previous year disclosed in the BRSR.

Our scope of work consists of Reasonable Assurance on identified sustainability information i.e. BRSR Core indicators as described in the Securities and Exchange Board of India's (SEBI) circular SEBI/HO/CFD/CFD-SEC-2/P/CIR/2023/122 dated July 12, 2023 and clarifications thereto, read with applicable SEBI Regulations and prescribed format, as amended.

Opinion

We have performed a reasonable assurance engagement on whether the Company's identified sustainability information i.e. BRSR Core indicators disclosed in the BRSR report for the period from April 01, 2023 to March 31, 2024 including relevant information of the previous year disclosed in the BRSR, has been prepared in accordance with the Regulation 34(2)(f) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, guidance notes for BRSR format issued by SEBI.

In our opinion, the Company's BRSR Core indicators disclosed in the BRSR report for the period from April 01, 2023 to March 31, 2024 including relevant information of the previous year disclosed in the BRSR subject to reasonable assurance is prepared in all material respects, in accordance with the Regulation 34(2)(f) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and basis of preparation as set out in Section A General Disclosures 13 of the BRSR Report for the year ended March 31, 2024.

The Company has established appropriate systems for the collection, aggregation, and analysis of quantitative data on all BRSR Core indicators.

Our opinion is not modified in respect of this matter.

Basis for opinion and summary of our work

We have performed the Reasonable Assurance engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised) and in line with the

requirements of Bureau Veritas's Internal Standards and Requirements for assurance of Sustainability Reports.

As part of its independent reasonable assurance, we assessed the appropriateness and robustness of underlying reporting systems and processes, used to collect, analyse and review the information reported. In this process, we undertook the following activities:

- Assessment was conducted by means of physical site visits at Head Office (HO), Unit 1, Unit 2 & Divi's Research Centre (DRC). Bureau Veritas interviewed personnel of Divi's including Environment, Health & Safety (EHS) team, Environment compliance Department (ECD), Engineering, Personal & Administration, Purchase, Accounts & Corporate Secretarial and other relevant departments.
- The assurance process involved carrying out an Assessment by experienced assessors from Bureau Veritas.
- The Company had submitted performance data on reported BRSR topics. The data pertaining to each location visited was assessed by Bureau Veritas through the process above described.
- Data on various BRSR topics was assessed for the locations that were visited. Later, it was confirmed that the same assessed the data went into preparation of the final data within the BRSR Report 2023-24.
- Review of Company's data and information systems for collection, aggregation, analysis and review.

Our work was conducted against Bureau Veritas' standard procedures and guidelines for external Assurance of Sustainability Reports, based on current best practice in independent assurance.

Management Responsibility

The Selection of reporting criteria, reporting period, reporting boundary, monitoring and measurement of data, preparation, and presentation of information in the BRSR report are the sole responsibility of the Company and its management. We are not involved in drafting or preparation of BRSR Report. Our sole responsibility was to provide independent reasonable assurance on BRSR Core indicators stated in the BRSR report for the year ended March 31, 2024.

Our responsibility

We are responsible for performing reasonable assurance on the BRSR Core indicators disclosed in the BRSR report for the period from April 01, 2023 to March 31, 2024 including relevant information of the previous year disclosed in the

BRSR report, are free from material misstatements, whether due to fraud or error, in accordance with the reporting requirements stated above. Our responsibility includes forming an independent opinion, based on the procedures performed by us and the evidence we have obtained, and reporting our reasonable assurance opinion to the Directors of Divi's Laboratories Limited.

Limitations and Exclusions

Excluded from the scope of our work is any assurance of information relating to:

- Activities outside the defined assurance period.
- Positional statements (expressions of opinion, belief, aim or future intention by Divi's Laboratories Limited and statements of future commitment.
- Competitive claims in the report claiming, "first company in India", "first time in India", "first of its kind", etc.

Our assurance does not extend to the activities and operations of Divi's Laboratories Limited outside of the scope and geographical boundaries as well as the operations undertaken by any subsidiaries or joint ventures of the Company.

This independent statement should not be relied upon to detect all errors, omissions or misstatements that may exist within the Report.

Statement of Independence, Integrity, and Competence

Bureau Veritas is an independent professional services company that specialises in quality, environmental, health, safety, and social accountability with over 195 years history. Its assurance team has extensive experience in conducting assessment over environmental, social, ethical and health and safety information, systems and processes.

M Rama Mohan Rao
Lead Assuror
Bureau Veritas (India) Private Limited

Place: Hyderabad
Date: May 25, 2024

Bureau Veritas operates a certified Quality Management System which complies with the requirements of ISO 9001:2015, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Bureau Veritas has implemented and applies a Code of Ethics, which meets the requirements of the International Federation of Inspections Agencies (IFIA), across the business to ensure that its employees maintain integrity, objectivity, professional competence and due care, confidentiality, professional behaviour, and high ethical standards in their day-to-day business activities.

The assurance team for this work does not have any involvement in any other Bureau Veritas projects with Divi's Laboratories Limited.

Competence

The assurance team has extensive experience in conducting assurance over environmental, social, ethical, and health & safety information, systems and processes an excellent understanding of Bureau Veritas standard methodology for the Assurance of Sustainability Reports.

Restriction on use of Our Report

Our Reasonable assurance report has been prepared and addressed to the Board of Directors of the Company at the request of the company solely to assist the company in reporting on the Company's Sustainability performance and activities. Accordingly, we accept no liability to anyone, other than the Company. Our deliverables should not be used for any other purpose or by any person other than the addressees of our deliverables. The Firm neither accepts nor assumes any duty of care or liability for any other purpose or to any other party to whom our Deliverables are shown or into whose hands it may come without our prior consent in writing.

Rupam Baruah
Technical Reviewer
Bureau Veritas (India) Private Limited

Management Discussion and Analysis

1. Economy and Industry Outlook

Global Pharma Industry Outlook & Emerging Trends

In the dynamic pharmaceutical landscape, marked by significant transformations and emerging challenges, the industry is witnessing a surge in growth, innovation, and market expansion.

According to IQVIA Inc., the global pharmaceutical market is expected to grow at a CAGR of 6-9%, surpassing previous projections by \$400 Billion to reach \$2.3 trillion by 2028, excluding COVID-19 products. Over five years, an estimated 350 novel active substances (NAS) are poised to enter the market, driving medicine spending growth, particularly in key areas like oncology, obesity & diabetes, cardiovascular, and neurology. Medicine use has been growing across therapeutic areas propelled by the increasing prevalence of chronic diseases and the escalating demand for specialty medications.

- The glucagon-like peptide 1 agonists (GLP-1 agonists) have begun a dramatic wave of rapid new product uptake in both obesity and diabetes, primarily in the US and other developed markets. While global obesity spending reached nearly \$24 Billion in 2023, up from just \$3.2 Billion in 2020, diabetes - despite recent slower growth - is expected to be the third-largest therapy area globally reaching \$184 Billion by 2028.
- The two leading global therapy areas — oncology and immunology — are forecast to grow 14–17% and 2–5% CAGR, respectively, through 2028. Oncology is projected to add 100 new treatments over five years, contributing to an increase in spending of \$224 Billion to a total of more than \$440 Billion in 2028 and facing limiting new losses of exclusivity.
- The impending expiration of brand exclusivity rights (LOE) is anticipated to more than double to \$192 Billion in five years, from 2024 to 2028, with \$133 Billion from small molecules, creating pivotal revenue opportunities for generic manufacturers.

In addition to these trends, established markets with larger economies are expected to experience slower growth rates. On the contrary, emerging growth markets in Eastern Europe, Asia, and Latin America are anticipated to see growth in both volume and spending.

The Asia-Pacific region, India, Latin America, Africa, the Middle East, and China are anticipated to experience the most significant growth in medicine consumption, primarily on account of population expansion and enhanced accessibility.

Global API and CDMO Industry

The global Active Pharmaceutical Ingredients (API) market is experiencing a steady rise with the growing demand for pharmaceutical drugs worldwide. As stated in the Grand View Research analysis, the global API market was estimated at \$237.47 Billion in 2023 and is growing at a CAGR of 5.75% from 2024 to 2030. The API market is divided into innovative and generic APIs. The innovative API market was estimated at \$122 Billion in 2020 and is projected to reach \$209.5 Billion by 2030, growing at a CAGR of 5.8% between 2022 and 2030. Additionally, the global generic API market estimated at \$65.66 Billion in 2020, is projected to reach \$114.6 Billion by 2030, growing at a CAGR of 6.2% from 2022 to 2030. This growth is primarily attributed to the rising need for specialty medicines and the widespread adoption of generic drugs.

The Grand View Research also reported that the global CDMO market size was valued at \$100.4 Billion in 2023 and is projected to grow at a CAGR of 7.4% from 2024 to 2030, driven by factors such as the rising prevalence of chronic diseases, demand for specialised treatments, increasing consumption of biopharmaceuticals, and the rising need for advanced manufacturing technologies.

Indian Pharma Industry

The Indian pharmaceutical industry continues to demonstrate a positive outlook characterised by a deeper emphasis on quality manufacturing, drug affordability, and the adoption of innovation and technology. As of the latest reporting period, the industry holds a third position globally in the pharmaceutical production by volume, reflecting a consistent growth trajectory with a CAGR of 9.43% over the past nine years. The domestic pharmaceutical market was reported to hold an estimated total value \$49.78 Billion in FY23 as per India Brand Equity Foundation (IBEF). According to recent projections from an EY FICCI report, the pharmaceutical market in India is anticipated to reach a value of \$130 Billion by 2030, reflecting significant growth prospects and evolving market dynamics.

Similarly, medicine spending in India is projected to grow 9-12% through 2028, positioning India to become one of the top 10 countries in terms of medicine spending. As per PharmExcil, the industry growth was further driven by India's pharmaceutical exports, which rose by 9.34% to \$25.04 Billion in the initial 11 months of FY24. Overall, the Indian pharmaceutical industry remains poised for sustained growth, driven by a combination of industry innovation, government support, and evolving market dynamics.

According to the Grand View Research analysis, the Indian API market is estimated to be \$18.29 Billion in 2023 and is expected to grow further at a CAGR of 7.7% from 2024 to 2030. This growth reflects the critical role that APIs play in the Indian pharmaceutical sector, which accounts for over half of the country's pharmaceutical exports. With over 3,000 pharmaceutical companies and a network of more than 10,500 manufacturing facilities, the country hosts 500 Active Pharmaceutical Ingredient (API) manufacturers, accounting for approximately 8% of the global API market.

Furthermore, the Indian nutraceuticals market size was estimated at \$26.87 Billion in 2023 and is projected to grow at a CAGR of 13.5% from 2024 to 2030. Key growth drivers are changing consumer lifestyles, increasing health consciousness, and increasing health-related incidences.

Company Overview

Divi's Laboratories Limited is a prominent manufacturer and supplier of high-quality Active Pharma Ingredients (APIs) and Intermediates for global innovator companies. We have established ourselves as a reliable partner to several of the world's leading pharma companies, including 12 of the top 20 Big Pharma.

With a presence in over 100 countries, our Generic APIs division has been instrumental in our overall success and positioned us as the world's largest API manufacturer in 10 of the 30 generic APIs we manufacture. Our product portfolio includes a diverse range of APIs used in the manufacture of drugs for therapeutic areas such as cardiovascular, anti-inflammatory, anti-cancer, and central nervous system drugs.

Our Nutraceutical Facility located at Visakhapatnam is a global, technology-driven manufacturer of high-quality Carotenoid, Lutein and vitamin ingredients used in the food, beverages, dietary supplements, pet food and feed

industries. Our carotenoid and vitamin product forms are designed specifically for dietary supplements, while others are suitable for the fortification of a broad range of food and beverage applications.

Divi's is headquartered in Hyderabad, India, and operates two manufacturing facilities equipped with state-of-the-art utilities, environment management, and safety systems. These facilities have been inspected multiple times by USFDA, EU GMP (UK, Slovenia, German, Irish authorities), HEALTH CANADA, TGA, ANVISA, COFEPRIS, PMDA and MFDS health authorities.

Furthermore, with ongoing infrastructural developments, the construction of our new third manufacturing unit at Kakinada is under progress.

We have been consistently recognised for our excellence in quality, research and development, and occupational health and safety.

In line with our commitment to sustainability, we continuously strive to expand our production capacity while maintaining compliance with environmental and safety regulations, as well as upholding our social responsibility initiatives.

2.1 Manufacturing Facilities

The Company operates from two manufacturing facilities:

- Unit-I, located at village Lingojugudem in Yadadri Bhuvanagiri District near Hyderabad comprises:
 - the first manufacturing facility operating from the year 1995
 - the DC-SEZ Unit operating from the year 2020
- Unit-II, located at village Chippada, Bheemunipatnam Mandal, Visakhapatnam District, Andhra Pradesh State comprises:
 - an Export Oriented Unit operating from the year 2003
 - an SEZ Unit operating from the year 2006
 - DSN-SEZ Unit operating from the year 2011
 - the DCV-SEZ Unit operating from the year 2020

All these Units have been adding production capacities and utility infrastructure and are upgraded and modernised from time to time.

2.2 New Manufacturing Facilities

The Company is setting up a new manufacturing facility (Unit-3) at Ontimamidi Village (Kona), Thondangi Mandal, Kakinada District, Andhra Pradesh in two phases. Setting up of Phase-1 of the facility has been commenced in April 2023 and expected to commence commercial operations in FY 2024-25. The estimated capital outlay for Phase-1 of this facility is about ₹1,200 crores to ₹1,500 crores..

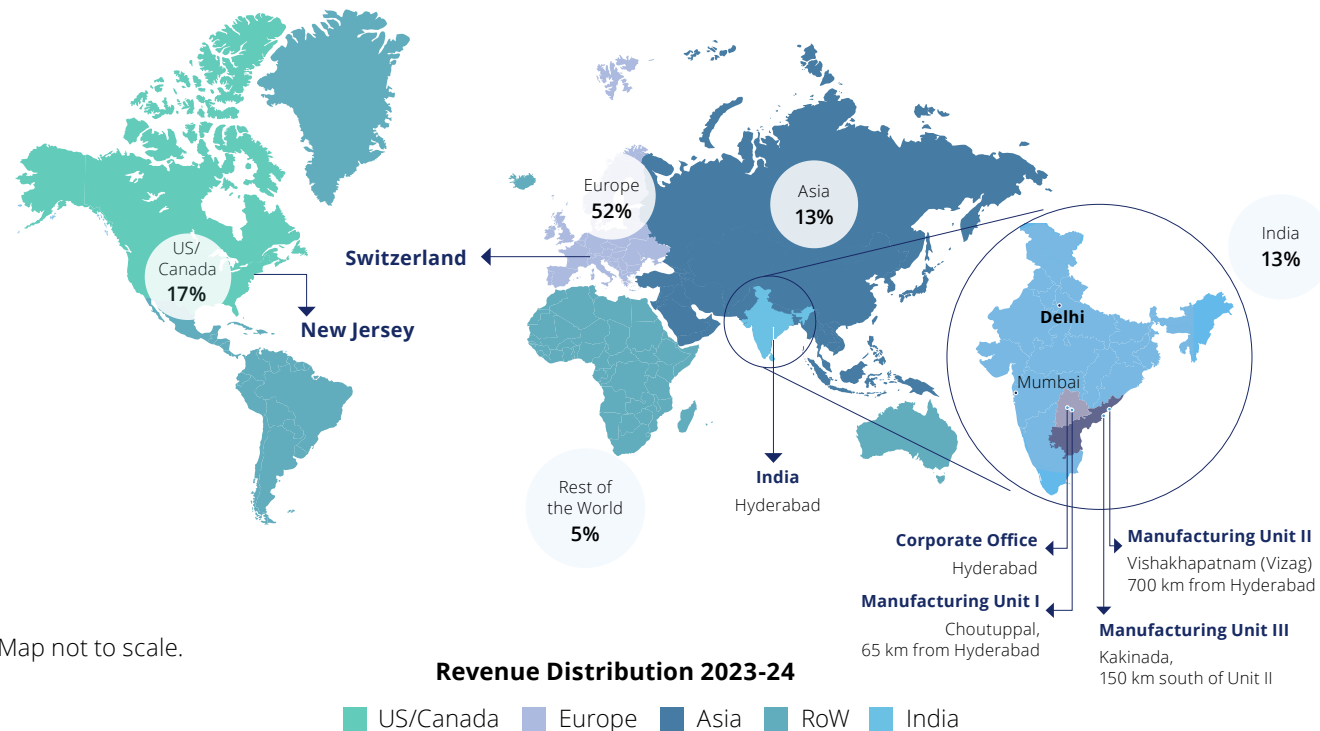
2.3 Research and Development Centres

The Company has Research Centres called as Divi's Research Centre (DRC) at Sanath Nagar, Hyderabad and Process Development & Support Centres (PDSCs) at the existing two manufacturing facilities at Hyderabad and at Visakhapatnam. These centres are involved in development of processes for both new compounds and improvement of processes for compounds on the market.

PDSCs work on process development and scale up from gram scale further through various stages of development, process optimisation, impurity profile, pilot studies, pre-validation batches, validation of process and transfer of technology to Plant. PDSCs also review improvement of processes and give process support to the Plants from time to time.

2.4 Subsidiaries

The Company has two subsidiaries M/s. Divi's Laboratories (USA) Inc., at New Jersey in the United States of America and M/s. Divi's Laboratories Europe AG at Basel in Switzerland for marketing its nutraceutical products and to provide a greater reach to customers within these regions.



Map not to scale.

3. Internal Control systems

The Company has an adequate system of internal controls commensurate with the nature, size and complexity of its manufacturing, finance and marketing operations, including controls over financial reporting.

The Company has adopted well laid down processes and procedures, encapsulating all its operations, financial and compliance functions, for efficient and orderly conduct of its business, adherence to the Company's policies, safeguarding its assets, prevention and detection of frauds and errors, accuracy and completeness of the accounting records and timely preparation of reliable

financial information and compliance with applicable statutes and rules and regulations thereunder.

Appropriate review and control mechanisms are in place for ensuring the internal control systems are operating effectively. The internal control system is supported by qualified personnel and a continuous programme of internal audit. The prime objective of such audits is to test the adequacy and effectiveness of all internal control systems laid down by the Management and to suggest improvements, robustness of internal processes, policies and accounting procedures, compliance with applicable laws and regulations. For this purpose, a yearly audit plan

will be made with the approval of the Audit Committee of the Board of Directors.

The internal audit function reports directly to the Audit Committee, maintaining independence and objectivity in its function. Based on the reports of internal audit function, respective process owner's carryout corrective action in their areas. The Audit Committee reviews the significant audit observations and status of rectification measures thereon regularly.

The Audit Committee also reviews internal controls over financial reporting and ascertains with the statutory auditors about its adequacy and effective operation. Based on Committee's review and report of the statutory auditors, the internal financial controls during the year are adequate and operating effectively. The Company also encourages and recognises improvements in work practices. The Management duly considers and takes appropriate action on the recommendations made by the internal auditors, statutory auditors, and the Audit Committee.

4. Risk Management

Divi's lays emphasis on risk management and has an enterprise-wide approach to risk management, that emphasises on identifying and managing key operational and strategic risks with a dynamic business continuity plan. The Company strives to identify opportunities that enhance organisational values while managing or mitigating risks that can adversely impact its future performance through:

- Integrated process for identification, assessment and reporting
- Decentralised management of specific opportunities and risks
- Aggregation at corporate level monitored by the Risk Management Committee with the overall direction and control by the Board

The Company continues its initiatives aimed at assessment and avoidance or minimisation of various risks affecting its business and towards cost control and efficiency across its businesses and functions, taking appropriate measures and reviewing them from time to time. The company's risk management and control procedures involve prioritisation and continuous assessment of these risks and devise appropriate controls, evaluating and reviewing the control mechanism and redesigning from time to time in the light of its effectiveness.

4.1 Global Markets

Divi's is engaged in manufacturing of generic APIs, custom synthesis of active ingredients for

innovator companies, other specialty chemicals and nutraceuticals. The Company is very selective in its product portfolio with a focus on export markets within the domain of its capabilities. As the Company has significant exposure to export markets, will have an impact of change in global economy or changing dynamics in the supply chain of its products in the global markets besides any protective actions by governments of recipient countries.

4.2 Competition

In order to stay competitive vis-à-vis its peers in Europe and the USA, the Company lays great stress on leveraging its inherent skills and strengths in chemistry by building strong customer relationships supported by cost competitive and fast delivery structure. However, competition is inherent in the business of the Company as there are constant efforts in process innovation and cost competitiveness. Divi's continues to work towards optimising its processes and upgrading its plant capacities and capabilities at its multi-purpose manufacturing facilities to stay competitive and compliant to regulations; and is also creating additional capacities addressing the anticipated or increasing business opportunities. This would enable the Company minimise risks/threats and avail the opportunities that emerge for business growth.

4.3 Regulatory and Quality Compliances

The Company devotes significant importance to the regulatory compliances as it accesses advanced markets like Europe and the USA for a major part of its business. Risks relating to regulatory compliances with such markets are inherent to the Company's business. Divi's has put in place appropriate systems, processes, operations, and procedures to monitor and ensure consistent practice for the evolving compliance regime for market access to the recipient countries of its products and specifications. The chemists and staff are periodically retrained so that they are fully aware of the latest regulations, quality testing, standard operating procedures, and norms. Divi's has invested in extensive training to incorporate the cGMP updates into its operating systems. The Company constantly reviews its policies and procedures to adhere conformity of the various global and domestic regulations for its manufacturing facilities or statutory compliances.

4.4 Patent Compliance

From the inception of its manufacturing operations, the Company has its stated policy of conforming to

intellectual property rights (IPR) and does not violate patents. The Company manufactures either patent-expired generics or undertakes custom synthesis of compounds for the innovator MNC companies. Divi's continually reviews patent compliance in its process development of active ingredients and has a monitoring mechanism to validate non-infringement of the processes developed.

4.5 Human Resources

Divi's always considers employees as an integral part of its operations and has put in place appropriate compensation plans, feedback processes, continuing training and upgradation of skills in their functional areas. Employee relations are affable and harmonious with safe and healthy working environment and all-round contribution and participation in the growth.

4.6 Commercial and Financial Risks

With predominance of revenue from export of goods and services, the Company is exposed to a wide spectrum of risks relating to markets, legal disputes relating to contracts, various statutory compliances, credit from suppliers or to customers or from banks/ lenders, interest rates, liquidity as well as foreign exchange rate volatility, continuity in supply of raw materials and prices or of any non-foreseen changes relating to trade and regulations by countries where company does business; and addresses these appropriately to mitigate or minimise these risks. The Company constantly reviews its systems and processes and takes adequate measures to address these risks or meet its obligations.

The Company has significant exports, besides imports of inputs and hence has a large exposure to exchange rate risks. Given the instability in the global, political and economic environment and bilateral trade issues, there has been significant volatility of foreign currency rates. Such events are outside the control or horizon of Indian companies and it is becoming very difficult to accurately predict currency movements. In the long run, we realise the best way to manage currency fluctuations is to have a better geographic balance in revenue mix factoring the Company's competitive positioning, and to ensure a foreign currency match between receivables and payables.

The Company constantly reviews and aligns its policies and takes appropriate decisions to minimise the commercial and financial risks.

4.7 Insurance

The Company's current and fixed assets as well as its personnel and products are adequately insured against various risks like transit, fire and allied risks, public and product liability, personnel, Directors and officers' liability, etc.

4.8 Environment, Health, and Safety

As the Company's manufacturing operations involve complex chemical reactions, risks exist on any issues relating to safe operations, health and safety of employees and environment management compliances. Divi's policies and processes are designed and reviewed from time to time to adhere to all applicable regulations on the environment management, employee health and safety. Divi's continually strives to optimise the resources and upgrade its processes in order to reduce the environmental impact of its processes, products and services, besides ensuring health and safety of employees involved in the processes.

4.9 Information Technology (IT)

The Company has put in place an IT policy in order to ensure consistency, protection and security of data and IT systems to ensure smooth business processes. The systems used for information security are constantly tested, continuously updated and expanded. In addition, our employees are regularly trained on data protection and safety including secure online banking transactions. IT-related risk management exercise is conducted using appropriate protocols and tools.

The Company has implemented EDR (Extended Detection and Response), end point and server protection, automated prevention and detection solutions, including perimeter security controls with web security tools, enhanced internal vulnerability detection and multiple network segmentations based on business criticality. The internal team regularly performs VAPT scan which is also reviewed by external consultants. Implemented absolute zero trust security architecture.

4.10 Business Continuity

The Company has appropriate strategies for business continuity for addressing disruptive events, of various nature, on business operations and has set up a comprehensive and proactive framework to mitigate such disruptive events by deploying available alternative solutions; and reduce their potential damages.

4.11 Sustainable Operations

As part of our efforts towards sustainable business operations, we assess the opportunities and risks associated with sustainable sourcing/utilisation of resources and manufacturing activity; and continually evaluate alternatives and implement optimum processes for sustainable and safe operations in order to minimise, mitigate or de-risk our business operations.

5. Regulatory Filings/Approvals

Divi's has triple certifications ISO 9001 (Quality Systems), ISO 14001 (Environment Management Systems) and ISO 45001 (Occupational Health and Safety systems) for its manufacturing facilities and adheres to cGMP and standard operating practices in its manufacturing/ operating activities and these certifications are renewed from time to time.

The Company has also obtained Food Safety System Certification (FSSC) 22000 for vitamins and carotenoids, GMP+B2 certification for production of Feed Ingredients. All the manufacturing sites are periodically inspected by USFDA, EU and other agencies.

Divi's has a total of 41 drug master files (DMFs) with US-FDA, 26 CoSs (Certificates of Suitability) filed with EDQM, 25 DMFs with Health Canada and 7 DMFs with PMDA, Japan and several filings at various other agencies. Divi's has filed for a total of 43 patents for generic products.

6. Business Distribution

Our product portfolio comprises of two broad categories i) Generic APIs (Active Pharma Ingredients) and Nutraceuticals and ii) Custom Synthesis of APIs and specialty ingredients for innovator pharma giants.

The Company operates predominantly in export markets and has a broad product portfolio under generics and custom synthesis. Among Divi's well-distributed product range, some of the components of the business, as percentage in value terms, are given below:

Particulars	2023-24	2022-23
Exports	87%	88%
Imports	45%	45%
Top 5 Products	41%	46%
Top 5 Customers	37%	41%
Exports in \$ terms	84%	86%
Exports in Pounds	10%	9%
Exports in Euro	6%	5%

7. Performance and Operations Review

Analysis of profitability (on a standalone basis) for the current and the previous financial years is given hereunder:

Particulars	₹ in crores)	
	2023-24	2022-23
Revenue from Operations	7,665	7,625
Other Income	337	349
Total Income	8,002	7,974
Expenditure before Depn. & Fin. Cost	5,491	5,277
PBDIT	2,511	2,697
Finance Cost	3	1
Depreciation	376	342
Profit before Tax (PBT)	2,132	2,354
Tax expense:		
Current Tax	511	438
Deferred Tax	45	108
Profit after Tax (PAT)	1,576	1,808
Other Comprehensive Income (net of tax)	(1)	2
Total Comprehensive Income	1,575	1,810
Earnings per Share (EPS) Basic & Diluted (₹)	59.37	68.11

During the current year, we have been able to achieve a total revenue from operations of ₹7,665 crores despite experiencing pricing pressures on some of our generic products. The current financial year has seen a double-digit growth ex the COVID portfolio.

Our net material consumption for the year remains about 40% of the revenue from operations for the year. Our Profit Before Tax for the year is lower at ₹2,132 crores as against ₹2,354 crores during the last financial year primarily due to the increase in staff cost and other expenses as well as higher depreciation.

Tax expense for the year amounted to ₹556 crores as against a tax expense of ₹546 crores. The effective tax rate for the year has increased over the last year due to the changes in product mix and the resultant profitability across the Company's manufacturing units.

Profit After Tax for the year amounted to ₹1,576 crores as against ₹1,808 crores during the previous year.

7.1 Exports

Exports constituted 87% of sales revenue during the year. Exports to advanced markets comprising Europe and America accounted for 69% of business.

7.2 Region-wise Sales Revenue

Our revenue from products and services region-wise is given below:

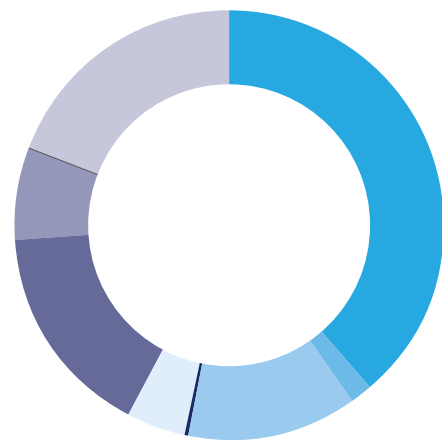
Region	FY 2023-24		FY 2022-23	
	Revenue from Sale of Goods and Services	% Share	Revenue from Sale of Goods and Services	% Share
Europe (*)	4,003	52.31	3,063	40.27
North America (*)	1,310	17.12	2,196	28.87
Asia	1,017	13.29	1,041	13.69
Rest of the World	351	4.59	349	4.59
India	971	12.69	957	12.58
Total	7,652	100.00	7,606	100.00

* Based on despatch schedule of the MNC customers which have business in both these regions.

7.3 Other Income

Other Income mainly comprises of interest on deposits and investments, gain on forex transactions and gain in fair value of non-current investments. Other Income for the year amounted to ₹337 crores as against ₹349 crores of last year. This year, we have a gain on forex transactions and translations amounting to ₹28 crores against a gain of ₹134 crores in last year.

7.4 Distribution of Total Income



Cost of raw materials consumed	40.11%
Change in inventories of finished good and work-in-progress	-1.59%
Employee benefits expenses	13.33%
Finance costs	0.04%
Depreciation and amortisation expense	4.70%
Other expenses	16.76%
Tax expense	6.95%
Other comprehensive income	0.01%
Total comprehensive income	19.7%

7.5 Material Costs

Particulars	₹ in crores	
	FY 2023-24	FY 2022-23
Material consumption	3,210	2,979
Changes in inventories of finished goods and work-in-progress	(127)	50
Net Material Consumption	3,083	3,029
Revenue from Operations including other operating revenue	7,665	7,625
% of consumption to Revenue	40.22%	39.72%

Material consumption varies from product to product. The Company manufactures several active pharmaceutical ingredients and intermediates within the Generic and Customs synthesis groups as well as nutraceuticals. Manufacture of any product involves stage-wise controlled processing through its chemistry to the specifications under the standard operating practices complying to cGMP conditions.

Material consumption net of increase/decrease in stocks is about 40.22% of revenue from operations during the year as compared to 39.72% of last year.

7.6 Employee Benefits Expense

Employee benefits expense represent salaries and benefits to employees as also fixed and variable managerial remuneration of Whole-time Directors as approved by the Members.

Employee benefit expense for the year is ₹1,067 crores against ₹953 crores during last year. Of this, remuneration to Whole-time Directors accounted to ₹144 crores during the year as against ₹157 crores last year.

Employee cost for the year works out to about 13.3% of total income earned for the year.

7.7 Other Expenses

Major items of Other Expenses are Power and Fuel, Repairs, Stores & Spares, Packing Materials, R&D Expenses, Carriage Outward, Travelling & Conveyance, Sales Commission, Environment Management Expenses, Political Contributions and CSR Expenses.

Other Expenses for the year accounted for ₹1,341 crores as against ₹1,295 crores during the last year. There has been increase in Other expenses, some of which are non recurring items.

Other Expenses account for 16.76% of total income for the year against 16.24% last year.

7.8 Capital Expenditure

During the year, we have capitalised Property, Plant and Equipment (PPE) and Intangible Assets valuing ₹402 crores.

Implementation of Unit-3 manufacturing facility at Ontimamidi Village (Kona), Thondangi Mandal, Kakinada District, Andhra Pradesh has commenced during the year; and an amount of ₹749 crores has been spent till March 31, 2024, including advances for capital items of ₹99 crores and expenditure pending allocation of ₹44 crores.

Total Capital WIP at all locations as at the year-end is ₹778 crores as against ₹212 crores as at the previous year end.

7.9 Non-current Investments

Non-current investments as at the end of the current year amounted to ₹89 crores as against ₹84 crores as at the end of the last year.

7.10 Income Tax Assets

Income tax assets of ₹29 crores as at the end of the year represents prepaid taxes relating to financial year 2019-20 refund of which has been claimed.

7.11 Other Non-current Assets

Other Non-current assets at the year-end accounted to ₹129 crores and this includes advances for capex programmes of ₹119 crores and other receivables.

7.12 Inventory position

Inventory position for the last two years is as under:

Particulars	₹ in crores	
	As on March 31, 2024	As on March 31, 2023
Raw Materials	1,067	946
Work-in-Progress	1,620	1,526
Finished Goods	143	110
Packing Materials	8	9
Stores and Spares	147	190
Total	2,985	2,781

The Company undertakes campaign production of large volume products like Naproxen, Dextromethorphan and Gabapentin by running the plant at full stream and stock these products for sale – thus, freeing the multi-purpose plants for producing other products; and hence carries significant volume of work-in-progress to be able to service the large volume products. As the Company has a good market share for these products, we do not foresee any constraints in marketing these products and managing the inventory cycle. We further augmented stock of raw materials to avoid any supply disruptions and ensured continued operations. Slow moving and non-moving items have been fully provided for.

7.13 Trade Receivables

Particulars	₹ in crores	
	As on March 31, 2024	As on March 31, 2023
Outstanding Receivables	2,274	1,965
Less: Allowances for doubtful debts	1	1
Net Receivables	2,273	1,964
Average receivable days	108	94

Net Trade Receivables at the year end came to ₹2,273 crores as against ₹1,964 crores last year. Trade Receivables include an amount of ₹260 crores due from subsidiaries. All these are considered good.

7.14 Other Current Assets

Particulars	₹ in crores	
	As on March 31, 2024	As on March 31, 2023
Indirect Taxes- Input Tax Credits	202	138
Prepaid Expenses	35	26
Advances to suppliers	80	34
Other receivables	1	1
Total	318	199

These assets are monitored and reviewed periodically.

7.15 Other Financial Assets

Other Financial Assets at the year end are ₹63 crores against ₹57 crores of last year. These comprise of security and other deposits and receivables of export incentives and all of them are receivables in the normal course of business.

7.16 Deferred Tax Liabilities

Deferred tax liabilities represent temporary differences arising between the tax base of assets using the liability method, liability on account of obligations for SEZ Units under the Income Tax Act as also of employee benefit obligations. Deferred tax liability as of March 31, 2024 amounted to ₹582 crores as against ₹537 crores as of March 31, 2023.

7.17 Trade Payables

Trade Payables for raw materials/services amounted to ₹807 crores as at the end of the year as against ₹743 crores as at the end of previous year. Of the trade payables, an amount of ₹35 crores relates to dues to micro and small enterprises and these are paid by the due dates. The company follows consistent practices of procurement and avails efficient credit terms from vendors.

7.18 Other Financial and Current Liabilities

Other Financial Liabilities at the year-end of ₹100 crores consist of Capital Creditors of ₹99 crores. All obligations are discharged as per the terms agreed with the Vendors.



Other Current liabilities for the current year amounted to ₹303 crores as against ₹288 crores as at the end of the last year. Employee benefits and all statutory dues are paid well within the due dates. Liability for CSR Activities of ₹31 crores will be discharged within the statutory time lines specified in the Companies Act 2013.

7.19 Key Financial Ratios

Particulars	₹ in crores)		
	As on March 31, 2024	As on March 31, 2023	Change
Return on Net Worth/ Equity (%)	12.04%	14.82%	(18.76%)
Return on Capital Employed (%)	15.62%	18.57%	(15.89%)
Basic EPS (₹)	59.37	68.11	(12.83%)
Debtors Turnover	3.61	3.36	7.44%
Inventory Turnover	2.65	2.80	(5.35%)
Current ratio	7.60	8.56	(11.21%)
Debt Equity ratio*	0.00	0.00	-
Operating profit margin (%)	32.76%	35.37%	(7.38%)
Net profit margin (%)	19.70%	22.67%	(13.10%)

* There is no debt outstanding as on March 31, 2024 and as on March 31, 2023.

Detailed explanation of ratios:

(i) Return on Net Worth/(Equity)

Return on Net Worth/(Equity) is a measure of profitability generated to Equity holders. It is calculated by dividing the Net profit after tax for the year with Average Shareholder's equity during the year.

(ii) Return on Capital Employed

Return on Capital Employed is a ratio that measures the efficiency of the Company with which its capital is being employed. In other words, the ratio indicates the ability of the Company to generate returns for both equity and debt holders. It is calculated by dividing net operating profit (EBIT) by average capital employed i.e. Tangible net worth + total debt + Deferred Tax liability.

(iii) Basic EPS

Earnings Per Share is the portion of a Company's profit allocated to each share. It serves as an indicator of a Company's profitability. It is calculated by dividing the profit after tax for the year by weighted average number of shares outstanding during the year.

(iv) Debtors Turnover

This ratio is used to quantify a Company's effectiveness in collecting its receivables or money

owed by customers. The ratio shows how well a Company uses and manages the credit it extends to customers and how quickly that short-term debt is collected. It is calculated by dividing the Total Revenue from Operations by average trade receivables.

(v) Inventory Turnover

Inventory Turnover is the number of times a Company sells and replaces its inventory during a period. It is calculated by dividing the Revenue from sale of goods by average inventory.

(vi) Current Ratio

The Current Ratio is a liquidity ratio that measures a Company's ability to pay short-term obligations or those due within one year. It is calculated by dividing the current assets by current liabilities.

(vii) Debt Equity Ratio

The ratio is used to evaluate a Company's financial leverage. It is a measure of the degree to which a Company is financing its operations through debt versus wholly owned funds. It is calculated by dividing a Company's net borrowings by its shareholder's equity.

(viii) Operating Profit Margin

Operating Profit Margin is a profitability or performance ratio used to calculate the percentage of profit a Company produces from its operations. It is calculated by dividing the Operating Profit (PBDIT) by Revenue from Operations.

(ix) Net Profit Margin

The net profit margin is equal to how much net income or profit is generated as a percentage of total revenue. It is calculated by dividing the profit after tax for the year by total revenue for the year.

7.20 Cautionary Statement

This report may contain certain statements that the Company believes are or may be considered to be 'forward looking statements' which are subject to certain risks and uncertainties. These estimates and judgements relating to the financial statements have been made on a prudent and reasonable basis, in order that the statements reflect, in a true and fair manner, the state of affairs and profits for the year. Actual results may differ materially from those expressed or implied. Significant factors that could influence the Company's operations include government regulations, tax regimes, market access related regulatory compliances, patent laws and domestic and international fiscal policies.

Corporate Governance Report

This report is prepared in accordance with the provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI Listing Regulations) and the report contains the details of Corporate Governance systems and processes at Divi's Laboratories Limited ("Divi's" or "the Company").

Company's philosophy on Corporate Governance

We at Divi's aim to be a responsible business, adding value through our core competency in the area of chemistry while adhering to our core values and serving the immediate community and society at large through our diverse social initiatives that would establish a strong foundation for a better tomorrow for all stakeholders.

Corporate Governance is the set of processes, customs, policies, laws and institutions for managing the affairs of the Company in a manner ensuring accountability, transparency and fairness. The framework helps in building trust and confidence among the stakeholders by meeting their aspirations and expectations.

We consider all our stakeholders, be it customers, local communities, employees, suppliers, distributors, shareholders, Government/regulatory authorities as integral part of our business. The Company has been following governance practices in compliance with applicable laws and regulations beside adopting some of best governance practices across the globe.

We are committed to meet aspirations of our stakeholders by following good corporate governance and ensuring sustainable manufacturing operations by following green chemistry principles, which is evident from various social upliftment initiatives undertaken by the Company for the communities surrounding the manufacturing plants, the enormous wealth creation for the shareholders, high quality APIs, Intermediates and Nutraceutical Ingredients delivered to the Global Pharmaceutical & Nutraceutical industry.

During the past three and half decades of operations, the Company has strengthened its governance practices. From the beginning at Divi's, stakeholder's interest is considered while taking any business decision and we are committed to implement them to create a positive impact in every possible manner.

The 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.

Board of Directors

The Company has a well-balanced Board with diverse experience. The Board periodically reviews the operations and performance, implementation of projects, governance, compliance of applicable laws, disclosure practices, corporate and risk strategies of the Company, including information as mentioned in Part A of Schedule II of SEBI Listing Regulations. The Board provides objective and strategic guidance to the Management for carrying the operations of the Company in a transparent manner adhering to high standards of ethics.

The Board exercises due care and independent judgement and is aligned with the long-term goal of the Company in the interest of the stakeholders. The Company has an established framework for meetings of the Board and its Committees, thereby systematising the decision-making process at the meetings in an informed and efficient manner.

Composition

The Company has an optimum combination of Executive and Non-Executive Directors. As on March 31, 2024, the Board comprised twelve members, consisting of five executive directors and seven independent directors, which includes a woman executive director and a woman Independent Director. The Board has an Independent Director as Chairman. The brief profiles of Directors are available at <https://www.divislabs.com/api-manufacturing-company/leadership1/#board-of-directors>.

The composition of the Board is in line with the requirements stipulated in SEBI Listing Regulations and the Companies Act, 2013. The composition of the Board and changes during the year is as follows:

Category	Name of the Director	Designation	Date of joining the Board	Change during the year
Executive Directors	Dr. Murali K. Divi	Managing Director	October 12, 1990	-
	Mr. N. V. Ramana	Executive Director	October 01, 1994	-
	Dr. Kiran S. Divi	Whole-Time Director and Chief Executive Officer	August 10, 2001	-
	Ms. Nilima Prasad Divi	Whole-Time Director (Commercial)	June 27, 2017	-
	Dr. S. Devendra Rao	Whole-time Director (Manufacturing)	February 10, 2024	Refer Note 1 below.
	Mr. Madhusudana Rao Divi	Whole-Time Director (Projects) (up to August 28, 2023)	October 14, 1994	Refer Note 2 below.
Independent Directors	Dr. Ramesh B. V. Nimmagadda	Non-Executive Chairman, Independent Director	June 27, 2017	-
	Dr. G. Suresh Kumar	Independent Director	March 10, 2001	Refer Note 3 below.
	Mr. R. Ranga Rao	Independent Director	November 03, 2012	-
	Mr. K. V. K. Seshavataram	Independent Director	June 23, 2014	-
	Prof. S. Ganapaty	Independent Director	July 22, 2017	-
	Prof. Sunaina Singh	Independent Director	March 28, 2019	Refer Note 4 below.
	Mr. K.V. Chowdary	Independent Director	January 04, 2020	-

Note 1: Dr. S. Devendra Rao assumed office as an Additional Director, designated as Whole-time Director (Manufacturing) with effect from February 10, 2024. His appointment as Whole-time Director (Manufacturing) for 5 years from the said date is approved by the Members.

Note 2: Mr. Madhusudana Rao Divi resigned with effect from August 28, 2023.

Note 3: Dr. G. Suresh Kumar and Mr. R. Ranga Rao completed their terms as an Independent Directors of the Company on March 31, 2024. Upon completion of their respective terms, they ceased to be the Directors of the Company.

Note 4: Prof. Sunaina Singh completed her first term of 5 years as an Independent Director and was reappointed for a second term of 5 years effective from March 28, 2024.

Board meetings and attendance

As per the statutory requirement, the Board meets at least once a quarter to review the quarterly results and other items on the agenda. Additional meetings are held whenever necessary. All the directors are expected to attend at least four quarterly Board meetings and the Annual General Meeting (AGM). On request by the Board members, we provide video conferencing facilities to enable their participation, if they are not able to physically attend.

The Board meeting date is mutually agreed as per the availability of Board Members and agenda for the meetings along with all the necessary notes, prepared in consultation with Managing Director and Chief Executive Officer and as approved by the Chairman is circulated to the Board members within the statutory timelines. Every director can suggest inclusion of additional items in the agenda for discussion at the meeting.

During the FY 2023-24 five Board meetings were held. The details of Board meetings and attendance of Directors at these meetings and at last AGM are given below:

Name of the Director	Board Meetings held on					Attendance of Director %	Last AGM held on August 28, 2023
	May 20, 2023	July 07, 2023	August 14, 2023	November 06, 2023	February 10, 2024		
Dr. Ramesh B. V. Nimmagadda	Yes	Yes	Yes	Yes	Yes	100%	Yes
Dr. G. Suresh Kumar	Yes	Yes	Yes	Yes	Yes	100%	Yes
Mr. R. Ranga Rao	Yes	Yes	Yes	Yes	Yes	100%	Yes
Mr. K. V. K. Seshavataram	Yes	Yes	Yes	Yes	Yes	100%	Yes
Prof. S. Ganapaty	Yes	Yes	Yes	Yes	Yes	100%	Yes
Prof. Sunaina Singh	Yes	Yes	Yes	Yes	Yes	100%	No
Mr. K.V. Chowdary	Yes	Yes	Yes	Yes	Yes	100%	Yes
Dr. Murali K. Divi	Yes	Yes	Yes	Yes	Yes	100%	Yes
Mr. N. V. Ramana	Yes	Yes	Yes	Yes	Yes	100%	Yes
Dr. Kiran S. Divi	Yes	Yes	No	Yes	Yes	80%	Yes
Ms. Nilima Prasad Divi	Yes	Yes	Yes	Yes	Yes	100%	Yes
Dr. S. Devendra Rao	-	-	-	-	Yes	100%	NA
Mr. Madhusudana Rao Divi	Yes	No	Yes	NA	NA	66.67%	Yes
% Attendance at meeting	100%	91.67%	91.67%	100%	100%	100%	91.67%

Disclosure of Directors other directorships, committee positions, Inter-se relationships and shareholding

The Directors disclose about their Board and Committee positions held in other companies annually and notify of any changes thereafter during the year. The number of Directorship(s) and Committee Membership(s)/Chairmanship(s) of all Directors is/ are within the respective limits prescribed under the Companies Act, 2013 and the SEBI Listing Regulations.

Name of the Director	Number of other Directorships ¹		Committee positions ²		Directorships in other listed companies	Inter-se relationships	Share-holding ³
	Public companies	Private companies	Member	Chairperson			
Dr. Murali K. Divi	-	3	-	-	-	Dr. Murali K. Divi is father of Dr. Kiran S. Divi and Nilima Prasad Divi.	75,67,000
Dr. Kiran S. Divi	-	4	-	-	-		5,40,00,000
Ms. Nilima Prasad Divi	-	4	-	-	-		5,40,00,000
Mr. N. V. Ramana	-	-	-	-	-	None	-
Dr. S. Devendra Rao	-	-	1	-	-	None	60,000
Dr. Ramesh B. V. Nimmagadda	-	-	2	1	-	None	-
Dr. G. Suresh Kumar	-	-	1	-	-	None	-
Mr. R. Ranga Rao	-	-	1	-	-	None	-
Mr. K. V. K. Seshavataram	-	-	2	1	-	None	-
Prof. S. Ganapaty	-	-	1	-	-	None	-
Prof. Sunaina Singh	-	-	1	-	-	None	-
Mr. K.V. Chowdary	7	1	7	2	4 (Refer note below ⁴).	None	-

¹ Excludes directorship(s) in foreign companies and Section 8 companies under the Companies Act, 2013.

² In accordance with Regulation 26 of SEBI Listing Regulations, only Membership/Chairmanship in Audit Committee and Stakeholders' Relationship Committee of all public limited companies, whether listed or not, including the Company are considered. Committee membership includes details of chairmanship.

³ Shareholding in the Company as on March 31, 2024.

⁴ Mr. K.V. Chowdary holds directorship in 4 other listed companies as detailed below:

Name of company	Category/Designation
CCL Products (India) Limited	Independent Director
Reliance Industries Limited	Independent Director
Tata Motors Limited	Independent Director
Anant Raj Limited	Independent Director

Board independence

Every Independent Director, at the first meeting of the Board in which he/she participates as a Director and thereafter at the first meeting of the Board in every financial year, gives a declaration that he/she meets the criteria of independence as provided under the law and that he/she is not aware of any circumstance or situation, which exist or may be reasonably anticipated, that could impair or impact his/her ability to discharge his/her duties with an objective independent judgement and without any external influence.

In the opinion of the Board, all the Independent Directors fulfil the conditions specified in the SEBI Listing Regulations and are independent of the management.

The Independent Directors have included their names in the data bank of Independent Directors maintained with the Indian Institute of Corporate Affairs.

Meeting of Independent Directors

During the year, one meeting of the Independent Directors was held on February 10, 2024. The Independent Directors, inter-alia, reviewed the performance of Non-Independent Directors, Board as a whole and Chairman of the Company, taking into account the views of Executive Directors and Non-Executive Directors.

Key skills/expertise/competencies available with the Board

The Board consists of qualified and experienced members with required skills, expertise and competencies that allow them to make effective contributions to the Board and its Committees.

The Board has identified the following skills/expertise/competencies fundamental for the effective functioning of the Company which are currently available with the Board:

Skills	Description
Global business	Understanding the dynamics of global business relating to the operations of the Company and regulatory requirements in the geographical markets.
Strategy, Planning & Marketing	Appreciation of long-term trends and understanding the competitive environment for Company's business globally, customer relationships and strategies for continuity and growth of business for its product range.
Governance	Knowledge of governance processes and compliance to applicable laws and regulations to service best interests of all stakeholders, maintaining Board and Management accountability and corporate ethics and values.
Leadership and Human Resource	Experience in significant enterprise, distinct roles and responsibilities through organisation structure, talent development and succession planning.
Technology	Knowledge of technology related to Company's current and future products and business opportunities, of evolving trends of usage of its product range and of developing cost-efficient processes.
Legal, Commercial, Financial	Knowledge about legal, commercial, financial skills for the Company's governance, accounting and financial management.
Sustainability and Risk Management	Experience in ESG (Environmental, Social and Governance) and Risk Management framework for integrating the same to Company's business strategy and operations.

Board Familiarisation and induction programme

The Board members are provided with necessary documents, reports and internal policies to enable them to familiarise with the Company's procedures and practices. The Board members are periodically updated in its meetings about the industry overview, business operations, Company's performance, compliance procedures and practices in place, roles and responsibilities of the Board/various Committees, various statutory amendments, etc.

To familiarise a new Director with the Company, an induction kit containing documents about the Company is provided containing various codes, policies adopted by the Company and summary of roles and responsibilities of Board as well as that of each Board Committee. Visits to the plant locations are organised depending on the convenience and requests of the Directors.

Details of familiarisation programme for the Independent Directors are available on the website of the Company at: <https://www.divislab.com/wp-content/uploads/2024/04/Familiarization-Programs-FY2024.pdf>.

Succession planning

The Company has in place an orderly succession planning process, where the Management in consultation with the Nomination and Remuneration Committee recommends to the Board for leadership roles at Board and Senior Management level.

The Board members possess the skills identified above and the specific area of expertise for each one of them is given below:

Name of the Director	Global business	Strategy, Planning & Marketing	Governance	Leadership and Human Resource	Technology	Legal, Commercial, Financial	Sustainability and Risk Management
Dr. Ramesh B. V. Nimmagadda	✓		✓	✓	✓	✓	✓
Dr. Murali K. Divi	✓	✓	✓	✓	✓	✓	✓
Mr. N. V. Ramana	✓	✓	✓	✓	✓	✓	✓
Dr. Kiran S. Divi	✓	✓	✓	✓	✓	✓	✓
Ms. Nilima Prasad Divi	✓	✓	✓	✓		✓	✓
Dr. S. Devendra Rao	✓	✓	✓	✓	✓		✓
Dr. G. Suresh Kumar	✓		✓	✓	✓	✓	✓
Mr. R. Ranga Rao	✓		✓	✓	✓	✓	✓
Mr. K. V. K. Seshavataram		✓	✓	✓		✓	✓
Prof. S. Ganapaty	✓		✓	✓	✓		✓
Prof. Sunaina Singh			✓	✓			✓
Mr. K.V. Chowdary		✓	✓	✓		✓	✓

Board compensation

The Company's Nomination and Remuneration Policy for Directors, Key Managerial Personnel and other employees is available on the Company's website at: <https://www.divislab.com/NominationRemunerationPolicy.pdf>.

Remuneration to Executive Directors for the FY 2023-24

Name	Salary	PF	Perquisites and allowances	Remuneration based on net profits	Total
Dr. Murali K. Divi	0	0	0.27	63.79	64.06
Mr. N. V. Ramana	0.92	0.11	0.20	31.90	33.13
Dr. Kiran S. Divi	0.92	0.11	0.46	21.26	22.75
Ms. Nilima Prasad Divi	0.92	0.11	0.45	21.26	22.74
Dr. S. Devendra Rao ¹	0.30	0.01	0.13	0	0.44
Mr. Madhusudana Rao Divi ²	0.38	0.05	0.20	0	0.63
Total	3.44	0.39	1.71	138.21	143.75

¹ Appointed as Additional Director with effect from February 10, 2024, and remuneration particulars disclosed from the said date.

² Resigned as Whole-time Director with effect from August 28, 2023.

Remuneration of Executive Directors comprises a fixed salary and annual remuneration based on net profits of the Company as per respective terms of appointment. The tenure of office of the Managing Director and Whole-time Directors is for five years from their respective dates of appointment, and they are eligible for re-appointment. The Executive Directors may be terminated by either party by giving three months' notice as per Company's policy. There is no separate provision for payment of severance fees.

Remuneration to Non-Executive Directors for the FY 2023-24

(₹ in crores)			
Name of the Non-executive Director	Sitting Fees	Annual Remuneration	Total
Dr. Ramesh B. V. Nimmagadda	0.13	0.20	0.33
Dr. G. Suresh Kumar	0.13	0.20	0.33
Mr. R. Ranga Rao	0.15	0.20	0.35
Mr. K. V. K. Seshavataram	0.11	0.20	0.31
Prof. S. Ganapaty	0.08	0.20	0.28
Prof. Sunaina Singh	0.08	0.20	0.28
Mr. K.V. Chowdary	0.13	0.20	0.33
Total	0.81	1.40	2.21

Non-executive Directors are paid sitting fees of ₹1 lakh for attending every meeting of the Board or Committee thereof. In addition to the sitting fee, each Non-executive Director is entitled to an annual remuneration of ₹20 lakhs per annum. The Company also reimburses the out-of-pocket expenses, if any, incurred by the Non-executive Directors for attending the meetings.

Other than the sitting fees, annual remuneration and reimbursements mentioned above, Non-executive Directors had no pecuniary relationship or transactions with the Company. The Company has not granted any stock options to any of its Non-executive Directors.

Directors and Officers Insurance

The Company has in place a Directors and Officers Liability Insurance policy as stipulated under Regulation 25(10) of SEBI Listing Regulations.

Performance evaluation criteria of Directors

The Board of Directors carried out an annual evaluation of its own performance, of the Committees of the Board and of the individual directors including Independent Directors, pursuant to the provisions of the Companies Act, 2013 and SEBI Listing Regulations.

Performance evaluation criteria is determined by the Nomination and Remuneration Committee. Performance evaluation of Independent Directors shall be done by the entire Board of Directors (excluding the director being evaluated). On the basis of the report of performance evaluation, it shall be determined whether to extend or continue the term of appointment of the Independent Director.

Independent Directors are expected to provide an effective monitoring role and to provide help and advice to the

Executive Directors. The broad issues considered in evaluating Independent Directors are:

- Providing necessary guidance using their knowledge and experience in development of corporate strategy, major plan of action, risk policy, and setting performance objectives.
- Independence exercised in taking decisions, listening to views of others and maintaining their views with resolute attitude.
- Ability in assisting the Company in implementing the best corporate governance practices.
- Capability in exercising independent judgement to tasks where there is a potential for conflict of interest.
- Commitment in fulfilling the director's obligations fiduciary responsibilities.

Board Committees

As per the statutory requirement, the Board has constituted 5 Committees, namely – Audit Committee, Nomination and Remuneration Committee, Stakeholders' Relationship Committee, Risk Management Committee and Corporate Social Responsibility Committee. The Board has communicated the terms of reference of each Committee as stipulated under the Companies Act, 2013 and SEBI Listing Regulations. The Committees meet at periodic intervals or on need basis to address the function assigned to it. The Board has accepted all the recommendations of the Committees during the financial year.

Mr. M. Satish Choudhury, Company Secretary and Compliance Officer of the Company acts as Secretary to all the said Board Committees.

Audit Committee

Composition and the terms of reference of the Audit Committee are in compliance with the requirements under Section 177 of the Companies Act, 2013 and of Regulation 18 of the SEBI Listing Regulations.

Composition, meetings, and attendance during the year:

Four meetings of the Committee were held during the year. The details of the meetings and attendance of members of the Committee at these meetings are given below:

Name of the Audit Committee member	Designation	Audit Committee Meetings held on				Attendance of Director %
		May 20, 2023	August 14, 2023	November 06, 2023	February 10, 2024	
Mr. K. V. K. Seshavataram	Chairman	Yes	Yes	Yes	Yes	100%
Dr. G. Suresh Kumar	Member ¹	Yes	Yes	Yes	Yes	100%
Mr. R. Ranga Rao	Member ¹	Yes	Yes	Yes	Yes	100%
Mr. K.V. Chowdary	Member	Yes	Yes	Yes	Yes	100%
Dr. Ramesh B. V. Nimmagadda	Member ²	-	-	-	NA	NA
Prof. S. Ganapaty	Member ²	-	-	-	NA	NA
% Attendance at meeting		100%	100%	100%	100%	100%

¹ The Members have completed their term as an Independent Directors of the Company on March 31, 2024 and accordingly ceased as Directors and Members of the Audit Committee.

² The Members are admitted to the Audit Committee with effect from February 10, 2024.

The meetings of Audit Committee are also attended by the Whole-time Director (Commercial), Chief Financial Officer, General Manager (Finance and Accounts), Internal Auditor and representatives of Statutory Auditors as invitees.

Mr. K. V. K. Seshavataram, Chairman of the Audit Committee attended the AGM of the Company held on August 28, 2023.

Terms of reference:

The terms of reference of the Audit Committee, inter-alia, include the following:

- Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Scrutiny and review of all financial transactions, inter corporate loans, investments, funds utilisation, related party transactions and the general financial condition of the Company.
- Recommendation for appointment, remuneration and terms of appointment of auditors of the Company and approval of remuneration of auditors for other services.
- Review and monitor the auditor's independence and performance, and effectiveness of audit process.
- Reviewing, with the management, the periodic financial statements and auditor's report thereon before submission to the Board for approval.

- Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems.
- Evaluation of internal financial controls and risk management systems.
- To review the functioning of the Whistle Blower mechanism.
- To review statement of deviations in reporting to monitoring agencies.
- Approve policies in relation to the implementation of the Insider Trading Code and to supervise implementation of the same.
- Approval or any subsequent modifications of transactions with related parties.
- Evaluation of internal financial controls and risk management systems.

Nomination and Remuneration Committee (NRC)

Composition and the terms of reference of the NRC are in compliance with the requirements under Section 178 of the Companies Act, 2013 and of Regulation 19 of the SEBI Listing Regulations. The Board at its meeting held on February 10, 2024 had approved renaming the Compensation, Nomination and Remuneration Committee as Nomination and Remuneration Committee.

Composition, meetings, and attendance during the year:

Two meetings of the Committee were held during the year. The details of the meetings and attendance of members of the Committee at these meetings are given below:

Name of the NRC member	Designation	NRC Meetings held on		Attendance of Director %
		May 20, 2023	February 10, 2024	
Prof. S. Ganapaty	Chairman ¹	Yes	Yes	100%
Dr. G. Suresh Kumar	Member ²	Yes	Yes	100%
Mr. R. Ranga Rao	Member ²	Yes	Yes	100%
Dr. Ramesh B.V. Nimmagadda	Member	Yes	Yes	100%
Prof. Sunaina Singh	Member	Yes	Yes	100%
Mr. K.V. Chowdary	Member	Yes	Yes	100%
% Attendance at meeting		100%	100%	100%

¹ Prof. S. Ganapaty was designated as Chairman of the NRC with effect from February 10, 2024 in place of Dr. G. Suresh Kumar.

² The Members have completed their term as an Independent Directors of the Company on March 31, 2024 and accordingly ceased as Directors and Members of the NRC.

Dr. G. Suresh Kumar, Chairman of the Nomination and Remuneration Committee attended the AGM of the company held on August 28, 2023.

down and to recommend to the Board their appointment and/or removal.

Terms of reference:

The terms of reference of the NRC, inter-alia, include the following:

- To formulate the criteria for determining qualifications, positive attributes and independence of a Director, and recommend to the Board a policy, relating to the remuneration for the Directors, Key Managerial Personnel and other employees.
- To formulate the criteria for evaluation of performance of Independent Directors and the Board; and evolve and review the policy on Board diversity.
- To identify/evaluate persons for appointment to the Board or in senior management in accordance with the criteria laid

- Support the Board and Independent Directors in evaluation of the performance of the Board, its committees and individual directors.

- Recommend to the Board, all remuneration, in whatever form, payable to senior management.

- To administer, monitor and formulate Employees' Stock Option Scheme with terms and conditions relating to quantum, exercise, granting, vesting etc and evolve a procedure for making a fair and reasonable adjustment to the scheme in case of any corporate actions.

- To carry out any other function as is mandated by the Board from time to time and/or required by any statutory notification, amendment or modification, as may be applicable.

Stakeholders Relationship Committee (SRC)

Composition and the terms of reference of the SRC are in compliance with the requirements under Section 178 of the Companies Act, 2013 and of Regulation 20 of the SEBI Listing Regulations.

Composition, meetings, and attendance during the year:

Two meetings of the Committee were held during the year. The details of the meetings and attendance of members of the Committee at these meetings are given below:

Name of the SRC member	Designation	SRC Meetings held on		Attendance of Director %
		November 06, 2023	March 25, 2024	
Dr. Ramesh B.V. Nimmagadda	Chairman	Yes	Yes	100%
Mr. K.V.K. Seshavaram	Member	Yes	Yes	100%
Prof. Sunaina Singh	Member	Yes	No	50%
Mr. K.V. Chowdary	Member	Yes	Yes	100%
Dr. S. Devendra Rao	Member ¹	-	Yes	100%
Prof. S. Ganapaty	Member ²	Yes	NA	100%
% Attendance at meeting		100%	80%	100%

¹ Dr. S. Devendra Rao was admitted as Member of the Committee with effect from February 10, 2024.

² In view of the additional responsibilities assigned to Prof. S. Ganapaty by the Board, his membership in the Committee was withdrawn with effect from February 10, 2024.

Dr. Ramesh B. V. Nimmagadda, Chairman of the Stakeholders Relationship Committee attended the AGM of the Company held on August 28, 2023.

Terms of reference:

The terms of reference of the SRC, inter-alia, include the following:

- To resolve the grievances of the security holders of the Company including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings.

- To review measures taken for effective exercise of voting rights by shareholders.

- To review adherence to the service standards adopted by the Company in respect of various services being rendered by the Registrar & Share Transfer Agent.

- To review of the various measures and initiatives taken by the Company for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the Company.

Investor grievance redressal:

During the year under review, the Company has received 23 complaints from investors. All were replied/resolved to the satisfaction of the investors and no complaints were outstanding.

Compliance Officer:

Mr. M. Satish Choudhury, Company Secretary and Compliance Officer is the Compliance Officer of the Company for attending to complaints/grievances of the Members. He is also the Nodal officer to ensure compliance with the Investor Education and Protection Fund Rules (IEPF Rules).

Corporate Social Responsibility Committee (CSR Committee)

Composition and the terms of reference of the CSR Committee are in compliance with the requirements under Section 135 of the Companies Act, 2013.

Composition, meetings, and attendance during the year:

Four meetings of the Committee were held during the year. The details of the meetings and attendance of members of the Committee at these meetings are given below:

Name of the CSR member	Designation	CSR Meetings held on				Attendance of Director %
		May 20, 2023	August 14, 2023	November 06, 2023	February 10, 2024	
Dr. Ramesh B.V. Nimmagadda	Chairman ¹	Yes	Yes	Yes	Yes	100%
Dr. Murali K. Divi	Member	Yes	Yes	Yes	Yes	100%
Ms. Nilima Prasad Divi	Member ²	-	-	-	NA	NA
Mr. R. Ranga Rao	Member ³	Yes	Yes	Yes	Yes	100%
Mr. Madhusudana Rao Divi	Member ⁴	Yes	Yes	NA	NA	100%
% Attendance at meeting		100%	100%	100%	100%	100%

¹ Dr. Ramesh B.V. Nimmagadda was designated as Chairman of the Committee with effect from February 10, 2024 in place of R. Ranga Rao.

² Ms. Nilima Prasad Divi was admitted as Member of the Committee with effect from February 10, 2024.

³ Mr. R. Ranga Rao completed his term as an Independent Directors of the Company on March 31, 2024 and accordingly ceased as Director and Member of the Committee.

⁴ Mr. Madhusudana Rao Divi resigned as Whole-time Director with effect from August 28, 2023 and accordingly ceased as member of the Committee.

Terms of reference:

The terms of reference of the CSR Committee, inter-alia, include the following:

- To formulate, review and recommend to the Board, a CSR policy indicating the activities to be undertaken by the Company as specified in Schedule VII of the Act.
- To recommend the amount of expenditure to be incurred on the initiatives as per the CSR policy of the Company.
- To provide guidance on various CSR initiatives undertaken by the Company and monitor implementation and adherence to the CSR programmes and policy of the Company from time to time.
- To recommend to the Board an annual CSR action plan for proposed CSR projects or programmes to be undertaken during the financial year.
- To appoint an independent agency/firm to carry out impact assessment study, if necessary.

Risk Management Committee (RMC)

Composition and the terms of reference of the RMC are in compliance with the requirements under Regulation 21 of the SEBI Listing Regulations.

The Board renamed the Committee as Risk Management & Sustainability Committee on May 25, 2024 by delegating sustainability related references.

Composition, meetings, and attendance during the year:

Two meetings of the Committee were held during the year. The details of the meetings and attendance of members of the Committee at these meetings are given below:

Name of the RMC member, Designation of non-director members	Designation	RMC Meetings held on		Attendance of Director %
		August 26, 2023	February 10, 2024	
Dr. Kiran S. Divi	Chairman ¹	Yes	Yes	100%
Ms. Nilima Prasad Divi	Member	Yes	Yes	100%
Dr. G. Suresh Kumar	Member ²	Yes	Yes	100%
Dr. S. Devendra Rao	Member ³	NA	NA	NA
Prof. S. Ganapaty	Member ³	NA	NA	NA
Mr. L. Kishore Babu (Chief Financial Officer)	Member	Yes	Yes	100%
Mr. L. Ramesh Babu (Vice President -Procurement)	Member	Yes	Yes	100%
Mr. Madhusudana Rao Divi	Member ⁴	No	NA	-
% Attendance at meeting		83.33%	100%	100%

¹ Dr. Kiran S. Divi was designated as Chairman of the Committee with effect from November 06, 2023.
² Dr. G. Suresh Kumar completed his term as an Independent Directors of the Company on March 31, 2024 and accordingly ceased as Directors and Members of the Committee.
³ Dr. S. Devendra Rao and Prof. S. Ganapaty were admitted as Members of the Committee with effect from February 10, 2024.
⁴ Mr. Madhusudana Rao Divi resigned as Whole-time Director with effect from August 28, 2023 and accordingly ceased as Member of the Committee.

Terms of reference:

The terms of reference of the RMC, inter-alia, include the following:

- To formulate a detailed risk management policy which shall include a framework for identification of internal and external risks faced by the company in particular including financial operational, sectoral, sustainability, information, cyber security risks and any other risks determined by the committee; measures for risk mitigation including systems and process for internal control of identified risks and business continuity plan.
- To ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company.
- To monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems.
- To periodically review the risk management policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity.

Senior Management

The particulars of Senior Management as defined under the SEBI Listing Regulations as on March 31, 2024 is as given below.

S. No.	Name	Designation
1	Mr. L. Kishore Babu	Chief Financial Officer
2	Mr. Satya Prakash Divi	Vice President - Sales, Marketing & Logistics
3	Dr. P. Srinivasa Rao	Chief Technologist - PDSC
4	Mr. M. Ramesh Babu	Chief Technologist - PDSC
5	Mr. Y.T.S. Prasad	Global Quality Head
6	Mr. G. Hemanth Kumar	Vice President - Production
7	Mr. S. Ramakrishna	Vice President - Production
8	Mr. L. Ramesh Babu	Vice President - Procurement
9	Dr. L.V. Ramana	Vice President - Production
10	Mr. D. Madhu Babu	Vice President - Projects
11	Mr. K. Subba Rao	General Manager - P&A/HR
12	Mr. Y.S. Koteswara Rao	General Manager - P&A/HR
13	Mr. G. Bala Kishore	General Manager - EHS
14	Mr. E.S.V.S. Rama Krishna Prasad	General Manager - Engineering
15	Mr. V. Naga Sekhar	General Manager - Engineering
16	Mr. S. Balaji	Deputy General Manager - ECD
17	Mr. M. Satish Choudhury	Company Secretary & Compliance Officer

The only change since close of previous financial year is Dr. S. Devendra Rao, Vice President - Production has been elevated to the role of Whole-time Director (Manufacturing) with effect from February 10, 2024.

Subsidiary Companies

The Company does not have any material subsidiaries and the Corporate Governance requirements with respect to other than material subsidiaries as stipulated under Regulation 24 of the SEBI Listing Regulations are complied with. The Audit Committee and Board monitors the two unlisted wholly owned subsidiary companies, namely, Divi's Laboratories (USA) Inc., and Divi's Laboratories Europe AG on a quarterly basis.

General body meetings

Annual general meetings:

The date, time and venue of the Annual General Meetings (AGMs) held during preceding three years and the special resolution(s) passed thereat, are as follows:

Year	Time	Date	Venue	Special Resolution(s) Passed
2022-23	10.00 a.m. IST	August 28, 2023	The previous three AGMs were held through video conference/other audio-visual means.	No special resolutions were passed in the previous three AGMs.
2021-22	10.00 a.m. IST	August 22, 2022		
2020-21	10.00 a.m. IST	August 30, 2021	Deemed venue was 1-72/23(P)/DIVIS/303, Divi Towers, Cyber Hills, Gachibowli, Hyderabad – 500 032, Telangana, India.	



Resolutions through Postal Ballot during the year:

During FY 2023-24, the Company passed the following resolutions through Postal Ballot with requisite majority. The voting pattern and procedure of Postal Ballot followed is stated below:

Resolution Passed	Resolution type	Number of votes polled	Votes cast in favour		Votes cast against	
			Number of votes	%	Number of votes	%
Reappointment of Prof. Sunaina Singh (DIN: 08397250) as an Independent Director of the Company	Special Resolution	22,44,68,302	18,52,58,719	82.53	3,92,09,583	17.47
Appointment of Dr. S. Devendra Rao (DIN: 10481393) as Whole-time Director, designated as 'Whole-time Director (Manufacturing)' of the Company and approval of the remuneration payable to him	Ordinary Resolution	22,45,27,961	22,43,54,952	99.92	1,73,009	0.08
Approval to hold and continue to hold office or place of profit by Mr. S. Swaroop Krishna in the Company	Ordinary Resolution	22,45,27,567	20,09,20,755	89.49	2,36,06,812	10.51

In accordance with General Circular Nos. 14/2020 dated April 8, 2020, 17/2020 dated April 13, 2020, 22/2020 dated June 15, 2020, 33/2020 dated September 28, 2020, 39/2020 dated December 31, 2020, 10/2021 dated June 23, 2021, 20/2021 dated December 8, 2021, 3/2022 dated May 5, 2022, 11/2022 dated December 28, 2022 and 09/2023 dated September 25, 2023 (collectively referred as the 'MCA Circulars'), and other applicable provisions, of the Act, rules, regulations, circulars and notifications, approval of Members for passing the resolutions as set out in the Postal Ballot Notice dated February 10, 2024 was sought only by way of remote e-voting ("e-voting"). The Company had engaged the services of KFin Technologies Limited as the agency to provide e-voting facility.

Mr. V. Bhaskara Rao (Membership No. F 5939, CP No.4182), Practicing Company Secretary acted as the Scrutinizer for conducting the postal ballot in a fair and transparent manner.

In compliance MCA circulars, the Postal Ballot Notice was sent on Monday, March 04, 2024 only through electronic mode to those Members whose email addresses are registered with the Company/Registrar and Transfer Agent/Depository Participants /Depositories as on March 01, 2024 ("Cut-off date"). The instructions for e-voting was given in the Postal Ballot Notice.

The Members exercised e-voting during the period starting from Wednesday, March 06, 2024, at 9:00 a.m. (IST) till Thursday, April 04, 2024, at 5.00 p.m. (IST). The Scrutiniser submitted his report on April 05, 2024 after the completion of scrutiny and result of the e-voting was announced on the same day. The summary of voting result is stated above and

all the resolutions proposed in the Postal Ballot Notice were passed with requisite majority.

The Company has no immediate proposal for passing any resolution through postal ballot. However, if required, the same shall be passed in compliance with the provisions of the Companies Act, 2013, the SEBI Listing Regulations or any other applicable laws.

Means of communication

Website: The website of the Company www.divislabs.com has a separate section titled 'Investors Relations' containing information as stipulated to be disclosed under the SEBI Listing Regulations and the Companies Act, 2013. The information hosted under the section, inter-alia, includes: Company overview, Board and Board Committee details, various Policies and Codes adopted by the Company, annual reports, quarterly financial results and other compliance reports, subsidiary financials, transcripts of quarterly earnings calls, details of unclaimed dividends and shares transferred to IEPF, communications sent to shareholders, information about closure of Trading Window, Official news releases, investor presentations (if any) and various submissions filed to the Stock Exchanges.

Quarterly earnings calls: The Management of the Company interacts with Investors on a quarterly basis to update the Company's operations as well as discuss about the business. The schedule and necessary details of the quarterly calls as well as audio and transcript of the calls are intimated to stock exchanges and hosted on the website of the Company.

Annual Reports: The Annual Report containing inter alia Audited Annual Accounts, Consolidated Financial Statements, Board's Report, the Management Discussion and Analysis Report, Auditor's Report, Notice of Annual General Meeting and other important information is sent to the registered email addresses of the Members and the same is also made available on the website of the Company. The printed annual report are sent to the Members specifically requesting for the same.

Stock Exchange filings: The Company on a regular basis submits various periodic and event-based compliance reports and other important information with Stock Exchanges, i.e. NSE and BSE. The submissions are disseminated by the Stock Exchange on their website for information of the Investors. Requisite information filed with Stock Exchanges is also made available on website of the Company.

Newspaper Publications: Brief quarterly financials, information about sending various communications like notices, intimations and information record dates for corporate actions, date of general meetings, e-voting information, etc, as per the statutory requirement(s) are published in all India editions of Financial Express and Hyderabad edition of Andhra Prabha, from time to time.

Letters/e-mails/SMS to Members: The Company addressed various letters/e-mails/SMS to its shareholders during the year. This include reminders for claiming unclaimed/unpaid dividend from the Company, dematerialisation of shares, updating e-mail, PAN and bank account details, Information regarding deduction of Income tax at source on dividend, etc. Email/SMS reminders are sent to Members when the e-voting starts on any proposed business for encouraging greater participation.

General shareholder information

Annual General Meeting (AGM) details	Monday, August 12, 2024 at 10.00 a.m. (IST). The AGM will be held through Video Conferencing (VC)/Other Audio-Visual Means (OAVM) only. Deemed venue of the AGM is 1-72/23(P)/DIVIS/303, Divi Towers, Cyber Hills, Gachibowli, Hyderabad – 500 032, Telangana, India.
Financial Year	April 1 to March 31
Dividend	The Board of Directors recommended a dividend of ₹30/- per equity share of ₹2/- each, i.e., 1,500% for the financial year ended March 31, 2024, subject to approval of members at the ensuing Annual General Meeting. Record date for Dividend is August 02, 2024. If approved by the Members, payment will be made on and from Monday, August 19, 2024.
ISIN	INE361B01024
CIN	L24110TG1990PLC011854
Listing on Stock Exchanges	National Stock Exchange of India Limited (NSE) Exchange Plaza, C-1, Block G, Bandra-Kurla Complex, Bandra (East), Mumbai-400051. Trading Symbol: DIVISLAB The listing fee for the financial year 2024-25 has been paid to both the Stock Exchanges.
Registrars & Transfer Agent (RTA)	BSE Limited (BSE) Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai-400 001 Security Code: 532488
	KFin Technologies Limited CIN: L72400TG2017PLC117649 Selenium Building, Tower-B, Plot No 31 & 32, Financial District, Nanakramguda, Serilingampally, Hyderabad - 500 032, Telangana, India. Phone No: +91 40-67161526; Fax: +91 40-23001153 Toll Free No. 1800 309 4001 E-mail: einward.ris@kfintech.com Website: www.kfintech.com

Market Price Data

Monthly high and low quotations as well as the volume of shares traded at BSE and NSE for the financial year 2023-24 are as follows:

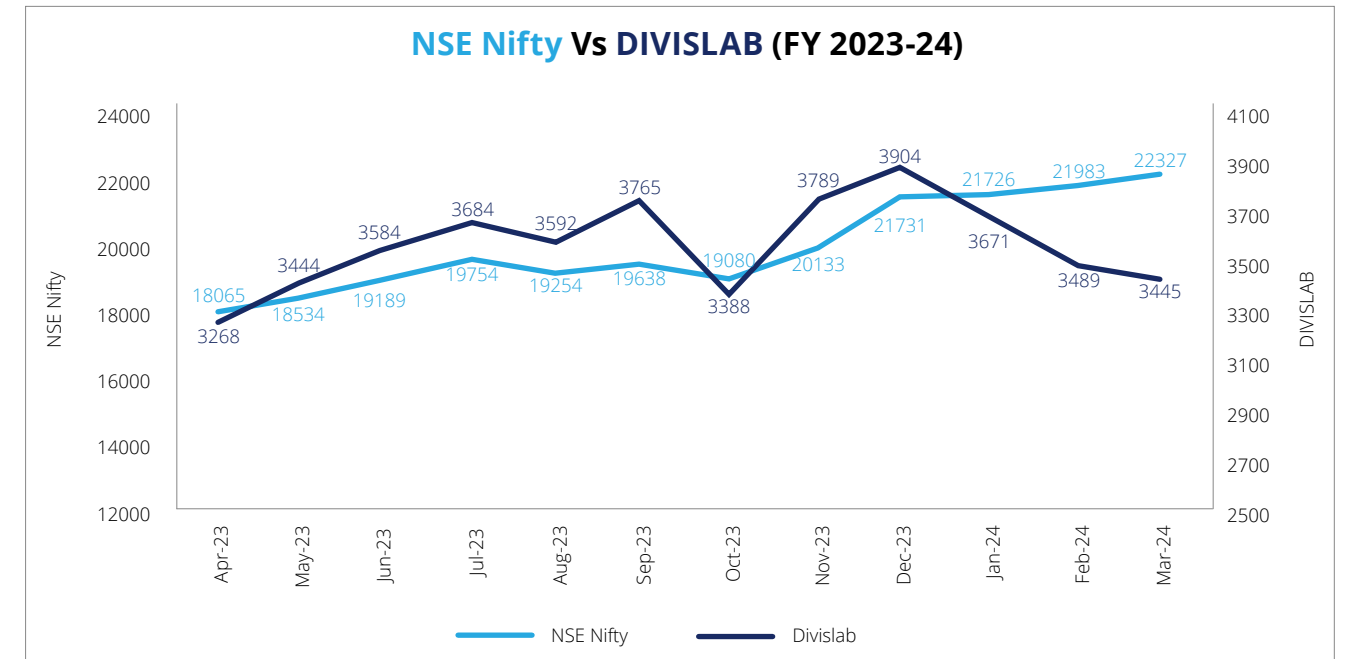
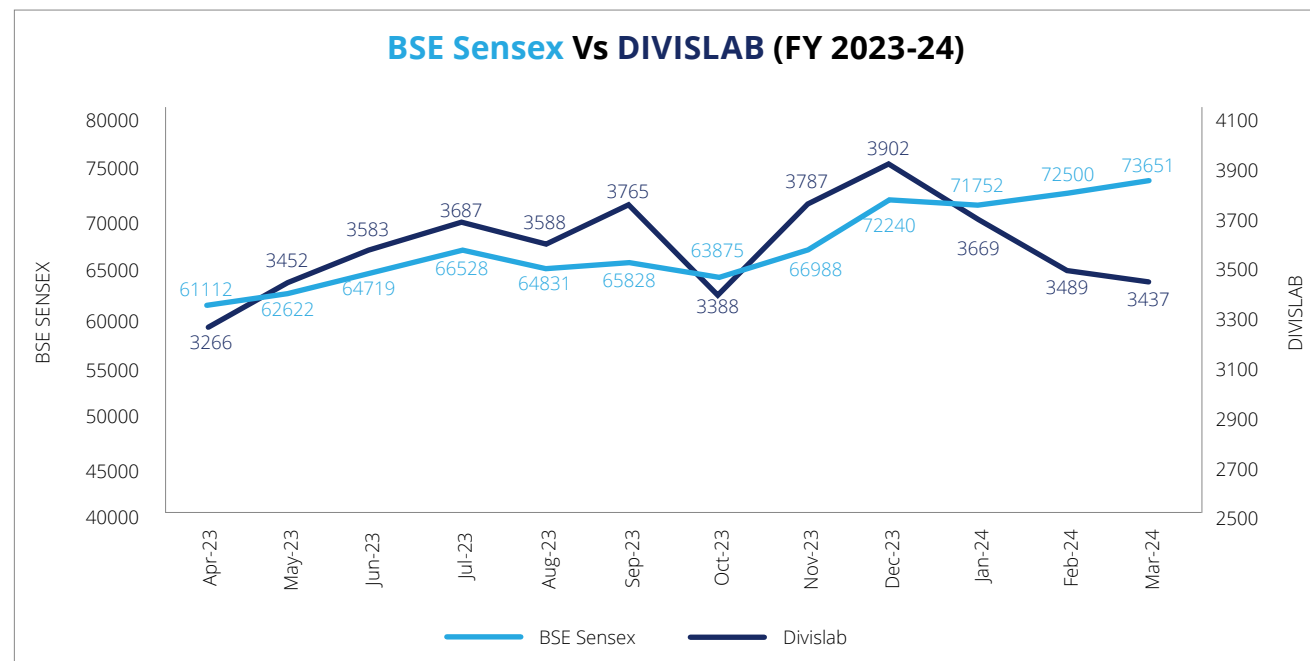
Month	NSE			BSE		
	High (₹)	Low (₹)	Volume*	High (₹)	Low (₹)	Volume*
Apr-23	3,365	2,825	1,25,89,655	3,365	2,825	4,36,695
May-23	3,535	3,051	1,35,55,976	3,534	3,050	4,79,252
Jun-23	3,652	3,309	1,02,75,471	3,650	3,305	3,88,368
Jul-23	3,796	3,540	93,62,855	3,799	3,541	3,11,362
Aug-23	3,935	3,576	1,10,51,792	3,949	3,575	3,71,160
Sep-23	3,860	3,530	75,63,308	3,857	3,532	1,96,270
Oct-23	3,799	3,372	60,69,320	3,799	3,374	1,67,414
Nov-23	3,809	3,295	1,09,46,514	3,809	3,300	2,18,479
Dec-23	3,952	3,566	87,63,394	3,950	3,570	2,39,604
Jan-24	4,074	3,540	1,09,39,803	4,072	3,543	2,51,525
Feb-24	3,833	3,465	1,00,84,368	3,832	3,465	1,78,179
Mar-24	3,652	3,350	85,85,422	3,654	3,350	2,09,229

*Number of shares traded during the month in respective stock exchange.

Performance in comparison to broad-based index

The following charts shows the stock performance at closing prices in comparison to the broad-based index such as BSE Sensex and NSE Nifty.

BSE Sensex vs Divi's share price



Share transfer systems

In terms of Regulation 40(1) of SEBI Listing Regulations, as amended from time to time, transfer, transmission and transposition of securities shall be effected only in dematerialised form. Shareholders holding shares in physical form are advised to avail the facility of dematerialisation.

Pursuant to SEBI Circular dated January 25, 2022, the listed companies shall issue the securities in dematerialised form only, for processing any service requests from shareholders viz., issue of duplicate share certificates, endorsement, transmission, transposition, etc. After processing the service request, a letter of confirmation will be issued to the shareholders and shall be valid for a period of 120 days, within which the shareholder shall make a request to the Depository Participant for dematerialising those shares. If the shareholders fail to submit the dematerialisation request within 120 days, then the Company shall credit those shares in the Suspense Escrow Demat account held by the Company. Shareholders can claim these shares transferred to Suspense Escrow Demat account on submission of necessary documentation.

The Stakeholders Relationship Committee meets as often as required to approve share transfers and to attend to any grievances or complaints received from the Members.

Mandatory furnishing of PAN, KYC details and Nomination by holders of physical securities

Pursuant to SEBI circular dated March 16, 2023 and November 17, 2023, the security holders holding securities in physical

form, whose folio(s) do not have PAN (Aadhar seeded) or Choice of Nomination or Contact Details or Mobile Number or Bank Account Details or Specimen Signature updated, shall be eligible for any payment including dividend, interest or redemption in respect of such folios, only through electronic mode with effect from April 01, 2024. Meanwhile, upon non-updation of the said information, the unpaid dividend will be kept by the Company in the Unpaid Dividend Account in terms of the Companies Act, 2013.

Further, the RTA shall, suo-moto, generate request to the Company's bankers to pay electronically, all the monies of/ payments to the holder that were previously unclaimed/ unsuccessful once PAN, Choice of Nomination, Contact Details including Mobile Number, Bank Account Details and Specimen Signature are updated by the investor.

In this regard, the Shareholders of the Company holding shares in physical form are requested to update their KYC details such as PAN or Choice of Nomination or Contact Details or Mobile Number or Bank Account Details or Specimen Signature. Individual communication to shareholders holding physical shares has been sent by Company for updating the said details.

Members holding shares in physical form are requested to submit their Nomination details by sending a duly filled and signed Form SH-13 and Form SH-14 to the RTA, Kfin Technologies Limited. Further, Form ISR-3 shall be submitted by the Members for opting out/cancellation of Nomination.

Shareholding pattern

S. No.	Category of shareholder	As on March 31, 2024			As on March 31, 2023			% Change
		Number of Shareholders	Number of shares	As % of total shares	Number of shareholders	Number of shares	As % of total shares	
A	Promoter and Promoter Group							
1	Indian	6	13,78,33,690	51.92	7	13,78,83,200	51.94	-0.02
B	Public Shareholders							
1	Institutions (Domestic)	110	5,89,62,628	22.21	107	5,59,40,959	21.07	1.14
2	Institutions (Foreign)	615	3,89,74,581	14.68	644	3,89,57,437	14.67	0.01
3	Central Government/State Government(s)/President of India	-	-	-	1	165	0.00	0.00
4	Non-institutions	3,46,899	2,96,97,681	11.19	4,32,862	3,26,86,819	12.32	-1.13
	Total	3,47,630	26,54,68,580	100	4,33,621	26,54,68,580	100	

One person forming part of the Promoter Group do not hold any shares.

Distribution of Shareholding

Category No of shares	Holders (after PAN based consolidation)	Shareholding	% of total Shares
1 - 5000	3,45,881	1,49,42,686	5.63
5001 - 10000	662	23,81,560	0.90
10001 - 20000	440	32,66,555	1.23
20001 - 30000	164	19,88,055	0.75
30001 - 40000	89	15,94,073	0.60
40001 - 50000	51	11,41,078	0.43
50001 - 100000	122	43,18,726	1.63
100001 & above	221	23,58,35,847	88.84
Total	3,47,630	26,54,68,580	100.00

Dematerialisation of Shares

As mandated by SEBI, securities of the Company can be transferred/traded only in dematerialised form. In case a member wants his/her shares to be dematerialised, he/she may send the share certificates along with the request through his depository participant (DP) to the RTA, Kfin Technologies Limited (Kfin). The Kfin promptly intimate the DPs in the event of any deficiency and Shareholders are also kept abreast. Pending demat requests in the records of the Depositories, if any, are continually reviewed and appropriate actions are initiated.

The following is the mode of shares held by Members of the Company as on March 31, 2024:

Mode of holding	Number of shares	% of Total Shares
NSDL	25,58,05,477	96.36
CDSL	95,76,192	3.61
Physical	86,911	0.03
Total	26,54,68,580	100

To eliminate all risks associated with physical shares and for convenience of Members to monitor holdings or trade/transfer, Members holding shares in physical form are requested to consider converting their holdings to demat mode.

Liquidity

The Company's equity shares are actively traded shares on the Indian Stock Exchanges i.e. BSE and NSE. Relevant data for the average daily turnover of equity shares for the FY 2023-24 is given below:

Particulars	BSE	NSE	Total
Number of shares	14,014	4,86,943	5,00,957
Value in ₹ crores	4.98	173.80	179
Number of trades	1,988	45,084	47,072

Note: This information is compiled from the data available on the websites of BSE and NSE

Outstanding Depository Receipts/any Convertible Instruments

The Company does not have any outstanding GDRs/ADRs/Warrants or any convertible instruments.

Commodity Price Risk/Foreign Exchange Risk and Hedging Activities

The Company's business is not exposed to any commodity price risk. The Company's payables and receivables are partly in foreign currencies and due to fluctuations in foreign exchange rates, it is subject to Currency risks. The Company has in place a robust risk management framework for identification and monitoring and mitigation of various risks including foreign exchange risk. Please refer the Risk Management section of the Management Discussion and Analysis Report for further details.

Plant Locations

The Company has 3 manufacturing facilities and the details of plants at each site is as follows:

I) Choutuppal Mandal, Yadagiri Bhuvanagiri District, Telangana:

Name of plant	Location
DTA Unit	Lingojigudem Village, Choutuppal Mandal Yadagiri Bhuvanagiri District, Telangana, Pin Code - 508 252
DC SEZ Unit	Lingojigudem Village, Choutuppal Mandal Yadagiri Bhuvanagiri District, Telangana, Pin Code - 508 252

II) Bheemunipatnam Mandal, Visakhapatnam District, Andhra Pradesh:

Name of plant	Location
Export Oriented Unit	Chippada Village, Bheemunipatnam Mandal Visakhapatnam District, Andhra Pradesh, Pin Code - 531 163
Divi's Pharma SEZ Unit	Chippada Village, Bheemunipatnam Mandal Visakhapatnam District, Andhra Pradesh, Pin Code - 531 163

Name of plant	Location
DSN SEZ Unit	Chippada Village, Bheemunipatnam Mandal Visakhapatnam District, Andhra Pradesh, Pin Code - 531 163
DCV SEZ Unit	Chippada Village, Bheemunipatnam Mandal Visakhapatnam District, Andhra Pradesh, Pin Code - 531 163

III) Thondangi Mandal, Kakinada District, Andhra Pradesh (under construction):

Name of plant	Location
Export Oriented Unit (Under construction)	Ontimamidi Village (Kona), Thondangi Mandal, Kakinada District, Andhra Pradesh

Transfer of unpaid/unclaimed amounts and shares to Investor Education and Protection Fund

Pursuant to the provisions of Section 124(5) of the Companies Act, 2013 read with the rules framed thereunder, the dividend lying in the Unpaid Dividend Account which remains unpaid or unclaimed for a period of seven consecutive years along with underlying shares are transferred by the Company to Investor Education and Protection Fund (IEPF). The said requirement does not apply to shares in respect of which there is a specific order of Court, Tribunal or Statutory Authority, restraining any transfer of the shares.

The Company sends periodical reminders to the shareholders to claim their dividends in order to avoid transfer of dividends/shares to IEPF Authority. Notices in this regard are also published in the newspapers and the details of unclaimed dividends and shareholders whose shares are liable to be transferred to the IEPF Authority, are uploaded on the Company's website at <https://www.divislab.com/investor-relations/reports-and-filings/unclaimed-dividend/#unclaimed-dividend>.

The Company has transferred eligible unclaimed dividend amounts up to financial year 2015-16 to IEPF as per the statutory requirement along with such shares which meet the requirement. The Company has uploaded the details of unpaid and unclaimed dividends lying with the Company as on March 31, 2024 on the website of the Company, and on the website of the Ministry of Corporate Affairs.



Details of shares transferred to IEPF Authority are available on the website of the Company (www.divislabs.com). The Company has also uploaded these details on the website of the IEPF Authority (www.iepf.gov.in).

Last date to claim unclaimed/unpaid dividends before transfer to IEPF, for the financial year 2016-17 and thereafter, are as under:

Financial Year	Date of declaration of dividend	Amount outstanding as on March 31, 2024 (₹)	Due for transfer to IEPF on
2016-2017	25.09.2017	16,14,370/-	24.10.2024
2017-2018	10.09.2018	12,95,490/-	09.10.2025
2018-2019	23.08.2019	15,90,144/-	22.09.2026
2019-2020	12.02.2020 (Interim)	17,67,632/-	11.03.2027
2020-2021	30.08.2021	13,43,276/-	07.10.2028
2021-2022	22.08.2022	24,73,161/-	29.09.2029
2022-2023	28.08.2023	21,99,146/-	04.10.2030

The Company has sent notice to all shareholders whose shares are due to be transferred to the IEPF Authority. Members are advised to visit the website of the Company to ascertain the details of shares liable for transfer in the name of IEPF Authority.

Shareholders whose unclaimed dividend/shares are transferred to the IEPF Authority can claim their unclaimed dividend and shares from the Authority by following the Refund Procedure as detailed on the website of IEPF Authority (<https://www.iepf.gov.in/IEPF/refund.html>).

Further, the Board of Directors have appointed Mr. M. Satish Choudhury as Nodal Officer and Ms. Deepa Kumari as Deputy Nodal Officer of the Company for the purposes of verification of claims of shareholders pertaining to shares transferred to IEPF and/or refund of dividend from IEPF Authority and for coordination with IEPF Authority. The details of the Nodal Officer and Deputy Nodal Officer are available on the website of the Company.

Address for correspondence

All correspondences by Member should be sent to Kfin Technologies Limited, the RTA of the Company or to the Company at the Registered Office of the Company at the addresses mentioned below.

Registrar and Share Transfer Agents (RTA):	Company: Company Secretary, Compliance Officer and Nodal Officer under IEPF
Kfin Technologies Limited Unit: <i>Divi's Laboratories Limited</i> Selenium Tower B, Plot No. 31 – 32, Financial District, Nanakramguda, Serilingampally, Hyderabad - 500032, Rangareddy, Telangana, India Phone No: +91 40-67161526; Fax: +91 40-23001153 Toll Free No. 1800-3454-001 E-mail: inward.ris@kfintech.com	Mr. M. Satish Choudhury Divi's Laboratories Limited 1-72/23(P)/DIVIS/303, Divi Towers, Cyber Hills, Gachibowli, Hyderabad – 500 032, Telangana, India Phone: +91 40 66966352; Fax: +91 40-66966460 E-mail: cs@divislabs.com / mail@divislabs.com Website: www.divislabs.com

Credit Rating

CARE Ratings Limited has reaffirmed the credit rating for the Company as CARE AA+ Outlook: Stable for long-term bank facilities and AA+ (Stable) outlook: Stable, A+ for long/short-term bank facilities.

Other Disclosures

Dividend Distribution Policy

The Board of Directors adopted a Dividend Distribution Policy as per the statutory requirement of SEBI Listing Regulations and the Act. The said Policy is available on the

website of the Company at: <https://www.divislabs.com/DividendDistributionPolicy.pdf>.

Disclosures on Materially Significant Related Party Transactions

The Company does not have any materially significant related party transactions, which may have potential conflict with the interest of the Company. All transactions entered by the Company during the financial year with related parties were in its ordinary course of business and on arm's length basis. The Company has made full disclosure of transactions with the

related parties as set out in Note 37 of Standalone Financial Statement, forming part of the Annual Report.

The Company's Policy on Related Party Transactions is available on website of the Company at <https://www.divislabs.com/RPT-Policy.pdf>.

Details of non-compliance by the Company, penalties, strictures imposed on the Company on any matter related to capital markets, during the last three years

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

Whistle Blower Policy/Vigil Mechanism

To strengthen its policy of corporate transparency, the Company has established an empowering mechanism for employees and accordingly formulated a Whistle Blower Policy to provide a mechanism for directors and employees of the Company to report instances of unethical behavior, actual or suspected fraud, or violation of the Code of Ethics and Business Conduct, in good faith to the Vigilance Officer/Chairman of the Audit Committee. This mechanism also provides for adequate safeguards against victimisation of director(s)/employee(s) who avail the mechanism and provides for direct access to

Fees paid for the services of Auditors

Details of the total fees for all services paid by the Company and its subsidiaries, on a consolidated basis, to the statutory auditor and all entities in the network firm/network entity of which the statutory auditor of the Company is a part, are as follows:

Particulars	₹ in crores	
	For year ended March 31, 2024	For year ended March 31, 2023
As Statutory Auditor	0.45	0.40
For quarterly reviews	0.30	0.26
Re-imbursment of expenses	0.03	0.04
Total payments to auditors	0.78	0.70

Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

In compliance with Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, statement of complaints for the financial year ended March 31, 2024 is as follows:

Particulars	Number
Number of complaints pending as on beginning of the financial year	Nil
Number of complaints filed during the financial year	Nil
Number of complaints disposed of during the financial year	Nil
Number of complaints pending as on end of financial year	Nil

the Chairman of the Audit Committee in exceptional cases. No personnel have been denied access to the Audit Committee.

The Whistle Blower Policy may be accessed on the Company's website at: <https://www.divislabs.com/WhistleBlowerPolicy.pdf>.

Material Subsidiary Companies

The Company has the two wholly owned subsidiary companies, which are not material subsidiaries as per the Company's Policy for determining material subsidiaries. The Policy for determining material subsidiaries is available on the website of the Company at <https://www.divislabs.com/MaterialSubsidiaryPolicy.pdf>.

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

Certificate of Non-Disqualification of Directors

A certificate from Mr. V. Bhaskara Rao, Practicing Company Secretary, certifying that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as directors of companies by SEBI/ Ministry of Corporate Affairs or any such statutory authority, is forming part of this Report.

Other disclosures

- The Company has complied with the mandatory requirements of corporate governance as specified in Regulations 17 to 27; clauses (b) to (i) of Regulation 46(2) and Schedule V of the SEBI Listing Regulations.
- The Company or its subsidiaries has not given any loans or advances to any firm/company in which its directors are interested.
- During financial year, the Company has not raised any funds through preferential allotment or qualified institutional placement.
- During the year under review, the Board of Directors has accepted all the recommendations of the Committees of the Board.

- The securities of the Company were not suspended from trading at any time during the year.
- There are no agreements with any party as defined in Schedule III, Para A, Clause 5A of SEBI Listing Regulations, which impact the management or control of the Company or impose any restriction or create any liability upon the Company.

Adoption of Mandatory and Discretionary Requirements

The Company has complied with all the mandatory requirements of the Corporate Governance as stipulated in Schedule V of the SEBI Listing Regulations.

Status of adoption of the discretionary requirements pursuant to Regulation 27(1) of the SEBI Listing Regulations read with Part E of Schedule II is as under:

Shareholder Rights: Half-yearly and other quarterly financial statements are published in newspapers and uploaded on Company's website www.divislab.com;

Audit Qualifications: The Company strives to follow a regime of unmodified opinion of Auditors on financial statements. The Auditors have raised no qualification on the financial statements for financial year 2023-24 and the Auditor's Report on the financial statements is with an unmodified opinion.

Separate posts of Chairperson and the Managing Director: In view of the SEBI's mandate which later became discretionary, the Board of Directors of the Company separated the posts of Chairperson and the Managing Director with effect from April 01, 2020. Dr. Ramesh B.V. Nimmagadda, Independent Director of the Company is acting as non-executive Chairman and Dr. Murali K. Divi continues to be the Managing Director of the Company.

CEO and CFO Certification

The Chief Executive Officer (CEO) and the Chief Financial Officer (CFO) of the Company give annual certification on financial reporting and internal controls to the Board in terms of Regulation 17(8) of the SEBI Listing Regulations. The CEO and CFO certificate for the year ended March 31, 2024 is forming part of this Report.

The CEO and CFO also give quarterly certification on financial results while placing the financial results before the Board in terms of Regulation 33(2) of the SEBI Listing Regulations.

Compliance Certificate

A certificate from Mr. V. Bhaskara Rao, Practicing Company Secretary and Secretarial Auditor of the Company, confirming compliance with conditions of Corporate Governance, as stipulated under Regulation 34 read with Schedule V of the Listing Regulations, is forming part of this Report.

Certificate on compliance with Code of Ethics and Business Conduct

The Company has adopted a Code of Ethics and Business Conduct ("The Code") for Directors and Senior Management as well as all employees. The Code is comprehensive in nature and applicable to all the Directors, Senior Management and employees of the Company.

Copy of the said Code is available on the Company's website, www.divislab.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 Chief Executive Officer and Managing Director is as follows:

We 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 in respect of the financial year 2023-24.

For and on behalf of the Board

Place: Hyderabad
Date: May 25, 2024

Dr. Murali K. Divi
Managing Director
DIN: 00005040

Dr. Kiran S. Divi
Whole-time Director & Chief Executive Officer
DIN: 00006503

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

[Pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

To,
The Board of Directors
Divi's Laboratories Limited,
CIN: L24110TG1990PLC011854
1-72/23(P)/DIVIS/303,
Divi Towers Cyber Hills, Gachibowli,
Hyderabad, Telangana-500032.

We have examined the relevant registers, records, forms, returns and disclosures (hereinafter referred to as 'relevant documents') produced to us by M/s. **Divi's Laboratories Limited**, bearing CIN L24110TG1990PLC011854 and having Registered Office at 1-72/23(P)/DIVIS/303, Divi Towers, Cyber Hills, Gachibowli, Hyderabad, Telangana-500032 (hereinafter referred to as 'the Company') for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities

Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Based on our examination of relevant documents made available to us by the Company and such other verifications carried out by us as deemed necessary and to the extent possible, in our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to me by the Company & its officers, we hereby certify that, for the financial year ending on March 31, 2024, none of the Directors on the Board of the Company as stated below have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority:

Sl. No.	Name of Director	DIN	Date of Appointment in the Company
1.	Dr. Murali Krishna Prasad Divi	00005040	12-10-1990
2.	Mr. Nimmagadda Venkata Ramana	00005031	01-10-1994
3.	Dr. Satchandra Kiran Divi	00006503	10-08-2001
4.	Mr. Kanteti Venkata Krishna Seshavataram	00060874	23-06-2014
5.	Dr. Gangavarapu Suresh Kumar*	00183128	10-03-2001
6.	Ms. Nilima Prasad Divi	06388001	27-06-2017
7.	Mr. Ranga Rao Ravipati*	06409742	03-11-2012
8.	Dr. Rameshbabu Venkata Nimmagadda	07854042	27-06-2017
9.	Prof. Ganapaty Seru	07872766	22-07-2017
10.	Prof. Sunaina Singh	08397250	28-03-2019
11.	Mr. Kosaraju Veerayya Chowdary	08485334	04-01-2020
12.	Dr. Devendra Rao Sureddy	10481393	10-02-2024

* Ceased to be Directors of the Company upon completion of term on March 31, 2024 closing hours.

Ensuring that the eligibility of for the appointment/continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For V. Bhaskara Rao & Co.,
Company Secretaries

V. Bhaskara Rao
Proprietor

FCS No.5939, CP No.4182

Peer Review No.670/2020

UDIN:F005939F000438272

Place: Hyderabad

Date: May 25, 2024

Certification of Chief Executive Officer and Chief Financial Officer [Pursuant to Regulation 17(8) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015]

To
The Board of Directors
Divi's Laboratories Limited

We, Dr. Kiran S. Divi, Whole-time Director & Chief Executive Officer appointed in terms of the Companies Act, 2013 and Mr. L. Kishore Babu, Chief Financial Officer of Divi's Laboratories Limited ("the Company") hereby certify that:

1. We have reviewed the financial statements, and the cash flow statements (both standalone and consolidated) of the Company for the year ended March 31, 2024 and to the best of our knowledge and belief these statements;
 - i. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - ii. these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
2. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's Code of Conduct.
3. 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. We have not come across any reportable deficiencies in the design or operation of such internal controls.
4. We have indicated to the Auditors and the Audit Committee that:
 - i. there are no significant changes in internal controls over financial reporting during the year;
 - ii. there are no significant changes in accounting policies during the year; and
 - iii. there are no instances of significant fraud of which we have become aware.

For and on behalf of the Board

Dr. Kiran S. Divi

Whole-time Director & Chief Executive Officer
DIN: 00006503

L. Kishore Babu

Chief Financial Officer

Place: Hyderabad
Date: May 25, 2024

Certification on Corporate Governance

To
The Members of
Divi's Laboratories Limited,
CIN: L24110TG1990PLC011854,
1-72/23(P)/DIVIS/303, Divi Towers,
Cyber Hills, Gachibowli,
Hyderabad -500032.

We have examined the compliance of conditions of Corporate Governance by Divi's Laboratories Limited ("the Company"), for the year ended March 31, 2024, as stipulated in Regulations 17 to 27, clauses (b) to (i) of Regulations 46(2) and para C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") as amended from time to time.

The Compliance of the conditions of Corporate Governance is the responsibility of the management of the Company. This responsibility includes the design, implementation, and maintenance of internal control and procedures to ensure the compliance with the conditions of the Corporate Governance stipulated in the SEBI Listing Regulations.

Our examination was limited to examining the procedures and implementation thereof, adopted by the Company for ensuring the compliance with the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

We have examined the books of account and other relevant records and documents maintained by the Company for the purposes of providing reasonable assurance on the compliance with Corporate Governance requirements by the Company.

Based on our examination of the relevant records and according to the information and explanations provided to us and the representations provided by the Management and considering the relaxations granted by the Ministry of Corporate Affairs and Securities and Exchange Board of India warranted due to the spread of the COVID-19 pandemic, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the SEBI Listing Regulations for the year ended on March 31, 2024.

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 V. Bhaskara Rao & Co.,
Company Secretaries

V. Bhaskara Rao

Proprietor
FCS No.5939, CP No.4182
Peer Review No.670/2020
UDIN:F005939F000438239

Place: Hyderabad
Date: May 25, 2024

Board's Report

To
The Members,
Divi's Laboratories Limited

Your Directors' present the 34th Annual Report of Divi's Laboratories Limited ("the Company" or "Divi's") along with the audited financial statements for the financial year ended March 31, 2024. The consolidated performance of the Company and its subsidiaries ("Group") has been referred to wherever required.

Financial summary and highlights

Financial performance of the Company for the financial year ended March 31, 2024 compared to previous financial year is summarized below:

Particulars	₹ in crores			
	Standalone		Consolidated	
	2023-24	2022-23	2023-24	2022-23
Revenue	7,665	7,625	7,845	7,767
Other Income	337	349	339	345
Total Income	8,002	7,974	8,184	8,112
Expenditure before depreciation, interest	5,491	5,277	5,640	5,399
Profit before depreciation, interest and tax (PBDIT)	2,511	2,697	2,544	2,713
Depreciation	376	342	378	343
Finance Cost	3	1	3	1
Profit before Tax (PBT)	2,132	2,354	2,163	2,369
Tax Expense:				
Current Tax	511	438	514	439
Deferred Tax	45	108	49	106
Total Tax	556	546	563	545
Profit after Tax (PAT)	1,576	1,808	1,600	1,824
Other comprehensive Income (net of tax)	(1)	2	-	12
Total Comprehensive Income	1,575	1,810	1,600	1,836
Earnings per Share of ₹ 2/- each (EPS) Basic & Diluted (₹)	59.37	68.11	60.27	68.69

Operations for the year

Highlights of the Company's financial performance for the year ended March 31, 2024 are as under:

Standalone

During the current year, we have been able to achieve a total income of ₹8,002 crores despite experiencing pricing pressures on some of our generic products. The current financial year has seen a double-digit growth ex the covid portfolio.

Our Profit Before Tax for the year is lower at ₹2,132 crores as against ₹2,354 crores during the last financial year primarily due to increase in staff cost and other expenses as well as higher depreciation.

Tax expense for the current year amounted to ₹556 crores as against a tax expense of ₹546 crores in the previous year.

Effective tax rate for the year has increased over the last year due to the changes in product mix and the resultant profitability across our manufacturing units.

Profit after tax for the year amounted to ₹1,576 crores as against ₹1,808 lakhs during the previous year.

Consolidated

The Group's consolidated total income amounted to ₹8,184 crores as against ₹8,112 crores in the previous year.

Profit before tax for the year is ₹2,163 crores as against ₹2,369 crores in the previous year. The Company earned a Profit after Tax of ₹1,600 crores for the year as against ₹1,824 crores in the previous year. The consolidated operations are reflective of standalone operations, as standalone operations are substantial part of our group's business.

Dividend

Your Directors are pleased to recommend a dividend of ₹30/- per equity share of ₹2/- each, i.e., 1,500% for the financial year ended March 31, 2024. The dividend is subject to approval of Members at the ensuing Annual General Meeting (AGM) and shall be subject to deduction of income tax at source. The dividend, if approved, will be paid to shareholders whose names appear in the Register of Members as on the record date.

The total dividend payout for the current year amounts to ₹796 crore, which is same as in the previous year. Dividend payout for the year as a percentage of profits is 50% as compared to 44% in the previous year.

The dividend recommended is in accordance with the Company's Dividend Distribution Policy. The said Policy is available on the Company's website and can be accessed at <https://www.divislab.com/DividendDistributionPolicy.pdf>.

Transfer to Reserves

We do not propose to transfer any amount to the general reserve on declaration of dividend.

Capital Expenditure

During the year, we have capitalised Property, Plant and Equipment (PPE) and Intangible Assets valuing ₹402 crores. Capital Work-in-progress as at the year-end amounted to ₹778 crores.

A major part of the capitalization is towards capacity expansion, plant upgradation and augmenting the utility/support infrastructure at the manufacturing facilities.

Kakinada Project

Work is in progress on implementation of the Project for setting up a manufacturing facility (Unit-III) at Ontimamidi (Kona) Village, Thondangi Mandal, Kakinada District of Andhra Pradesh. The estimated project cost for Phase-1 of the Project was ₹1,200 crores to ₹1500 crores depending upon options and opportunities available to the company and selection of capacities to be created for different products. We have spent an amount of ₹702 crores as at the end of the year. Major part of the Civil Works has since been completed and rest of the works are in progress.

Material Changes and Commitments

There have been no material changes and commitments, which affect the financial position of the Company which have occurred between the end of the financial year March 31, 2024 and the date of this Report. Further, there is no change in the nature of business of the Company.

Business Responsibility and Sustainability Report

Pursuant to Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI Listing Regulations), Business Responsibility and Sustainability Report (BRSR) for the financial year 2023-24 is provided in a separate section forming part of this Annual Report.

Management Discussion and Analysis

In terms of provisions of Regulation 34(2) of SEBI Listing Regulations report on Management Discussion & Analysis (MDA) for the year under review is provided in a separate section forming part of this Annual Report.

Corporate Governance Report

The report on Corporate Governance as per Regulation 34(3) read with Schedule V of the SEBI Listing Regulations is included as a part of this Annual Report. The certificate issued by the practicing Company Secretary confirming the compliance with the conditions of corporate governance is attached to the Report on Corporate Governance.

Credit rating

Details of credit rating ascribed by rating agencies are disclosed in Corporate Governance Report forming part of this Annual Report. The strong credit rating reaffirmed is a reflection of the Company's strong financial position and discipline.

Subsidiaries

The Company's wholly owned subsidiaries, viz., Divis Laboratories (USA) Inc., in USA and Divi's Laboratories Europe AG in Switzerland, are engaged in marketing/distribution of nutraceutical ingredients used in the food, beverage, dietary supplement, feed and pet food industries; and they provide a greater reach to customers within these regions.

During the year, the subsidiaries have achieved aggregate revenue of ₹559 crore as against ₹515 crore in the previous year, reflecting a growth of 9% of revenue at the subsidiary level. The audited financial statements of the subsidiary companies are placed on the Company's website and can be accessed at <https://www.divislab.com/wp-content/uploads/2023/09/Subsidiary-financials-2023-24.pdf>. During the year, there was no significant change in the nature of business of the Subsidiaries.

As per Section 129(3) of the Companies Act, 2013 read with Companies (Accounts) Rules, 2014, statement containing the salient features of the financial statement of Company's subsidiaries in Form AOC-1 is annexed as **Annexure-I** to this Report.

Policy for determining Material Subsidiaries, is available on the Company's website and can be accessed at: <https://www.divislab.com/MaterialSubsidiaryPolicy.pdf>. Presently, the Company does not have any material subsidiary.

Consolidated financial statements

In accordance with the provisions of the Companies Act, 2013 ("the Act") and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"), the consolidated financial statements have been prepared by the Company in accordance with the relevant Indian Accounting Standards ("Ind AS"). The audited consolidated financial statements together with Auditor's Report thereon form part of this Annual Report.

Directors and Key Managerial Personnel

The following are changes in the Board of Directors of the Company during the year and thereafter.

Appointments/Re-appointments during the year:

The following appointments/re-appointments were approved by the Member of the Company as recommended by the Nomination and Remuneration Committee and the Board:

- Dr. S. Devendra Rao was appointed as Additional Director of the Company designated as Whole-time Director (Manufacturing) effective from February 10, 2024. The members approved his appointment as Whole-time Director (Manufacturing) for a period of 5 years effective from February 10, 2024.
- Prof. Sunaina Singh was re-appointed as Independent Director of the Company for a second term of 5 years effective from March 28, 2024. In the opinion of the Board, Prof. Sunaina Singh possess requisite expertise, integrity and experience (including proficiency) for appointing her as Independent Director of the Company.

Retirement(s) and resignation during the year:

- Mr. Madhusudana Rao Divi expressed his intention to retire as a Director as well as Whole-time Director of the Company in view of his age and health situation, and submitted his resignation with effect from August 28, 2023. The Board approved his intention for retirement and placed on record its appreciation for the leadership, assistance, guidance and invaluable services provided during his tenure as Whole-time Director of the Company for over 28 years.
- Dr. G. Suresh Kumar and Mr. R. Ranga Rao on completion of their second term as Independent Directors of the Company retired from the Board on March 31, 2024. The Board placed on record its appreciation for the services rendered by them during their tenure as Independent Directors.

Retirement by rotation:

- Mr. N.V. Ramana and Dr. Kiran S. Divi retire by rotation at the forthcoming 34th AGM and being eligible, offer themselves for re-appointment.

Appointments/Re-appointments, subject to approval of Members

The following appointments/re-appointments of Directors approved by the Board of Directors on the recommendation of the Nomination and Remuneration Committee, are subject to the approval of the Members at the ensuing 34th AGM:

- Dr. Rajendra Kumar Premchand was appointed as the Additional Director (Independent Director) of the Company with effect from May 25, 2024 for a period of 5 years subject to approval of Members of the Company by way of a special resolution. In the opinion of the Board, Dr. Rajendra Kumar Premchand possess requisite expertise, integrity and experience (including proficiency) for appointing him as Independent Director of the Company.
- Mr. K.V. Chowdary, Independent Director of the Company, whose term is expiring on January 03, 2025, has been re-appointed as an Independent Director of the Company for a second term of 5 years with effect from January 04, 2025, subject to approval of the Members of the Company by way of a special resolution. In the opinion of the Board, Mr. K.V. Chowdary possesses requisite expertise, integrity and experience (including proficiency) for appointing him as Independent Director of the Company.
- Dr. Murali K. Divi, Managing Director of the Company, whose term is expiring on October 09, 2024, has been re-appointed as the Managing Director of the Company for a period of 5 years with effect from October 10, 2024, subject to approval of Members of the Company by way of a special resolution.
- Mr. N.V. Ramana, Executive Director of the Company, whose term is expiring on December 25, 2024, has been re-appointed as the Executive Director of the Company for a period of 5 years with effect from December 26, 2024, subject to approval of Members of the Company by way of a special resolution.

Details with respect to the said appointment and re-appointments form part of the notice of the 34th AGM of the Company forming part of this Annual Report.

Key Managerial Personnel:

The details of Key Managerial Personnel and the changes during the year are as under:

Name	Designation	Change during the year, if applicable
Dr. Murali K. Divi	Managing Director	-
Mr. N. V. Ramana	Executive Director	-
Dr. Kiran S. Divi	Whole-time Director and Chief Executive Officer	-
Ms. Nilima Prasad Divi	Whole-time Director (Commercial)	-
Dr. S. Devendra Rao	Whole-time Director (Manufacturing)	Appointed with effect from February 10, 2024.
Mr. Madhusudana Rao Divi	Whole-time Director (Projects)	Resigned with effect from August 28, 2023.
Mr. L. Kishore Babu	Chief Financial Officer	-
Mr. M. Satish Choudhury	Company Secretary and Compliance Officer	-

Declaration by Independent Directors

The Company received declaration from all the Independent Directors of the Company under Section 149(7) of the Act and Regulation 25 of the SEBI Listing Regulations, confirming that they meet the criteria of independence as provided in Section 149(6) of the Act and Regulation 16(1)(b) of SEBI Listing Regulations and there has been no change in the circumstances affecting their status as Independent Directors of the Company. Further, they have confirmed compliance to the code of conduct for Independent Directors as prescribed in Schedule IV of the Act. In the opinion of the Board, the Independent Directors of the Company possess necessary expertise, integrity and experience.

Number of Meetings of Board of Directors

During the financial year, the Board has met five times, i.e. May 20, 2023, July 07, 2023, August 14, 2023, November 06, 2023 and February 10, 2024.

Performance Evaluation

The Board of Directors carried out an annual evaluation of its own performance, of the Committees of the Board and of the individual directors including Independent Directors, pursuant to the provisions of the Companies Act, 2013 and SEBI Listing Regulations.

Performance evaluation was carried out on the basis of criteria evolved, as provided by the Guidance Note on Board Evaluation issued by Securities and Exchange Board of India, seeking inputs from the Directors individually and the Committees through a structured questionnaire which provides a valuable feedback for contribution to the Board, improving Board effectiveness, maximising strengths and highlighting areas for further improvement, etc.

In a separate meeting of the Independent Directors, performance of the Chairman, non-independent directors and the Board as a whole was evaluated taking into account the views of the non-independent directors and the same was discussed in the Board Meeting. Performance evaluation

of Independent Directors is done by the entire Board of Directors (excluding the Directors being evaluated).

The details of the separate meeting of the Independent Directors are reported in the Report on Corporate Governance which forms part of the Board's Report.

Policy on Directors' Appointment and Remuneration

The Policy on appointment and remuneration of directors, key managerial persons (KMP) and senior management including criteria for determining qualifications, positive attributes and director's independence as required under Section 178(3) of the Act, and Regulation 19 read with Schedule II Part D of SEBI Listing Regulations has been formulated by the Company, inter-alia includes:

- To identify persons who are qualified to become directors and who may be appointed in senior management positions in accordance with the criteria laid down.
- To ensure a transparent board nomination process keeping in view the diversity of thought, experience, knowledge, perspective and gender in the Board.
- To determine remuneration based on the Company's size and financial position, limits prescribed in the Companies Act, and trends and practices on remuneration prevailing in peer companies, in the Pharma industry besides qualifications, experience, skills, capabilities, contributions made by the individual, etc.
- To carry out evaluation of the performance of Directors, as well as Key Managerial and Senior Management Personnel.
- To provide them rewards linked directly to their effort, performance, dedication and achievement relating to the Company's operations.
- To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.

Policy on Nomination and Remuneration of Directors, Key/Senior Managerial Personnel may be accessed on the Company's website at:

<https://www.divislab.com/NominationRemunerationPolicy.pdf>.

Board Committees

The Board has constituted Audit Committee, Nomination and Remuneration Committee, Stakeholders Relationship Committee, Corporate Social Responsibility Committee and Risk Management and Sustainability Committee as per the applicable provisions of the Act and SEBI Listing Regulations. The details of the composition of each of the committees including changes during the year, details pertaining to the role, objective, details of the meetings held during the year are provided in the Corporate Governance Report forming part of this Annual Report.

Remuneration details of Directors & KMP and particulars of employees

Pursuant to Section 197(12) of the Act, read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the prescribed particulars pertaining to remuneration and other details are given in "Annexure - II" to this Report.

The non-executive directors of the Company had no pecuniary relationship or transactions with the Company, other than sitting fees, annual remuneration and reimbursement of expenses, if any.

In terms of the provisions of Section 197(12) of the Act read with Rules 5(2) and 5(3) of the Rules, a statement showing the names and other particulars of employees drawing remuneration in excess of the limits set out in the said Rules forms part of this report. Further, the report and the annual accounts are being sent to the Members excluding the aforesaid statement. In terms of Section 136 of the Act, the said statement will be open for inspection upon request by the Members. Any Member interested in obtaining such particulars may write to the Company Secretary at cs@divislab.com.

Deposits

The Company has not accepted any deposits from public covered by provisions of Section 73 of the Act.

Loans, Guarantees or Investments

The Company has not given any loans or guarantees to persons covered under the provisions of Section 186 of the Act. The details of investments made by the Company are given in the notes to the financial statements forming part of this annual report.

Related Party Transactions

There are no materially significant related party transactions entered into by the Company with related parties which may have potential conflict of interest with the Company at large. As a matter of policy, your Company carries out transactions with related parties on an arms' length basis and only during the normal course of business strictly following applicable provisions of the Companies Act, 2013 and SEBI Listing Regulations. Statement of transactions with related parties during the year is given at Note No. 31 of the Notes to standalone financial statements.

In accordance with Section 134(3)(h) of the Act, and Rule 8(2) of the Companies (Accounts) Rules, 2014, the particulars of the contracts or arrangements with related parties referred to in Section 188(1) of the Act, in Form AOC-2 is attached as **Annexure - III** to this Report.

The Policy on Materiality of Related Party Transactions and on dealing with Related Party Transactions as approved by the Board is available on the Company's website and can be accessed at <https://www.divislab.com/RPT-Policy.pdf>.

Internal Financial Controls

Information in respect of internal financial controls and their adequacy is included in the Management Discussion and Analysis, which forms part of this Annual report.

Risk Management

The Company has a Risk Management Committee of the Board. The brief of terms of reference, composition and names of members and chairperson are set out in the Corporate Governance Report forming part of the Report.

The Company has an enterprise-wide approach to risk management, which lays emphasis on identifying and managing key operational and strategic risks. The aim is to avoid or minimise risks that pose a threat to Divi's continued existence and to make improved managerial decisions to create value. The Company has been addressing various risks impacting the Company pursuant to the Risk Management Policy.

The Risk Management Committee constantly evaluates various risks – business, customer concentration, supplier concentration, regulatory compliances, confidentiality of processes, consistency of cGMP practices, environment, employee health and safety etc., monitors risks and deploy appropriate control systems aimed at mitigating such risks to the extent possible. The focus areas of Risk Management Committee included review of cyber security and data protection, business continuity, various ESG risks.

Further details on the Risk Management activities including key risks identified, and their mitigations are covered in Management Discussion and Analysis Report, forming part of this Annual Report.

The Audit Committee reviews the risk elements of the company's business, finance, operations and compliance, and their respective mitigation strategies.

Directors' Responsibility Statement

As required under Section 134 (5) of the Companies Act, 2013 (the Act), Directors of your Company hereby state and confirm that:

- the applicable accounting standards read with requirements of Schedule III to the Act have been followed in the preparation of the annual accounts for the year ended March 31, 2024 and there are no material departures from the same;
- accounting policies selected were applied consistently and the judgements and estimates made are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit of the Company for the period;
- proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- the annual accounts have been prepared on a going concern basis.
- internal financial controls have been laid down and such controls are adequate and operating effectively;
- proper systems have been laid down to ensure compliance with the provisions of all applicable laws and such systems are adequate and operating effectively.

Corporate Social Responsibility (CSR)

The Company has been carrying out CSR activities for over the past 3 decades. The CSR initiatives of the Company during the year include promoting education, safe drinking water, preventive healthcare, village development, environmental sustainability, support to differently abled, Swatch Bharath, livelihood enhancement, promotion of rural sports, woman empowerment, etc.

Corporate Social Responsibility Policy (CSR Policy) indicating the activities to be undertaken by the Company was adopted by the Board on the recommendation of the CSR Committee. The policy can be accessed at <https://www.divislab.com/wp-content/uploads/2022/12/Divis-CSR-Policy-1.pdf>.

Report on Corporate Social Responsibility as per Rule 8 of Companies (Corporate Social Responsibility Policy) Rules, 2014 is prepared and the same is enclosed as "Annexure - IV" to this Report.

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings & Outgo

Particulars required under Section 134 (3) (m) of the Act read with Rule 8(3) of the Companies (Accounts) Rules, 2014 is given in the "Annexure - V" to this report.

Vigil Mechanism

The Company has established a vigil mechanism and formulated a Whistle Blower Policy to provide mechanism for directors and employees of the Company to report their concerns about any unethical behavior, actual or suspected fraud or violation of the Company's code of conduct or ethics policy. The Policy provides that the Company investigates such incidents, when reported, in an impartial manner and takes appropriate action to ensure that requisite standards of professional and ethical conduct are always upheld. This mechanism also provides for adequate safeguards against victimisation of director(s)/employee(s) who avail the mechanism and also provide for direct access to the Chairman of the Audit Committee in exceptional cases. The Whistle Blower Policy may be accessed on the Company's website at: <https://www.divislab.com/WhistleBlowerPolicy.pdf>.

Audit Reports

- Report of the Statutory Auditors on the financial statements for the year does not contain any qualification, reservation or adverse remarks.
- The Secretarial Audit Report does not contain any qualification, reservation or adverse remark or disclaimer.
- The Auditors have not reported any instances of frauds to the Audit Committee as prescribed under Section 143(12) of the Act.

Statutory Auditors

M/s. Price Waterhouse Chartered Accountants LLP (Firm Registration No. 012754N/N500016), Chartered Accountants, has been appointed as statutory auditors of the Company to hold office till the conclusion of the 37th AGM to be held in the year 2027.

Secretarial Audit

Pursuant to provisions of Section 204 of the Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board of Directors of the Company has appointed Mr. V. Bhaskara Rao, Practising Company Secretary (CP No. 4182) as the Secretarial Auditor of the Company to conduct the Secretarial audit for the financial year 2023-24. The Secretarial Audit report for the financial year 2023-24 is annexed herewith as "Annexure - VI".

Cost Audit

Pursuant to the Section 148 of the Act and Rule 3 of the Companies (Cost Records and Audit) Rules, 2014 as amended, the Company maintains cost records in its books of account. As per Rule 4 of the said rules, the requirement for cost audit is not applicable to a company which is covered under Rule 3, and whose revenue from exports, in foreign exchange, exceeds seventy five per cent of its total revenue or which is operating from a special economic zone. Being satisfied all these criteria, cost audit is not mandatory for the Company. However, the Company is opting voluntarily for audit of cost records and appointed M/s. E.V.S & Associates, Cost Accountants as Cost Auditors.

Annual Return

In terms of Section 92(3) of the Act and Rule 12 of the Companies (Management and Administration) Rules, 2014, the Annual Return of the Company as on March 31, 2024 is available on the Company's website and can be accessed at https://www.divislab.com/wp-content/uploads/2024/04/Annual-Return_2023-24.pdf.

Other Disclosures

- Information on Unclaimed Dividend and transfer to IEPF is provided in the Corporate Governance Report.
- No Company has become or ceased to be its subsidiary, joint venture or associate company during the year.

- No significant and material orders were passed by the regulators or courts or tribunals impacting the going concern status and Company's operations in future.
- The Company has complied with provisions relating to the constitution of Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and rules made thereunder and during the year under review, there were no complaints received or pending.
- The Company has followed the applicable Secretarial Standards, i.e. SS-1 and SS-2, relating to 'Meetings of the Board of Directors' and 'General Meetings' respectively.
- There was no application made or proceeding pending against the Company under the Insolvency and Bankruptcy Code, 2016 (31 of 2016) during the year under review.

Acknowledgements

Your Directors take this opportunity to thank the customers, shareholders, suppliers, bankers, business associates, financial institutions and Central and State Governments for their consistent support and encouragement to the Company.

We are sure you will join our Directors in conveying our sincere appreciation to employees at all levels of the Company and its subsidiaries, for their hard work, dedication and commitment and for their participation in the growth of the Company.

For and on behalf of the Board

Dr. Ramesh B.V. Nimmagadda
Chairman
DIN: 07854042

Dr. Murali K. Divi
Managing Director
DIN: 00005040

Place: Hyderabad
Date: May 25, 2024

ANNEXURE – I

FORM AOC-1

STATEMENT CONTAINING SALIENT FEATURES OF THE FINANCIAL STATEMENT OF SUBSIDIARIES

Part A Subsidiaries

(₹ in crores)			
Sl. No	Particulars	Divis Laboratories (USA) Inc.	Divi's Laboratories Europe AG.
1	The date since when Subsidiary was acquired	February 01, 2006	February 06, 2006
2	Reporting period for the Subsidiary	April 01, 2023 to March 31, 2024	April 01, 2023 to March 31, 2024
3	Reporting Currency and Exchange rate as on the last date of the relevant financial year	1 USD = ₹83.3739 Balance sheet 1 USD = ₹82.7887 for P&L	1 CHF = ₹92.43 Balance sheet 1 CHF = ₹93.5187 for P&L
4	Share Capital	1	4
5	Reserves & Surplus	95	22
6	Total assets	172	247
7	Total liabilities	76	221
8	Investments	-	-
9	Turnover	246	313
10	Profit before taxation	16	3
11	Provision for taxation	2	1
12	Profit after taxation	14	2
13	Other Comprehensive Income after tax for the year	1	1
14	Total Comprehensive Income for the year	15	3
15	Proposed Dividend	-	-
16	% of shareholding	100%	100%

For and on behalf of the Board of Directors of Divi's Laboratories Limited

Dr. Murali K. Divi
Managing Director
DIN: 00005040

N.V. Ramana
Executive Director
DIN: 00005031

Dr. Kiran S. Divi
Whole-time Director and
Chief Executive Officer
DIN: 00006503

Nilima Prasad Divi
Whole-time Director (Commercial)
DIN: 06388001

Place: Hyderabad
Date: May 25, 2024

L. Kishorebabu
Chief Financial Officer

M. Satish Choudhury
Company Secretary
Membership No: F12493

ANNEXURE – II

INFORMATION PURSUANT TO SECTION 197(12) OF THE ACT AND RULE 5 (1) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014, AS AMENDED

- (i) The ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year, the percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary for the year are given below:

Sl. No	Name of Director/KMP and Designation	Ratio of remuneration of each Director to median remuneration of employees of the Company for the financial year	%increase/ (decrease) in remuneration in the financial year
1	Dr. Murali K. Divi Managing Director	1174	-9.12%
2	Mr. N.V. Ramana Executive Director	607	-8.75%
3	Dr. Kiran S. Divi Whole-time Director and Chief Executive Officer	417	-8.22%
4	Ms. Nilima Prasad Divi Whole-time Director (Commercial)	417	-7.65%
5	Mr. Madhusudana Rao Divi ¹ Whole-time Director (Projects)	9	Not applicable
6	Dr. S. Devendra Rao ² Whole-time Director (Manufacturing)	52	Not applicable
7	Dr. G. Suresh Kumar Independent Director	6	3.13%
8	Mr. R. Ranga Rao Independent Director	6	2.94%
9	Mr. K.V.K. Seshavataram Independent Director	6	3.33%
10	Dr. Ramesh B.V. Nimmagadda Non- Executive Chairman & Independent Director	6	3.13%
11	Dr. S. Ganapaty Independent Director	5	0%
12	Prof. Sunaina Singh Independent Director	5	12%
11	Mr. K.V. Chowdary Independent Director	6	10%
12	Mr. L. Kishore Babu Chief Financial Officer	Not applicable	10%
13	Mr. M. Satish Choudhury Company Secretary	Not applicable	10%

¹ Resigned with effect from August 28, 2023 and remuneration in FY2024 was paid for part of the year. Thus, not comparable.

² Appointed with effect from February 10, 2024 and remuneration in FY2024 was paid as director for part of the year. Thus, not comparable.

Note: The remuneration to executive directors includes salary, allowances and perquisites as well as remuneration based on net profits, as applicable. Independent Directors were paid sitting fees @ ₹1 lakh per meeting for attending the Board and its Committee Meetings and annual remuneration of ₹ 20 lakhs per annum.

- (ii) The percentage increase in the median remuneration of employees in the financial year was 24.21%.
- (iii) As on March 31, 2024, the Company has 7,926 permanent employees on the rolls of Company as defined under said Rule 5(1).
- (iv) Average percentile increase already made in the salaries of employees other than the managerial personnel in the financial year was 20.52% whereas there was decrease of 7.12% in the managerial remuneration.
- (v) It is hereby affirmed that the remuneration paid is as per the Remuneration Policy for Directors, Key Managerial Personnel, and other Employees.

For and on behalf of the Board

Dr. Ramesh B.V. Nimmagadda

Chairman

DIN: 07854042

Dr. Murali K. Divi

Managing Director

DIN: 00005040

Place: Hyderabad

Date: May 25, 2024

ANNEXURE – III

FORM NO. AOC 2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in Section 188(1) of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto.

1 Details of contracts or arrangements or transactions not at arm's length basis:

a	Name(s) of the related party and nature of relationship	
b	Nature of contracts/arrangements/transactions	
c	Duration of the contracts/arrangements/transactions	
d	Salient terms of the contracts or arrangements or transactions including the value, if any	Nil
e	Justification for entering into such contracts or arrangements or transactions	
f	Date of approval by the Board	
g	Amount paid as advances, if any:	
h	Date on which the special resolution was passed in general meeting as required under first proviso to section 188	

2 Details of material contracts or arrangement or transactions at arm's length basis::

a	Name(s) of the related party and nature of relationship	Mr. L. Ramesh Babu, brother of Mr. L. Kishore Babu, Chief Financial Officer	Mr. S. Swaroop Krishna, Son of Dr. S. Devendra Rao, Whole-time Director (Manufacturing)
b	Nature of contracts/arrangements/ transactions	Currently working as Vice President (Procurement)	Currently working as Senior Manager (Engineering)
c	Duration of the contracts/arrangements/ transactions	Ongoing	Ongoing
d	Salient terms of the contracts or arrangements or transactions including the value, if any	During the financial year 2023-24, he received remuneration of ₹2.60 crores (including allowances and perks). Terms of employment as applicable to employees occupying similar positions in the said management cadre as per the general policy of the Company	During the financial year 2023-24, he received remuneration of ₹0.05 crores (including allowances and perks) post his becoming related party effective from February 10, 2024. Terms of employment as applicable to employees occupying similar positions in the said management cadre as per the general policy of the Company
e	Date of approval by the Board, if any	April 14, 2009 and March 20, 2014	February 10, 2024
f	Amount paid as advances, if any:	Nil	Nil

For and on behalf of the Board

Dr. Ramesh B.V. Nimmagadda
Chairman
DIN: 07854042

Dr. Murali K. Divi
Managing Director
DIN: 00005040

Place: Hyderabad
Date: May 25, 2024

ANNEXURE – IV

Annual Report on Corporate Social Responsibility (CSR) activities undertaken during the Financial Year 2023-2024

1. Brief outline on CSR Policy of the Company

Divi's strongly believe that industrial growth must contribute to the upliftment of the society around. Hence, the main focus of CSR is communities or villages around its manufacturing facilities.

The objective of Divi's CSR Policy is:

- To make sure the business remains sustainable and continues to contribute to the welfare of all stakeholders.
- To take up programmes that benefit the neighboring communities in enhancing quality of life and economic well-being of the local populace.
- To facilitate a holistic approach base for a sustainable improvement in the social, economic and environmental situation of the needy and underserved.
- Also embedded in this objective is support to the marginalised cross section of the society by providing opportunities to improve their quality of life.

The CSR projects undertaken are within the broad framework of Schedule VII of the Companies Act, 2013.

2. Composition of CSR Committee

Name of the CSR member	Designation/Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
Dr. Ramesh B.V. Nimmagadda	Chairman ¹ /Independent Director	4	4
Dr. Murali K. Divi	Member/Managing Director	4	4
Ms. Nilima Prasad Divi	Member ² /Whole-time Director (Commercial)	NA	NA
Mr. R. Ranga Rao	Member ³ /Independent Director	4	4
Mr. Madhusudana Rao Divi	Member ⁴ /Whole-time Director (Projects)	2	2

¹ Dr. Ramesh B.V. Nimmagadda was designated as Chairman of the Committee with effect from February 10, 2024 in place of Mr. R. Ranga Rao.

² Ms. Nilima Prasad Divi was admitted as Member of the Committee from February 10, 2024.

³ Mr. R. Ranga Rao completed his term as an Independent Director of the Company on March 31, 2024 and accordingly ceased to be Member of the Committee.

⁴ Mr. Madhusudana Rao Divi resigned as Whole-time Director with effect from August 28, 2023 and accordingly ceased to be Member of the Committee.

3. The web-link where Composition of CSR Committee, CSR Policy and CSR projects approved by the Board are disclosed on the website of the Company

- Composition of CSR Committee – <https://www.divislabs.com/investor-relations/corporate-governance/composition-of-committees/>
- CSR Policy - <https://www.divislabs.com/CSR-Policy.pdf>
- CSR projects approved by the Board - <https://www.divislabs.com/csr-and-sustainability/csr/>



4. The executive summary along with web-link(s) of Impact Assessment of CSR projects carried out in pursuance of sub-rule (3) of Rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable.

The Company has been conducting internal assessments for the CSR Projects undertaken. As per the statutory requirement, Impact assessment of the following CSR projects was carried out by an independent agency, M/s. Deeksha, a registered non-profit society.

Sl. No	Name of the Project	Year of implementation	Expenditure (in ₹ crores)	Web-link(s)
1.	Health and Education for All – Support for Education to Orphans	2021-2022	2.65	Reports including summary reports are available at https://www.divislab.com/csr-and-sustainability/csr/#2023-2024
2.	Provide Drinking water Facility at Yadagirigutta	2022-2023	2.59	
3.	Amenities/Infrastructure facilities to Government Jr. College	2022-2023	1.19	
4.	Installation of RO plants in all Govt. Schools at Yadadri Bhuvanagiri Dist.	2022-2023	6.83	
5.	Funds for Installation of Smart Class Rooms in Telangana Social & Tribal Welfare Residential Degree Colleges in Telangana State.	2022-2023	1.33	
6.	Installation of Jala Prasadams (R.O Plant with UPVC shelter), SS drinking water sinks & water coolers in the mentioned locations at the five major temples.	2022-2023	3.73	
7.	Development of IWSC, Paradesipalem and BC & SC college girls Hostels in Bhimili Mandal	2022-2023	1.45	
8.	Road widening -Annavaram junction to Thudem	2022-2023	1.98	
9.	Facilitate RO plants in Schools in Andhra Pradesh	2022-2023	1.63	

5	a)	Average net profit of the company as per Section 135(5) (in ₹ crores)	2,898.57
	b)	Two percent of average net profit of the Company as per Section 135(5) (in ₹ crores)	57.97
	c)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years (in ₹ crores)	0.13
	d)	Amount required to be set off for the financial year, if any	-
	e)	Total CSR obligation for the financial year [(b)+(c)-(d)] (in ₹ crores)	58.10

6	a)	Amount spent on CSR Projects (both Ongoing Project and other than Ongoing Project) (in ₹ crores)	32.43
	b)	Amount spent in Administrative Overheads (in ₹ crores)	1.08
	c)	Amount spent on Impact Assessment, if applicable. (in ₹ crores)	0.11
	d)	Total amount spent for the Financial Year [(a)+(b)+(c)] (in ₹ crores)	33.63
	e)	CSR amount spent or unspent for the Financial Year	

Total amount spent for the Financial Year (in ₹ crores)	Amount unspent (in ₹ crores)				
	Total amount transferred to unspent CSR account as per section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5)		
	Amount (in ₹ crores)	Date of transfer	Name of the Fund	Amount.	Date of transfer
33.63	24.47	April 29, 2024	-	-	-

(f) Excess amount for set off, if any: Nil

7. Details of Unspent CSR amount for the preceding three financial years:

Sl. No.	Preceding Financial Year(s)	Amount transferred to Unspent CSR Account under sub-section (6) of section 135 (in ₹ crores)	Balance Amount in Unspent CSR Account under sub-section (6) of section 135 (in ₹ crores)	Amount Spent in the Financial Year (in ₹ crores)	Amount transferred to a Fund as specified under Schedule VII as per second proviso to sub-section (5) of section 135, if any		Amount remaining to be spent in succeeding Financial Years (in ₹ crores)	Deficiency, if any
					Amount (in ₹ crores)	Date of Transfer		
1.	FY 2022-23	8.68	8.68	1.46	NA		7.22	NA
2.	FY 2021-22	Nil	NA	NA	NA		NA	NA
3.	FY 2020-21	Nil	NA	NA	NA		NA	NA

8. Whether any capital assets have been created or acquired through Corporate Social Responsibility amount spent in the Financial Year: No

9. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5): Not applicable. The Company has transferred the amount unspent to the Unspent CSR account, in terms of Section 135(6) of the Act.

For and on behalf of the Board

Dr. Murali K. Divi
Managing Director
DIN: 00005040

Dr. Ramesh B.V. Nimmagadda
Chairman CSR Committee
DIN: 07854042

Place: Hyderabad
Date: May 25, 2024

ANNEXURE – V

INFORMATION PURSUANT TO SECTION 134(3)(M) OF THE COMPANIES ACT 2013 READ WITH THE COMPANIES (ACCOUNTS) RULES, 2014.

A. Conservation of Energy

(i) Steps taken or impact on conservation of energy

Energy conservation refers to reducing energy consumption through optimal energy utilisation technologies, enhancing energy availability, resource efficiency as also use of renewable energy.

A dedicated energy management team focuses on energy management and constantly reviews the progress made. It has implemented a number of energy conservation initiatives. Some of key initiatives include:

- Replacing screw type air compressors with centrifugal type air compressors and purge type ADU (Air Dryer Unit) with HOC (Heat of Compression) type ADU.
- Replacing dry vacuum pumps in place of steam ejectors.
- Installing Oxygen analyzers for process vessels.
- Installing Heat Exchanger at outlet dehumidifier for drying operations.
- Laying steam condensate collecting lines to reduce load on live steam consumption.
- Interconnecting the chillers lines of Heating, Ventilation, and Air Conditioning (HVAC) systems.
- Installing LT capacitor bank panel with automatic power factor controller (APFC).
- Replacement of higher capacity pumps with lower capacity.
- Installed FLP (Flame Proof) Air conditioner 1.5 TR in place of 3000 CFM AHU connect with brine system for cooling.

(ii) Steps taken by the Company for utilising alternate sources of energy

- Replacing electrical lights with solar lights in the garden area.
- Installing transparent roof-top sheets at manufacturing facilities.

(iii) The capital investment on energy conservation equipment is ₹30.53 crores during the year.

B. Technology Absorption

1. Efforts in brief, made towards technology absorption	The Company has its own R&D Centres which develop technologies and processes for Active Pharmaceutical Ingredients and drug intermediates and these technologies are implemented at the Company's manufacturing facilities.
2. Benefits derived as a result of the above efforts	The Company constantly reviews, optimises and improves its processes for its product range. These efforts have resulted in lower cost of production, achieve consistent exports and be competitive in the global market. The process upgradations also brought about improvement in green chemistry by reducing reagents, minimise wastes and increasing recoveries.
3. Information regarding import of technology during the last three years.	There is no import of technology.

4. Expenditure incurred on research and development

Particulars	₹ in crores)	
	2023-24	2022-23
Capital	-	-
Recurring	70	69
Total	70	69
Total R&D Expenditure as a % of Sales Revenue	0.91%	0.91%

C. Foreign Exchange Earnings and Outgo

Particulars	₹ in crores)	
	2023-24	2022-23
Foreign Exchange earnings	6,687	6,654
Foreign Exchange outgo:		
- CIF Value of Imports	1,881	1,538
- Expenditure in Foreign Currency	35	34
Net Foreign Exchange Earning (NFE)	4,771	5,082
NFE/Earnings %	71%	76%

For and on behalf of the Board

Dr. Ramesh B.V. Nimmagadda

Chairman

DIN: 07854042

Dr. Murali K. Divi

Managing Director

DIN: 00005040

Place: Hyderabad

Date: May 25, 2024

ANNEXURE – VI

FORM NO. MR-3

SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2024

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

To,
The Members of
Divi's Laboratories Limited
CIN: L24110TG1990PLC011854
1-72/23(P)/DIVIS/303, Divi Towers,
Cyber Hills, Gachibowli,
Hyderabad -500032.

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Divi's Laboratories Limited (hereinafter called the Company)**. Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorised representatives during the conduct of secretarial audit, the explanations and clarifications given to us and the representations made by the Management and considering the relaxations granted by the Ministry of Corporate Affairs and Securities and Exchange Board of India warranted due to the spread of the COVID-19 pandemic. We hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on March 31, 2024 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by Divi's Laboratories Limited ("the Company") for the financial year ended on March 31, 2024, according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made there under;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;

- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):- viz
 - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - b. The SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015;
 - c. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - d. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 and amendments from time to time*;
 - e. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 which was replaced by the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021*;
 - f. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 which was replaced by the Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021*;
 - g. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - h. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 which was replaced by the Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021*;
 - i. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018*;

- j. Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018;

* Not applicable to the Company during the Audit period

- (vi) Other applicable Acts
 - (a) The Factories Act, 1948
 - (b) The Industrial Disputes Act, 1947
 - (c) The Payment of Wages Act, 1936
 - (d) The Minimum Wages Act, 1948
 - (e) The Employees Provident Funds and Miscellaneous Provisions Act, 1952
 - (f) The Payment of Bonus Act, 1965
 - (g) The Payment of Gratuity Act, 1972
 - (h) The Contract Labour (Regulation & Abolition) Act, 1970
 - (i) The Maternity Benefit Act, 1961
 - (j) The Child Labour (Prohibition & Regulation) Act, 1986
 - (k) The Industrial Employment (Standing Order) Act, 1946
 - (l) The Apprentices Act, 1961
 - (m) Equal Remuneration Act, 1976
 - (n) The Employment Exchange (Compulsory Notification of Vacancies) Act, 1956
 - (o) The Customs Act, 1962
 - (p) The Foreign Trade (Development and Regulation) Act, 1992
 - (q) The Shops and Establishment Act, 1988
 - (r) The Water (Prevention and control of pollution) Act 1974, The Air (Prevention and control of pollution) Act 1981 and The Environment Protection Act, 1986 and rules made thereunder
 - (s) The Public Liability Insurance Act, 1991
 - (t) The Explosive Act, 1884
 - (u) The Indian Boilers Act, 1923
 - (v) The Patents Act, 1970
 - (w) The Biological Diversity Act, 2002
 - (x) The Food Safety and Standards Act, 2006
 - (y) Special Economic Zones Act, 2005
 - (z) The Drug and Cosmetics Act, 1940
 - (aa) The Narcotic Drugs and Psychotropic Substances Act, 1985

- (bb) Employee's State Insurance Act, 1948
- (cc) Factories and Establishment (National, Festival and Other Holidays) Acts of the applicable states, where the company has establishments.
- (dd) The Sexual Harassment of Women at Work Place (Prevention, Prohibition and Redressal) Act, 2013
- (ee) Labour Welfare Fund Acts of the applicable states, where the company has establishments.
- (ff) Conservation of Foreign Exchange and Prevention of Smuggling Act, 1974

We have relied on the representations made by the Company, its officers and reports of Internal Auditors for systems and mechanism framed by the Company for compliances under other acts, Laws and regulations applicable to the Company as mentioned above.

We have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India
- (ii) The Listing Agreements entered into by the Company with Stock Exchanges and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;

During the period under review the Company has complied with the provisions of the Acts, Rules, Regulations, Guidelines, and Standards etc. mentioned above.

We further report that the Board of Directors of the Company has duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors/Committees that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decisions are carried out unanimously and there were no dissenting members during the year under review.

We further report that there are adequate systems and processes in the Company Commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that, the compliance by the Company of applicable financial laws like direct and indirect tax laws and maintenance of financial records and books of accounts has not been reviewed in this audit since the same have been subject to review by statutory financial auditors and other designated professionals.

We further report that, as informed, the Company has responded appropriately to notices/queries received

from various statutory/regulatory authorities including initiating actions for corrective measures, wherever found necessary.

We further report that, during the audit period no major events occurred which had bearing on the Company's affairs in pursuance of the above referred Laws, Rules, Regulations, Guidelines, Standards etc.

V. Bhaskara Rao and Co.,
Company Secretaries

V. Bhaskara Rao
Proprietor
FCS No.5939, CP No.4182
Peer Review No.670/2020
UDIN:F005939F000438217

Place: Hyderabad
Date: May 25, 2024

ANNEXURE – A

To,
The Members of
Divi's Laboratories Limited
CIN: L24110TG1990PLC011854
1-72/23(P)/DIVIS/303, Divi Towers,
Cyber Hills, Gachibowli,
Hyderabad -500032.

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial records is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure

that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.

3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

V. Bhaskara Rao and Co.,
Company Secretaries

V. Bhaskara Rao
Proprietor
FCS No.5939, CP No.4182
Peer Review No.670/2020
UDIN: F005939F000438217

Place: Hyderabad
Date: May 25, 2024

Independent Auditor's Report

To the Members of **Divi's Laboratories Limited**

Report on the audit of the standalone financial statements

Opinion

- We have audited the accompanying standalone financial statements of Divi's Laboratories Limited ("the Company"), which comprise the Standalone Balance Sheet as at March 31, 2024, the Standalone Statement of profit and loss (including Other comprehensive loss), the Standalone Statement of changes in equity, the Standalone statement of cash flows for the year then ended and Notes to Standalone Financial statements, including material accounting policy information and other explanatory information.
- In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2024, total comprehensive income (comprising of profit and other comprehensive income), changes in equity and its cash flows for the year then ended.

Basis for Opinion

- We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those Standards are further described in the "Auditor's responsibilities for the audit of the standalone financial statements" section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

- Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the standalone financial statements of the current

period. These matters were addressed in the context of our audit of the standalone financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

A. Appropriateness of recognition of revenue from sale of products in correct period

Refer to Note 16 and Note 38(k) of the standalone financial statements for the accounting policy information.

The Company has earned revenue of ₹7,603 crores from sale of products during the year. Revenue in respect of sale of products is recognised when the customer obtains control of the Company's product, which occurs at a point in time.

The Company has many customers operating in various geographies and sale contracts with customers have different international commercial terms (incoterms), which influence the timing of recognition of revenue.

The above was considered to be a key audit matter, since revenue is one of the key performance indicators for the Company and there is a risk of recognition of revenue in an incorrect period given the different contractual terms with the customers.

How our audit addressed the key audit matter

Our procedures included the following:

- We evaluated relevant accounting policies and assessed whether it is in compliance with applicable accounting standards.
- We have performed walkthrough and obtained detailed understanding of Company's revenue recognition process.
- We evaluated the design, implementation and tested the operating effectiveness of controls around recognition of revenue from sale of products.
- Tested revenue from sale of products, including sales occurred close to year end period, to their underlying supporting documents like purchase order, invoice, shipping documents, incoterms etc., on sample basis to evaluate whether revenue has been recognised in the correct accounting period.
- We have verified whether the presentation and disclosures are in accordance with applicable accounting standards and reporting framework.

From the procedures performed, we did not come across any exception.

B. Appropriateness of tax rates considered in recognition of the deferred tax liability

(Refer Notes 13, 24 & 38(e) to the standalone financial statements)

As at March 31, 2024 the Company has a deferred tax liability (net) of ₹582 crores in the standalone financial statements.

The Company's management has made significant judgements in application of the enacted tax rates applied on temporary differences that would reverse in future periods, given that the Company has an irrevocable option of paying taxes at lower rates under the new tax regime and forego certain tax holiday benefits including from units setup in Special Economic Zones.

The above was considered as a key audit matter, as the management has made assumptions and exercised judgements in determination of the appropriate tax rates to be considered for computing deferred tax on temporary differences at the balance sheet date.

How our audit addressed the key audit matter

Our procedures included the following:

- We evaluated relevant accounting policies in respect of recognising deferred tax assets/liabilities and assessed whether they are in compliance with applicable accounting standards.
- We evaluated the design, implementation and tested the operating effectiveness of controls around estimates involved in relation to the computation of the tax expense and deferred tax liability.
- We evaluated the management's assessment of availing benefits under the Income-tax laws.
- We have understood the factors considered in the Company's assumptions and sensitivities if management opts for the new tax regime earlier or later than the estimated year.
- We have assessed appropriateness of the tax rate applied to temporary differences as at March 31, 2024 in light of current tax laws and substantively enacted tax rates.
- We have verified that the presentation and disclosures are in accordance with applicable accounting standards and reporting framework.

Based on the above procedures performed, no significant exceptions were noted with respect to the management's assessment of the carrying amount of deferred tax liability.

Other Information

- The Company's Board of Directors is responsible for the other information. The other information comprises Management Discussion and Analysis, Board's report, Business Responsibility and sustainability Report and Corporate Governance report (but does not include the financial statements and our auditor's report thereon), which we obtained prior to the date of this auditor's report, and additional information excluding those referred earlier that would be included in the annual report which is expected to be made available to us after that date.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

When we read the additional information excluding the those referred earlier that will be included in the annual report and made available to us at a later date, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take appropriate action as applicable under the relevant laws and regulations.

Responsibilities of management and those charged with governance for the standalone financial statements

- The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these standalone financial statements

that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the standalone financial statements

7. Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.
8. As part of an audit in accordance with SAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
 - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to standalone financial statements in place and the operating effectiveness of such controls.
 - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
 - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
 - Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
9. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
 10. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other

matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

11. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

12. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
13. As required by Section 143(3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books, except for the matters stated in paragraph 13(h) (vi) below on reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 (as amended).
 - (c) Standalone Balance sheet, Standalone Statement of profit and loss (including Other comprehensive income), Standalone Statement of changes in equity and the Standalone statement of cash flows dealt with by this report are in agreement with the books of account.
 - (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act.
 - (e) On the basis of the written representations received from the directors, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2024, from being appointed as a director in terms of Section 164(2) of the Act.

- (f) With respect to the maintenance of accounts and other matters connected therewith, reference is made to our remarks in paragraph 13(h)(vi) below on reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 (as amended).

- (g) With respect to the adequacy of the internal financial controls with reference to standalone financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".

- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

- i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements – Refer Note 32 to the standalone financial statements.
- ii. The Company was not required to recognise a provision as at March 31, 2024 under the applicable law or accounting standards, as it does not have any material foreseeable losses on long-term contracts. The Company did not have any derivative contracts as at March 31, 2024.
- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company during the year.
- iv. (a) The management has represented that, to the best of its knowledge and belief, as disclosed in Note 34(v)(A) to the standalone financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee,

- security or the like on behalf of the Ultimate Beneficiaries;
- (b) The management has represented that, to the best of its knowledge and belief, as disclosed in the Note 34(v)(B) to the standalone financial statements, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and
- (c) Based on such audit procedures that we considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (a) and (b) contain any material misstatement.
- v. The dividend declared and paid during the year by the Company is in compliance with Section 123 of the Act.
- vi. Based on our examination, which included test checks, the Company has used an accounting

software for maintaining its books of account which has a feature of recording audit trail (edit log) facility and that has been operating throughout the year for all relevant transactions recorded in the software at application level, except that audit trail has not been enabled for changes made through one specific access at the application level and at the database level. Further, for the payroll application, the audit trail feature is not fully enabled, and management is incrementally enabling the same as explained in note 39 to the standalone financial statements.

Based on procedures carried out during our audit, we did not notice any instance of audit trail feature being tampered with in instances where audit trail facility is enabled and operating.

14. The Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

For Price Waterhouse Chartered Accountants LLP

Firm Registration Number: 012754N/N500016

N.K. Varadarajan

Partner

Place: Hyderabad
Date: May 25, 2024

Membership number: 90196
UDIN: 24090196BKHHJJ2914

Annexure A to Independent Auditor's Report

Referred to in paragraph 13(g) of the Independent Auditor's Report of even date to the members of Divi's Laboratories Limited on the standalone financial statements for the year ended March 31, 2024

Report on the Internal Financial Controls with reference to Standalone Financial Statements under clause (i) of sub-section 3 of Section 143 of the Act

1. We have audited the internal financial controls with reference to Standalone financial statements of Divi's Laboratories Limited ("the Company") as of March 31, 2024 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

2. The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ("the Guidance Note") issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

3. Our responsibility is to express an opinion on the Company's internal financial controls with reference to Standalone financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing deemed to be prescribed under Section 143(10) of the Act to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to

Standalone financial statements was established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to Standalone financial statements and their operating effectiveness. Our audit of internal financial controls with reference to Standalone financial statements included obtaining an understanding of internal financial controls with reference to Standalone financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Standalone financial statements, whether due to fraud or error.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system with reference to standalone financial statements.

Meaning of Internal Financial Controls with reference to financial statements

6. A Company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial controls with reference to financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls with reference to financial statements

7. Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

8. In our opinion, the Company has, in all material respects, an adequate internal financial controls system with reference to standalone financial statements and such internal financial controls with reference to standalone financial statements were operating effectively as at March 31, 2024, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by ICAI.

For Price Waterhouse Chartered Accountants LLP

Firm Registration Number: 012754N/N500016

N.K. Varadarajan

Partner

Place: Hyderabad

Membership number: 90196

Date: May 25, 2024

UDIN: 24090196BKHHJ2914

Annexure B to Independent Auditors' Report

Referred to in paragraph 12 of the Independent Auditors' Report of even date to the members of Divi's Laboratories Limited on the standalone financial statements as of and for the year ended March 31, 2024

In terms of the information and explanations sought by us and furnished by the Company, and the books of account and records examined by us during the course of our audit, and to the best of our knowledge and belief, we report that:

- i. (a) (A) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of Property, Plant and Equipment.
 - (B) The Company is maintaining proper records showing full particulars of Intangible Assets.
- (b) The Property, Plant and Equipment are physically verified by the Management according to a phased programme designed to cover all the items over a period of 3 years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, a portion of the Property, Plant and Equipment has been physically verified by the Management during the year and no material discrepancies have been noticed on such verification.
- (c) The title deeds of all the immovable properties, as disclosed in Note 3 on Property Plant and Equipment to the standalone financial statements, are held in the name of the Company.
- (d) The Company has chosen cost model for its Property, Plant and Equipment and Intangible Assets. Consequently, the question of our commenting on whether the revaluation is based on the valuation by a Registered Valuer, or specifying the amount of change, if the change is 10% or more in the aggregate of the net carrying value of each class of Property, Plant and Equipment or Intangible Assets does not arise.
- (e) Based on the information and explanations furnished to us, no proceedings have been initiated on (or) are pending against the Company for holding benami property under the Prohibition of Benami Property Transactions Act, 1988 (as amended in 2016) (formerly the Benami Transactions (Prohibition) Act, 1988 (45 of 1988)) and Rules made thereunder,

and therefore the question of our commenting on whether the Company has appropriately disclosed the details in the financial statements does not arise.

- ii. (a) The physical verification of inventory has been conducted at reasonable intervals by the Management during the year and, in our opinion, the coverage and procedure of such verification by Management is appropriate. The discrepancies noticed on physical verification of inventory as compared to book records were not 10% or more in aggregate for each class of inventory.
 - (b) During the year, the Company has been sanctioned working capital limits in excess of ₹5 crores, in aggregate, from banks on the basis of security of current assets. The Company has filed quarterly statements with such banks, which are in agreement with the books of account; reviewed by us for the quarter ended June 30, 2023, September 30, 2023, December 31, 2023, and audited by us for the year ended March 31, 2024. Also, refer Note 14(a)(ii) to the standalone financial statements.
- iii. (a) The Company has not granted secured/unsecured loans/advances in nature of loans, or stood guarantee, or provided security to any parties. The Company has subscribed in secured optionally convertible debentures of a Company other than subsidiaries, joint ventures and associates. The aggregate amount during the year, and balance outstanding at the balance sheet date with respect to such secured optionally convertible debentures are as per table given below:

	Amount in ₹ crores
Aggregate amount subscribed during the year	-
Balance outstanding as at balance sheet date in respect of the above (including accrued redemption premium)	82

(Also refer Note 6(a) to the standalone financial statements)



- (b) In respect of the aforesaid secured optionally convertible debentures the terms and conditions under which such subscription was made are not prejudicial to the Company's interest.
- (c) In respect of the aforesaid secured optionally convertible debentures, the schedule of repayment of principal and payment of interest has been stipulated, and the party is repaying the interest amount, as stipulated, and principal amount is not yet due.
- (d) In respect of the secured optionally convertible debentures, there is no amount which is overdue for more than ninety days.
- (e) There were no loans /advances in nature of loans which fell due during the year and were renewed/ extended. Further, no fresh loans were granted to same parties to settle the existing overdue loans/ advances in nature of loan.
- (f) There were no loans/advances in nature of loans which were granted during the year, including to promoters/related parties.
- (b) There are no statutory dues of provident fund, employees' state insurance, professional tax, sales-tax, value added tax which have not been deposited on account of any dispute. The particulars of other statutory dues of income tax, goods and services tax, service tax, entry tax, duty of customs and duty of excise as at March 31, 2024 which have not been deposited on account of a dispute, are as follows:

- iv. In our opinion, the Company has complied with the provisions of Sections 185 wherever applicable and 186 of the Companies Act, 2013 in respect of the investments made, by it.
- v. The Company has not accepted any deposits or amounts which are deemed to be deposits referred in Sections 73, 74, 75 and 76 of the Act and the Rules framed there under.
- vi. Pursuant to the rules made by the Central Government of India, the Company is required to maintain cost records as specified under Section 148(1) of the Act in respect of its products. We have broadly reviewed the same and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
- vii. (a) In our opinion, the Company is regular in depositing the undisputed statutory dues including income tax, provident fund, employees' state insurance, professional tax, duty of customs, duty of excise, goods and services tax and other material statutory dues, as applicable, with the appropriate authorities.

Name of the statute	Nature of dues	Disputed Amount (₹ In crores)	Amount deposited (₹ In crores)	Period to which the amount relates	Forum where the dispute is pending
Customs Act, 1962	Penalty	0.1	-	January, 2007	Customs, Excise and Service Tax Appellate Tribunal, South Zonal Bench, Chennai.
Customs Act, 1962	Customs duty and Penalty	1.51	0.03	June, 2006 to December, 2008	High Court of Andhra Pradesh, Amaravati.
Customs Act, 1962	Customs duty and Penalty	0.37	-	March, 2012	Commissioner of Customs, Central Excise & Service tax, Visakhapatnam
Customs Act, 1962	Customs duty and Penalty	0.63	-	November, 2012	Commissioner of Customs, Central Excise & Service tax, Visakhapatnam
Customs Act, 1962	Customs duty and Penalty	0.09	-	June, 2009 to March, 2010	High Court of Andhra Pradesh, Amaravati
Customs Act, 1962	Customs duty	0.41	0.41	May, 2014 to February, 2018	The Assistant commissioner of Customs
Central Excise Act, 1944	Service tax	0.19	0.02	April, 2003 to March, 2004	Customs, Central Excise & Service tax Appellate Tribunal, Hyderabad
Central Excise Act, 1944	Excise duty and Penalty	2.44	0.12	September, 2006 to December, 2008	Customs, Central Excise & Service tax Appellate Tribunal, Hyderabad

Name of the statute	Nature of dues	Disputed Amount (₹ In crores)	Amount deposited (₹ In crores)	Period to which the amount relates	Forum where the dispute is pending
Central Excise Act, 1944	Excise duty and Penalty	0.09	-	July, 2009 to March, 2010	High Court of Andhra Pradesh, Amaravati
Central Excise Act, 1944	Service tax and penalty	0.19	0.01	May, 2011 to December, 2011	High Court of Andhra Pradesh, Amaravati
Central Excise Act, 1944	Service tax, interest and penalty	0.45	0.04	April, 2010 to March, 2011	Customs, Central Excise & Service tax Appellate Tribunal, Hyderabad
Entry of Goods into Local areas Act, 2001	Entry Tax	0.43	0.11	Financial years 2014-15 to 2016-17	High Court of Andhra Pradesh, Amaravati
Income Tax Act, 1961	Interest	0.0041	-	Financial Year 2005-06	Additional Commissioner of Income Tax, Range-I, Hyderabad
CGST Act, 2017	GST, Interest and Penalty	248.91	8.2	2017-18	High court of Telangana, Hyderabad
CGST Act, 2017	GST and Penalty	0.21	0.02	2022-23	Deputy Commissioner of Central Tax, Hyderabad

- viii. There are no transactions previously unrecorded in the books of account that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961,
 - (f) According to the information and explanations given to us and procedures performed by us, we report that the Company has not raised loans during the year on the pledge of securities held in its subsidiaries, joint ventures or associate companies.
- ix. (a) The Company has not defaulted in repayment of loans or other borrowings or in the payment of interest to any lender during the year.
 - (b) On the basis of our audit procedures, we report that the Company has not been declared Wilful Defaulter by any bank or financial institution or government or any government authority.
 - (c) The Company has not obtained any term loans. Accordingly, reporting under clause 3(ix)(c) of the Order is not applicable to the Company.
 - (d) According to the information and explanations given to us, and the procedures performed by us, and on an overall examination of the standalone financial statements of the Company, we report that no funds raised on short-term basis have been utilised for long-term purposes by the Company.
 - (e) On an overall examination of the standalone financial statements of the Company, we report that the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, associates or joint ventures.
- x. (a) The Company has not raised any money by way of initial public offer or further public offer (including debt instruments) during the year. Accordingly, the reporting under clause 3(x)(a) of the Order is not applicable to the Company.
 - (b) The Company has not made any preferential allotment or private placement of shares or fully or partially or optionally convertible debentures during the year. Accordingly, the reporting under clause 3(x)(b) of the Order is not applicable to the Company.
- xi. (a) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, we have neither come across any instance of material fraud by the Company or on

- the Company, noticed or reported during the year, nor have we been informed of any such case by the Management.
- (b) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, a report under Section 143(12) of the Act, in Form ADT-4, as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 was not required to be filed with the Central Government. Accordingly, the reporting under clause 3(xi)(b) of the Order is not applicable to the Company.
- (c) During the course of our examination of the books and records of the Company carried out in accordance with the generally accepted auditing practices in India, and as represented to us by the management, no whistle-blower complaints have been received during the year by the Company. Accordingly, the reporting under clause 3(xi)(c) of the Order is not applicable to the Company.
- xii. As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the reporting under clause 3(xii) of the Order is not applicable to the Company.
- xiii. The Company has entered into transactions with related parties in compliance with the provisions of Sections 177 and 188 of the Act. The details of related party transactions have been disclosed in the standalone financial statements as required under Indian Accounting Standard 24 "Related Party Disclosures" specified under Section 133 of the Act.
- xiv. (a) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business
- (b) The reports of the Internal Auditor for the period under audit have been considered by us.
- xv. The Company has not entered into any non-cash transactions with its directors or persons connected with them. Accordingly, the reporting on compliance with the provisions of Section 192 of the Act under clause 3(xv) of the Order is not applicable to the Company.
- xvi. (a) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the reporting under clause 3(xvi)(a) of the Order is not applicable to the Company.
- (b) The Company has not conducted non-banking financial/housing finance activities during the year. Accordingly, the reporting under clause 3(xvi)(b) of the Order is not applicable to the Company.
- (c) The Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Accordingly, the reporting under clause 3(xvi)(c) of the Order is not applicable to the Company.
- (d) Based on the information and explanations provided by the management of the Company, the Group (as defined in the Core Investment Companies (Reserve Bank) Directions, 2016) does not have any CICs, which are part of the Group. We have not, however, separately evaluated whether the information provided by the management is accurate and complete. Accordingly, the reporting under clause 3(xvi)(d) of the Order is not applicable to the Company.
- xvii. The Company has not incurred any cash losses in the financial year or in the immediately preceding financial year.
- xviii. There has been no resignation of the statutory auditors during the year and accordingly the reporting under clause 3(xviii) of the Order is not applicable.
- xix. On the basis of the financial ratios (Also refer Note 37 to the standalone financial statements), ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the standalone financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that the Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date will get discharged by the Company as and when they fall due.
- xx. (a) In respect of other than ongoing projects, as at balance sheet date, the Company does not have any amount remaining unspent under Section 135(5) of the Act. Accordingly, reporting under clause 3(xx)(a) of the Order is not applicable.
- (b) The Company has transferred the amount of Corporate Social Responsibility remaining unspent under sub-section (5) of Section 135 of the Act pursuant to ongoing projects to a special account in compliance with the provision of sub-section (6) of Section 135 of the Act. (Also, refer Note 23(b) to the standalone financial statements)
- xxi. The reporting under clause 3(xxii) of the Order is not applicable in respect of audit of Standalone Financial Statements. Accordingly, no comment in respect of the said clause has been included in this report.

For Price Waterhouse Chartered Accountants LLP

Firm Registration Number: 012754N/N500016

N.K. Varadarajan

Partner

Place: Hyderabad
Date: May 25, 2024

Membership number: 90196
UDIN: 24090196BKHJJ2914



Standalone Balance Sheet

(All amounts in Indian Rupees crores, except equity shares and per share data unless otherwise stated)

Particulars	Note	As at March 31, 2024	As at March 31, 2023
ASSETS			
Non-current assets			
Property, plant and equipment	3	4,733	4,714
Capital work-in-progress	4	778	212
Intangible assets	5	4	5
Financial assets			
(i) Investments	6(a)	89	84
(ii) Other financial assets	6(b)(i)	56	51
Income tax assets (net)	7(a)	1	29
Other non-current assets	8	129	21
Total Non-current assets		5,790	5,116
Current assets			
Inventories	9	2,985	2,781
Financial assets			
(i) Trade receivables	6(c)	2,273	1,964
(ii) Cash and cash equivalents	6(d)	344	144
(iii) Bank balances other than (ii) above	6(e)	3,617	4,044
(iv) Other financial assets	6(b)(ii)	7	6
Income tax assets (net)	7(b)	28	98
Other current assets	10	318	199
Total Current assets		9,572	9,236
TOTAL ASSETS		15,362	14,352
EQUITY AND LIABILITIES			
Equity			
Equity share capital	11 (a)	53	53
Other equity	11 (b)	13,431	12,652
TOTAL EQUITY		13,484	12,705
Liabilities			
Non-current liabilities			
Provisions	12	37	31
Deferred tax liabilities (net)	13	582	537
Total Non-current liabilities		619	568
Current liabilities			
Financial liabilities			
(i) Borrowings	14(a)	-	-
(ii) Trade payables	14(b)	-	-
a) Total outstanding dues of micro and small enterprises		35	37
b) Total outstanding dues other than (ii) (a) above		772	706
(iii) Other financial liabilities	14(c)	100	43
Current tax liabilities	7(c)	42	-
Other current liabilities	15	303	288
Provisions	12	7	5
Total current liabilities		1,259	1,079
TOTAL LIABILITIES		1,878	1,647
TOTAL EQUITY AND LIABILITIES		15,362	14,352

The accompanying notes are an integral part of the financial statements
This is the Standalone Balance Sheet referred
to in our report of even date

For **Price Waterhouse Chartered Accountants LLP**
Firm registration number: 012754N/N500016

N.K. Varadarajan
Partner
Membership number: 90196

For and on behalf of the Board of Directors of
Divi's Laboratories Limited

Dr. Murali K Divi
Managing Director
DIN: 00005040

Dr. Kiran S Divi
Whole-time Director and
Chief Executive Officer
DIN: 00006503

L. Kishorebabu
Chief Financial Officer

Place: Hyderabad
Date: May 25, 2024

N.V. Ramana
Executive Director
DIN: 00005031

Nilima Prasad Divi
Whole-time Director
(Commercial)
DIN: 06388001

M. Satish Choudhury
Company Secretary
Membership No: F12493

Standalone Statement of Profit and Loss

(All amounts in Indian Rupees crores, except equity shares and per share data unless otherwise stated)

Particulars	Note	For the year ended March 31, 2024	For the year ended March 31, 2023
Income			
Revenue from operations	16	7,665	7,625
Other income	17	337	349
Total Income		8,002	7,974
Expenses			
Cost of raw materials consumed	18	3,210	2,979
Changes in inventories of finished goods and work-in-progress	19	(127)	50
Employee benefits expense	20	1,067	953
Finance costs	21	3	1
Depreciation and amortisation expense	22	376	342
Other expenses	23	1,341	1,295
Total Expenses		5,870	5,620
Profit before tax		2,132	2,354
Tax expense	24		
Current tax		511	438
Deferred tax		45	108
Total tax expense		556	546
Profit after tax		1,576	1,808
Other comprehensive income			
(A) Items that will not be reclassified to profit or loss			
Gain/(loss) on remeasurements of post-employment benefit obligations		(2)	3
- Income tax relating to these items		1	(1)
Other comprehensive income/(loss) after tax		(1)	2
Total comprehensive income		1,575	1,810
Earnings per share (par value of ₹2 each)			
-Basic and Diluted	36	59.37	68.11

The accompanying notes are an integral part of the financial statements
This is the Standalone Statement of profit and loss
referred to in our report of even date

For **Price Waterhouse Chartered Accountants LLP**
Firm registration number: 012754N/N500016

N.K. Varadarajan
Partner
Membership number: 90196

For and on behalf of the Board of Directors of
Divi's Laboratories Limited

Dr. Murali K Divi
Managing Director
DIN: 00005040

Dr. Kiran S Divi
Whole-time Director and
Chief Executive Officer
DIN: 00006503

L. Kishorebabu
Chief Financial Officer

Place: Hyderabad
Date: May 25, 2024

N.V. Ramana
Executive Director
DIN: 00005031

Nilima Prasad Divi
Whole-time Director
(Commercial)
DIN: 06388001

M. Satish Choudhury
Company Secretary
Membership No: F12493

Standalone Statement of Cash Flows

(All amounts in Indian Rupees crores, except equity shares and per share data unless otherwise stated)

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Cash flows from operating activities		
Profit before tax	2,132	2,354
Adjustments for:		
Depreciation and amortisation expense	376	342
Unrealised foreign exchange gain	(5)	(15)
Interest income from financial assets at amortised cost	(301)	(205)
Change in fair value of investments in optionally convertible debentures	(5)	(5)
Provision for doubtful debts/(written back) [including bad debts recovered]	.*	.*
Interest Expense	3	.*
Loss on disposal/discard of property plant and equipment and intangible assets	4	1
Amortisation of government grants	.*	.*
	2,204	2,472
Change in operating assets and liabilities		
(Increase)/Decrease in trade receivables	(303)	638
(Increase)/Decrease in inventories	(204)	(136)
Increase/(Decrease) in trade payables	64	(30)
(Increase)/Decrease in other non current assets	(8)	4
(Increase) /Decrease in other current financial assets	1	(1)
(Increase) /Decrease in other non current financial assets	(4)	7
(Increase)/Decrease in other current assets	(119)	16
Increase/(Decrease) in non-current employee benefit obligation	4	8
Increase/(Decrease) in current employee benefit obligation	2	1
Increase/(Decrease) in other financial liabilities	(5)	(1)
Increase/(Decrease) in other current liabilities	7	(59)
Cash generated from operations	1,639	2,919
Income tax paid including withholding tax and net of refunds	(373)	(472)
Net cash inflow from operating activities	1,266	2,447
Cash flows from investing activities		
Payments for property, plant and equipment	(1,002)	(472)
Proceeds from sale of property, plant and equipment	-	.*
Interest received	300	205
Proceeds from withdrawal of deposits	3,949	1,601
Investment in deposits	(3,515)	(4,041)
Net cash outflow from investing activities	(268)	(2,707)

Standalone Statement of Cash Flows

(All amounts in Indian Rupees crores, except equity shares and per share data unless otherwise stated)

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Cash flows from financing activities		
Interest paid	(2)	-
Dividend paid to company's shareholders	(796)	(796)
Net cash outflow from financing activities	(798)	(796)
Net increase/(decrease) in cash and cash equivalents	200	(1,056)
Cash and cash equivalents at the beginning of the year	144	1,200
Cash and cash equivalents at end of the year	344	144
Reconciliation of cash and cash equivalents at the end of the year		
Cash and cash equivalents as per Balance Sheet	344	144
Balances as per statement of cash flows	344	144

*Amount is below the rounding off norm adopted by the Company.

- The Standalone statement of cash flows has been prepared under the indirect method as set out in Indian accounting standard (Ind AS 7) Statement of cash flows.
- The accompanying notes are an integral part of the financial statements.

This is the Standalone statement of cash flows referred to in our report of even date

For **Price Waterhouse Chartered Accountants LLP**
Firm registration number: 012754N/N500016

N.K. Varadarajan
Partner
Membership number: 90196

Place: Hyderabad
Date: May 25, 2024

For and on behalf of the Board of Directors of
Divi's Laboratories Limited

Dr. Murali K Divi
Managing Director
DIN: 00005040

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DIN: 06388001

M. Satish Choudhury
Company Secretary
Membership No: F12493

Standalone Statement of Changes in Equity

(All amounts in Indian Rupees crores, except equity shares and per share data unless otherwise stated)

a. Equity Share Capital

S. No	Particulars	As at March 31, 2024	As at March 31, 2023
i	Balance at the beginning of the reporting period	53	53
ii	Balance at the end of the reporting period	53	53

b. Other Equity

S. No	Particulars	Reserves and Surplus				Total
		Securities Premium	SEZ Reinvestment Reserve	General Reserve	Retained Earnings	
As at March 31, 2024						
i	Balance at the beginning of the current reporting period	80	650	1,000	10,922	12,652
ii	Profit after tax	-	-	-	1,576	1,576
iii	Other Comprehensive Income after tax	-	-	-	(1)	(1)
iv	Dividend paid to Company's shareholders - transactions with owners in their capacity as owners	-	-	-	(796)	(796)
v	Transfer from retained earnings/to SEZ reinvestment reserve	-	260	-	(260)	-
vi	Transfer to retained earnings/from SEZ reinvestment reserve	-	(284)	-	284	-
vii	Balance at the end of the current reporting period	80	626	1,000	11,725	13,431
As at March 31, 2023						
i	Balance at the beginning of the previous reporting period	80	591	1,000	9,967	11,638
ii	Profit after tax	-	-	-	1,808	1,808
iii	Other Comprehensive Income after tax	-	-	-	2	2
iv	Dividend paid to Company's shareholders - transactions with owners in their capacity as owners	-	-	-	(796)	(796)
v	Transfer from retained earnings/to SEZ reinvestment reserve	-	145	-	(145)	-
vi	Transfer to retained earnings/from SEZ reinvestment reserve	-	(86)	-	86	-
vii	Balance at the end of the previous reporting period	80	650	1,000	10,922	12,652

The accompanying notes are an integral part of the financial statements
This is the Standalone statement of changes in equity referred to in our report of even date

For **Price Waterhouse Chartered Accountants LLP**
Firm registration number: 012754N/N500016

N.K. Varadarajan
Partner
Membership number: 90196

For and on behalf of the Board of Directors of
Divi's Laboratories Limited

Dr. Murali K Divi
Managing Director
DIN: 00005040

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Whole-time Director
(Commercial)
DIN: 06388001

M. Satish Choudhury
Company Secretary
Membership No: F12493

Place: Hyderabad
Date: May 25, 2024

Place: Hyderabad
Date: May 25, 2024

Notes to the Standalone Financial Statements

(All amounts in Indian Rupees crores, except equity shares and per share data unless otherwise stated)

1. Corporate Information:

1.1 Divi's Laboratories Limited (Divi's/'Company') is a Company limited by shares, incorporated and domiciled in India. The Company is engaged in the manufacture of Active Pharmaceutical ingredients (API's), Intermediates and Nutraceutical ingredients with predominance in exports. In addition to generics, the Company, through its custom synthesis, supports innovator pharma companies for their patented products business right from gram scale requirements for clinical trials to launch as well as late life cycle management. The Company is a public limited company and the Company's equity shares are listed in BSE Limited (BSE) and National Stock Exchange of India Limited (NSE) in India.

1.2 The financial statements are approved for issue by the Company's Board of Directors on May 25, 2024

2. Basis of Preparation:

(i) Compliance with Ind AS

The financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under section 133 of the Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015] and other relevant provisions of the Act and guidelines issued by Securities and Exchange Board of India (SEBI).

(ii) Historical cost convention

The financial statements have been prepared on a historical cost basis, except for the following:

- Certain financial assets and liabilities that are measured at fair value;
- Defined benefit plans – plan assets measured at fair value.

(iii) New and amended standards adopted by the Company

The Ministry of Corporate Affairs had vide notification dated March 31, 2023 notified Companies (Indian Accounting Standards) Amendment Rules, 2022 which amended certain accounting standards, and are effective from April 1, 2023.

- Disclosure of accounting policies – Amendment to Ind AS 1 (Presentation of financial statements) - Divi's material accounting policies are described in each of the individual notes to the standalone financial statements. Further, other accounting policies are described in note 38;

- Definition of accounting estimates -Amendments to Ind AS 8 (Accounting policies, changes in accounting estimates and errors.); and
- Deferred tax related to assets and liabilities arising from a single transaction- Amendments to Ind AS 12 (Income taxes.)

These amendments did not have any material impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

(iv) Critical estimates and Judgements:

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Company's accounting policies.

This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. Information about the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed is given in the relevant notes.

The areas involving critical estimates or judgements are:

- Estimation of deferred tax expense and liability – note 13
- Estimation of defined benefit obligations – note 12
- Estimation of useful lives and residual value of property, plant and equipment and intangible assets – note 3
- Estimation of fair values of Contingent liabilities – note 32

Other areas of accounting estimates are:

- Estimation of expected credit loss- note 27
- Estimation of slow-moving inventory items- note 9
- Estimation of accrual for rebate -note 16

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Company and that are believed to be reasonable under the circumstances.

Notes to the Standalone Financial Statements

(All amounts in Indian Rupees crores, except equity shares and per share data unless otherwise stated)

Note 3: Property, plant and equipment

Accounting policy:

Freehold land is carried at historical cost. All other items of property, plant and equipment are stated at historical cost less depreciation. Refer note 38(a) for the other accounting policies relevant to property, plant and equipment.

Depreciation methods, estimated useful lives and residual value

Depreciation on property, plant & equipment is provided on straight-line basis to allocate their cost, net of residual value over the estimated useful lives of the assets. The useful lives and residual values have been determined in order to reflect the actual usage of the assets and are consistent with the useful lives prescribed under Schedule II of the Companies Act, 2013.

Following are the estimated useful lives:			
Plant and machinery	7.5 to 25 years	Vehicles	8 and 10 years
Roads and buildings	3 to 60 years	Laboratory equipment	10 years
Furniture and fixtures	10 years	Computer and data processing units	3 to 6 years
Office equipment	5 years		

The residual values are not more than 5% of the original cost of the asset. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

	Freehold Land	Plant and Machinery	Roads and Buildings	Furniture and Fixtures	Vehicles	Office Equipment	Laboratory Equipment	Computer and data processing units	Total
Year ended March 31, 2024									
Gross carrying amount									
At the beginning of the year	194	4,179	1,560	57	27	44	244	26	6,331
Additions	1	267	107	4	-	7	12	2	400
Disposals	-	(8)	-*	-	-*	-	-	-	(8)
At the end of the year	195	4,438	1,667	61	27	51	256	28	6,723
Accumulated depreciation									
At the beginning of the year	-	1,218	214	27	10	27	103	18	1,617
Depreciation charge	-	286	55	5	3	5	20	3	377
Disposals	-	(4)	-	-	-	-	-	-	(4)
At the end of the year	-	1,500	269	32	13	32	123	21	1,990
Net carrying amount as at March 31, 2024	195	2,938	1,398	29	14	19	133	7	4,733

Notes to the Standalone Financial Statements

(All amounts in Indian Rupees crores, except equity shares and per share data unless otherwise stated)

	Freehold Land	Plant and Machinery	Roads and Buildings	Furniture and Fixtures	Vehicles	Office Equipment	Laboratory Equipment	Computer and data processing units	Total
Year ended March 31, 2023									
Gross carrying amount									
At the beginning of the Year	173	3,629	1,435	50	26	39	217	24	5,593
Additions	22	550	125	7	1	5	27	2	739
Disposals	(1)	-*	-*	-	-*	-	-	-	(1)
At the end of the year	194	4,179	1,560	57	27	44	244	26	6,331
Accumulated depreciation									
At the beginning of the year	-	962	166	22	7	23	84	15	1,279
Depreciation charge	-	256	48	5	3	4	19	3	338
Disposals	-	-	-	-	-	-	-	-	-
At the end of the year	-	1,218	214	27	10	27	103	18	1,617
Net carrying amount as at March 31, 2023	194	2,961	1,346	30	17	17	141	8	4,714

* Amount is below the rounding off norm adopted by the Company.

Notes:

- Title deeds of the immovable properties included above are held in the name of the company.
- Contractual obligations and other commitments: refer note 33(i) for disclosure of contractual and other commitments for the acquisition of property, plant and equipment.
- The gross carrying amounts of roads and buildings and plant and machinery includes staff cost of ₹6 (March 31, 2023; ₹6) relating to projects team involved in supervision and monitoring of these projects and cost of power consumed of ₹3 (March 31, 2023; ₹3).
- The company has not revalued its Property, plant and equipment during the year or in the previous year.

Notes to the Standalone Financial Statements

(All amounts in Indian Rupees crores, except equity shares and per share data unless otherwise stated)

Note 4: Capital work-in-progress

Accounting policy:

Capital work-in-progress includes cost of property, plant and equipment under installation/under development as at the balance sheet date.

	March 31, 2024	March 31, 2023
Capital work-in-progress		
At the beginning of the year	212	470
Additions	968	483
Capitalisations	(402)	(741)
At the end of the year	778	212

Note 4(a): Capital work-in-progress ageing (CWIP) schedule

As at March 31, 2024	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	736	34	8	-	778
Projects temporarily suspended	-	-	-	-	-

As at March 31, 2023	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	165	27	10	10	212
Projects temporarily suspended	-	-	-	-	-

Note 4(b): There are no capital-work-in progress, whose completion is overdue or has exceeded its cost compared to its original plan as at March 31, 2024 and March 31, 2023.

Note 4(c): Assets under construction majorly consist of roads & buildings, plant & machinery and corresponding internal development costs. During the year, the Company has incurred total capital costs of ₹968 (March 31, 2023: ₹483) on capital work-in-progress at various locations which includes internal expenditure incurred pending capitalisation till March 31, 2024 of ₹44 (March 31, 2023: ₹2) as per details given below:

Internal expenditure pending capitalisation	March 31, 2024	March 31, 2023
Employee benefits	15	2
Power and fuel	3	.*
Insurance	1	-
Rates and taxes, excluding taxes on income	6	-
Environment compliance expenses	11	-
General expenses	2	-
Electricity service line charges	2	-
Depreciation and amortisation	4	-
Total	44	2

* Amount is below the rounding off norm adopted by the Company.

Notes to the Standalone Financial Statements

(All amounts in Indian Rupees crores, except equity shares and per share data unless otherwise stated)

Note 5: Intangible assets

Refer note 38(b) for accounting policies relevant to intangible assets

	March 31, 2024	March 31, 2023
Computer software		
Gross carrying amount		
At the beginning of the year	27	25
Additions	2	2
Disposals	-	.*
At the end of the year	29	27
Accumulated amortisation		
At the beginning of the year	22	18
Amortisation charge	3	4
Disposals	-	.*
At the end of the year	25	22
Net carrying amount	4	5

* Amount is below the rounding off norm adopted by the Company.

Note:

The Company has not revalued intangible assets during the year or in the previous year.

Note 6: Financial Assets

Accounting policy:

(i) Classification:

The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value, and
- those measured at amorised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will be recorded in profit or loss. For investments in debt instruments, this will depend on the business model in which the investment is held. The Company reclassifies debt investments when and only when its business model for managing those assets changes.

(ii) Measurement

At initial recognition, the Company measures a financial asset (excluding trade receivables which do not contain a significant financing component) at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

(a) Debt instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are two measurement categories into which the Company classifies its debt instruments:



Notes to the Standalone Financial Statements

(All amounts in Indian Rupees crores, except equity shares and per share data unless otherwise stated)

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other income.

Fair value through profit or loss: Assets that do not meet the criteria for amortised cost or fair value through other comprehensive income (FVOCI) are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss and presented net in the statement of profit and loss within other income in the period in which it arises. Interest income from these financial assets is included in other income.

(b) Equity instruments

The Company subsequently measures all equity investments at fair value. Where the Company's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss. Dividends from such investments are recognised in profit or loss as other income when the Company's right to receive payments is established. Changes in the fair value of equity instruments at fair value through profit or loss are recognised in other income in the statement of profit and loss. Impairment losses (and reversal of impairment losses) on equity investments measured at fair value are not reported separately from other changes in fair value.

(c) Trade receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business and reflects Company's unconditional right to receive consideration (that is, payment is due only on the passage of time). Trade receivables are recognised initially at the transaction price as they do not contain significant financing components.

(iii) Investment in subsidiaries

The Company has accounted for its investments in Subsidiaries at cost.

(iv) Impairment of financial assets

The Company assesses on a forward-looking basis, the expected credit losses associated with its financial assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 27(A) details how the company determines whether there has been a significant increase in credit risk.

For trade receivables, the Company applies the simplified approach permitted by Ind AS 109, Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

Allowance for uncollected accounts receivable and advances - Trade receivables do not carry any interest and are stated at their nominal value as reduced by appropriate allowances for estimated irrevocable amounts. Individual trade receivables are written off when management deems them not to be collectible. Impairment is made on the expected credit losses, which are the present value of the cash shortfall over the expected life of the financial assets – note 27(A).

Refer note 38(c) for the other accounting policies relevant to financial assets

Notes to the Standalone Financial Statements

(All amounts in Indian Rupees crores, except equity shares and per share data unless otherwise stated)

Note 6(a): Non-Current investments

	March 31, 2024	March 31, 2023
Unquoted, fully paid up		
(i) Investment in equity instruments in subsidiary companies (at cost)		
2,000 (March 31, 2023: 2,000) ordinary shares of US\$ 0.01 each of Divis Laboratories (USA) Inc**	3	3
200 (March 31, 2023: 200) ordinary shares of CHF 500 each of Divi's Laboratories Europe AG ***	4	4
Investment in equity instruments in other companies (at FVPL)		
12,000 (March 31, 2023: 12,000) equity shares of ₹10/- each of Pattan Cheru Enviro Tech Limited	.*	.*
Total equity instruments	7	7
(ii) Investment in debentures in other companies (at FVPL)		
0.25% Redeemable, 7,20,00,000 optionally convertible debentures (OCDs) of ₹10/- each	82	77
(Including change in fair value of investments in OCDs ₹10 (March 31, 2023: ₹5)		
Total debentures	82	77
Total non-current investments	89	84
Aggregate amount of unquoted investments	89	84
Aggregate amount of quoted investments and market value thereof	-	-
Aggregate amount of impairment in the value of investment	-	-

* Amount is below the rounding off norm adopted by the Company.

** ₹1 (March 31, 2023: ₹1) included in the cost of investment is on account of fair valuation of interest free loans given to subsidiary.

*** ₹4 (March 31, 2023: ₹4) included in the cost of investment is on account of fair valuation of interest free loans given to subsidiary.

Note 6(b): Other financial assets

	March 31, 2024	March 31, 2023
6(b)(i): Other financial assets - non-current:		
Security deposits	56	49
Term deposits with bank with original maturity period exceeding twelve months (pledged towards margin on guarantees issued by bank)	-	2
Total other financial assets - non-current	56	51
6(b)(ii): Other financial assets - current:		
Export incentive receivable	1	.*
Rental deposit	3	3
Other deposits	3	3
Insurance claims receivable	.*	.*
Total other financial assets - current	7	6

* Amount is below the rounding off norm adopted by the Company.

Notes to the Standalone Financial Statements

(All amounts in Indian Rupees crores, except equity shares and per share data unless otherwise stated)

Note 6(c) Trade receivables

	March 31, 2024	March 31, 2023
Trade receivables from others	2,014	1,673
Trade receivables from related parties	260	292
Gross trade receivables	2,274	1,965
Less: Loss allowance	1	1
Net trade receivables	2,273	1,964
Current portion	2,273	1,964
Non-current portion	-	-

(i) Security wise break-up of trade receivables

	March 31, 2024	March 31, 2023
Trade receivables considered good- secured	-	-
Trade receivables considered good - unsecured	2,273	1,964
Trade receivables - credit impaired	1	1
Total	2,274	1,965
Less: Loss allowance	1	1
Total trade receivables	2,273	1,964

(ii) Ageing of trade receivables

Particulars	Unbilled	Not due	Outstanding for following periods from due date of payment					Total
			Less than 6 months	6 Months - 1 year	1-2 years	2-3 years	More than 3 years	
March 31, 2024								
Undisputed trade receivables								
Considered good	-	1,835	422	16	-	-	-	2,273
Credit impaired	-	-	-	-	1	-	-	1
Disputed trade receivables								
Considered good	-	-	-	-	-	-	-	-
Credit impaired	-	-	-	-	-	-	.*	.*
Total	-	1,835	422	16	1	-	.*	2,274
Less: Loss allowance					1		.*	1
Total trade receivables								2,273

Particulars	Unbilled	Not due	Outstanding for following periods from due date of payment					Total
			Less than 6 months	6 Months - 1 year	1-2 years	2-3 years	More than 3 years	
March 31, 2023								
Undisputed trade receivables								
Considered good	-	1,547	375	42	.*	-	-	1,964
Credit impaired	-	-	-	-	.*	-	-	.*
Disputed trade receivables								
Considered good	-	-	-	-	-	-	-	-
-Credit impaired	-	-	-	-	-	-	1	1
Total	-	1,547	375	42	.*	-	1	1,965
Less: Loss allowance					.*		1	1
Total trade receivables								1,964

* Amount is below the rounding off norm adopted by the Company.

Notes to the Standalone Financial Statements

(All amounts in Indian Rupees crores, except equity shares and per share data unless otherwise stated)

Note 6(d): Cash and cash equivalents

Refer note 38(d) for accounting policies relevant to cash and cash equivalents

	March 31, 2024	March 31, 2023
Balances with banks		
- in current accounts	3	2
- in term deposits with maturity period not more than three months	340	141
Cash on hand	1	1
Total cash and cash equivalents*	344	144

* There are no repatriation restrictions on cash and cash equivalents as at the end of the current year and previous year.

Note 6(e): Bank balances other than cash and cash equivalents

	March 31, 2024	March 31, 2023
Balances in earmarked accounts with banks:		
- Unclaimed dividend	1	1
- Unspent CSR account	7	-
Balances in term deposit accounts with original maturity period of more than three months and not more than twelve months:		
- pledged towards overdraft facilities with banks	274	76
- pledged towards margin on guarantees issued by bank	.*	4
- other unencumbered deposits	3,335	3,963
Total bank balances other than cash and cash equivalents	3,617	4,044

* Amount is below the rounding off norm adopted by the Company.

Note 7: Income tax assets (net)

Refer note 38(e) for relevant accounting policies relevant to current taxes.

	March 31, 2024	March 31, 2023
7(a) Income tax asset - Non-Current		
Prepaid income taxes	1	29
	1	29
7(b) Income tax asset - Current		
Prepaid income taxes	28	530
Provision for income tax	-	(432)
	28	98
Total Income tax asset 7(a)+7(b)	29	127
7(c) Current tax liability		
Provision for income tax	513	-
Prepaid income taxes	(471)	-
Total Income tax liability	42	-



Notes to the Standalone Financial Statements

(All amounts in Indian Rupees crores, except equity shares and per share data unless otherwise stated)

Note 7(d): Movement in income tax asset/(liability)

	March 31, 2024	March 31, 2023
Income tax assets - at the beginning of the year	127	87
Add: Taxes paid during the year	471	471
Less: Others (refund received)	(101)	-
Add: Adjustments of current tax for prior years	3	1
Add: MAT credit utilisation	-	7
Less: Current tax provision	(513)	(439)
Net Income tax asset/(liability) - at the end of the year	(13)	127

Note 8: Other non-current assets

	March 31, 2024	March 31, 2023
Capital advances	119	19
Pre-paid expenses	1	1
Other receivables	9*	1
Total other non-current assets	129	21

*Includes ₹8 deposited on account of disputed GST order. Refer the note 32(a).

Note 9: Inventories

Accounting policy:

Raw materials, stores and spares, work-in-progress and finished goods are stated at the lower of cost, calculated on weighted average basis, and net realisable value.

Refer note 38(f) for other accounting policies relevant to Inventories.

Accounting Estimates - Management estimates and writes down value of slow moving inventory, considering the future usage or marketability of the related finished products.

	March 31, 2024	March 31, 2023
Raw materials	1,067	946
Work-in-progress	1,620	1,526
Finished goods	143	110
Packing material	8	9
Stores and spares	147	190
Total Inventories	2,985	2,781

Raw materials and finished goods consists of goods in transit of ₹127 (March 31, 2023: ₹60) and ₹139 (March 31, 2023: ₹105) respectively.

Amounts recognised in Profit and loss

Write-downs of inventories to net realisable value and on account of slow moving inventory amounted to ₹10 (March 31, 2023: ₹11). These were recognised in standalone statement of profit and loss and included in 'Changes in inventories of finished goods and work-in-progress' and 'Cost of raw materials consumed'.

Notes to the Standalone Financial Statements

(All amounts in Indian Rupees crores, except equity shares and per share data unless otherwise stated)

Note 10: Other current assets

	March 31, 2024	March 31, 2023
Indirect taxes- input credits	202	138
Prepaid expenses	35	26
Advances to suppliers	80	34
Other receivables	1	1
Total other current assets	318	199

Note 11: Equity share capital and other equity

Note11(a): Equity share capital

Refer note 38(g) for other accounting policies relevant to Equity

(i) Authorised equity share capital

Particulars	Number of shares	Amount
As at April 1, 2022	30,00,00,000	60
Movement during the year	-	-
As at March 31, 2023	30,00,00,000	60
Movement during the year	-	-
As at March 31, 2024	30,00,00,000	60

(ii) Issued, subscribed and paid-up equity share capital

Particulars	Number of shares	Amount
As at April 1, 2022	26,54,68,580	53
Movement during the year	-	-
As at March 31, 2023	26,54,68,580	53
Movement during the year	-	-
As at March 31, 2024	26,54,68,580	53

Terms and rights attached to equity shares

The Company has only one class of equity shares having par value of ₹2 per share. The Company declares and pays dividends in Indian rupees. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders. Every holder of equity shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll, each share is entitled to one vote.

(iii) Details of shareholders holding more than 5% shares in the company

	March 31, 2024		March 31, 2023	
	Number of shares	% holding	Number of shares	% holding
Dr. Satchandra Kiran Divi	5,40,00,000	20.34%	5,40,00,000	20.34%
Ms. Nilima Prasad Divi	5,40,00,000	20.34%	5,40,00,000	20.34%
Mrs. Swarnalatha Divi	1,40,00,000	5.27%	1,40,00,000	5.27%
SBI Mutual Fund	2,08,44,087	7.85%	2,04,76,057	7.71%
Life Insurance Corporation of India	1,61,68,110	6.09%	1,47,30,917	5.55%

Notes to the Standalone Financial Statements

(All amounts in Indian Rupees crores, except equity shares and per share data unless otherwise stated)

(iv) Shareholdings of promoters and promoter group:

Promoter Name	March 31, 2024			March 31, 2023		
	Number of shares	% of total shares	% of change during the year	Number of shares	% of total shares	% of change during the year
Dr. Murali Krishna Prasad Divi	75,67,000	2.85%	0.00%	75,67,000	2.85%	0.00%
Dr. Satchandra Kiran Divi	5,40,00,000	20.34%	0.00%	5,40,00,000	20.34%	0.00%
Ms. Nilima Prasad Divi	5,40,00,000	20.34%	0.00%	5,40,00,000	20.34%	0.00%
Mrs. Swarnalatha Divi	1,40,00,000	5.27%	0.00%	1,40,00,000	5.27%	0.00%
Divi's Biotech Private Limited	80,00,000	3.01%	0.00%	80,00,000	3.01%	0.00%
Mr. Madhusudana Rao Divi	2,66,690	0.10%	-7.91%	2,89,600	0.11%	0.00%
Mr. Babu Rajendra Prasad Divi	-	-	-100.00%	26,600	0.01%	0.00%

Note 11(b): Other Equity

	March 31, 2024	March 31, 2023
Reserves and surplus		
Securities premium reserve	80	80
General reserve	1,000	1,000
Retained earnings	11,725	10,922
Special economic zone re-investment reserve	626	650
Total other equity	13,431	12,652

(i) There is no movement in securities premium reserve and general reserve during the current year and previous year.

(ii) Retained earnings

	March 31, 2024	March 31, 2023
At the beginning of the year	10,922	9,967
Profit after tax for the year	1,576	1,808
Transfer to special economic zone re-investment reserve	(260)	(145)
Transfer from special economic zone re-investment reserve	284	86
Dividend paid to company's shareholders	(796)	(796)
Items of other comprehensive income recognised directly in retained earnings:		
- Remeasurements of post employment benefit obligation, net of tax	(1)	2
At the end of the year	11,725	10,922

(iii) Special economic zone re-investment reserve

	March 31, 2024	March 31, 2023
At the beginning of the year	650	591
Transfer from retained earnings	260	145
Transferred to retained earnings	(284)	(86)
At the end of the year	626	650

Notes to the Standalone Financial Statements

(All amounts in Indian Rupees crores, except equity shares and per share data unless otherwise stated)

Nature and purpose of reserves:

Securities premium reserve:

Securities premium reserve is used to record the premium on issue of securities. This reserve will be utilised in accordance with the provisions of the Companies Act, 2013.

General Reserve:

General Reserve represents amounts transferred from retained earnings in earlier years under the provisions of the erstwhile Companies Act, 1956.

Special Economic Zone Re-investment reserve:

Under the SEZ scheme, the unit which begins production of goods/services on or after April 1, 2005 and on or before June 30, 2020 is eligible for deduction of 100% of profits or gains derived from export of goods/services for the first five years, 50% of such profits or gains for a further period of 5 years and 50% of such profits or gains for an additional period of five years subject to creation of special economic zone re-investment reserve out of profits of eligible SEZ unit and utilisation of such reserve in terms of the provisions of the Income Tax Act, 1961.

Note 12: Provisions - Employee Benefit Obligations

Refer note 38(h) for other accounting policies relevant to employee benefits.

	March 31, 2024			March 31, 2023		
	Current	Non-current	Total	Current	Non-current	Total
Compensated absences	7	37	44	5	31	36
Gratuity	-	-	-	-	-	-
	7	37	44	5	31	36

(a) Compensated absences obligations:

The compensated absences covers the Company's liability for earned leave. The liabilities for earned leave that cannot be availed/settled within 12 months are therefore measured at the present value of expected future availment/payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefit is discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligations. Remeasurements as a result of the experience adjustments and changes in actuarial assumptions are recognised in the other comprehensive income.

(b) Post-employment obligations- Gratuity: (Defined benefit)

The company provides gratuity for employees as per the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity benefit. The amount of gratuity payable on retirement/termination is the employees' last drawn basic salary per month computed proportionately for 15 days' salary multiplied for the number of years of service. The gratuity plan is a funded plan and the company makes contributions, through an approved trust, to recognised funds administered by Life Insurance Corporation of India (Insurer).

Notes to the Standalone Financial Statements

(All amounts in Indian Rupees crores, except equity shares and per share data unless otherwise stated)

(i) The amounts recognised in the balance sheet and the movements in the net defined benefit obligation over the year are as follows:

	Present value of obligation	Fair value of plan assets	Net amount
As at April 1, 2023	47	(48)	(1)
Current service cost	5	-	5
Interest expense/(income)	4	(4)	-
Amount recognised in Statement of profit and loss	9	(4)	5
Remeasurements			
Return on plan assets, excluding amounts included in interest expense/(income)	-	1	1
(Gain)/loss from change in demographic assumptions	-	-	-
(Gain)/loss from change in financial assumptions	1	-	1
(Gain)/loss from experience adjustments	.*	-	.*
Amount recognised in other comprehensive income	1	1	2
Amount recognised in total comprehensive income	10	(3)	7
Employer contributions	-	(16)	(16)
Benefit payments	(1)	1	-
As at March 31, 2024	56	(66)	(10)
	Present value of obligation	Fair value of plan assets	Net amount
As at April 1, 2022	42	(44)	(2)
Current service cost	4	-	4
Interest expense/(income)	3	(3)	-
Amount recognised in Statement of profit and loss	7	(3)	4
Remeasurements			
Return on plan assets, excluding amounts included in interest expense/(income)	-	.*	.*
(Gain)/loss from change in demographic assumptions	-	-	-
(Gain)/loss from change in financial assumptions	(1)	-	(1)
(Gain)/loss from experience adjustments	(1)	-	(1)
Amount recognised in other comprehensive income	(2)	-	(2)
Amount recognised in total comprehensive income	5	(3)	2
Employer contributions	-	(1)	(1)
Benefit payments	.*	.*	.*
As at March 31, 2023	47	(48)	(1)

* Amount is below the rounding off norm adopted by the Company.

The net liability disclosed above relates to funded plan is given below:

	March 31, 2024	March 31, 2023
Present value of funded obligations	56	47
Fair value of plan assets	(66)	(48)
Surplus of funded plans*	(10)	(1)

* Included under prepaid expenses in note 10 'Other current assets'.

Notes to the Standalone Financial Statements

(All amounts in Indian Rupees crores, except equity shares and per share data unless otherwise stated)

(ii) Significant estimates: Actuarial assumptions

The significant actuarial assumptions considered are:

	March 31, 2024	March 31, 2023
Discount rate	7.24%	7.52%
Salary growth rate	6%	6%
Attrition rate depending on age	1% to 3%	1% to 3%
Retirement age	60 years	60 years
Average balance future service	28.53 Years	28.41 Years
Mortality table	IALM(2012-14)	IALM(2012-14)

(iii) Sensitivity analysis

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

	March 31, 2024	March 31, 2023
Defined benefit obligation under base scenario	56	47
Increase/(Decrease) in defined benefit obligation:		
Discount rate:(% change compared to base due to sensitivity)		
Increase: +1%	(6)	(5)
Decrease: -1%	8	6
Salary growth rate:(% change compared to base due to sensitivity)		
Increase: +1%	7	5
Decrease: -1%	(5)	(5)
Attrition rate:(% change compared to base due to sensitivity)		
Increase: +1%	.*	1
Decrease: -1%	.*	(1)

The above sensitivity analysis are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as and when calculating the defined benefit liability recognised in the balance sheet. The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous year.

(iv) Defined benefit liability

The company has established a trust to administer its obligation for payment of gratuity to employees. The trust in turn contributes to a scheme administered by the Life Insurance Corporation of India (Insurer). Every year, the insurer carries out a funding valuation based on the latest employee data provided by the Company. Any deficit in the assets arising as a result of such valuation is funded by the Company. The trust has not changed the process used to manage the risks from previous years.

The major categories of plan assets are as follows:

	March 31, 2024	March 31, 2023
*Fund managed by Life Insurance Corporation of India (Unquoted)	100%	100%

*Fund is managed by LIC as per IRDA guidelines, category-wise composition of the plan assets is not available.

Notes to the Standalone Financial Statements

(All amounts in Indian Rupees crores, except equity shares and per share data unless otherwise stated)

Contributions to post employment benefit plan for the year ending March 31, 2025 is expected to be ₹7.

The weighted average duration of the defined benefit obligation is 13 years (March 31, 2023: 17.73 Years). The expected maturity analysis of undiscounted gratuity is as follows:

Particulars	Less than a year	Between 1-2 years	Between 2-5 years	Between 6-10 years	Over 10 years	Total
March 31, 2024						
Defined benefit obligation-gratuity	7	2	7	19	132	167
March 31, 2023						
Defined benefit obligation-gratuity	5	2	7	14	116	144

(v) Risk exposure

Through its defined benefit plans, the Company is exposed to a number of risks, the most significant of which are detailed below:

Interest rate risk: The plan exposes the Company to the risk of fall in interest rates. A fall in interest rates will result in an increase in the ultimate cost of providing the above benefit and will thus result in an increase in the value of the liability.

Liquidity risk: This is the risk that the Company is not able to meet the short term gratuity pay-out. This may arise due to non-availability of enough cash/cash equivalents to meet the liabilities or holdings in liquid assets not being sold in time.

Salary escalation risk: The present value of the defined benefit plans calculated with the assumption of salary increase rate of plan participants in future. Deviation in the rate of increase of salary in future for plan participants from the rate of increase in salary used to determine the present value obligation will have a bearing on the plan's liability.

Demographic risk: The Company has used certain mortality and attrition assumptions in valuation of the liability. The company is exposed to the risk of actual experience turning out to be worse compared to the assumption.

Regulatory risk: Gratuity benefits are paid in accordance with the requirements of the Payment of Gratuity Act, 1972 (as amended from time to time). There is a risk of change in regulations requiring higher gratuity payouts (eg. increase in the maximum limit on gratuity.)

Asset liability mismatching or market risk: The duration of the liability is longer compared to duration of assets, exposing the Company to market risk for volatilities/fall in interest rate.

Changes in fund yields: A decrease in fund yields will increase plan liabilities, although this will be partially off-set by an increase in the value of the plan's fund holdings.

(c) Defined contribution plans

Employer's contribution to provident fund: Contributions are made to a provident fund in India for employees at the rate of 12% of the employee's qualifying salary as per regulations. The contributions are made to registered provident fund administered by the government. This obligation of the company is limited to the amount contributed and it has no further contractual nor any constructive obligation. The expense recognised during the year towards this defined contribution plan is ₹28 (March 31, 2023- ₹26).

Employer's contribution to state insurance scheme: Contributions are made to state insurance scheme for employees at the rate of 3.25%. The contributions are made to employee state Insurance corporation (ESI), a corporation administered by the government. This obligation of the company is limited to the amount contributed and it has no further contractual nor any constructive obligation. The expense recognised during the period towards defined contribution plan is ₹3 (March 31, 2023- ₹3)

Notes to the Standalone Financial Statements

(All amounts in Indian Rupees crores, except equity shares and per share data unless otherwise stated)

Note 13: Deferred tax liabilities (net)

Accounting policy:

For operations carried out in Special Economic Zones which are entitled to tax holiday under the Income tax Act, 1961, no deferred tax is recognised in respect of temporary differences which reverse during the tax holiday period, to the extent of Company's gross taxable income that is allowed as the deduction during the tax holiday period. Deferred tax in respect of temporary differences which reverse after the tax holiday period is recognised in the year in which temporary difference originate. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised, or the deferred income tax liability is settled.

Significant judgement and estimate:

There is significant degree of judgement involved in determining the tax rates to be applied for measuring deferred tax liability considering that different tax rates apply depending upon irrevocable election of availing tax holiday benefits by the Company in the future. The Company has certain units that are entitled to certain tax holiday benefit in relation to profits earned and other units that are not entitled to any tax holiday benefit [Also refer note 24(b)]. Further, the tax holiday benefit can be availed only with enacted tax rates which are higher than the alternate tax rates enacted which once opted, the company would need to forego the tax holiday benefits irrevocably. The company has made certain assumptions in respect of timing of exercise of alternate tax rates regime taking into account future market opportunities for its products and any changes to those assumptions are not expected to have significant impact on the measurement of deferred tax liability as at the year end.

Refer note 38(e) for other accounting policies relevant to deferred taxes.

The balance comprises temporary differences attributable to:

Particulars	March 31, 2024	March 31, 2023
Deferred tax liability:		
Property, plant and equipment*	599	553
Employee benefits	(20)	(17)
Others	3	1
Net deferred tax liabilities	582	537

* Including liability in respect of SEZ reinvestment utilisation reserve.

Movement in deferred tax liabilities /(asset)

Particulars	April 1, 2023	Changes through Profit and Loss	MAT credit utilised	March 31, 2024
Property, plant and equipment	553	46	-	599
Employee benefit expenses	(17)	(3)	-	(20)
Others	1	2	-	3
Deferred tax liability (net)	537	45	-	582

Particulars	April 1, 2022	Changes through Profit and Loss	MAT credit utilised	March 31, 2023
Property, plant and equipment	444	109	-	553
Employee benefit expenses	(14)	(3)	-	(17)
Others	(8)	2	7	1
Deferred tax liability (net)	422	108	7	537

Notes to the Standalone Financial Statements

(All amounts in Indian Rupees crores, except equity shares and per share data unless otherwise stated)

Note 14(a): Current borrowings

Refer note 38(i) for accounting policies relevant to borrowings.

Particulars	Maturity date and terms of payment	Interest rate	March 31, 2024	March 31, 2023
Loans payable on demand:				
From banks - secured				
-Working capital loans from banks	Payable on demand	8.60%	-	-
-Overdraft facilities from banks	Payable on demand	8.73%	-	-
Total current borrowings			-	-

i) Utilisation of borrowings availed from banks

The borrowings obtained by the Company from banks have been applied for the purposes for which such loans are taken.

ii) Quarterly statements filed with banks

The quarterly statements of current assets filed by the Company in respect of its working capital facilities with banks are in agreement with the books of accounts.

iii) Wilful defaulter

The Company has not been declared as wilful defaulter by any bank or financial institutions or government or any government authority.

Secured borrowings and assets pledged as security

Working capital loans are secured by pari-passu first charge on Inventories, receivables and other current assets of the Company.

Overdraft facilities from banks are secured by pledge of specific term deposits with banks.

(iv) Assets pledged as security

The carrying amounts of Company's assets pledged as security for working capital loans and overdraft facilities from banks:

Particulars	March 31, 2024	March 31, 2023
Current assets*		
Inventory	2,985	2,781
Trade receivables	2,273	1,964
Other current assets	4,314	4,491
	9,572	9,236

*Value of letters of credit and guarantees outstanding as at March 31, 2024 is ₹234 (March 31, 2023 is ₹86).

There were no delays in registration of satisfaction of charges with Registrar of Companies beyond the statutory period.

Notes to the Standalone Financial Statements

(All amounts in Indian Rupees crores, except equity shares and per share data unless otherwise stated)

Note 14(a)(v): Net Debt reconciliation

This section sets out the changes in liabilities arising from financing activities in the statement of cash flows:

	March 31, 2024	March 31, 2023
Borrowings outstanding at the year end	-	-
Cash and cash equivalents	(344)	(144)
Net surplus	(344)	(144)
Net debt obligations	-	-

	Liabilities from financing activities	Other assets	Net debt/ (Surplus)
	Current borrowings	Cash and bank overdraft	
Net surplus as at April 1, 2023	-	(144)	(144)
Cash Flows	-	(200)	(200)
Interest Expense	1	-	1
Interest paid	(1)	-	(1)
Net debt surplus as at March 31, 2024	-	(344)	(344)
Net debt surplus as at April 1, 2022	-	(1,200)	(1,200)
Cash flows	-	1,056	1,056
Interest expense	.*	-	.*
Interest paid	.*	-	.*
Net debt surplus as at March 31, 2023	-	(144)	(144)

* Amount is below the rounding off norm adopted by the Company.

Note 14(b): Trade payables

Refer note 38(j) for accounting policies relevant to trade and other payables.

	March 31, 2024	March 31, 2023
Current		
Trade payables -micro and small enterprises (Refer note no.35)	35	37
Trade payables -others	772	706
Total trade payables	807	743

(i) Ageing of trade payables

As at March 31, 2024

Particulars	Unbilled	Not due	Outstanding for following periods from due date of payment				Total
			Less than 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed trade payables							
Micro and small enterprises	-	35	-	.*	.*	-	35
Others	238	318	216	.*	.*	-	772
Total trade payables	238	353	216	-	-	-	807

Notes to the Standalone Financial Statements

(All amounts in Indian Rupees crores, except equity shares and per share data unless otherwise stated)

As at March 31, 2023

Particulars	Unbilled	Not due	Outstanding for following periods from due date of payment				Total
			Less than 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed trade payables							
Micro and small enterprises	-	37	-	-	-	-	37
Others	142	381	183	-*	-	-	706
Total trade payables	142	418	183	-*	-	-	743

* Amount is below the rounding off norm adopted by the Company.

(ii) There are no trade payables with no specified due date of payments as at March 31, 2024 and March 31, 2023.

(iii) There are no disputed trade payables as at March 31, 2024 and March 31, 2023.

Note 14(c): Other financial liabilities

	March 31, 2024	March 31, 2023
Current		
Capital creditors	99	37
Unclaimed dividend	1	1
Accrual for rebates/discounts	-*	5
Total other financial liabilities	100	43

* Amount is below the rounding off norm adopted by the Company.

Note 15: Other current liabilities

	March 31, 2024	March 31, 2023
Statutory dues payable	14	13
Deferred revenue government grants	1	1
Employee benefits payable	223	232
For corporate social responsibility activity [refer note 23(b)]	31	9
Advance from customers	34	33
Total other current liabilities	303	288

Note 16: Revenue from operations

Accounting policy:

Revenue is measured at the transaction price determined under IND AS 115- Revenue from contracts with customers. Amounts disclosed as revenue are net of returns, trade allowances, rebates, goods & service tax (GST) collections and amounts collected on behalf of third parties.

(i) Revenue from Sale of Goods:

Revenue from sale of goods is recognised when the customer obtains control of the Company's product, which occurs at a point in time based on international commercial terms as agreed with the customers with payment terms typically in the range of 60 to 180 days after invoicing.

Revenue from these sales is recognised based on the price specified in the contract, net of the estimated discounts. Accumulated experience is used to estimate and provide for the discounts, using the expected value method, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur.

Notes to the Standalone Financial Statements

(All amounts in Indian Rupees crores, except equity shares and per share data unless otherwise stated)

The Company does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the company does not adjust any of the transaction prices for the time value of money.

For contracts with multiple performance obligations, the Company allocates the transaction price to each performance obligation based on the relative standalone selling price.

(ii) Revenue from sale of services:

Revenue from Sale of services is recognised as per the terms of the contracts with customers when the related services are performed, or the agreed milestones are achieved.

(iii) Export incentives

Export incentives comprise of Duty draw back.

Duty drawback is recognised as income when the right to receive credit as per the terms of the scheme is established in respect of the exports entitled for this benefit made and where there is no significant uncertainty regarding the ultimate collection of the relevant export proceeds.

Refer note 38(k) for other accounting policies relevant to revenue.

Accounting estimate: The management determines applicable rebate rates based on the volume of transactions to be made with customers considering the orders in hand, anticipated dispatches and previous year's trend.

	March 31, 2024	March 31, 2023
Sale of products	7,603	7,504
Sale of services:	13	19
Other operating revenue:		
Sale of scrap out of manufacturing process	36	83
Export incentives	13	19
Total revenue from operations	7,665	7,625

Note 16(a): Reconciliation of revenue recognised with contract price:

	March 31, 2024	March 31, 2023
Contract price	7,698	7,658
Rebates/Discounts	(46)	(52)
Revenue from contracts with customers	7,652	7,606

Note 16(b): Disaggregation of revenue:

The Company derives revenue from operations viz., sale of products and services and export incentives from the following geographical areas (based on where products and services are delivered).

Region	March 31, 2024			March 31, 2023		
	Revenue from contracts with customers	Export incentives	Total revenue from operations	Revenue from contracts with customers	Export incentives	Total revenue from operations
Europe	4,003	-	4,003	3,063	-	3,063
America	1,310	-	1,310	2,196	-	2,196
Asia	1,017	-	1,017	1,041	-	1,041
India	971	13	984	957	19	976
Rest of the world	351	-	351	349	-	349
	7,652	13	7,665	7,606	19	7,625

Notes to the Standalone Financial Statements

(All amounts in Indian Rupees crores, except equity shares and per share data unless otherwise stated)

Note 17: Other income

Accounting policy:

Interest income from financial assets at fair value through profit or loss is disclosed as interest income within other income. Interest income on financial assets at amortised cost is calculated using the effective interest method is recognised in the statement of profit and loss as part of other income. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset.

Refer note 38(l) for other accounting policies relevant to foreign currency translations.

	March 31, 2024	March 31, 2023
Interest income from financial assets	301	205
Change in fair value of non-current investments	5	5
Net gain on foreign currency transactions and translations	28	134
Miscellaneous income	3	5
Government grants	.*	.*
Total other income	337	349

* Amount is below the rounding off norm adopted by the Company.

Note 18: Cost of raw materials consumed

	March 31, 2024	March 31, 2023
Raw materials at the beginning of the year	946	755
Add: Purchases	3,331	3,170
Less: Raw materials at the end of the year	1,067	946
Total cost of raw materials consumed	3,210	2,979

Note 19: Changes in inventories of finished goods and work-in-progress

	March 31, 2024	March 31, 2023
At the beginning of the year		
Finished goods	110	154
Work-in-progress	1,526	1,532
	1,636	1,686
At the end of the year		
Finished goods	143	110
Work-in-progress	1,620	1,526
	1,763	1,636
Total changes in inventories of finished goods and work-in-progress	(127)	50

Note 20: Employee benefits expense

	March 31, 2024	March 31, 2023
Salaries, wages, bonus and other allowances	1,020	904
Contribution to provident fund and other fund	28	26
Contribution to ESI	3	3
Staff welfare expenses	16	20
Total	1,067	953

Refer note 4(c) for the expense capitalised to capital work-in-progress.

Notes to the Standalone Financial Statements

(All amounts in Indian Rupees crores, except equity shares and per share data unless otherwise stated)

Note 21: Finance costs

Refer note 38(n) for accounting policies relevant to borrowing costs.

	March 31, 2024	March 31, 2023
Interest and finance charges on financial liabilities carried at amortised cost	1	.*
Interest on income tax	2	-
Charges for letters of credit/bank guarantees	.*	1
Total finance costs	3	1

* Amount is below the rounding off norm adopted by the Company.

Note 22: Depreciation and amortisation expense

	March 31, 2024	March 31, 2023
Depreciation on property, plant and equipment	373*	338
Amortisation of intangible assets	3	4
Total	376	342

*Out of the total depreciation of ₹377; ₹4 is capitalised to capital work-in progress. Refer note 4(c) for the expense capitalised.

Note 23: Other expenses

	March 31, 2024	March 31, 2023
Consumption of stores and spares	78	68
Packing materials consumed	60	56
Power and fuel	477	495
Repairs and maintenance- buildings	38	40
Repairs and maintenance- machinery	170	168
Repairs and maintenance- others	3	2
Insurance	32	29
Rates and taxes, excluding taxes on income	17	15
Non-executive directors' remuneration including sitting fees	2	2
Printing and stationery	7	7
Rental charges	11	11
Communication expenses	2	2
Travelling and conveyance	53	88
Vehicle maintenance	1	1
Payments to auditors (Refer note no.23(a))	1	1
Legal and professional charges	20	15
Factory upkeep	10	7
Environment compliance expenses	63	50
Advertisement and publication expenses	.*	.*
Research and development expenses (Refer note no.23(c))	26	30
Sales commission	9	9
Carriage outward	61	81
General expenses	62	61
Electricity service line charges	.*	1
Provision for doubtful debts/(written back) including bad debts recovered	.*	.*

Notes to the Standalone Financial Statements

(All amounts in Indian Rupees crores, except equity shares and per share data unless otherwise stated)

	March 31, 2024	March 31, 2023
Political Contributions (Refer note no.23(d))	75	-
Corporate social responsibility activities (CSR) (Refer note no.23(b))	58	54
Loss on disposal/discard of assets	4	1
Bank charges	1	1
Total Other expenses	1,341	1,295

* Amount is below the rounding off norm adopted by the Company.

Refer note 4(c) for the expense capitalised to capital work-in-progress

Note 23(a): Details of payments to auditors

	March 31, 2024	March 31, 2023
		(₹in lakhs)
As statutory auditor	45	40
For quarterly reviews	30	26
Reimbursement of expenses	3	4
Total payments to auditors	78	70

Note 23(b): Expenditure on corporate social responsibility activities (CSR)

The Company has spent amounts as specified below towards various schemes of Corporate Social Responsibility activities as prescribed under Section 135 of the Companies Act, 2013.

	March 31, 2024	March 31, 2023
(i) Construction/acquisition of any asset	-	-
(ii) On purposes other than (i) above	34	42
Total Amount spent during the year	34	42
Add: Excess amount of CSR expenditure spent under 135(5) of the Act in the earlier years	-	3
Less: Amount required to be spent for the year	58	54
Excess amount of CSR expenditure spent under 135(5) of the act	-	-
Amount of shortfall for the year	24	9
Amount of cumulative shortfall at the end of the year**	31	9
Reason for shortfall	*	*
iii) Nature of CSR activities	Promoting healthcare, education, rural development, empowering women, safe drinking water, environmental sustainability, Rural sports, swacch bharat programme, support to differently abled, livelihood enhancement etc.,	

* The amount of shortfall represents the unspent amount on ongoing projects, which has been deposited in separate bank account within the stipulated timelines and will be spent in accordance with applicable provisions of the Companies Act, 2013.

** Net of amount spent on on-going projects of earlier years ₹2 (March 31, 2023: Nil)

Notes to the Standalone Financial Statements

(All amounts in Indian Rupees crores, except equity shares and per share data unless otherwise stated)

Note 23(c): Research and development expenses**

	March 31, 2024	March 31, 2023
Salaries, wages, bonus and other allowances	42	37
Contribution to provident and other funds	1	2
Contribution to ESI	.*	.*
Staff welfare expenses	1	.*
Consumption of stores and spares	10	11
Power and fuel	3	3
Repairs to buildings	1	1
Repairs to machinery	4	5
Repairs to other assets	2	.*
Rates and taxes, excluding taxes on income	.*	.*
Printing and stationery	.*	.*
Communication expenses	.*	-
Travelling and conveyance	.*	-
Professional and consultancy charges	4	9
Miscellaneous expenses	2	1
Total research and development expenses	70	69

* Amount is below the rounding off norm adopted by the Company.

** Research and development expenditure to the extent of ₹44 (March 31, 2023: ₹39) is included under employee benefit expenses (consists of Salaries, wages, bonus and other allowances, contribution to provident and other funds and staff welfare expenses) and ₹26 (March 31, 2023: ₹30) is included under other expenses.

Note 23(d): Political contributions

	March 31, 2024	March 31, 2023
Through electoral bonds*	55	-
Paid to electoral trust company	20	-
Total political contributions	75	-

*Bharat Rashtra Samithi - ₹20; Bharatiya Janata Party - ₹30; Indian National Congress - ₹5

Note 24(a): Tax expense

	March 31, 2024	March 31, 2023
(i) Current tax expense		
Current tax on profits for the year	514	439
Current tax charge /(reversals) of earlier years	(3)	(1)
Total current tax expense	511	438
(ii) Deferred tax expense *		
Decrease /(Increase) in deferred tax assets	(3)	(11)
Decrease /(Increase) in deferred tax liabilities	48	119
Total deferred tax expense/(benefit)	45	108
(iii) Tax expense recognised in statement of profit and loss (i+ii)	556	546
(iv) Tax expense/(income) recognised in other comprehensive income	(1)	1
Total tax expense (iii+iv)	555	547

*Entire deferred tax as on March 31, 2024 and March 31, 2023 relates to origination and reversal of temporary differences.

Notes to the Standalone Financial Statements

(All amounts in Indian Rupees crores, except equity shares and per share data unless otherwise stated)

24(b): The Company benefits from the tax holiday available for units set up under the Special Economic Zone Act, 2005. These tax holidays are available for a period of fifteen years from the date of commencement of operations. Under the SEZ scheme, the unit which begins production of goods/services on or after April 1, 2005 and on or before June 30, 2020 are eligible for deductions of 100% of profits or gains derived from export of goods/services for the first five years, 50% of such profits or gains for a further period of five years and 50% of such profits or gains for an additional period of five years subject to creation of special economic zone re-investment reserve out of profits of eligible SEZ units and utilisation of such reserve in terms of the provisions of the Income Tax Act, 1961.

Note 24(c) Reconciliation of tax expense and the accounting profit multiplied by tax rate:

	March 31, 2024	March 31, 2023
Profit from operations before income tax expenses	2,132	2,354
Tax at the rate of 34.944%	745	823
Tax effect of expenses not deductible for tax purpose	19	19
Tax effect of income not includible for tax purpose	(203)	(288)
Tax effect of adjustments for current tax of prior periods	(3)	(1)
Others including the impact of differential tax rates	(3)	(6)
Total tax expense	555	547

Financial instruments and risk management

Note 25: Categories of financial instruments

Particulars	Notes	Level	March 31, 2024	March 31, 2023
			Carrying value / fair value	Carrying value / fair value
A. Financial assets				
Mandatorily measured at fair value through profit or loss				
Investment in equity instruments of other companies			.*	.*
Investment in optionally convertible debentures (OCDs) of other companies**	6(a)	3 (Refer Note 26)	82	77
Mandatorily measured at amortised cost				
Trade receivables	6(c)		2,273	1,964
Security deposits	6(b)(i)		56	49
Cash and cash equivalents and other bank balances	6(d) and 6(e)		3,961	4,188
Other financial assets	6(b)(ii)		7	8
Total financial assets			6,386	6,293
B. Financial liabilities				
Mandatorily measured at amortised cost				
Trade payables	14(b)		807	743
Borrowings	14(a)		-	-
Capital creditors	14(c)		99	37
Other financial liabilities	14(c)		1	6
Total financial liabilities			907	786

* Amount is below the rounding off norm adopted by the Company.

Notes to the Standalone Financial Statements

(All amounts in Indian Rupees crores, except equity shares and per share data unless otherwise stated)

Note 26: Fair value hierarchy

Fair value of the financial instruments is classified in various fair value hierarchies based on the following three levels:

Level 1: Quoted prices (unadjusted) in active market for identical assets or liabilities.

Level 2: Inputs other than quoted price included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices). The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

Level 3: Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs). If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case with listed instruments where market is not liquid and for unlisted instruments.

**Optionally convertible debentures are redeemable at 10th year at 70% premium, if not converted. In case of an early redemption, debenture holder is eligible to get prorated premium. At any point of tenure, company can opt for conversion to equity shares at mutually agreed terms. These are secured by way of first charge created over the aircraft.

Valuation technique used to determine fair value:

Specific valuation techniques used to value financial instruments include:

- the use of quoted market prices or dealer quotes for similar instruments.
- the fair value of remaining financial instruments is determined using discounted cash flow analysis.

Valuation Process:

The Level 3 inputs for investment in equity shares and OCDs are derived using the discounted cash flow analysis.

Note 27: Financial Risk Management

The Company's activities expose it to credit risk, market risk, price risk and liquidity risk. The Company emphasizes on risk management and has an enterprise wide approach to risk management. The Company's risk management and control procedures involve prioritisation and continuing assessment of these risks and devise appropriate controls, evaluating and reviewing the control mechanism.

(A) Credit Risk:

Credit risk management

- Credit risk on cash and cash equivalents is limited as the Company generally invests in deposits with banks that are majorly owned by the Government of India thereby minimising its risk.
- Credit risk on security deposits, term deposits, trade receivables and other financial assets are evaluated as follows:

Expected credit loss for financial assets:

Category	Basis for recognition of expected credit loss provision	Asset Group
Financial assets for which credit risk has not increased significantly since initial recognition	Loss allowance measured at 12 month expected credit losses	Other Non-Current Financial assets Other Current Financial assets

Notes to the Standalone Financial Statements

(All amounts in Indian Rupees crores, except equity shares and per share data unless otherwise stated)

Expected credit loss for financial assets:

Asset Group	March 31, 2024			March 31, 2023		
	Gross carrying amount	Expected credit loss	Carrying amount net of provision	Gross carrying amount	Expected credit loss	Carrying amount net of provision
Other Non-Current Financial assets	56	-	56	51	-	51
Other Current Financial assets	7	-	7	6	-	6

Expected credit loss from treasury operations and for trade receivables:

Credit risk is the risk of financial loss to the Company if a customer to a financial instrument fails to meet its contractual obligations and arises primarily from trade receivables, treasury operations etc. Credit risk of the Company is managed at the Company level. In the area of treasury operations, the Company is presently exposed to limited risk relating to term deposits as those are made with State Bank of India and Scheduled banks. The Company regularly monitors such deposits and credit ratings of the banks thereby minimising the risk.

The credit risk related to trade receivables is influenced mainly by the individual characteristics of each customer. The credit risk is managed by the company by establishing credit limits and continuously monitoring the credit worthiness of the customer. The Company also provides for expected credit losses, based on the risk and payment patterns over a period of 36 months before the reporting date and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables where it believes that there is high probability of default. The Company has considered possible effect on credit risks including forward looking information to develop expected credit losses.

Given that customers of the Company are large pharma players the instances of defaults w.r.t the receivables from customers have been negligible in the past three years, hence, provision matrix has not been disclosed.

Following are the expected credit losses for trade receivables under simplified approach:

	March 31, 2024	March 31, 2023
Gross carrying amount of trade receivables	2,274	1,965
Less: Expected credit losses including loss allowance provision	(1)	(1)
Net carrying amount of trade receivables	2,273	1,964

Expected credit loss for trade receivables under simplified approach as at March 31, 2024

Ageing	Not due	Outstanding			Total
		for less than 6 months	more than 6 months & less than 1 year	for more than 1 year	
Gross carrying amount of trade receivables	1,835	422	16	1	2,274
Provision for doubtful debts (specific)	-	-	-	(1)	(1)
Expected credit losses	-	-	-	_*	_*
Net carrying amount of trade receivables	1,835	422	16	-	2,273

Notes to the Standalone Financial Statements

(All amounts in Indian Rupees crores, except equity shares and per share data unless otherwise stated)

Expected credit loss for trade receivables under simplified approach as at March 31, 2023

Ageing	Not due	Outstanding			Total
		for less than 6 months	more than 6 months & less than 1 year	for more than 1 year	
Gross carrying amount of trade receivables	1,547	375	42	1	1,965
Provision for doubtful debts (specific)	-	-	-	(1)	(1)
Expected credit losses (loss allowance provision)	-	-	-	_*	_*
Net carrying amount of trade receivables	1,547	375	42	-	1,964

* Amount is below the rounding off norm adopted by the Company.

Reconciliation of loss allowance provision in respect of trade receivables:

	Total
Loss allowance on April 1, 2023	1
Change in loss allowance	
Add: Current year loss allowance provided	_*
Less: Recoveries/Writeback	_*
Less: Bad debts written off	_*
Loss allowance on March 31, 2024	1
Loss allowance on April 1, 2022	1
Change in loss allowance	
Add: Current year loss allowance provided	-
Less: Recoveries/Writeback	-
Less: Bad debts written off	-
Loss allowance on March 31, 2023	1

* Amount is below the rounding off norm adopted by the Company.

(B) Market Risk:

The Company has substantial exposure to foreign currency risk due to the significant exports. Sales to overseas customers and purchases from overseas suppliers are exposed to risk associated with fluctuation in the currencies of those countries vis-a-vis the functional currency i.e. Indian rupee. The Company manages currency fluctuations by having a better geographic balance in revenue mix and ensures a foreign currency match between liabilities and assets. The Company notes that historically rupee has depreciated against major foreign currencies, and hence no additional measures are taken to hedge the foreign currency risk exposure. The Company is also cautious towards hedging as it has a cost as well as its related risks. Further, Company continually reassesses the cost structure impact of the currency volatility and engages with customers periodically addressing such risks.



Notes to the Standalone Financial Statements

(All amounts in Indian Rupees crores, except equity shares and per share data unless otherwise stated)

(i) Foreign currency risk exposure:

	Currency	March 31, 2024		March 31, 2023	
		Amount in foreign currency	Amount in ₹	Amount in foreign currency	Amount in ₹
Receivables	ACU	-*	1	-*	2
	EUR	3	232	2	211
	GBP	2	200	1	142
	USD	20	1,657	17	1,422
	AED	-	-	-*	1
Payable to suppliers	USD	(5)	(438)	(4)	(349)
	EUR	(1)	(20)	-*	(12)
	CHF	-	(3)	-	-
Net Foreign currency exposure Asset/(Liability)			1,629		1,417

	Impact on profit after tax	
	March 31, 2024	March 31, 2023
USD Sensitivity:		
INR/USD -Increase by 1% (March 31, 2023: 6%)	(8)	(42)
INR/USD -Decrease by 1% (March 31, 2023: 6%)	8	42
ACU Sensitivity:		
INR/ACU -Increase by 1% (March 31, 2023: 3%)	-*	-*
INR/ACU -Decrease by 1% (March 31, 2023: 3%)	-*	-*
EUR Sensitivity:		
INR/EUR -Increase by 1% (March 31, 2023: 4%)	(1)	(5)
INR/EUR -Decrease by 1% (March 31, 2023: 4%)	1	5
GBP Sensitivity:		
INR/GBP -Increase by 3% (March 31, 2023: 1%)	(4)	(1)
INR/GBP -Decrease by 3% (March 31, 2023: 1%)	4	1
CHF Sensitivity:		
INR/CHF -Increase by 3% (March 31, 2023: 3%)	-*	-
INR/CHF -Decrease by 3% (March 31, 2023: 3%)	-*	-
AED Sensitivity:		
INR/AED -Increase by 1% (March 31, 2023: 6%)	-	-*
INR/AED -Decrease by 1% (March 31, 2023: 6%)	-	-*

* Amount is below the rounding off norm adopted by the Company.

(ii) Cash flow and fair value interest rate risk:

Interest rate exposure: The Company does not have any long term borrowings and hence no exposure to the interest rate risk.

Notes to the Standalone Financial Statements

(All amounts in Indian Rupees crores, except equity shares and per share data unless otherwise stated)

(C) Price risk:

There are no Company's investments, which are subjected to price risk.

(D) Liquidity risk:

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding to meet obligations when due. Company's treasury maintains flexibility in funding by maintaining availability under deposits in banks, adequate limits in the current accounts etc.

(iii) Contractual maturities of financial liabilities:

	March 31, 2024				March 31, 2023			
	Less than 6 months	6-12 months	More than 12 months	Total	Less than 6 months	6-12 months	More than 12 months	Total
Trade payables	807	-	-	807	743	-	-	743
Other financial liabilities	100	-	-	100	43	-	-	43
Total	907	-	-	907	786	-	-	786

Note 28: Capital Management

(a) The Company's financial strategy aims to provide adequate capital for its growth plans for sustained stakeholder value. The Company's objective is to safeguard its ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders. Depending on the financial market scenario, nature of the funding requirements and cost of such funding, the Company decides the optimum capital structure. The Company aims at maintaining a strong capital base so as to maintain adequate supply of funds towards future growth plans as a going concern.

Net debt to equity ratio

	March 31, 2024	March 31, 2023
Net debt	-	-
Total Equity	13,484	12,705
Net debt to equity ratio	NA	NA

(b) Dividend:

Refer note 38(m) for other accounting policies relevant to dividend.

Dividend paid on equity shares:

	March 31, 2024	March 31, 2023
Dividend paid:		
Final dividend	796	796

Proposed dividend not recognised at the end of the reporting period:

	March 31, 2024	March 31, 2023
On equity shares of ₹2 each		
Dividend per equity share	30	30
Dividend amount	796	796

Note: The dividend for the year ended March 31, 2024 proposed and recommended, is subject to the approval of shareholders at the ensuing annual general meeting.

Notes to the Standalone Financial Statements

(All amounts in Indian Rupees crores, except equity shares and per share data unless otherwise stated)

Note 29: Segment Information

Refer note 38(p) for the other accounting policies relevant to segment reporting.

Description of segments and principal activities

The Managing Director has been identified as Chief Operating Decision Maker (CODM). Operating segments are defined as components of an enterprise for which discrete financial information is available. This is evaluated regularly by the CODM, in deciding how to allocate resources and assessing the Company's performance. The Company is engaged in the manufacture of Active Pharmaceutical Ingredients (API's), Intermediates and Nutraceutical Ingredients and operates in a single operating segment.

The other reportable segment has been provided in the consolidated financial statements of the Company and therefore no separate disclosure on segment information is given in this standalone financial statements.

Note 30: Short term lease

Refer note 38(o) for the other accounting policies relevant to leases.

The Company has lease for office and other premise, which is renewable on a periodical basis and cancellable at the option of the lessee and lessor. Rental expenses for short term lease recognised in statement of profit and loss for the year is ₹10 (March 31, 2023: ₹9).

Note 31: Related party transactions

(a) Subsidiaries

: Divi's Laboratories (USA) Inc.
: Divi's Laboratories Europe AG.

(b) Key Management personnel (KMP)

: Dr. Murali. K. Divi (Managing Director)
: Mr. N.V. Ramana (Executive Director)
: Mr. Madhusudana Rao Divi (Whole-time Director- Projects) upto 28.08.2023
: Dr. Kiran S. Divi (Whole-time Director and Chief Executive Officer)
: Ms. Nilima Prasad Divi (Whole-time Director- Commercial)
: Dr. Devendra Rao Sureddi (Whole-time Director) w.e.f. 10.02.2024

(c) Non-Executive Directors

: Mr. K V K Seshavaram (Independent Director)
: Mr. R Ranga Rao (Independent Director)
: Dr. G Suresh Kumar (Independent Director)
: Dr. Ramesh B V Nimmagadda (Independent Director)
: Dr. S Ganapaty (Independent Director)
: Prof. Sunaina Singh (Independent Director)
: Mr. K V Chowdary (Independent Director)

(d) Relative of Key Management personnel

: Mr. Babu Rajendra Prasad Divi
: Mr. Madhusudana Rao Divi w.e.f. 29.08.2023
: Mr. Sri Ramachandra Rao Divi
: Mrs. Jhansilakshmi Pendyala
: Mrs. Divi Swarna Latha
: Mrs. Divi Raja Kumari
: Mr. Divi Satyasayee Babu
: Mrs. Shanti Chandra Attaluri
: Mrs. N. Nirmala Kumari
: Mrs. N. Chandrika Lakshmi
: Mr. N. Venkata Aniruddh

Notes to the Standalone Financial Statements

(All amounts in Indian Rupees crores, except equity shares and per share data unless otherwise stated)

: Mrs. N. Monisha
: Mr. Ravi Teja Meka
: Mr. N. Prashanth
: Mr. N. Nageswara Rao
: Mrs. L. Vijaya Lakshmi
: Mr. Swaroop Krishna Sureddi w.e.f. 10.02.2024
: Mr. Venkata Prasada Rao Sureddi w.e.f. 10.02.2024
: Mrs. Sudha Devendra Sureddi w.e.f. 10.02.2024
: Mrs. Sree Sowmya Sureddi w.e.f. 10.02.2024
: Divi's Laboratories Employees' Gratuity Trust
: Divi's Foundation for Gifted Children Trust
: M/s Sri Lakshmi constructions w.e.f. 10.02.2024
: M/s Bheema Infra Solutions Private Limited w.e.f. 10.02.2024

(e) Other related parties

(f) Entities in which relatives of key management personnel are interested

(g) List of related parties over which control/significant influence exists with whom the company has transactions:

Name	Relationship
Divi's Laboratories (USA) Inc.	Wholly owned subsidiary
Divi's Laboratories Europe AG	Wholly owned subsidiary
Divi's Properties Private Limited	Company in which key management personnel have significant influence
Divi's Biotech Private Limited	Company in which key management personnel have significant influence
Divi's Foundation for Gifted Children	Trust in which key management personnel have significant influence
Divi's Laboratories Employees' Gratuity Trust.	Post employment benefit plan*

*Refer Note No. 12 for information on transactions with post employment benefit plan mentioned above.

(h) Summary of related party transactions and balances:

	March 31, 2024		March 31, 2023	
	Amount (transactions)	Outstanding balance as at March 31, 2024	Amount (transactions)	Outstanding balance as at March 31, 2023
(i) Managerial remuneration and short term employee benefits to Key Management Personnel -refer note 31(i)(i)	144	138	157	152
(ii) Remuneration and Sitting fees to non-executive directors - refer note 31(i)(ii)	2	-	2	-
(iii) Dividend paid to key management personnel -refer note 31(i)(iii)	347	-	348	-
(iv) Dividend paid to relatives of key management personnel -refer note 31(i)(iv)	46	-	45	-
(v) Salary and allowances to relatives of key management personnel - Mr. N. Venkata Aniruddh	1	-	.*	.*
(vi) Salary and allowances to relatives of key management personnel - Mr. Swaroop Krishna Sureddi	.*	.*	-	-
(vii) Dividend paid to company in which key management personnel have significant influence - M/s Divi's Biotech Private Limited	24	-	24	-
(viii) Lease Rent to a company in which key management personnel have significant influence - M/s Divi's Properties Private Limited	10	-	9	-



Notes to the Standalone Financial Statements

(All amounts in Indian Rupees crores, except equity shares and per share data unless otherwise stated)

	March 31, 2024		March 31, 2023	
	Amount (transactions)	Outstanding balance as at March 31, 2024	Amount (transactions)	Outstanding balance as at March 31, 2023
(ix) Lease Rent to a company in which key management personnel have significant influence - M/s Divi's Biotech Private Limited	-*	-	-*	-
(x) Rent deposit to a company in which key management personnel have significant influence - M/s Divi's Properties Private Limited	-	3	-	3
(xi) Contribution for CSR project implementation-Divi's Foundation for Gifted Children	3	-	-	-
(xii) Sales/Receivable - Subsidiary- Divi's Laboratories Europe AG	217	203	140	187
(xiii) Sales/Receivable - Subsidiary- Divis Laboratories (USA) Inc.	121	57	180	105
(xiv) Purchase/payable - Subsidiary -Divis Laboratories (USA) Inc.	-*	-	-	-
(xv) Purchase of goods and services from entities in which the relatives of key management personnel are interested - refer note 31(i)(v)	6	2	NA	NA

* Amount is below the rounding off norm adopted by the Company.

	March 31, 2024	March 31, 2023
Committed future sales to related parties as at the year end:		
(i) Subsidiary- Divis Laboratories (USA) Inc.	5	-
(ii) Subsidiary- Divi's Laboratories Europe AG	5	5

(i) Transactions with Related Parties:

	March 31, 2024		March 31, 2023	
	Amount (Transactions)	Outstanding balance as at March 31, 2024	Amount (Transactions)	Outstanding balance as at March 31, 2023
(i) Managerial Remuneration and short term employee benefits to Key Management Personnel				
1. Dr. Murali K. Divi	64	64	70	70
2. Mr. N.V. Ramana	33	32	36	35
3. Mr. Madhusudana Rao Divi	1	-	1	-*
4. Dr. Kiran S. Divi	23	21	25	23
5. Ms. Nilima Prasad Divi	23	21	25	24
6. Dr. Devendra Rao Sureddi	-*	-*	NA	NA
	144	138	157	152
(ii) Remuneration including Sitting fees to non-executive directors				
1. Mr. K.V.K. Seshavataram	0.31	-	0.30	-
2. Dr.G Suresh Kumar	0.33	-	0.32	-
3. Mr. R Ranga Rao	0.35	-	0.34	-
4. Dr. S. Ganapaty	0.28	-	0.28	-
5. Dr. Ramesh B V Nimmagadda	0.33	-	0.32	-
6. Prof. Sunaina Singh	0.28	-	0.25	-
7. Mr. K V Chowdary	0.33	-	0.30	-
	2.21	-	2.11	-

Notes to the Standalone Financial Statements

(All amounts in Indian Rupees crores, except equity shares and per share data unless otherwise stated)

	March 31, 2024		March 31, 2023	
	Amount (Transactions)	Outstanding balance as at March 31, 2024	Amount (Transactions)	Outstanding balance as at March 31, 2023
(iii) Dividend paid to Key Management Personnel				
1. Dr.Murali K. Divi	23	-	23	-
2. Dr. Kiran S Divi	162	-	162	-
3. Ms. Nilima Prasad Divi	162	-	162	-
4. Mr. N.V. Ramana	-*	-	-*	-
5. Mr. Madhusudana Rao Divi	-	-	1	-
	347	-	348	-
(iv) Dividend paid to Relatives of Key Management Personnel				
1. Mr. Babu Rajendra Prasad Divi	-*	-	-*	-
2. Mr. Madhusudana Rao Divi w.e.f. 29.08.2023	1	-	-	-
3. Mrs. Jhansilakshmi Pendyala	-*	-	-*	-
4. Mrs. Divi Swarna Latha	42	-	42	-
5. Mrs. Divi Raja Kumari	-*	-	-*	-
6. Mrs. Shanti Chandra Attaluri	1	-	1	-
7. Mrs. N.Nirmala Kumari	-*	-	-*	-
8. Mrs. N. Chandrika Lakshmi	-*	-	-*	-
9. Mr. N. Venkata Aniruddh	1	-	1	-
10. Mrs. N. Monisha	1	-	1	-
11. Mr. Ravi Teja Meka	-*	-	-	-
12. Mr. N. Prashanth	-*	-	-*	-
13. Mr. N Nageswara Rao	-*	-	-*	-
	46	-	45	-
(v) Purchase of goods and Services from Entities in which the relatives of key management personnel are interested				
1. M/s Sri Lakshmi construtions	5	2	NA	NA
2. M/s Bheema Infra Solutions Private Limited	1	-	NA	NA
	6	2	NA	NA

* Amount is below the rounding off norm adopted by the Company.

(j) Terms and Conditions

Transactions relating to dividends were on the same terms and conditions that applied to other equity shareholders



Notes to the Standalone Financial Statements

(All amounts in Indian Rupees crores, except equity shares and per share data unless otherwise stated)

Note 32: Contingent Liabilities:

Contingent liability is disclosed in the case of:

- a present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation;
- a present obligation arising from past events, when no reliable estimate possible;
- a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

Significant Estimate: Management uses single most likely outcome for estimating the financial impact from litigations. Based on judicial pronouncements in similar cases or from opinions obtained from internal/external legal counsel, management arrives at the possible outcome of the litigation.

	March 31, 2024	March 31, 2023
Claims against the Company not acknowledged as debts in respect of:		
Disputed demands for excise duty, customs duty, sales tax, service tax and Goods and service tax for various periods	257	89

- (a) The Company received a show cause notice dated December 20, 2021 wherein it was alleged that they have erroneously claimed refund of IGST amounting to ₹82 during the period February 21, 2018 to October 8, 2018 on the ground that the Company has incorrectly availed double benefit i.e., exemption on the input materials imported under the Advance Authorisation (AA) [Notification No. 79/2017-Cus dated October 13, 2017] and simultaneously filed refund of IGST paid on the goods exported. The Company received an order dated October 31, 2023 wherein the entire demand of ₹82 was confirmed along with interest under Section 50 and 100% penalty under Section 122(2)(b) of the CGST Act, 2017. The Company has filed a writ petition with High court of Telangana and obtained stay order from collection of demand until final decision has been awarded.
- (b) It is not practicable for the company to estimate the timings of cash flows, if any, in respect of the above pending resolution of the respective proceedings.

Note 33: Commitments

Commitments include the amount of purchase order (net of advances) issued to parties for completion of assets.

	March 31, 2024	March 31, 2023
(i) Property, Plant and Equipment:		
Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of advances of ₹119 (March 31, 2023: ₹19))	395	68
(ii) Others:		
On account of bonds or legal agreements executed with Central excise/Customs authorities/SEZ development commissioners.	780	580

Note 34: Additional regulatory information required under Schedule III of Companies Act 2013:

(i) Details of Benami Property held

No proceedings have been initiated on or are pending against the company for holding benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder.

(ii) Relationship with struck off companies

The company has no transactions with the companies struck off under Companies Act, 2013 or Companies Act, 1956.

Notes to the Standalone Financial Statements

(All amounts in Indian Rupees crores, except equity shares and per share data unless otherwise stated)

(iii) Compliance with number of layers of companies

The company has complied with the number of layers prescribed under the Companies Act, 2013.

(iv) Compliance with approved scheme of arrangements

The company has not entered into any scheme of arrangements which has an accounting impact on current and previous financial year.

(v) Utilisation of borrowed funds and share premium

The company has not advanced or loaned or invested funds to any other person or entity, including foreign entities (Intermediaries) with the understanding that the Intermediary shall:

- A
- directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or
 - provide any guarantee, security or the like to or on behalf of the ultimate beneficiaries

The company has not received any fund from any person or entity, including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the company shall:

- B
- directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the funding party (Ultimate Beneficiaries) or
 - provide any guarantee, security or the like on behalf of the ultimate beneficiaries

(vi) Undisclosed income

There is no income surrendered or disclosed as income during the current or previous year in the tax assessments under the Income Tax Act, 1961.

(vii) Loans or advances to specified persons

The company has not granted any loans or advances in the nature of loans to promoters, directors, KMP's and the related parties as defined under Companies Act, 2013.

(viii) Details of crypto currency or virtual currency

The company has not traded or invested in crypto currency or virtual currency during the current or previous year.

Note 35: Dues to micro and small enterprises

The Company has certain dues to Micro and Small enterprises registered (suppliers) under Micro, Small and Medium Enterprises Development Act, 2006 ('MSMED Act'). The disclosures pursuant to the said MSMED Act, to the extent the information is available with the company, are as follows.

	March 31, 2024	March 31, 2023
a (i) Principal amounts due to suppliers remaining unpaid as at the year-end	-	-
(ii) Interest due to suppliers remaining unpaid as at the year-end	-	-
b. Interest on payments beyond the appointed day paid to the suppliers during the year	-	-
c. Interest due and payable for the delay in making payment to suppliers during the year	-	-
d. Amount of interest accrued and remaining unpaid to suppliers at the end of the year	-	-
e. Amount of further interest remaining due and payable to suppliers in succeeding years	-	-



Notes to the Standalone Financial Statements

(All amounts in Indian Rupees crores, except equity shares and per share data unless otherwise stated)

Note 36: Earnings per share

Refer note 38(q) for the other accounting policies relevant to Earnings per share

	March 31, 2024	March 31, 2023
(a) Basic EPS		
Basic earnings per share attributable to the equity holders of the company	59.37	68.11
(b) Diluted EPS		
Diluted earnings per share attributable to the equity holders of the company	59.37	68.11

There are no potential dilutive shares.

(c) Reconciliation of earnings used in calculating earnings per share

	March 31, 2024	March 31, 2023
Basic earnings per share		
Profit attributable to the equity holders of the company used in calculating basic earnings per share	1,576	1,808
Diluted earnings per share		
Profit attributable to the equity holders of the company used in calculating diluted earnings per share	1,576	1,808

(d) Weighted average number of shares used as the denominator

	March 31, 2024	March 31, 2023
Weighted average number of equity shares used as the denominator in calculating basic earnings per share	26,54,68,580	26,54,68,580
Adjustments for calculation of diluted earnings per share	-	-
Weighted average number of equity shares used as the denominator in calculating diluted earnings per share	26,54,68,580	26,54,68,580

Note 37: Analytical Ratios

S.No	Description	Numerator	Denominator	March 31, 2024	March 31, 2023	% Variance
a	Current Ratio	Total current assets	Total current liabilities	7.60	8.56	-11.21%
b	Debt - Equity Ratio [#]	Borrowings (Refer note 14(a)(ii))	Total Equity	-	-	-
c	Debt Service Coverage Ratio [#]	Earnings available for debt service	Debt service	NA	NA	NA
d	Return on Equity Ratio	Profit after tax	Average Total Equity	12.04%	14.82%	-18.76%
e	Inventory Turnover Ratio	Revenue from sale of products (Refer note 16)	Average Inventory	2.65	2.80	-5.35%
f	Trade Receivables Turnover Ratio	Total Revenue from operations (Refer note 16)	Average trade receivables	3.61	3.36	7.44%
g	Trade Payables Turnover Ratio	Net credit purchases	Average trade payables	5.97	5.89	1.35%
h	Net Capital Turnover Ratio	Total Revenue from operations (Refer note 16)	Average working capital	0.93	1.00	-7.00%
i	Net Profit Ratio	Profit after tax	Total Income	19.70%	22.67%	-13.10%
j	Return on Capital Employed	Earnings before interest and taxes	Average capital employed	15.62%	18.57%	-15.89%
k	Return on Investment	Profit after tax	Average total assets	10.60%	13.07%	-18.90%

[#]There is no debt obligation (net) to the Company during the current year and previous year.

Notes to the Standalone Financial Statements

(All amounts in Indian Rupees crores, except equity shares and per share data unless otherwise stated)

Description of numerator and denominator:

a Current Ratio

Current Ratio is computed as a ratio of total current assets to total current liabilities.

b Debt - Equity Ratio

Debt - Equity Ratio is computed as a ratio of borrowings to total equity. The Company has zero debt.

c Debt Service Coverage Ratio

Debt Service Coverage Ratio is computed as a ratio of earnings available for debt service to debt service

- Earnings available for debt service is sum of profit after tax, finance cost and non cash expenditure
- Debt service is sum of finance cost and principal repayments

d Return on Equity Ratio

Return on Equity Ratio is computed as a ratio of profit after tax to average of opening & closing total equity (i.e., Average Total Equity).

e Inventory Turnover Ratio

Inventory Turnover Ratio is computed as a ratio of revenue from sale of products to average of opening & closing inventory (i.e., Average Inventory).

f Trade Receivables Turnover Ratio

Trade Receivables Turnover Ratio is computed as a ratio of revenue from operations to average of opening & closing trade receivables (i.e., Average trade receivables).

g Trade Payables Turnover Ratio

Trade Payables Turnover Ratio is computed as a ratio of net credit purchases to average of opening & closing trade payables (i.e., Average trade payables)

Net credit purchases consists of purchase of raw material, packing material, stores, spares & other products and services

h Net Capital Turnover Ratio

Net Capital Turnover Ratio is computed as a ratio of revenue from operations to average of opening & closing working capital (i.e., Average working capital)

i Net Profit Ratio

Net Profit Ratio is computed as a ratio of profit after tax to total income

j Return on Capital Employed

Return on Capital Employed is computed as a ratio of profit before interest & taxes to average of opening & closing capital employed (i.e., Average Capital employed). Capital employed consists of total equity and deferred tax liability

k Return on Investment

Return on investment is computed as ratio of Profit after tax to average of the opening and closing total assets (i.e., Average total assets).

Note 38 - Other accounting policies

a. (i) Property, Plant & Equipment:

Historical cost includes expenditure that is directly attributable to the acquisition of Property, Plant & Equipment (PPE).

On transition to Ind AS, the Company has elected to continue with the carrying value of all its property, plant and equipment recognised as at April 1, 2015 measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment.

Costs associated with repairs and maintenance of PPE are charged to profit or loss during the reporting period in which they are incurred.

Gains and losses on disposal are determined by comparing proceeds with carrying amount. These are included in profit or loss within other income/ other expenses.

An asset's carrying amount will be written down to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

(ii) Impairment of assets:

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets

Notes to the Standalone Financial Statements

(All amounts in Indian Rupees crores, except equity shares and per share data unless otherwise stated)

are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

b. Intangible Assets:

(i) Computer software

Computer software is stated at historical cost less amortisation. Historical cost of computer software includes expenditure that is directly attributable to the acquisition of the computer software. Costs associated with maintaining computer software are recognised as an expense as incurred.

On transition to Ind AS, the Company had elected to continue with the carrying value of all of intangible assets recognised as at April 1, 2015 measured as per the previous GAAP and use that carrying value as the deemed cost of intangible assets.

(ii) Research and development

Research and development expenses are fully charged to expense in the period in which they are incurred. The company considers that the uncertainties inherent in development of new products would preclude capitalisation of such cost. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

(iii) Amortisation methods and periods

The Company amortises software over a period of 3 years.

c. Financial assets:

(i) Classification:

For investments in equity instruments, classification will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

(ii) Recognition

Purchase and sale of financial assets are recognised on trade date, the date on which Company commit to purchase or sale the financial assets

(iii) Derecognition of financial assets

A financial asset is derecognised only when

- the Company has transferred the rights to receive cash flow from the financial asset or
- retains the contractual rights to receive the cash flows of the financial assets but assumes a contractual obligation to pay cash flows to one or more recipients.

Where the entity has transferred an asset, the Company evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognised. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset the same is not derecognised.

Where the entity has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognised. Where the Company retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

d. Cash and cash equivalents:

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

e. Current and Deferred taxes:

The current tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences.

Notes to the Standalone Financial Statements

(All amounts in Indian Rupees crores, except equity shares and per share data unless otherwise stated)

The current income tax charge is calculated based on the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, based on amounts expected to be paid to the tax authorities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets are recognised for all deductible temporary differences only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities are not recognised for temporary differences between the carrying amount and tax bases of investments in subsidiaries where the Company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

f. Inventories:

Cost of raw materials and stores comprise of cost of purchases. Cost of work-in-progress and finished goods comprises cost of direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenses, the latter being allocated on the basis of normal operating capacity. Cost of inventories also include all other cost incurred in bringing the inventories to their present location and condition. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the

estimated costs of completion and the estimated costs necessary to make the sale. Items held for use in the production of inventory are not written below cost if the finished product in which these will be incorporated are expected to be sold at or above the cost.

g. Contributed equity:

Equity shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

h. Employee benefits:

(i) Short-term obligations

Liabilities for wages and salaries, bonus, ex-gratia etc. that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

(ii) Other Long-term employee benefit obligations

The liabilities for compensated absences are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligations. Remeasurements as a result of the experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

The liability for compensated absence obligation is presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur, otherwise as non-current liabilities.

Notes to the Standalone Financial Statements

(All amounts in Indian Rupees crores, except equity shares and per share data unless otherwise stated)

(iii) Post-employment obligations

The Company operates the following post-employment schemes:

(a) Defined benefit plans-Gratuity obligations

The liability or assets recognised in the balance sheet in respect of defined benefit gratuity plans is the present value of the defined benefit obligations at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method.

The present value of the defined benefit obligation denominated in INR is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation. The benefits which are denominated in currency other than INR, the cash flows are discounted using market yields determined by reference to high-quality corporate bonds that are denominated in the current in which the benefits will be paid, and that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit and loss.

Remeasurement gains and losses arising from experience adjustments and change in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and under other equity in the balance sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service cost.

In respect of funded post-employment defined benefit plans, amounts due for payment within 12 months to the fund may be treated as 'current'.

Regarding unfunded post-employment benefit plans, settlement obligations which are due within 12 months in respect of employees who have resigned or expected to resign or are due for retirement within the next 12 months is 'current'. The remaining amount attributable to other employees, who are likely to continue in the services for more than a year, is classified as "non-current".

Company uses the work of an actuary in determining the current and non-current liability for unfunded post employee benefit obligations.

(b) Defined contribution plans

The Company pays provident fund contributions to publicly administered funds as per local regulations. The Company has no further payment obligations once the contributions have been paid. The contributions are accounted for as defined contribution plans and the contributions are recognised as employee benefit expense when they are due.

Termination benefits in the nature of voluntary retirement benefits are recognised in the Statement of Profit and Loss as and when incurred.

i. Borrowings:

Borrowings are initially recognised at fair value, net of transaction cost incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration

Notes to the Standalone Financial Statements

(All amounts in Indian Rupees crores, except equity shares and per share data unless otherwise stated)

paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other gains/(losses).

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period. Where there is a breach of a material provision of a long-term loan arrangement on or before the end of the reporting period with the effect that the liability becomes payable on demand on the reporting date, the entity does not classify the liability as current, if the lender agreed, after the reporting period and before the approval of financial statements for issue, not to demand payment as consequence of the breach

j. Trade and Other Payables:

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method. The credit period typically ranges between 60 to 90 days and are recognised initially at the transaction price as they do not contain significant financing components.

k. Revenue:

Taxes collected from customers relating to product sales and remitted to government authorities are excluded from revenues.

Government Grant in the form of export entitlements from government authorities are recognised in the statement of profit and loss as a income, when there is reasonable assurance that the entity will comply with the conditions attaching to them and the grants will be received.

l. Foreign currency translation:

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in statement of profit and loss. A monetary item for which settlement is neither

planned nor likely to occur in the foreseeable future is considered as a part of the entity's net investment in that foreign operation.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. Translation differences on non-monetary assets and liabilities such as equity instruments held at fair value through profit or loss are recognised in statement of profit and loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equity investments classified as FVOCI are recognised in other comprehensive income.

m. Dividends:

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

n. Borrowing Costs:

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing cost eligible for capitalisation. Other borrowings costs are expensed in the period in which they are incurred.

o. Leases:

As a lessee

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company. Contracts may contain both lease and non-lease components. The Company allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices.

Notes to the Standalone Financial Statements

(All amounts in Indian Rupees crores, except equity shares and per share data unless otherwise stated)

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentive receivables
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the Company under residual value guarantees
- the exercise price of a purchase option if the Company is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the Company exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Company, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Company:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Company which does not have recent third party financing, and
- makes adjustments specific to the lease, e.g. term, country, currency and security.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Short-term leases of equipment and all leases of low-value assets are recognised as expense over the lease term on straight-line basis or another systematic basis if that basis is more representative of the pattern of the benefit. Short-term leases are leases with a lease term of 12 months or less.

p. Segment Reporting:

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker. Managing director of the Company has been identified as being the chief operating decision maker.

q. Earnings per share:

i. Basic earnings per share

Basic earnings per share is calculated by dividing:

- The profit attributable to owners of the Company
- By the weighted average number of equity shares outstanding during the financial year, adjusted for bonus elements in equity shares if any, issued during the year, .

ii. The company does not have potential dilutive shares.

r. Provisions:

Provision for legal claims are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting

Notes to the Standalone Financial Statements

(All amounts in Indian Rupees crores, except equity shares and per share data unless otherwise stated)

period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provisions due to the passage of time is recognised as interest expense. Provision for litigation related obligation represents liabilities that are expected to materialise in respect of matters in appeal.

s. Offsetting financial instruments:

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

t. Current and non-current classification:

An asset/liability is classified as current if:

- The amount is expected to be realised or sold or consumed in the company's normal operating cycle; the liability is expected to be settled in normal operating cycle.
- Asset/liability is held primarily for the purpose of trading.
- Asset/Liability is expected to be realised/settled within twelve months after the reporting period; or

(d) The asset is cash or a cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

(e) The entity has no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other assets/liabilities are classified as non-current.

The operating cycle is the time between acquisition of assets for processing and their realisation in cash and cash equivalents. Based on the nature of products and time between acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current/non-current classification of assets and liabilities.

u. Rounding of Amounts:

All amounts disclosed in the financial statements and notes have been rounded off to the nearest crores as per the requirement of Schedule III of the Companies Act, 2013, unless otherwise stated.

Note 39. Audit Trail implementation

Due to standard functionality of SAP application, audit trail for a specific access in the application and database functionality of SAP, while changes made are logged, it does not capture 'old value' and 'new value' of changes made for which the holding company is working with the vendor for potential resolution. However, the audit trail feature of the payroll application of the holding company, has been enabled in phased manner during the year.

For **Price Waterhouse Chartered Accountants LLP**

Firm registration number: 012754N/N500016

N.K. Varadarajan

Partner

Membership number: 90196

Place: Hyderabad

Date: May 25, 2024

For and on behalf of the Board of Directors of

Divi's Laboratories Limited

Dr. Murali K Divi

Managing Director

DIN: 00005040

Dr. Kiran S Divi

Whole-time Director and

Chief Executive Officer

DIN: 00006503

L. Kishorebabu

Chief Financial Officer

Place: Hyderabad

Date: May 25, 2024

N.V. Ramana

Executive Director

DIN: 00005031

Nilima Prasad Divi

Whole-time Director

(Commercial)

DIN: 06388001

M. Satish Choudhury

Company Secretary

Membership No: F12493

Independent Auditor's Report

To the Members of **Divi's Laboratories Limited**

Report on the audit of the consolidated financial statements

Opinion

- We have audited the accompanying consolidated financial statements of Divi's Laboratories Limited (hereinafter referred to as the "Holding Company") and its subsidiaries (Holding Company and its subsidiaries together referred to as "the Group"), (refer Note 1 to the attached Consolidated Balance sheet as at March 31, 2024, the Consolidated Statement of profit and loss (including Other comprehensive income), the Consolidated Statement of changes in equity, the Consolidated Statement of cash flows for the year then ended, and Notes to the Consolidated financial statements including material accounting policy information and other explanatory information (hereinafter referred to as "the consolidated financial statements").
- In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group, as at March 31, 2024, and consolidated total comprehensive income (comprising of profit and other comprehensive income), consolidated changes in equity and its consolidated cash flows for the year then ended.

Basis for Opinion

- We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those Standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in India in terms of the Code of Ethics issued by the Institute of Chartered Accountants of India and the relevant provisions of the Act, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in paragraph

14 of the Other Matters section below, is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

- Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

A. Appropriateness of recognition of revenue from sale of products in correct period by the Holding Company

Refer to Note 16 and Note 39(q) of the consolidated financial statements for the accounting policy information.

The Holding Company has earned revenue of ₹7,603 crores from sale of products during the year. Revenue in respect of sale of products is recognised when the customer obtains control of the Holding Company's product, which occurs at a point in time.

The Holding Company has many customers operating in various geographies and sale contracts with customers have different international commercial terms (incoterms), which influence the timing of recognition of revenue.

The above was considered to be a key audit matter, since revenue is one of the key performance indicators for the Holding Company and there is a risk of recognition of revenue in an incorrect period given the different contractual terms with the customers.

How our audit addressed the key audit matter

Our procedures included the following:

- We evaluated relevant accounting policies and assessed whether it is in compliance with applicable accounting standards.
- We have performed walkthrough and obtained detailed understanding of Holding Company's revenue recognition process.
- We evaluated the design, implementation and tested the operating effectiveness of controls around recognition of revenue from sale of products.
- Tested revenue from sale of products, including sales occurred close to year end period, to their underlying

supporting documents like purchase order, invoice, shipping documents, incoterms etc., on sample basis to evaluate whether revenue has been recognised in the correct accounting period.

- We verified whether the presentation and disclosures are in accordance with applicable accounting standards and reporting framework.

From the procedures performed, we did not come across any exception.

B. Appropriateness of tax rates considered in recognition of the deferred tax liability

(Refer Notes 13, 24, 39(j) to the Consolidated financial statements)

As at March 31, 2024 the Holding Company has a deferred tax liability (net) of ₹582 crores in the Consolidated financial statements.

The Holding Company's management has made significant judgements in application of the enacted tax rates applied on temporary differences that would reverse in future periods given that the Holding Company has an irrevocable option of paying taxes at lower rates under the new tax regime and forego certain tax holiday benefits including from units setup in Special Economic Zones.

The above was considered as a key audit matter, as the Holding Company's management has made assumptions and exercised judgements in determination of appropriate tax rates to be considered for computing the deferred tax on temporary differences at the balance sheet date.

How our audit addressed the key audit matter

Our procedures included the following:

- We evaluated relevant accounting policies in respect of recognising deferred tax assets/liabilities and assessed whether they are in compliance with applicable accounting standards.
- We evaluated the design, implementation and tested the operating effectiveness of controls around estimates involved in relation to the computation of the tax expense and deferred tax liability.
- We evaluated the Holding Company management's assessment of availing benefits under the Income-tax laws.

We understood the factors considered in the Holding Company's assumptions and sensitivities if Holding Company's management opts for the new tax regime earlier or later than the estimated year.

We assessed appropriateness of the tax rate applied to temporary differences as at March 31, 2024 in light of current tax laws and substantively enacted tax rates.

We verified that the presentation and disclosures are in accordance with applicable accounting standards and reporting framework.

Based on the above procedures performed, no significant exceptions were noted with respect to the management's assessment of the carrying amount of deferred tax liability.

Other Information

- The Holding Company's Board of Directors is responsible for the other information. The other information comprises Management Discussion and Analysis, Board's Report, Business Responsibility and Sustainability Report and Corporate Governance report (but does not include the consolidated financial statements and our auditor's report thereon), which we obtained prior to the date of this auditor's report, and additional information excluding those referred earlier that would be included in the annual report which is expected to be made available to us after that date.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report and the reports of the other auditors as furnished to us (Refer paragraph 14 below), we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

When we read the additional information excluding the those referred earlier that will be included in the annual

report and made available to us at a later date, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take appropriate action as applicable under the relevant laws and regulations.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

6. The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows, and changes in equity of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.
7. In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.
8. The respective Board of Directors of the companies included in the Group are responsible for overseeing the financial reporting process of the Group.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

9. Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.
10. As part of an audit in accordance with SAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:
 - Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
 - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Holding company has adequate internal financial controls with reference to consolidated financial statements in place and the operating effectiveness of such controls.
 - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
 - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial

statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
 - Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the consolidated financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.
11. We communicate with those charged with governance of the Holding Company of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
 12. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
 13. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

14. The financial statements of two subsidiaries located outside India, included in the consolidated financial statements, which constitute total assets of ₹419 crores and net assets of ₹122 crores as at March 31, 2024, total revenue of ₹559 crores, total comprehensive income (comprising of profit and other comprehensive income) of ₹18 crores and net cash outflows amounting to ₹7 crores for the year then ended, have been prepared in accordance with accounting principles generally accepted in their respective countries and have been audited by other auditors under generally accepted auditing standards applicable in their respective countries. The Holding Company's management has converted the financial statements of such subsidiaries located outside India from the accounting principles generally accepted in their respective countries to the accounting principles generally accepted in India. We have audited these conversion adjustments made by the Holding Company's management. Our opinion in so far as it relates to the balances and affairs of such subsidiaries located outside India, including other information, is based on the report of other auditors and the conversion adjustments prepared by the management of the Holding Company and audited by us.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements certified by the Management.

Report on Other Legal and Regulatory Requirements

15. This report does not contain a statement on the matter specified in paragraph 3(xxii) of 'the Companies (Auditor's Report) Order, 2020' ("CARO 2020") issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act as, in our opinion, and according to the information and explanations given to us, CARO 2020 is not applicable to any of the subsidiaries included in these consolidated financial statements.
16. As required by Section 143(3) of the Act, we report, to the extent applicable, that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.

- (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors except for the matters stated in paragraph 16(h)(vi) below on reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 (as amended).
- (c) The Consolidated Balance sheet, the Consolidated Statement of profit and loss (including other comprehensive income), the Consolidated Statement of changes in equity and the Consolidated Statement of cash flows dealt with by this Report are in agreement with the relevant books of account and records maintained for the purpose of preparation of the consolidated financial statements.
- (d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act.
- (e) On the basis of the written representations received from the directors of the Holding Company, taken on record by the Board of Directors of the Holding Company, none of the directors of the Holding Company is disqualified as on March 31, 2024, from being appointed as a director in terms of Section 164(2) of the Act.
- (f) With respect to the maintenance of accounts and other matters connected therewith, reference is made to our remarks in paragraph 16(h)(vi) below on reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 (as amended).
- (g) As there are no subsidiaries incorporated in India, this report does not contain a separate report on the internal financial controls with reference to consolidated financial statements of the Group under clause (i) of sub-section 3 of 143 of the Act. Refer Annexure A to our report on the audit of standalone financial statements dated May 25, 2024, for our report on the internal financial controls with reference to standalone financial statements of the Holding Company.
- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group – refer note 33 to the consolidated financial statements.
 - ii. The Group did not require to recognise a provision as at March 31, 2024, under the applicable law or accounting standards, as it does not have any material foreseeable losses on long-term contracts. The Group did not have any derivative contracts as at March 31, 2024.
 - iii. There has been no delay in transferring amounts required to be transferred to the Investor Education and Protection Fund by the Holding Company.
 - iv. (a) The management of the Holding Company has represented that, to the best of their knowledge and belief, as disclosed in notes to accounts, (Refer Note 34(v)(A) to the consolidated financial statements) no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Holding Company or any of such subsidiaries to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Group ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
 - (b) The management of the Holding Company have represented that, to the best of their knowledge and belief, as disclosed in the notes to accounts (Refer Note 34(v)(B) to the consolidated financial statements), no funds have been received by the Holding Company or any of such subsidiaries from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company or any of such subsidiaries shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- (c) Based on the audit procedures, that has been considered reasonable and appropriate in the circumstances, performed by us nothing has come to our notice that has caused us to believe that the representations under sub-clause (a) and (b) contain any material misstatement.
- Reporting under Rule 11(e) of Companies (Audit and Auditors) Amendment Rules, 2021 is not applicable to the subsidiaries of the Holding Company, as there are no subsidiaries incorporated in India.
- v. The dividend declared and paid during the year by the Holding Company, is in compliance with Section 123 of the Act.
- Reporting under Rule 11(f) of companies (Audit and Auditors) Amendment Rules, 2021 is not applicable to the subsidiaries of the Holding Company, as there are no subsidiaries incorporated in India.
- vi. Based on our examination, which included test checks, the Holding Company has used an accounting software for maintaining its books of account which has a feature of recording audit trail (edit log) facility and that has been operating throughout the year for all relevant transactions recorded in the software at application level, except that audit trail has not been enabled for changes made through one specific access at the application level and at the database level. Further, for the payroll application, the audit trail feature is not fully enabled, and Holding Company's management is incrementally enabling the same as explained in note 40 to the Consolidated financial statements.
- Based on procedures carried out during our audit, we did not notice any instance of audit trail feature being tampered with in instances where audit trail facility is enabled and operating.
- Reporting under Rule 11(g) of companies (Audit and Auditors) Amendment Rules, 2021 is not applicable to the subsidiaries of the Holding Company, as there are no subsidiaries incorporated in India.
17. The Holding Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

For Price Waterhouse Chartered Accountants LLP
Firm Registration Number: 012754N/N500016

N.K. Varadarajan

Partner

Place: Hyderabad
Date: May 25, 2024

Membership number: 90196
UDIN: 24090196BKHJJ2914

Consolidated Balance Sheet

(All amounts in Indian Rupees crores, except equity shares and per share data unless otherwise stated)

Particulars	Note	As at March 31, 2024	As at March 31, 2023
ASSETS			
Non-current assets			
Property, plant and equipment	3	4,733	4,714
Right of use assets	3(a)	2	3
Capital work-in-progress	4	778	212
Intangible assets	5	4	5
Financial assets			
(i) Investments	6(a)	82	77
(ii) Other financial assets	6(b)(i)	56	51
Income tax assets (net)	7(a)	1	29
Deferred tax asset	13(a)	10	14
Other non-current assets	8	129	22
Total Non-current assets		5,795	5,127
Current assets			
Inventories	9	3,184	3,000
Financial assets			
(i) Trade receivables	6(c)	2,156	1,793
(ii) Cash and cash equivalents	6(d)	363	170
(iii) Bank balances other than (ii) above	6(e)	3,617	4,044
(iv) Other financial assets	6(b)(ii)	7	6
Income tax assets (net)	7(b)	28	98
Other current assets	10	320	201
Total Current assets		9,675	9,312
TOTAL ASSETS		15,470	14,439
EQUITY AND LIABILITIES			
Equity			
Equity share capital	11(a)	53	53
Other equity	11(b)	13,518	12,714
TOTAL EQUITY		13,571	12,767
Liabilities			
Non-current liabilities			
Financial liabilities			
(i) Lease liabilities	3(b)	2	3
Provisions	12	37	31
Deferred tax liabilities (net)	13(b)	582	537
Total Non-current liabilities		621	571
Current liabilities			
Financial liabilities			
(i) Borrowings	14(a)	-	-
(ii) Lease liabilities	3(b)	1	1
(iii) Trade payables	14(b)		
a) Total outstanding dues of micro and small enterprises		35	37
b) Total outstanding dues other than (iii) (a) above		789	725
(iv) Other financial liabilities	14(c)	100	43
Current tax liabilities (net)	7(c)	43	2
Other current liabilities	15	303	288
Provisions	12	7	5
Total current liabilities		1,278	1,101
TOTAL LIABILITIES		1,899	1,672
TOTAL EQUITY AND LIABILITIES		15,470	14,439

The accompanying notes are an integral part of the Consolidated financial statements
This is the Consolidated Balance Sheet referred to in our report of even date

For **Price Waterhouse Chartered Accountants LLP**
Firm registration number: 012754N/N500016

N.K. Varadarajan
Partner
Membership number: 90196

Place: Hyderabad
Date: May 25, 2024

For and on behalf of the Board of Directors of
Divi's Laboratories Limited

Dr. Murali K Divi
Managing Director
DIN: 00005040

Dr. Kiran S Divi
Whole-time Director and
Chief Executive Officer
DIN: 00006503

L. Kishorebabu
Chief Financial Officer

Place: Hyderabad
Date: May 25, 2024

N.V. Ramana
Executive Director
DIN: 00005031

Nilima Prasad Divi
Whole-time Director
(Commercial)
DIN: 06388001

M. Satish Choudhury
Company Secretary
Membership No: F12493

Consolidated Statement of Profit and Loss

(All amounts in Indian Rupees crores, except equity shares and per share data unless otherwise stated)

Particulars	Note	For the year ended March 31, 2024	For the year ended March 31, 2023
Income			
Revenue from operations	16	7,845	7,767
Other income	17	339	345
Total Income		8,184	8,112
Expenses			
Cost of raw materials consumed	18	3,232	3,008
Purchase of stock-in-trade		6	22
Changes in inventories of finished goods, work-in-progress and stock-in-trade	19	(109)	23
Employee benefits expense	20	1,094	975
Finance costs	21	3	1
Depreciation and amortisation expense	22	378	343
Other expenses	23	1,417	1,371
Total expenses		6,021	5,743
Profit before tax		2,163	2,369
Tax expense			
Current tax	24	514	439
Deferred tax		49	106
Total tax expense		563	545
Profit after tax for the year		1,600	1,824
Other comprehensive income			
(A) Items that will not be reclassified to profit or loss			
(Loss)/gain on remeasurements of post-employment benefit obligations		(2)	3
Income tax relating to these items		1	(1)
(B) Items that will be reclassified to profit or loss			
Exchange differences on translation of foreign operations		2	12
Income tax relating to these items		(1)	(2)
Other comprehensive income after tax for the year		-	12
Total comprehensive income for the year		1,600	1,836
Earnings per share (par value of ₹2 each)			
-Basic and Diluted	38	60.27	68.69

The accompanying notes are an integral part of the Consolidated financial statements
This is the Consolidated statement of profit and loss referred to in our report of even date

For **Price Waterhouse Chartered Accountants LLP**
Firm registration number: 012754N/N500016

N.K. Varadarajan
Partner
Membership number: 90196

Place: Hyderabad
Date: May 25, 2024

For and on behalf of the Board of Directors of
Divi's Laboratories Limited

Dr. Murali K Divi
Managing Director
DIN: 00005040

Dr. Kiran S Divi
Whole-time Director and
Chief Executive Officer
DIN: 00006503

L. Kishorebabu
Chief Financial Officer

Place: Hyderabad
Date: May 25, 2024

N.V. Ramana
Executive Director
DIN: 00005031

Nilima Prasad Divi
Whole-time Director
(Commercial)
DIN: 06388001

M. Satish Choudhury
Company Secretary
Membership No: F12493

Consolidated Statement of Cash Flows

(All amounts in Indian Rupees crores, except equity shares and per share data unless otherwise stated)

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Cash flows from operating activities		
Profit before tax	2,163	2,369
Adjustments for:		
Depreciation and amortisation expense	378	343
Unrealised foreign exchange gain/(loss)	(2)	10
Interest income from financial assets at amortised cost	(301)	(205)
Change in fair value of investments in optionally convertible debentures	(5)	(5)
Provision for doubtful debts/(written back) [including bad debts recovered]	4	.*
Interest expense	3	.*
Loss on disposal/discard of property plant and equipment and intangible assets	4	1
Amortisation of government grants	.*	.*
	2,244	2,513
Change in operating assets and liabilities		
(Increase) /Decrease in trade receivables	(361)	650
(Increase)/Decrease in inventories	(184)	(172)
Increase/(Decrease) in trade payables	62	(34)
(Increase) /Decrease in other non current assets	(7)	4
(Increase) /Decrease in other non-current financial assets	(5)	7
(Increase) /Decrease in other current financial assets	(1)	(1)
(Increase) /Decrease in other current assets	(119)	16
Increase/(Decrease) in non-current employee benefit obligation	4	8
Increase /Decrease) in current employee benefit obligation	2	1
Increase/(Decrease) in other financial liabilities	(5)	(1)
Increase/(Decrease) in other current liabilities	7	(59)
Cash generated from operations	1,637	2,932
Income tax paid including withholding tax and net of refunds	(376)	(473)
Net cash inflow from operating activities	1,261	2,459
Cash flows from investing activities		
Payments for property, plant and equipment	(1,003)	(473)
Proceeds from sale of property, plant and equipment	-	.*
Interest received	300	205
Proceeds from withdrawal of deposits	3,949	1,601
Investment in deposits	(3,515)	(4,040)
Net cash outflow from investing activities	(269)	(2,707)

Consolidated Statement of Cash Flows

(All amounts in Indian Rupees crores, except equity shares and per share data unless otherwise stated)

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Cash flows from financing activities		
Proceeds/(repayment) from working capital loans	-	-
Interest paid	(2)	.*
Principal elements of lease liabilities paid	(1)	(1)
Dividend paid to company's shareholders	(796)	(796)
Net cash outflow from financing activities	(799)	(797)
Net (decrease)/increase in cash and cash equivalents	193	(1,045)
Cash and cash equivalents at the beginning of the year	170	1,215
Cash and cash equivalents at end of the year	363	170
Reconciliation of cash and cash equivalents at the end of the year		
Cash and cash equivalents	363	170
Balances as per Statement of cash flows	363	170

*Amount is below the rounding off norm adopted by the group

- The Consolidated statement of cash flows has been prepared under the indirect method as set out in Indian accounting standard (Ind AS 7 - Statement of cash flows) Statement of cash flows)
- The accompanying notes are an integral part of the consolidated financial statements.

This is the Consolidated statement of cash flows referred to in our report of even date

For **Price Waterhouse Chartered Accountants LLP**
Firm registration number: 012754N/N500016

For and on behalf of the Board of Directors of
Divi's Laboratories Limited

N.K. Varadarajan
Partner
Membership number: 90196

Dr. Murali K Divi
Managing Director
DIN: 00005040

N.V. Ramana
Executive Director
DIN: 00005031

Dr. Kiran S Divi
Whole-time Director and
Chief Executive Officer
DIN: 00006503

Nilima Prasad Divi
Whole-time Director
(Commercial)
DIN: 06388001

Place: Hyderabad
Date: May 25, 2024

L. Kishorebabu
Chief Financial Officer

M. Satish Choudhury
Company Secretary
Membership No: F12493

Place: Hyderabad
Date: May 25, 2024

Consolidated statement of changes in equity

(All amounts in Indian Rupees crores, except equity shares and per share data unless otherwise stated)

a. Equity Share Capital

S. No	Particulars	As at March 31, 2024	As at March 31, 2023
i	Balance at the beginning of the reporting period	53	53
ii	Balance at the end of the reporting period	53	53

b. Other Equity

S. No	Particulars	Reserves and surplus				Other comprehensive Income	Total
		Securities premium	SEZ reinvestment reserve	General reserve	Retained earnings	Exchange differences on translating the financial statements of foreign operations	
As at March 31, 2024							
i	Balance at the beginning of the current reporting period	80	650	1,000	10,959	25	12,714
ii	Profit after tax for the current reporting period	-	-	-	1,600	-	1,600
iii	Other Comprehensive Income after tax for the current reporting period	-	-	-	(1)	1	-
iv	Total comprehensive income for the current reporting period	-	-	-	1,599	1	1,600
v	Dividend paid to Company's shareholders - transactions with owners in their capacity as owners	-	-	-	(796)	-	(796)
vi	Transfer from retained earnings to SEZ reinvestment reserve	-	260	-	(260)	-	-
vii	Transfer to retained earnings from SEZ reinvestment reserve	-	(284)	-	284	-	-
viii	Balance at the end of the current reporting period	80	626	1,000	11,786	26	13,518
As at March 31, 2023							
i	Balance at the beginning of the previous reporting period	80	591	1,000	9,988	15	11,674
ii	Profit after tax for the previous reporting period	-	-	-	1,824	-	1,824
iii	Other Comprehensive Income after tax for the previous reporting period	-	-	-	2	10	12
iv	Total comprehensive income for the previous reporting period	-	-	-	1,826	10	1,836
v	Dividend paid to Company's shareholders - transactions with owners in their capacity as owners	-	-	-	(796)	-	(796)
vi	Transfer from retained earnings to SEZ reinvestment reserve	-	145	-	(145)	-	-
vii	Transfer to retained earnings from SEZ reinvestment reserve	-	(86)	-	86	-	-
viii	Balance at the end of the previous reporting period	80	650	1,000	10,959	25	12,714

The accompanying notes are an integral part of the financial statements

This is the Consolidated statement of changes in equity referred to in our report of even date

For **Price Waterhouse Chartered Accountants LLP**
Firm registration number: 012754N/N500016

N.K. Varadarajan
Partner
Membership number: 90196

For and on behalf of the Board of Directors of
Divi's Laboratories Limited

Dr. Murali K Divi
Managing Director
DIN: 00005040

Dr. Kiran S Divi
Whole-time Director and
Chief Executive Officer
DIN: 00006503

L. Kishorebabu
Chief Financial Officer

Place: Hyderabad
Date: May 25, 2024

N.V. Ramana
Executive Director
DIN: 00005031

Nilima Prasad Divi
Whole-time Director
(Commercial)
DIN: 06388001

M. Satish Choudhury
Company Secretary
Membership No: F12493

Place: Hyderabad
Date: May 25, 2024

Notes to the Consolidated Financial Statements

(All amounts in Indian Rupees crores, except equity shares and per share data unless otherwise stated)

1. Corporate Information:

1.1 Divi's Laboratories Limited ("Divi's"/"Company") is a Company limited by shares, incorporated and domiciled in India. The Company is engaged in the manufacture of Active Pharmaceutical ingredients (API's), Intermediates and Nutraceutical ingredients with predominance in exports. In addition to generics, the company, through its Custom synthesis, supports innovator pharma companies for their patented products business right from gram scale requirements for clinical trials to launch as well as late life cycle management.

The Company is a public limited company and the Company's equity shares are listed in BSE Limited (BSE) and National Stock Exchange of India Limited (NSE) in India. The Company has two subsidiaries Divis Laboratories USA, Inc., ("Divis USA") incorporated in United States of America and Divi's Laboratories Europe AG ("Divi's Europe") incorporated in Switzerland, for marketing the Nutraceutical products (dietary supplements) and pharmaceutical ingredients of the Company. Divi's Laboratories Limited, Divis Laboratories USA Inc., and Divi's Laboratories Europe AG are hereinafter referred to as 'the Group'.

1.2 The consolidated financial statements are approved for issue by the Company's Board of Directors on May 25, 2024.

2. Basis of Preparation:

(i) Compliance with Ind AS

The Consolidated financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under section 133 of the Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015] and other relevant provisions of the Act and guidelines issued by Securities and Exchange Board of India (SEBI).

(ii) Historical cost convention

The consolidated financial statements have been prepared on a historical cost basis, except for the following:

- Certain financial assets and liabilities that are measured at fair value;
- Defined benefit plans – plan assets measured at fair value

(iii) New and amended standards adopted by the Group

The Ministry of Corporate Affairs had vide notification dated March 31, 2023 notified Companies (Indian Accounting Standards) Amendment Rules, 2022 which amended certain accounting standards, and are effective from April 1, 2023.

- Disclosure of accounting policies – Amendment to Ind AS 1 (Presentation of financial statements). Further, the other accounting policies are described in the note 39.
- Definition of accounting estimates - Amendment to Ind AS 8 (Accounting policies, changes in accounting estimates and errors); and
- Deferred tax related to assets and liabilities arising from a single transaction - Amendments to Ind AS 12 (Income taxes)
- These amendments did not have any material impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

(iv) Critical estimates and Judgements

The preparation of consolidated financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also need to exercise judgement in applying the Group's accounting policies.

Notes to the Consolidated Financial Statements

(All amounts in Indian Rupees crores, except equity shares and per share data unless otherwise stated)

This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. Information about the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed is given in the relevant notes.

The areas involving critical estimates or judgements are:

- (i) Estimation of deferred tax expense and liability - note 13
- (ii) Estimation of defined benefit obligations - note 12

- (iii) Estimation of useful lives and residual value of property, plant and equipment and intangible assets - note 3

- (iv) Estimation of fair values of contingent liabilities - note 33

Other areas of accounting estimates are:

- (i) Estimation of expected credit loss - note 27
- (ii) Estimation of slow-moving inventory items - note 9
- (iii) Estimation of accrual for rebate - note 16

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the group and that are believed to be reasonable under the circumstances.

Notes to the Consolidated Financial Statements

(All amounts in Indian Rupees crores, except equity shares and per share data unless otherwise stated)

Note 3: Property, plant and equipment

Accounting policy

Freehold land is carried at historical cost. All other items of property, plant and equipment are stated at historical cost less depreciation.

Refer note 39(d) for other accounting policies relevant to property, plant and equipment

Depreciation methods, estimated useful lives and residual value

Depreciation on property, plant & equipment is provided on straight-line basis to allocate their cost, net of residual value over the estimated useful lives of the assets. The useful lives and residual values have been determined in order to reflect the actual usage of the assets and are consistent with the useful lives prescribed under Schedule II of the Companies Act, 2013.

Following are the estimated useful lives:

	7.5 to 25 years	Vehicles	8 and 10 years
Plant & machinery			
Roads and buildings	3 to 60 years	Laboratory equipment	10 years
Furniture and fixtures	10 years	Computer and data processing units	3 to 6 years
Office equipment	5 years		

The residual values are not more than 5% of the original cost of the asset. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

	Freehold Land	Plant and Machinery	Roads and Buildings	Furniture and Fixtures	Vehicles	Office Equipment	Laboratory Equipment	Computer and data processing units	Total
Year ended March 31, 2024									
Gross carrying amount									
At the beginning of the year	194	4,179	1,560	57	27	44	244	27	6,332
Additions	1	267	107	4	-	7	12	3	401
Disposals	-	(8)	.*	-	.*	-	-	-	(8)
At the end of the year	195	4,438	1,667	61	27	51	256	30	6,725
Accumulated depreciation									
At the beginning of the year	-	1,218	214	27	10	27	103	19	1,618
Depreciation charge	-	286	55	5	3	5	20	4	378
Disposals	-	(4)	-	-	-	-	-	-	(4)
At the end of the year	-	1,500	269	32	13	32	123	23	1,992
Net carrying amount as at March 31, 2024	195	2,938	1,398	29	14	19	133	7	4,733

Notes to the Consolidated Financial Statements

(All amounts in Indian Rupees crores, except equity shares and per share data unless otherwise stated)

Year ended March 31, 2023	Freehold Land	Plant and Machinery	Roads and Buildings	Furniture and Fixtures	Vehicles	Office Equipment	Laboratory Equipment	Computer and data processing units	Total
Gross carrying amount									
At the beginning of the year	173	3,629	1,435	50	26	39	217	25	5,594
Additions	22	550	125	7	1	5	27	2	739
Disposals	(1)	-*	-*	-	-*	-	-	-	(1)
At the end of the year	194	4,179	1,560	57	27	44	244	27	6,332
Accumulated depreciation									
At the beginning of the year	-	962	166	22	7	23	84	16	1,280
Depreciation charge	-	256	48	5	3	4	19	3	338
Disposals	-	-	-	-	-	-	-	-	-
At the end of the year	-	1,218	214	27	10	27	103	19	1,618
Net carrying amount as at March 31, 2023	194	2,961	1,346	30	17	17	141	8	4,714

* Amount is below the rounding off norm adopted by the Group

Notes:

- Title deeds of the immovable properties included above are held in the name of the company.
- Contractual obligations and other commitments: Refer note 35(i) for disclosure of contractual and other commitments for the acquisition of property, plant and equipment.
- The gross carrying amounts of roads and buildings and plant and machinery includes staff cost of ₹6 (March 31, 2023: ₹6) relating to projects team involved in supervision and monitoring of these projects and cost of power consumed of ₹3 (March 31, 2023: ₹3)
- The group has not revalued its property, plant and equipment during the year or in the previous year.

Notes to the Consolidated Financial Statements

(All amounts in Indian Rupees crores, except equity shares and per share data unless otherwise stated)

Note 3(a): Right of use assets

Accounting policy

Refer note 39(r) for accounting policies relevant to leases

	March 31, 2024	March 31, 2023
Gross carrying amount		
At the beginning of the year	6	5
Additions	.*	.*
Foreign operations translation adjustments	.*	1
At the end of the year	6	6
Accumulated Depreciation		
At the beginning of the year	3	2
Depreciation charge during the year	1	1
Foreign operations translation adjustments	.*	.*
At the end of the year	4	3
Net carrying amount	2	3

* Amount is below the rounding off norm adopted by the Group

Note 3(b): Lease Liabilities

	March 31, 2024	March 31, 2023
Non-current		
Lease liabilities	2	3
Current		
Lease liabilities	1	1
	3	4

Note 3(c): Amounts recognised in the consolidated statement of profit and loss

	Note	March 31, 2024	March 31, 2023
Depreciation on right of use assets	22	1	1
Interest expenses included in finance costs	21	.*	.*

Note 4: Capital Work-in-progress

Accounting policy

Capital work-in-progress includes cost of property, plant and equipment under installation/under development as at the balance sheet date.

	March 31, 2024	March 31, 2023
Capital work-in-progress		
At the beginning of the year	212	470
Additions	968	483
Capitalisations	(402)	(741)
At the end of the year	778	212

Notes to the Consolidated Financial Statements

(All amounts in Indian Rupees crores, except equity shares and per share data unless otherwise stated)

Note 4(a): Capital work-in-progress (CWIP) ageing schedule

As at March 31, 2024	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	736	34	8	-	778
Projects temporarily suspended	-	-	-	-	-

As at March 31, 2023	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	165	27	10	10	212
Projects temporarily suspended	-	-	-	-	-

Note 4(b): There are no capital-work-in progress, whose completion is overdue or has exceeded its cost compared to its original plan as at March 31, 2024 and March 31, 2023.

Note 4(c): Assets under construction majorly consist of roads & buildings, plant & machinery and corresponding internal development costs. During the year, the Company has incurred total capital costs of ₹968 (March 31, 2023: ₹483) on capital work-in-progress at various locations which includes internal expenditure incurred pending capitalisation till March 31, 2024 of ₹44 (March 31, 2023: ₹2) as per details given below:

Internal expenditure pending capitalisation	March 31, 2024	March 31, 2023
Employee benefits	15	2
Power and fuel	3	.*
Insurance	1	-
Rates and taxes, excluding taxes on income	6	-
Environment compliance expenses	11	-
General expenses	2	-
Electricity service line charges	2	-
Depreciation and amortisation	4	-
Total	44	2

* Amount is below the rounding off norm adopted by the Group

Note 5: Intangible assets

Accounting policy

Refer note 39(e) for accounting policies relevant to intangible assets

Particulars	March 31, 2024	March 31, 2023
Computer software		
Gross carrying amount		
At the beginning of the year	27	25
Additions	2	2
Disposals	-	.*
At the end of the year	29	27

Notes to the Consolidated Financial Statements

(All amounts in Indian Rupees crores, except equity shares and per share data unless otherwise stated)

Particulars	March 31, 2024	March 31, 2023
Accumulated amortisation		
At the beginning of the year	22	18
Amortisation charge	3	4
Disposals	-	.*
At the end of the year	25	22
Net carrying amount	4	5

* Amount is below the rounding off norm adopted by the Group

Note:

The Group has not revalued intangible assets during the year or in the previous year

Note 6: Financial Assets

Accounting policy

(i) Classification

The group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value, and
- those measured at amortisation cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will be recorded in profit or loss. For investments in debt instruments, this will depend on the business model in which the investment is held. The group reclassifies debt investments when and only when its business model for managing those assets changes.

(ii) Measurement

At initial recognition, the Group measures a financial asset (excluding trade receivables which do not contain a significant financing component) at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

(a) Debt instruments

Subsequent measurement of debt instruments depends on the group's business model for managing the asset and the cash flow characteristics of the asset. There are two measurement categories into which the Group classifies its debt instruments:

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other income.

Fair value through profit or loss: Assets that do not meet the criteria for amortised cost or fair value through other comprehensive income (FVOCI) are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss and presented net in the statement of profit and loss within other income in the period in which it arises. Interest income from these financial assets is included in other income.

Notes to the Consolidated Financial Statements

(All amounts in Indian Rupees crores, except equity shares and per share data unless otherwise stated)

(b) Equity instruments

The group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss. Dividends from such investments are recognised in profit or loss as other income when the Group's right to receive payments is established. Changes in the fair value of equity instruments at fair value through profit or loss are recognised in other income in the statement of profit and loss. Impairment losses (and reversal of impairment losses) on equity investments measured at fair value are not reported separately from other changes in fair value.

(c) Trade receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business and reflects company's unconditional right to receive consideration (that is, payment is due only on the passage of time). Trade receivables are recognised initially at the transaction price as they do not contain significant financing components.

(iii) Impairment of financial assets

The group assesses on a forward-looking basis, the expected credit losses associated with its financial assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 27(A) details how the group determines whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by Ind AS 109 - Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

Allowance for uncollected accounts receivable and advances: Trade receivables do not carry any interest and are stated at their nominal value as reduced by appropriate allowances for estimated irrevocable amounts. Individual trade receivables are written off when management deems them not to be collectible. Impairment is made on the expected credit losses, which are the present value of the cash shortfall over the expected life of the financial assets – note 27(A).

Refer note 39(g) for other accounting policies relevant to financial assets.

Note 6(a): Non current Investments

	March 31, 2024	March 31, 2023
(Unquoted, fully paid up)		
(a) Investment in equity instruments in other companies (at FVPL)		
12000 (March 31, 2023: 12000) Equity Shares of ₹10/- each of Pattan Cheru Enviro Tech Limited	.*	.*
Total equity instrument	.*	.*
(b) Investment in debentures in other companies (at FVPL)		
0.25% Redeemable, 7,20,00,000 optionally convertible debentures (OCDs) of ₹10/- each (Including change in fair value of investments in OCDs ₹10 (March 31, 2023: ₹5))	82	77
Total debentures	82	77
Total Non-current investments	82	77
Aggregate amount of unquoted investments	82	77
Aggregate amount of quoted investments and market value thereof	-	-
Aggregate amount of impairment in the value of investment	-	-

* Amount is below the rounding off norm adopted by the Group

Notes to the Consolidated Financial Statements

(All amounts in Indian Rupees crores, except equity shares and per share data unless otherwise stated)

Note 6(b): Other financial assets

	March 31, 2024	March 31, 2023
6(b)(i): Other financial assets - non - current		
Security deposits	56	49
Term deposits with bank with original maturity period exceeding twelve months (pledged towards margin on guarantees issued by bank)	-	2
Total Other financial assets - non - current	56	51
6(b)(ii): Other financial assets - current		
Export incentive receivable	1	.*
Rental deposits	3	3
Other deposits	3	3
Insurance claims receivable	-	.*
Total other financial assets - current	7	6

* Amount is below the rounding off norm adopted by the Group

Note 6(c): Trade receivables

	March 31, 2024	March 31, 2023
Trade receivables	2,166	1,799
Less: Loss allowance	10	6
Total Trade receivables	2,156	1,793
Current portion	2,156	1,793
Non-current portion	-	-

(i) Security wise break-up of trade receivables

	March 31, 2024	March 31, 2023
Trade receivables considered good- secured	-	-
Trade receivables considered good - unsecured	2,158	1,793
Trade receivables - credit impaired	8	6
Total	2,166	1,799
Less: Loss allowance	10	6
Total trade receivables	2,156	1,793

* Amount is below the rounding off norm adopted by the Group

(ii) Ageing of trade receivables

Particulars	Unbilled	Not due	Outstanding for following periods from due date of payment					Total
			Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
March 31, 2024								
Undisputed trade receivables								
considered good	-	1,807	341	6	2	2	-	2,158
credit impaired	-	-	-	-	1	1	5	7
Disputed trade receivables								
considered good	-	-	-	-	-	-	-	-
credit impaired	-	-	-	-	-	-	1	1
Total	-	1,807	341	6	3	3	6	2,166
Less: Loss allowance	-	-	-	-	1	3	6	10
Total trade receivables								2,156

Notes to the Consolidated Financial Statements

(All amounts in Indian Rupees crores, except equity shares and per share data unless otherwise stated)

Particulars	Unbilled	Not due	Outstanding for following periods from due date of payment					Total
			Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
March 31, 2023								
Undisputed trade receivables								
considered good	-	1,516	272	3	1	1	-	1,793
credit impaired	-	-	-*	-	1	1	3	5
Disputed trade receivables								
considered good	-	-	-	-	-	-	-	-
credit impaired	-	-	-	-	-	-	1	1
Total	-	1,516	272	3	2	2	4	1,799
Less: Loss allowance	-	-	-*	-	1	1	4	6
Total trade receivables								1,793

* Amount is below the rounding off norm adopted by the Group

Note 6(d): Cash and cash equivalents

Refer note 39(i) for accounting policies relevant to cash and cash equivalents

	March 31, 2024	March 31, 2023
Balances with banks:		
- in current accounts	22	28
- in term deposits with original maturity period not more than three months	340	141
Cash on hand	1	1
Total cash and cash equivalents*	363	170

*There are no repatriation restrictions on cash and cash equivalents as at the end of the current year and previous year.

Note 6(e): Bank balances other than cash and cash equivalents

	March 31, 2024	March 31, 2023
Balances in earmarked accounts with banks:		
- Unclaimed dividend	1	1
- Unspent CSR account	7	-
Balances in term deposit accounts with original maturity period of more than three months and not more than twelve months:		
- pledged towards overdraft facilities with banks	274	76
- pledged towards Margin on guarantees issued by bank	-*	4
- other unencumbered deposits	3,335	3,963
Total bank balances other than cash and cash equivalents	3,617	4,044

*Amount is below the rounding off norm adopted by the Group

Notes to the Consolidated Financial Statements

(All amounts in Indian Rupees crores, except equity shares and per share data unless otherwise stated)

Note 7: Income tax assets (net)

Accounting policy

Refer note 39(j) for accounting policies relevant to current taxes.

	March 31, 2024	March 31, 2023
7(a) Income tax assets - Non-current		
Prepaid income taxes	1	29
	1	29
7(b) Income Tax asset - Current		
Prepaid income taxes	28	530
Provision for income tax	-	(432)
	28	98
Total Income tax asset (net) 7(a)+7(b)	29	127
7(c) Current tax liabilities (net)		
Provision for income tax	520	8
Prepaid income taxes	(477)	(6)
Total Income tax liability	43	2

Note 7(d): Movement in income tax asset

	March 31, 2024	March 31, 2023
Income tax assets - at the beginning of the year	127	87
Add: Taxes paid during the year	-	471
Less: Others (refund received)	(101)	-
Add: Adjustments of current tax for prior years	3	1
Add: MAT credit utilisation	-	7
Less: Current tax provision	-	(439)
Net income tax assets - at the end of the year	29	127

Note 7(e): Movement in current tax liabilities

	March 31, 2024	March 31, 2023
Current tax liabilities - at the beginning of the year	2	2
Add: Foreign operations translation adjustment	1	-*
Less: Taxes paid during the year	(477)	(1)
Add: Adjustments of current tax for prior years	(3)	-
Add: Current tax provision	520	1
Net current tax liability - at the end of the year	43	2

Note 8: Other non-current assets

	March 31, 2024	March 31, 2023
Capital advances	119	19
Pre-paid expenses	1	1
Other receivables including indirect tax refund claims	9*	2
Total other non-current assets	129	22

*Includes ₹8 deposited on account of disputed GST order. Refer the note 33(a).

Notes to the Consolidated Financial Statements

(All amounts in Indian Rupees crores, except equity shares and per share data unless otherwise stated)

Note 9: Inventories

Accounting policy

Raw materials, stores and spares, work-in-progress, and finished goods are stated at the lower of cost, calculated on weighted average basis, and net realisable value.

Refer note 39(k) for other accounting policies relating to inventories.

Accounting Estimates – Management estimates and writes down value of slow moving inventory, considering the future usage or marketability of the related finished products.

	March 31, 2024	March 31, 2023
Raw materials	1,091	972
Work-in-progress	1,620	1,526
Finished goods	317	299
Stock in trade	-	3
Packing material	8	9
Stores and spares	148	191
Total Inventories	3,184	3,000

Raw materials and finished goods consists of goods in transit of ₹127 (March 31, 2023: ₹60) and ₹167 (March 31, 2023: ₹124) respectively.

Amounts recognised in Profit and loss

Write-downs of inventories to net realisable value and on account of slow moving inventory amounted to ₹10 (March 31, 2023: ₹15). These were recognised in consolidated statement of profit and loss and included in 'Changes in inventories of finished goods and work-in-progress' and 'Cost of raw materials consumed'.

Note 10: Other current assets

	March 31, 2024	March 31, 2023
Indirect taxes- input credits	203	139
Prepaid expenses	36	26
Advances to suppliers	80	34
Other receivables	1	2
Total other current assets	320	201

Note 11: Equity share capital and other equity

Note 11(a): Equity share capital

Accounting policy

Refer note 39(l) for accounting policies relevant to equity

(i) Authorised equity share capital

Particulars	Number of shares	Amount
As at April 1, 2022	30,00,00,000	60
Movement during the year	-	-
As at March 31, 2023	30,00,00,000	60
Movement during the year	-	-
As at March 31, 2024	30,00,00,000	60

Notes to the Consolidated Financial Statements

(All amounts in Indian Rupees crores, except equity shares and per share data unless otherwise stated)

(ii) Issued, subscribed and paid-up equity share capital

Particulars	Number of shares	Amount
As at April 1, 2022	26,54,68,580	53
Movement during the year	-	-
As at March 31, 2023	26,54,68,580	53
Movement during the year	-	-
As at March 31, 2024	26,54,68,580	53

Terms and rights attached to equity shares

The Group has only one class of equity shares having par value of ₹2 per share. The Group declares and pays dividend in Indian rupees. In the event of liquidation of the Group, the holders of equity shares will be entitled to receive remaining assets of the Group, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders. Every holder of equity shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

(iii) Details of shareholders holding more than 5% shares in the company

Particulars	March 31, 2024		March 31, 2023	
	Number of shares	% holding	Number of shares	% holding
Dr. Satchandra Kiran Divi	5,40,00,000	20.34%	5,40,00,000	20.34%
Ms. Nilima Prasad Divi	5,40,00,000	20.34%	5,40,00,000	20.34%
Mrs. Swarnalatha Divi	1,40,00,000	5.27%	1,40,00,000	5.27%
SBI Mutual Fund	2,08,44,087	7.85%	2,04,76,057	7.71%
Life Insurance Corporation of India	1,61,68,110	6.09%	1,47,30,917	5.55%

(iv) Shareholdings of promoters and promoter group

Promoter Name	March 31, 2024			March 31, 2023		
	Number of shares	% of total shares	% of change during the year	Number of shares	% of total shares	% of change during the year
Dr. Murali Krishna Prasad Divi	75,67,000	2.85%	0.00%	75,67,000	2.85%	0.00%
Dr. Satchandra Kiran Divi	5,40,00,000	20.34%	0.00%	5,40,00,000	20.34%	0.00%
Ms. Nilima Prasad Divi	5,40,00,000	20.34%	0.00%	5,40,00,000	20.34%	0.00%
Mrs. Swarnalatha Divi	1,40,00,000	5.27%	0.00%	1,40,00,000	5.27%	0.00%
Divi's Biotech Private Limited	80,00,000	3.01%	0.00%	80,00,000	3.01%	0.00%
Mr. Madhusudana Rao Divi	2,66,690	0.10%	-7.91%	2,89,600	0.11%	0.00%
Mr. Babu Rajendra Prasad Divi	-	0.00%	-100.00%	26,600	0.01%	0.00%

Notes to the Consolidated Financial Statements

(All amounts in Indian Rupees crores, except equity shares and per share data unless otherwise stated)

Note 11 (b): Other equity

	March 31, 2024	March 31, 2023
Reserves and surplus		
Securities premium reserve	80	80
General reserve	1,000	1,000
Retained earnings	11,786	10,959
Special economic zone re-investment reserve	626	650
	13,492	12,689
Other comprehensive income		
Exchange differences on translating the financial statements of foreign operations	26	25
Total other equity	13,518	12,714

(i) There is no movement in securities premium reserve and general reserve during the current year and previous year.

(ii) Retained earnings

	March 31, 2024	March 31, 2023
At the beginning of the year	10,959	9,988
Profit after tax for the year	1,600	1,824
Transfer to special economic zone re-investment reserve	(260)	(145)
Transfer from special economic zone re-investment reserve	284	86
Dividend paid to company's shareholders	(796)	(796)
Item of other comprehensive income recognised directly in retained earnings:		
- Remeasurement of post employment benefit obligation, net of tax	(1)	2
At the end of the year	11,786	10,959

(iii) Special economic zone re-investment reserve

	March 31, 2024	March 31, 2023
At the beginning of the year	650	591
Transfer from retained earnings	260	145
Transferred to retained earnings	(284)	(86)
At the end of the year	626	650

Nature and purpose of reserves:

Securities premium reserve:

Securities premium reserve is used to record the premium on issue of securities. This reserve will be utilised in accordance with the provisions of the Companies Act, 2013.

General Reserve:

General reserve represents amounts transferred from retained earnings in earlier years under the provisions of the erstwhile Companies Act, 1956.

Special economic zone re-investment reserve:

Under the SEZ scheme, the unit which begins production of goods/services on or after April 1, 2005 and on or before June 30, 2020 is eligible for deduction of 100% of profits or gains derived from export of goods/services for the first five years, 50% of such profits or gains for a further period of 5 years and 50% of such profits or gains for an additional period of five years subject to creation of special economic zone re-investment reserve out of profits of eligible SEZ unit and utilisation of such reserve in terms of the provisions of the Income Tax Act, 1961.

Notes to the Consolidated Financial Statements

(All amounts in Indian Rupees crores, except equity shares and per share data unless otherwise stated)

Note 12: Provisions - Employee benefit obligations

Accounting policy

Refer note 39(m) for accounting policies relevant to employee benefits.

	March 31, 2024			March 31, 2023		
	Current	Non-current	Total	Current	Non-current	Total
Compensated absences	7	37	44	5	31	36
Gratuity (refer note 12(b))	-	-	-	-	-	-
	7	37	44	5	31	36

(a) Compensated absences obligations:

The compensated absences covers the group's liability for earned leave. The liabilities for earned leave that cannot be availed/settled within 12 months are therefore measured at the present value of expected future availment/payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefit is discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligations. Remeasurements as a result of the experience adjustments and changes in actuarial assumptions are recognised in the other comprehensive income.

(b) Post-employment obligations- Gratuity: (Defined benefit)

The Parent Company provides Gratuity for its employees as per the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity benefit. The amount of gratuity payable on retirement/termination is the employees' last drawn basic salary per month computed proportionately for 15 days' salary multiplied for the number of years of service. The gratuity plan is a funded plan and the group makes contributions, through an approved trust, to recognised funds administered by Life Insurance Corporation of India (Insurer).

(i) The amounts recognised in the balance sheet and the movements in the net defined benefit obligation over the year are as follows:

	Present Value of obligation	Fair Value of Plan Assets	Net amount
As at April 1, 2023	47	(48)	(1)
Current service cost	5	-	5
Interest expense/(income)	4	(4)	-
Amount recognised in Statement of profit and loss	9	(4)	5
Remeasurements			
Return on plan assets, excluding amounts included in interest expense/(income)	-	1	1
(Gain)/loss from change in demographic assumptions	-	-	-
(Gain)/loss from change in financial assumptions	1	-	1
(Gain)/loss from experience adjustments	.*	-	.*
Amount recognised in other comprehensive income	1	1	2
Amount recognised in total comprehensive income	10	(3)	7
Employer contributions	-	(16)	(16)
Benefit payments	(1)	1	-
As at March 31, 2024	56	(66)	(10)

Notes to the Consolidated Financial Statements

(All amounts in Indian Rupees crores, except equity shares and per share data unless otherwise stated)

	Present Value of obligation	Fair Value of Plan Assets	Net amount
As at April 1, 2022	42	(44)	(2)
Current service cost	4	-	4
Interest expense/(income)	3	(3)	-
Amount recognised in Statement of profit and loss	7	(3)	4
Remeasurements			
Return on plan assets, excluding amounts included in interest expense/(income)	-	-*	-*
(Gain)/loss from change in demographic assumptions	-	-	-
(Gain)/loss from change in financial assumptions	(1)	-	(1)
(Gain)/loss from experience adjustments	(1)	-	(1)
Amount recognised in other comprehensive income	(2)	-*	(2)
Amount recognised in total comprehensive income	5	(3)	2
Employer contributions	-	(1)	(1)
Benefit payments	-*	-*	-
As at March 31, 2023	47	(48)	(1)

*Amount is below the rounding off norm adopted by the Group

The net liability disclosed above relates to funded plans are as follows:

	March 31, 2024	March 31, 2023
Present value of funded obligations	56	47
Fair value of plan assets	(66)	(48)
Surplus of funded plans*	(10)	(1)

*Included under prepaid expenses in note 10 'Other current assets'

(ii) Significant estimates: Actuarial assumptions

The significant actuarial assumptions were as follows:

	March 31, 2024	March 31, 2023
Discount rate	7.24%	7.52%
Salary growth rate	6%	6%
Attrition rate depending on age	1% to 3%	1% to 3%
Retirement age	60 years	60 years
Average balance future service	28.53 years	28.41 years
Mortality table	IALM(2012-14)	IALM(2012-14)

Notes to the Consolidated Financial Statements

(All amounts in Indian Rupees crores, except equity shares and per share data unless otherwise stated)

(iii) Sensitivity analysis

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

	March 31, 2024	March 31, 2023
Defined benefit obligation under base scenario	56	47
Increase/(Decrease) in Defined benefit obligation:		
Discount rate:(% change compared to base due to sensitivity)		
Increase: +1%	(6)	(5)
Decrease: -1%	8	6
Salary growth rate:(% change compared to base due to sensitivity)		
Increase: +1%	7	5
Decrease: -1%	(5)	(5)
Attrition rate:(% change compared to base due to sensitivity)		
Increase: +1%	-*	1
Decrease: -1%	-*	(1)

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as and when calculating the defined benefit liability recognised in the balance sheet. The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior year.

(iv) Defined benefit liability

The Company has established a trust to administer its obligation for payment of gratuity to employees. The trust in turn contributes to a scheme administered by the Life Insurance Corporation of India (Insurer). Every year, the insurer carries out a funding valuation based on the latest employee data provided by the Company. Any deficit in the assets arising as a result of such valuation is funded by the Company. The trust has not changed the process used to manage the risks from previous years.

The major categories of plan assets are as follows:

	March 31, 2024	March 31, 2023
*Fund managed by Life Insurance Corporation of India (Unquoted)	100%	100%

*Fund is managed by LIC as per IRDA guidelines, category-wise composition of the plan assets is not available.

Contributions to post employment benefit plan for the year ending March 31, 2025 is expected to be ₹7

The weighted average duration of the defined benefit obligation is 13 years (March 31, 2023 17.73 Years). The expected maturity analysis of undiscounted gratuity is as follows:

Particulars	Less than a year	Between 1-2 years	Between 2-5 years	Between 6-10 years	Over 10 years	Total
March 31, 2024						
Defined benefit obligation-gratuity	7	2	7	19	132	167
March 31, 2023						
Defined benefit obligation-gratuity	5	2	7	14	116	144

Notes to the Consolidated Financial Statements

(All amounts in Indian Rupees crores, except equity shares and per share data unless otherwise stated)

(v) Risk exposure

Through its defined benefit plans, the Company is exposed to a number of risks, the most significant of which are detailed below:

Interest rate risk: The plan exposes the Company to the risk of fall in interest rates. A fall in interest rates will result in an increase in the ultimate cost of providing the above benefit and will thus result in an increase in the value of the liability.

Liquidity risk: This is the risk that the Company is not able to meet the short term gratuity pay-out. This may arise due to non-availability of enough cash or cash equivalents to meet the liabilities or holdings in liquid assets not being sold in time.

Salary escalation risk: The present value of the defined benefit plans calculated with the assumption of salary increase rate of plan participants in future. Deviation in the rate of increase of salary in future for plan participants from the rate of increase in salary used to determine the present value obligation will have a bearing on the plan's liability.

Demographic risk: The Company has used certain mortality and attrition assumptions in valuation of the liability. The Company is exposed to the risk of actual experience turning out to be worse compared to the assumption.

Regulatory risk: Gratuity benefits are paid in India in accordance with the requirements of the Payment of Gratuity Act, 1972 (as amended from time to time). There is a risk of change in regulations requiring higher gratuity payouts (eg. Increase in the maximum limit on gratuity.)

Asset liability mismatching or market risk: The duration of the liability is longer compared to duration of assets, exposing the Group to market risk for volatilities/fall in interest rate.

Changes in fund yields: A decrease in fund yields will increase plan liabilities, although this will be partially off-set by an increase in the value of the plan's fund holdings.

(c) Defined contribution plans

Employer's contribution to provident fund: Contributions are made to a provident fund in India for employees at the rate of 12% of the employee's qualifying salary as per regulations. The contributions are made to registered provident fund administered by the government. This obligation of the Company is limited to the amount contributed and it has no further contractual or any constructive obligation. The expense recognised during the year towards this defined contribution plan is ₹28 (March 31, 2023- ₹26).

Employer's contribution to state insurance scheme: Contributions are made to state insurance scheme for employees at the rate of 3.25%. The contributions are made to employee state insurance corporation (ESI), a corporation administered by the government. This obligation of the Company is limited to the amount contributed and it has no further contractual or any constructive obligation. The expense recognised during the period towards defined contribution plan is ₹3 (March 31, 2023- ₹3)

Note 13: Deferred tax

Accounting policy:

For operations carried out in Special Economic Zones which are entitled to tax holiday under the Income tax Act, 1961, no deferred tax is recognised in respect of temporary differences which reverse during the tax holiday period, to the extent of holding company's gross taxable income that is allowed as the deduction during the tax holiday period. Deferred tax in respect of temporary differences which reverse after the tax holiday period is recognised in the year in which temporary difference originate. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised, or the deferred income tax liability is settled.

Notes to the Consolidated Financial Statements

(All amounts in Indian Rupees crores, except equity shares and per share data unless otherwise stated)

Significant judgement and estimate:

There is significant degree of judgement involved in determining the tax rates to be applied for measuring deferred tax liability considering that different tax rates apply depending upon irrevocable election of availing tax holiday benefits by the Company in the future. The Company has certain units that are entitled to certain tax holiday benefit in relation to profits earned and other units that are not entitled to any tax holiday benefit [Also refer note 24(b)]. Further, the tax holiday benefit can be availed only with enacted tax rates which are higher than the alternate tax rates enacted which once opted, the holding company would need to forego the tax holiday benefits irrevocably. The Company has made certain assumptions in respect of timing of exercise of alternate tax rates regime taking into account future market opportunities for its products and any changes to those assumptions are not expected to have significant impact on the measurement of deferred tax liability as at the year end.

Refer note 39(j) for other accounting policies relevant to deferred taxes.

Note 13(a): Deferred tax asset

The balance comprises temporary differences attributable to:

Particulars	March 31, 2024	March 31, 2023
Deferred tax asset:		
Deferred tax on intra Company adjustments	10	13
Others	-	1
Deferred tax asset	10	14

Note 13(b): Deferred tax liabilities (net)

The balance comprises temporary differences attributable to:

Particulars	March 31, 2024	March 31, 2023
Deferred tax liability /(asset)		
Property, plant and equipment *	599	553
Employee benefits	(20)	(17)
Others	3	1
Net deferred tax liabilities	582	537

*Including liability in respect of SEZ reinvestment utilisation reserve

Movement in Deferred tax liabilities /(asset)

Particulars	April 1, 2023	Changes through profit and loss	Changes through OCI	MAT credit utilised	March 31, 2024
Property, plant and equipment	553	46	-	-	599
Employee benefit expenses	(17)	(3)	-	-	(20)
Others including intra-group adjustments	(13)	6	-	-	(7)
Foreign operations translation adjustment	-*	-	-	-	-
Net Deferred tax liability/(asset)	523	49	-	-	572
Deferred tax asset-Refer Note 13(a)	14				10
Deferred tax liability- Refer Note 13(b)	537				582

Notes to the Consolidated Financial Statements

(All amounts in Indian Rupees crores, except equity shares and per share data unless otherwise stated)

Particulars	April 1, 2022	Changes through profit and loss	Changes through OCI	MAT credit utilised	March 31, 2023
Property, plant and equipment	443	110	-	-	553
Employee benefit expenses	(14)	(3)	-	-	(17)
Others including intra-group adjustments	(22)	(1)	2	7	(13)
Foreign operations translation adjustment	-	.*	-	-	.*
Net Deferred tax liability/(asset)	407	106	2	7	523
Deferred tax asset-refer note 13(a)	14				14
Deferred tax liability- refer note 13(b)	421				537

* Amount is below the rounding off norm adopted by the group

Note 14(a): Current borrowings

Refer note 39(n) for other accounting policies relevant to borrowings.

Particulars	Maturity date and terms of payment	Interest rate	March 31, 2024	March 31, 2023
Loans payable on demand:				
From banks - secured				
-Working capital loans from banks	Payable on demand	8.60%	-	-
-Overdraft facilities from banks	Payable on demand	8.73%	-	-
Total current borrowings			-	-

i) Utilisation of borrowings availed from banks:

The borrowings obtained by the Company from banks have been applied for the purposes for which such loans were taken.

ii) Quarterly statements filed with banks:

The quarterly statements of current assets filed by the Company in respect of its working capital facilities with banks are in agreement with the books of accounts.

iii) Wilful defaulter:

The Company has not been declared as wilful defaulter by any bank or financial institutions or government or any government authority.

Secured borrowings and assets pledged as security

Working capital loans are secured by pari-passu first charge on inventories, receivables and other current assets of the Company.

Overdraft facilities from banks are secured by pledge of specific term deposits with banks.

(iv) Assets pledged as security

The carrying amounts of Company's assets pledged as security for working capital loans and overdraft facilities from banks:

Particulars	March 31, 2024	March 31, 2023
Current Assets*		
Inventory	2,985	2,781
Trade receivables	2,273	1,964
Other current assets	4,314	4,491
	9,572	9,236

*Value of letters of credit and guarantees outstanding as at March 31, 2024 is ₹234 (March 31, 2023 is ₹86)

There were no delays in registration of satisfaction of charges with Registrar of Companies beyond the statutory period.

Notes to the Consolidated Financial Statements

(All amounts in Indian Rupees crores, except equity shares and per share data unless otherwise stated)

Note 14(a)(v): Net debt reconciliation

This section sets out the changes in liabilities arising from financing activities in the statement of cash flows:

	March 31, 2024	March 31, 2023
Borrowings outstanding at the year end	-	-
Cash and cash equivalents	(363)	(170)
Net (surplus)	(363)	(170)
Net debt obligations	-	-

	Liabilities from financing activities	Other assets	Net debt/ (Surplus)
	Current borrowings	Cash and bank overdraft	
Net (surplus) as at April 1, 2023	-	(170)	(170)
Cash flows	-	(193)	(193)
Interest expense	1	-	1
Interest paid	(1)	-	(1)
Net (surplus) as at March 31, 2024	-	(363)	(363)
Net (surplus) as at April 1, 2022	-	(1,215)	(1,215)
Cash flows	-	1,045	1,045
Interest expense	.*	-	.*
Interest paid	.*	-	.*
Net (surplus) as at March 31, 2023	.*	(170)	(170)

* Amount is below the rounding off norm adopted by the Group

Note 14(b): Trade payables

Accounting policy

Refer note 39(o) for accounting policies relevant to trade payables

	March 31, 2024	March 31, 2023
Current		
Trade payables -micro and small enterprises (Refer note 36)	35	37
Trade payables -others	789	725
Total trade payables	824	762



Notes to the Consolidated Financial Statements

(All amounts in Indian Rupees crores, except equity shares and per share data unless otherwise stated)

(i) Ageing of trade payables

As at March 31, 2024

Particulars	Unbilled	Not due	Outstanding for following periods from due date of payment				Total
			Less than 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed trade payables							
Micro and small enterprises	-	35	-	-	-	-	35
Others	251	319	219	.*	.*	.*	789
Total Trade payables	251	354	219	.*	.*	.*	824

As at March 31, 2023

Particulars	Unbilled	Not due	Outstanding for following periods from due date of payment				Total
			Less than 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed trade payables							
Micro and small enterprises	-	37	-	-	-	-	37
Others	142	399	184	.*	.*	.*	725
Total Trade payables	142	436	184	.*	.*	.*	762

* Amount is below the rounding off norm adopted by the Group

(ii) There are no trade payables with no specified due date of payments as at March 31, 2024 and March 31, 2023.

(iii) There are no disputed trade payables as at March 31, 2024 and March 31, 2023.

Note 14(c): Other financial liabilities

	March 31, 2024	March 31, 2023
Current		
Capital creditors	99	37
Unclaimed dividend	1	1
Accrual for rebates/discounts	.*	5
Total other financial liabilities	100	43

* Amount is below the rounding off norm adopted by the Group.

Note 15: Other current liabilities

	March 31, 2024	March 31, 2023
Statutory dues payable	14	13
Deferred revenue government grants	1	1
Employee benefits payable	223	232
For corporate social responsibility activity [refer note 23(b)]	31	9
Advances from customers	34	33
Total other current liabilities	303	288

Notes to the Consolidated Financial Statements

(All amounts in Indian Rupees crores, except equity shares and per share data unless otherwise stated)

Note 16: Revenue from operations

Accounting policy

Revenue is measured at the transaction price determined under IND AS 115- Revenue from contracts with customers. Amounts disclosed as revenue are net of returns, trade allowances, rebates, goods & service tax (GST) collections and amounts collected on behalf of third parties.

(i) Revenue from sale of goods:

Revenue from sale of goods is recognised when the customer obtains control of the group's product, which occurs at a point in time based on international commercial terms as agreed with the customers with payment terms typically in the range of 60 to 180 days after invoicing.

Revenue from these sales is recognised based on the price specified in the contract, net of the estimated discounts. Accumulated experience is used to estimate and provide for the discounts, using the expected value method, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur.

The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the group does not adjust any of the transaction prices for the time value of money.

For contracts with multiple performance obligations, the Group allocates the transaction price to each performance obligation based on the relative standalone selling price.

(ii) Revenue from sale of services:

Revenue from Sale of services is recognised as per the terms of the contracts with customers when the related services are performed, or the agreed milestones are achieved.

(iii) Export incentives

Export incentives comprise of duty draw back. Duty drawback is recognised as income when the right to receive credit as per the terms of the scheme is established in respect of the exports entitled for this benefit made and where there is no significant uncertainty regarding the ultimate collection of the relevant export proceeds.

Refer note 39(q) for other accounting policies relevant to revenue.

Accounting estimate: The management determines applicable rebate rates based on the volume of transactions to be made with customers considering the orders in hand, anticipated despatches and previous year's trend.

	March 31, 2024	March 31, 2023
Sale of products	7,783	7,646
Sale of services:	13	19
Other operating revenue:		
Sale of scrap out of manufacturing process	36	83
Export incentives	13	19
Total revenue from operations	7,845	7,767

Note 16(a): Reconciliation of revenue recognised with contract price:

	March 31, 2024	March 31, 2023
Contract price	7,878	7,800
Rebates/Discounts	(46)	(52)
Revenue from contracts with customers	7,832	7,748



Notes to the Consolidated Financial Statements

(All amounts in Indian Rupees crores, except equity shares and per share data unless otherwise stated)

Note 16(b): Disaggregation of revenue:

The Group derives revenue from operations viz, sale of products and services and export incentives from following geographical areas (based on where products and services are delivered):

Region	March 31, 2024			March 31, 2023		
	Revenue from contracts with customers	Export incentives	Total revenue from operations	Revenue from contracts with customers	Export incentives	Total revenue from operations
Europe	4,061	-	4,061	3,187	-	3,187
America	1,432	-	1,432	2,214	-	2,214
Asia	1,017	-	1,017	1,041	-	1,041
India	971	13	984	957	19	976
Rest of the world	351	-	351	349	-	349
	7,832	13	7,845	7,748	19	7,767

Note 17: Other income

Accounting policy

Interest income from financial assets at fair value through profit or loss is disclosed as interest income within other income. Interest income on financial assets at amortised cost calculated using the effective interest method is recognised in the statement of profit and loss as part of other income. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset.

Refer note 39(c) for other accounting policies relevant to foreign currency translations.

	March 31, 2024	March 31, 2023
Interest income from financial assets	301	205
Change in fair value of non-current investments	5	5
Net gain on foreign currency transactions and translations	30	130
Miscellaneous income	3	5
Government grants	.*	.*
Total other income	339	345

* Amount is below the rounding off norm adopted by the Group

Note 18: Cost of raw materials consumed

	March 31, 2024	March 31, 2023
Raw materials at the beginning of the year	972	773
Add: Purchases	3,351	3,207
Less: Raw materials at the end of the year	1,091	972
Total cost of raw materials consumed	3,232	3,008

Notes to the Consolidated Financial Statements

(All amounts in Indian Rupees crores, except equity shares and per share data unless otherwise stated)

Note 19: Changes in inventories of finished goods, work-in-progress and stock in trade

	March 31, 2024	March 31, 2023
At the beginning of the year		
Finished goods	299	317
Stock in trade	3	2
Work-in-progress	1,526	1,532
	1,828	1,851
At the end of the year		
Finished goods	317	299
Stock in trade	-	3
Work-in-progress	1,620	1,526
	1,937	1,828
Total changes in inventories of finished goods, work-in-progress and stock in trade	(109)	23

Note 20: Employee benefits expense

	March 31, 2024	March 31, 2023
Salaries, wages, bonus and other allowances	1,043	923
Contribution to provident fund and other funds	32	29
Contribution to ESI	3	3
Staff welfare expenses	16	20
Total employee benefits expense	1,094	975

Refer note 4(c) for the expense capitalised to capital work-in-progress

Note 21: Finance costs

Accounting policy

Refer note 39(u) for accounting policies relevant to borrowing costs.

	March 31, 2024	March 31, 2023
Interest and finance charges on financial liabilities carried at amortised cost	1	.*
Interest on lease liabilities	.*	.*
Interest on income tax	2	-
Charges for letters of credit/bank guarantees	.*	1
Total finance costs	3	1

* Amount is below the rounding off norm adopted by the Group

Note 22: Depreciation and amortisation expense

	March 31, 2024	March 31, 2023
Depreciation on property, plant and equipment	374*	338
Depreciation charge on right-of-use assets	1	1
Amortisation of intangible assets	3	4
Total depreciation and amortisation expense	378	343

*Out of the total depreciation of ₹378, ₹4 is capitalised to capital work-in-progress. Refer note 4(c) for the expense capitalised.



Notes to the Consolidated Financial Statements

(All amounts in Indian Rupees crores, except equity shares and per share data unless otherwise stated)

Note 23: Other expenses

	March 31, 2024	March 31, 2023
Consumption of stores and spares	78	68
Packing materials consumed	62	57
Conversion charges	27	27
Power and fuel	477	495
Repairs and maintenance- buildings	38	40
Repairs and maintenance- machinery	170	168
Repairs and maintenance- others	3	2
Insurance	33	30
Rates and taxes, excluding taxes on income	17	15
Non-executive directors' remuneration including sitting fees	2	2
Printing and stationery	8	8
Rental charges	12	12
Communication expenses	3	2
Travelling and conveyance	56	91
Vehicle maintenance	2	2
Payments to auditors (refer note No. 23(a))	1	1
Legal and professional charges	22	17
Factory upkeep	10	7
Environment management expenses	63	50
Advertisement and publication expenses	.*	.*
Research and development expenses (refer note no. 23(c))	35	30
Sales commission	11	12
Carriage outward	79	102
General expenses	66	76
Electricity service line charges	.*	1
Provision for doubtful debts/(written back) including bad debts recovered	4	.*
Political contributions (refer note no.23(d))	75	-
Corporate social responsibility activities (refer note no.23(b))	58	54
Loss on disposal/discard of assets	4	1
Bank charges	1	1
Total	1,417	1,371

* Amount is below the rounding off norm adopted by the Group

Refer note 4(c) for the expense capitalised to capital work-in-progress

Note 23(a): Details of payments to auditors of parent company

	March 31, 2024	March 31, 2023
		(₹in lakhs)
As statutory auditor	45	40
For quarterly reviews	30	26
Reimbursement of expenses	3	4
Total payments to auditors	78	70

Notes to the Consolidated Financial Statements

(All amounts in Indian Rupees crores, except equity shares and per share data unless otherwise stated)

Note 23(b): Expenditure on corporate social responsibility activities (CSR)

The company has spent amounts as specified below towards various schemes of corporate social responsibility activities as prescribed under Section 135 of the Companies Act, 2013.

	March 31, 2024	March 31, 2023
(i) Construction/acquisition of any asset	-	-
(ii) On purposes other than (i) above	34	42
Total amount spent during the year	34	42
Add: Excess amount of CSR expenditure spent under 135(5) of the act in the earlier years.	-	3
Less: Amount required to be spent for the year	58	54
Excess amount of CSR expenditure spent under 135(5) of the act	-	-
Amount of shortfall for the year	24	9
Amount of cumulative shortfall at the end of the year**	31	9
Reason for shortfall	*	*
iii) Nature of CSR activities	Promoting healthcare, Education, Rural development, Empowering women, Safe drinking water, Environmental sustainability, Rural sports, Swatch Bharat programme, Support to differently abled, Livelihood enhancement etc.,	

* The amount of shortfall represents the unspent amount on ongoing projects, which has been deposited in separate bank account within the stipulated timelines and will be spent in accordance with applicable provisions of the Companies Act, 2013.

** Net of amount spent on on-going projects of earlier years ₹2 (March 31, 2023: Nil)

Note 23(c): Research and development expenditure*

	March 31, 2024	March 31, 2023
Salaries, wages, bonus and other allowances	42	37
Contribution to provident and other funds	1	2
Contribution to ESI	.*	.*
Staff welfare expenses	1	.*
Consumption of stores and spares	10	11
Power and fuel	3	3
Repairs to buildings	1	1
Repairs to machinery	4	5
Repairs to other assets	2	.*
Rates and taxes, excluding taxes on income	.*	.*
Printing and stationery	.*	.*
Communication expenses	.*	-
Travelling and conveyance	.*	-
Professional and consultancy charges	13	9
Miscellaneous expenses	2	1
Total research and development expenditure	79	69

* Research and development expenditure to the extent of ₹44 (March 31, 2023: ₹39) is included under employee benefit expenses (consists of Salaries, wages, bonus and other allowances, contribution to provident and other funds and staff welfare expenses) and ₹26 (March 31, 2023: ₹30) is included under other expenses.

* Amount is below the rounding off norm adopted by the Group

Notes to the Consolidated Financial Statements

(All amounts in Indian Rupees crores, except equity shares and per share data unless otherwise stated)

Note 23(d): Political contributions

	March 31, 2024	March 31, 2023
Through Electoral bonds*	55	-
Paid to Electoral trust company	20	-
Total political contributions	75	-

*Bharat Rashtra Samithi - ₹20; Bharatiya Janatha Party - ₹30; Indian National Congress - ₹5

Note 24(a): Tax expense

	March 31, 2024	March 31, 2023
(i) Current tax expense		
Current tax on profits for the year	517	445
Current tax charge /(reversals) of earlier years	(3)	(6)
Total current tax expense	514	439
(ii) Deferred tax expense*		
Decrease /(Increase) in deferred tax assets	1	(10)
(Decrease) /Increase in deferred tax liabilities	48	116
Total deferred tax expense/(benefit)	49	106
iii. Current tax expense recognised in statement of profit and loss (i+ii)	563	545
iv. Current tax expense /(benefit) recognised in other comprehensive income		
Current tax expense /(benefit)	-	1
Deferred tax expense/(benefit)	-	2
Total current tax expense recognised in other comprehensive income	-	3
Total current tax expense (iii+iv)	563	548

* Entire deferred tax for the year ended March 31, 2024 and March 31, 2023 relates to origination and reversal of temporary differences.

24(b): The company benefits from the tax holiday available for units set up under the Special Economic Zone Act, 2005. These tax holidays are available for a period of fifteen years from the date of commencement of operations. Under the SEZ scheme, the unit which begins production of Goods/services on or after April 1, 2005 and on or before June 30, 2020 are eligible for deductions of 100% of profits or gains derived from export of Goods/services for the first five years, 50% of such profits or gains for a further period of five years and 50% of such profits or gains for the additional period of five years subject to creation of special economic zone re-investment reserve out of profits of eligible SEZ units and utilisation of such reserve in terms of the provisions of the Income Tax Act, 1961

24(c) Reconciliation of tax expense and the accounting profit multiplied by India's tax rate:

	March 31, 2024	March 31, 2023
Profit from operations before income tax expenses	2,163	2,369
Tax at the Indian tax rate of 34.944%	756	828
Tax effect of expenses not deductible for tax purpose	19	19
Tax effect of income not includible for tax purpose	(203)	(287)
Tax effect of adjustments for current tax of prior periods	-	(6)
Others including differential tax rate impact	(9)	(6)
Total tax expense	563	548

Notes to the Consolidated Financial Statements

(All amounts in Indian Rupees crores, except equity shares and per share data unless otherwise stated)

Financial instruments and risk management

Note 25: Categories of financial instruments

Particulars	Notes	Level	March 31, 2024	March 31, 2023
			Carrying value / fair value	Carrying value / fair value
A. Financial assets				
Mandatorily measured at fair value through profit or loss				
Investment in equity instruments of other companies			.*	.*
Investment in optionally convertible debentures (OCDs) of other companies**	6(a)	3 (Refer note 26)	82	77
Mandatorily measured at amortised cost				
Trade receivables	6(c)		2,156	1,793
Security deposits	6(b)(i)		56	49
Cash and cash equivalents and other bank balances	6(d) and 6(e)		3,980	4,214
Other financial assets	6(b)(ii)		7	8
Total financial assets			6,281	6,141
B. Financial liabilities				
Mandatorily measured at amortised cost				
Trade payables	14(b)		824	762
Borrowings	14(a)		-	-
Capital creditors	14(c)		99	37
Other financial liabilities	14(c)		1	6
Total financial liabilities			924	805

* Amount is below the rounding off norm adopted by the Group

Note 26: Fair Value Hierarchy

Fair value of the financial instruments is classified in various fair value hierarchies based on the following three levels:

Level 1: Quoted prices (unadjusted) in active market for identical assets or liabilities.

Level 2: Inputs other than quoted price included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices). The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates. If significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

Level 3: Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs). If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case with listed instruments where market is not liquid and for unlisted instruments.

**Optionally convertible debentures are redeemable at 10th year at 70% premium, if not converted. In case of an early redemption, debenture holder is eligible to get prorated premium. At any point of tenure, group can opt for conversion to equity shares at mutually agreed terms. These are secured by way of first charge created over the aircraft.

Valuation technique used to determine fair value:

Specific valuation techniques used to value financial instruments include:

- the use of quoted market prices or dealer quotes for similar instruments.
- the fair value of remaining financial instruments is determined using discounted cash flow analysis.

Notes to the Consolidated Financial Statements

(All amounts in Indian Rupees crores, except equity shares and per share data unless otherwise stated)

Valuation Process:

The Level 3 inputs for investment in equity shares and OCDs are derived using the discounted cash flow analysis.

Note 27: Financial risk management

The Group's activities expose it to credit risk, market risk, price risk and liquidity risk. The Group emphasizes on risk management and has an enterprise wide approach to risk management. The Group's risk management and control procedures involve prioritisation and continuing assessment of these risks and devise appropriate controls, evaluating and reviewing the control mechanism.

(A) Credit risk:

Credit risk management

- I. Credit risk on cash and cash equivalents and investments is limited as the group generally invests in deposits with banks that are majorly owned by the government of India, thereby minimising its risk.
- II. Credit risk on security deposits, term deposits, trade receivables and other financial assets are evaluated as follows:

Expected credit loss for financial assets:

Category	Basis for recognition of expected credit loss provision	Asset Group
Financial assets for which credit risk has not increased significantly since initial recognition	Loss allowance measured at 12 month expected credit losses	Other Non-current financial assets Other Current financial assets

Expected credit loss for financial assets:

Asset Group	March 31, 2024			March 31, 2023		
	Gross carrying amount	Expected credit loss	Carrying amount (net of provision)	Gross carrying amount	Expected credit loss	Carrying amount (net of provision)
Other Non-current financial assets	56	-	56	51	-	51
Other Current Financial assets	7	-	7	6	-	6

Expected credit loss from treasury operations and for trade receivables:

Credit risk is the risk of financial loss to the group if a customer to a financial instrument fails to meet its contractual obligations and arises primarily from trade receivables, treasury operations etc. Credit risk of the group is managed at the group level. In the area of treasury operations, the group is presently exposed to limited risk relating to term deposits as these are made with State Bank of India and Scheduled banks. The group regularly monitors such deposits and credit ratings of the banks thereby minimising the risk.

The credit risk related to trade receivables is influenced mainly by the individual characteristics of each customer. The credit risk is managed by the Group by establishing credit limits and continuously monitoring the credit worthiness of the customer. The Group also provides for expected credit losses, based on the risk and payment patterns over a period of 36 months before the reporting date and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables where it believes that there is high probability of default. The Group has considered possible effect on credit risks including forward looking information to develop expected credit losses.

Given that customers of the group are large pharma players the instances of defaults w.r.t the receivables from customers have been negligible in the past three years, hence, provision matrix has not been disclosed.

Notes to the Consolidated Financial Statements

(All amounts in Indian Rupees crores, except equity shares and per share data unless otherwise stated)

Following are the expected credit losses for trade receivables under simplified approach:

	March 31, 2024	March 31, 2023
Gross carrying amount of trade receivables	2,166	1,799
Less: Expected credit losses (Loss allowance provision)	(10)	(6)
Net carrying amount of trade receivables	2,156	1,793

Expected credit loss for trade receivables under simplified approach as at March 31, 2024:

Ageing	Not due	Outstanding			Total
		for less than 6 months	6 months - 1 year	for more than 1 year	
Gross carrying amount of trade receivables	1,807	341	6	12	2,166
Less: Provision for doubtful debts (specific)	-	-	-	8	8
Less: Expected credit losses (loss allowance provision)	-	-	-	2	2
Net carrying amount of trade receivables	1,807	341	6	4	2,156

* Amount is below the rounding off norm adopted by the group

Expected credit loss for trade receivables under simplified approach as at March 31, 2023:

Ageing	Not due	Outstanding			Total
		for less than 6 months	6 months - 1 year	for more than 1 year	
Gross carrying amount of trade receivables	1,516	272	3	8	1,799
Less: Provision for doubtful debts (specific)	-	.*	-	6	6
Less: Expected credit losses (loss allowance provision)	-	-	-	.*	.*
Net carrying amount of trade receivables	1,516	272	3	2	1,793

Reconciliation of loss allowance provision in respect of trade receivables:

	Total
Loss allowance on April 1, 2023	6
Change in loss allowance	
Add: Current year loss allowance provided	4
Less: Recoveries/Write back	.*
Less: Bad debts written off	.*
Loss allowance on March 31, 2024	10
Loss allowance on April 1, 2022	5
Change in loss allowance	
Add: Current year loss allowance provided	1
Less: Recoveries/Write back	.*
Less: Bad debts written off	-
Loss allowance on March 31, 2023	6

* Amount is below the rounding off norm adopted by the Group

Notes to the Consolidated Financial Statements

(All amounts in Indian Rupees crores, except equity shares and per share data unless otherwise stated)

(B) Market Risk:

The Group has substantial exposure to foreign currency risk due to the significant exports. Sales to overseas customers and purchases from overseas suppliers are exposed to risk associated with fluctuation in the currencies of those countries vis-a-vis the functional currency i.e. Indian rupee. The Group manages currency fluctuations by having a better geographic balance in revenue mix and ensures a foreign currency match between liabilities and assets. The Group notes that, historically rupee has depreciated against major foreign currencies, and hence no additional measures were taken to hedge the foreign currency risk exposure. The Group is also cautious towards hedging as it has costs as well as its related risks. Further, the Group continually reassesses the cost structure impact of the currency volatility and engages with customers/suppliers periodically addressing such risks.

(i) Foreign currency risk exposure:

	Currency	March 31, 2024		March 31, 2023	
		Amount in foreign currency	Amount in ₹	Amount in foreign currency	Amount in ₹
Receivables	ACU	-*	1	-*	2
	EUR	2	117	1	101
	GBP	2	200	1	142
	USD	20	1,670	17	1,362
	AED	-	-	-*	1
Payable to suppliers and services	USD	(5)	(441)	(4)	(350)
	EUR	(1)	(23)	-*	(17)
	CHF	-*	(3)	-*	-*
Net foreign currency exposure asset/(liability)		1,521		1,241	

	Impact on profit after tax (Income)/Expense	
	March 31, 2024	March 31, 2023
USD Sensitivity:		
INR/USD -Increase by 1% (March 31, 2023: 6%)	(8)	(39)
INR/USD -Decrease by 1% (March 31, 2023: 6%)	8	39
ACU Sensitivity:		
INR/AUC -Increase by 1% (March 31, 2023: 3%)	-*	-*
INR/AUC -Decrease by 1% (March 31, 2023: 3%)	-*	-*
CHF Sensitivity:		
INR/CHF -Increase by 3% (March 31, 2023: 5%)	-*	-*
INR/CHF -Decrease by 3% (March 31, 2023: 5%)	-*	-*
EUR Sensitivity:		
INR/EUR -Increase by 3% (March 31, 2023:4%)	(1)	(2)
INR/EUR -Decrease by 3% (March 31, 2023: 4%)	1	2
GBP Sensitivity:		
INR/GBP -Increase by 3% (March 31, 2023: 1%)	(4)	(1)
INR/GBP -Decrease by 3% (March 31, 2023: 1%)	4	1
AED Sensitivity:		
INR/AED -Increase by 1% (March 31, 2023:6%)	-	-*
INR/AED -Decrease by 1% (March 31, 2023: 6%)	-	-*

* Amount is below the rounding off norm adopted by the Group.

Notes to the Consolidated Financial Statements

(All amounts in Indian Rupees crores, except equity shares and per share data unless otherwise stated)

(ii) Cash Flow and fair value interest rate risk:

Interest rate exposure: The Group does not have long term borrowings and hence, no exposure to the interest rate risk.

(C) Price risk:

There are no Group's investments which are subjected to price risk.

(D) Liquidity risk:

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding to meet obligations when due. Group's treasury maintains flexibility in funding by maintaining availability under deposits in banks, adequate limits in working capital loan accounts etc.

(iii) Contractual maturities of financial liabilities:

	March 31, 2024				March 31, 2023			
	Less than 6 months	6-12 months	More than 12 months	Total	Less than 6 months	6-12 months	More than 12 months	Total
Lease liabilities	-*	-*	2	3	-*	-*	4	4
Trade payables	824	-	-*	824	762	-	-	762
Other financial liabilities	100	-	-	100	43	-	-	43
Total	924	-	2	927	805	-	4	809

* Amount is below the rounding off norm adopted by the Group

Note 28: Capital Management

(a) The group's financial strategy aims to provide adequate capital for its growth plans for sustained stakeholder value. The Group's objective is to safeguard its ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders. Depending on the financial market scenario, nature of the funding requirements and cost of such funding, the group decides the optimum capital structure. The group aims at maintaining a strong capital base so as to maintain adequate supply of funds towards future growth plans as a going concern.

Net debt to equity ratio

	March 31, 2024	March 31, 2023
Net debt	-	-
Total Equity	13,571	12,767
Net debt to equity ratio	NA	NA

(b) Dividend:

Refer note 39(t) for other accounting policies relevant to dividend.

Dividend paid on equity shares:

	March 31, 2024	March 31, 2023
Dividend paid:		
Final dividend	796	796



Notes to the Consolidated Financial Statements

(All amounts in Indian Rupees crores, except equity shares and per share data unless otherwise stated)

Proposed dividend not recognised at the end of the reporting period:

	March 31, 2024	March 31, 2023
On Equity Shares of ₹2 each		
Dividend per equity share	30	30
Dividend amount	796	796

Note: The dividend for the year ended March 31, 2024 proposed and recommended, is subject to the approval of shareholders at the ensuing annual general meeting.

Note 29: Interest in other entities

The Company's subsidiaries as at March 31, 2024 are set out below. They have share capital consisting solely equity that are held directly by the Company.

Name of the entity	Place of Business/ Country of incorporation	Ownership interest held by the Company		Ownership interest held by Non-Controlling interests		Principal activity
		March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023	
Divis Laboratories (USA) Inc	USA	100%	100%	0%	0%	Marketing and distribution of nutraceutical products (Dietary supplements) and pharmaceutical ingredients
Divi's Laboratories Europe AG	Switzerland	100%	100%	0%	0%	Marketing and distribution of nutraceutical products (Dietary supplements) and pharmaceutical ingredients

Note 30: Segment Information

Accounting policy

Refer note 39(b) for accounting policies relevant to segment information

Description of segments and principal activities

The managing director has been identified as being the Chief Operating Decision Maker(CODM). Operating segments are defined as components of an enterprise for which discrete financial information is available. This is evaluated regularly by the CODM, in deciding how to allocate resources and assessing the group's performance. The Group is engaged in the manufacture of Active Pharmaceutical Ingredients (API's) and intermediates and operates in a single operating segment.

The amount of revenue from operations from each country (based on where products and services are delivered) exceeding 10% of total revenue of the group and non-current assets broken down by location of the assets respectively are as follows:

	India		USA		Switzerland		Other countries	
	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023
Revenue	984	976	1,047	1,847	1,025	686	4,789	4,258
Non-current assets	5,645	4,980	2	3	.*	.*	-	-

No. of external customers with whom the revenue earned exceeded 10% of the revenue from operations for FY 2023-24: 1 (FY 2022-23:1).

* Amount is below the rounding off norm adopted by the Group.

Notes to the Consolidated Financial Statements

(All amounts in Indian Rupees crores, except equity shares and per share data unless otherwise stated)

Note 31: Foreign subsidiaries considered for consolidation

Name of the entity	Place of business/ country of incorporation	March 31, 2024	March 31, 2023
Divis Laboratories (USA) Inc	USA	100%	100%
Divi's Laboratories Europe AG	Switzerland	100%	100%

Note 32: Related party transactions

(a) Key management personnel (KMP)

: Dr. Murali K. Divi (Managing Director)
 : Mr. N.V. Ramana (Executive Director)
 : Mr. Madhusudana Rao Divi (Whole-time Director -Projects) upto 28.08.2023
 : Dr. Kiran S. Divi (Whole-time Director and Chief Executive Officer)
 : Ms. Nilima Prasad Divi (Whole-time Director-Commercial)
 : Dr. Devendra Rao Sureddi (Whole-time Director) w.e.f. 10.02.2024

(b) Non-Executive directors

: Mr. K V K Seshavaram (Independent Director)
 : Mr. R Ranga Rao (Independent Director)
 : Dr. G Suresh Kumar (Independent Director)
 : Dr. Ramesh B V Nimmagadda (Independent Director)
 : Dr. S.Ganapaty (Independent Director)
 : Prof. Sunaina Singh (Independent Director)
 : Mr. K V Chowdary (Independent Director)

(c) Relative of key management personnel

: Mr. Babu Rajendra Prasad Divi
 : Mr. Madhusudana Rao Divi. w.e.f. 29.08.2023
 : Mr. Sri Ramachandra Rao Divi
 : Mrs. Jhansilakshmi Pendyala
 : Mrs. Divi Swarna Latha
 : Mrs. Divi Raja Kumari
 : Mr. Divi Satyasayee Babu
 : Mrs. Shanti Chandra Attaluri
 : Mrs. N. Nirmala Kumari
 : Mrs. N. Chandrika Lakshmi
 : Mr. N. Venkata Aniruddh
 : Mrs. N. Monisha
 : Mr. N. Nageswara Rao
 : Mr. Ravi Teja Meka
 : Mr. N. Prashanth
 : Mrs. L. Vijaya Lakshmi
 : Mr. Swaroop Krishna Sureddi w.e.f. 10.02.2024
 : Mr. Venkata Prasada Rao Sureddi w.e.f. 10.02.2024
 : Mrs. Sudha Devendra Sureddi w.e.f. 10.02.2024
 : Mrs. Sree Sowmya Sureddi w.e.f. 10.02.2024

(d) Other related parties

: Divi's Laboratories Employees' Gratuity Trust.
 : Divi's Foundation for Gifted Children Trust.

(e) Entities in which relatives of key management personnel are interested

: M/s Sri Lakshmi constructions w.e.f. 10.02.2024
 : M/s Bheema Infra Solutions private limited w.e.f. 10.02.2024



Notes to the Consolidated Financial Statements

(All amounts in Indian Rupees crores, except equity shares and per share data unless otherwise stated)

(f) List of related parties over which control/significant influence exists with whom the group has transactions:

Name	Relationship
Divi's Properties Private Limited	Company in which key management personnel have significant influence
Divi's Biotech Private Limited	Company in which key management personnel have significant influence
Divi's Foundation for Gifted Children	Trust in which key management personnel have significant influence
Divi's Laboratories Employees' Gratuity Trust.	Post employment benefit plan of Divi's Laboratories Limited*

*Refer Note No. 12 for information on transactions with post employment benefit plan mentioned above.

(g) Summary of Related Party transactions and balances:

	March 31, 2024		March 31, 2023	
	Amount (transactions)	Outstanding balance as at March 31, 2024	Amount (transactions)	Outstanding balance as at March 31, 2023
(i) Managerial remuneration and short term employee benefits to key management personnel - refer 32(h)(i)	144	138	157	152
(ii) Remuneration including sitting fees to non-executive directors - refer 32(h)(ii)	2	-	2	-
(iii) Dividend paid to key management personnel - refer 32(h)(iii)	347	-	348	-
(iv) Dividend paid to relatives of key management personnel - refer 32(h)(iv)	46	-	45	-
(v) Salary and allowances to relatives of key management personnel - Mr. N. Venkata Aniruddh	1	.*	.*	.*
(vi) Salary and allowances to relatives of key management personnel - Mr. Swaroop Krishna Sureddi	.*	.*	-	-
(vii) Dividend paid to company in which key management personnel have significant influence - M/s Divi's Biotech Private Limited	24	-	24	-
(viii) Lease Rent to a company in which key management personnel have significant influence - M/s Divi's Properties Private Limited	10	-	9	-
(ix) Lease Rent to a company in which key management personnel have significant influence - M/s Divi's Biotech Private Limited	.*	-	.*	-
(x) Contribution for CSR project implementation-Divi's Foundation for Gifted Children	3	-	-	-
(xi) Rent deposit to a company in which key management personnel have significant influence - M/s Divi's Properties Private Limited	-	3	-	3
(xii) Purchase of goods and Services from Entities in which the relatives of key management personnel are interested - refer 32(h)(v)	6	2	NA	NA

* Amount is below the rounding off norm adopted by the Group

Notes to the Consolidated Financial Statements

(All amounts in Indian Rupees crores, except equity shares and per share data unless otherwise stated)

(h) Transactions with related parties:

	March 31, 2024		March 31, 2023	
	Amount (Transaction)	Outstanding balance as at March 31, 2024	Amount (Transactions)	Outstanding balance as at March 31, 2023
(i) Managerial Remuneration and short term employee benefits to key management personnel				
1. Dr. Murali K. Divi	64	64	70	70
2. Mr. N.V. Ramana	33	32	36	36
3. Mr. Madhusudana Rao Divi	1	-	1	.*
4. Dr. Kiran S Divi	23	21	25	23
5. Ms. Nilima Prasad Divi	23	21	25	23
6. Dr. Devendra Rao Sureddi	.*	.*	-	-
	144	138	157	152
(ii) Remuneration including sitting fees to non-executive directors				
1. Mr. K.V.K. Seshavataram	0.31	-	0.30	-
2. Dr.G Suresh Kumar	0.33	-	0.32	-
3. Mr. R Ranga Rao	0.35	-	0.34	-
4. Dr.S. Ganapaty	0.28	-	0.28	-
5. Dr. Ramsh B V Nimmagadda	0.33	-	0.32	-
6. Prof. Sunaina Singh	0.28	-	0.25	-
7. Mr. K.V.Chowdary	0.33	-	0.30	-
	2.21	-	2.11	-
(iii) Dividend paid to key management personnel#				
1. Dr. Murali K. Divi	23	-	23	-
2. Dr. Kiran S Divi	162	-	162	-
3. Ms. Nilima Prasad Divi	162	-	162	-
4. Mr. Madhusudana Rao Divi	-	-	1	-
5. Mr. N.V. Ramana	.*	-	.*	-
	347	-	348	-
(iv) Dividend paid to Relatives of key management personnel#				
1. Mr. Babu Rajendra Prasad Divi	.*	-	.*	-
2. Mr. Madhusudana Rao Divi w.e.f. 29.08.2023	1	-	-	-
3. Mrs. Jhansilakshmi Pendyala	-	-	.*	-
4. Mrs. Divi Swarna Latha	42	-	42	-
5. Mrs. Divi Raja Kumari	-	-	.*	-
6. Mrs. Shanti Chandra Attaluri	.*	-	1	-
7. Mrs. N.Nirmala Kumari	1	-	.*	-
8. Mrs. N. Chandrika Lakshmi	.*	-	.*	-
9. Mr. N. Venkata Aniruddh	1	-	1	-
10. Mr. N. Nageswara Rao	.*	-	.*	-
11. Mrs. N. Monisha	1	-	1	-
12. Mr. N. Prashanth	.*	-	.*	-
13. Mr. Ravi Teja Meka	.*	-	-	-



Notes to the Consolidated Financial Statements

(All amounts in Indian Rupees crores, except equity shares and per share data unless otherwise stated)

	March 31, 2024		March 31, 2023	
	Amount (Transaction)	Outstanding balance as at March 31, 2024	Amount (Transactions)	Outstanding balance as at March 31, 2023
	46	-	45	-
(v) Purchase of goods and Services from Entities in which the relatives of key management personnel are interested				
1. M/s Sri Lakshmi constructions	5	2	NA	NA
2. M/s Bheema Infra Solutions Private Limited	1	-	NA	NA
	6	2	NA	NA

* Amount is below the rounding off norm adopted by the Group

Transactions relating to dividends were on the same terms and conditions that applied to other equity shareholders.

Note 33: Contingent Liabilities:

Contingent liability is disclosed in the case of:

- a present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation;
- a present obligation arising from past events, when no reliable estimate possible;
- a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

Accounting Estimate: Management uses single most likely outcome for estimating the financial impact from litigations. Based on judicial pronouncements in similar cases or from opinions obtained from internal/external legal counsel, management arrives at the possible outcome of the litigation.

	March 31, 2024	March 31, 2023
Claims against the Group not acknowledged as debts in respect of:		
Disputed demands for excise duty, customs duty, sales tax, service tax and Goods and service tax for various periods	257	89

- (a) The holding company received a show cause notice dated December 20, 2021 wherein it was alleged that they have erroneously claimed refund of IGST amounting to ₹82 during the period February 21, 2018 to October 8, 2018 on the ground that the holding company has incorrectly availed double benefit i.e., exemption on the input materials imported under the Advance Authorisation (AA) [Notification No. 79/2017-Cus dated October 13, 2017] and simultaneously filed refund of IGST paid on the goods exported. The parent company received an order dated October 31, 2023 wherein the entire demand of ₹82 was confirmed along with interest under section 50 and 100% penalty under Section 122(2)(b) of the CGST Act, 2017. The parent company has filed a writ petition with High court of Telangana and obtained stay order from collection of demand until final decision has been awarded.
- (b) It is not practicable for the Group to estimate the timings of cash flows, if any, in respect of the above pending resolution of the respective proceedings.

Notes to the Consolidated Financial Statements

(All amounts in Indian Rupees crores, except equity shares and per share data unless otherwise stated)

Note 34: Additional regulatory information required under Schedule III of Companies Act 2013:

(i) Details of Benami Property held

No proceedings have been initiated on or are pending against the group for holding benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and Rules made thereunder.

(ii) Relationship with struck off companies

The Group has no transactions with the companies struck off under Companies Act, 2013 or Companies Act, 1956.

(iii) Compliance with number of layers of companies

The Group has complied with the number of layers prescribed under the Companies Act, 2013.

(iv) Compliance with approved scheme of arrangements

The Group has not entered into any scheme of arrangements which has an accounting impact on current and previous financial year.

(v) Utilisation of borrowed funds and share premium

- A. The Group has not advanced or loaned or invested funds to any other person or entity, including foreign entities (intermediaries) with the understanding that the intermediary shall:
- directly or indirectly lend or invest in other persons or entities identified in any manner

whatsoever by or on behalf of the group (ultimate beneficiaries) or

- provide any guarantee, security or the like to or on behalf of the ultimate beneficiaries
- B. The Group has not received any fund from any person or entity, including foreign entities (funding party) with the understanding (whether recorded in writing or otherwise) that the group shall:
- directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the funding party (ultimate beneficiaries) or
 - provide any guarantee, security or the like on behalf of the ultimate beneficiaries

(vi) Undisclosed income

There is no income surrendered or disclosed as income during the current or previous year in the tax assessments under the Income Tax Act, 1961.

(vii) Loans or advances to specified persons

The Group has not granted any loans or advances in the nature of loans to promoters, directors, KMPs and the related parties as defined under Companies Act, 2013.

(viii) Details of crypto currency or virtual currency

The Group has not traded or invested in crypto currency or virtual currency during the current or previous year.

Notes to the Consolidated Financial Statements

(All amounts in Indian Rupees crores, except equity shares and per share data unless otherwise stated)

Note 35: Commitments

Commitments include the amount of purchase order (net of advances) issued to parties for completion of assets.

	March 31, 2024	March 31, 2023
(i) Property, plant and equipment:		
Estimated amount of contracts remaining to be executed on capital account and not provided for ((Net of advances of ₹119) (March 31, 2023: ₹19))	395	68
(ii) Others:		
On account of bonds or legal agreements executed with Central excise/Customs authorities/SEZ development commissioners	780	580

Note 36: Dues to micro and small enterprises

The group has certain dues to Micro and small enterprises registered (suppliers) under Micro, Small and Medium Enterprises Development Act, 2006 ('MSMED Act'). The disclosures pursuant to the said MSMED Act, to the extent the information is available with the group, are as follows.

	March 31, 2024	March 31, 2023
a (i) Principal amounts due to suppliers remaining unpaid as at the year end	-	-
(ii) Interest due to suppliers remaining unpaid as at the year end	-	-
b. Interest on payments beyond the appointed day paid to the suppliers during the year	-	-
c. Interest due and payable for the delay in making payment to suppliers during the year	-	-
d. Amount of interest accrued and remaining unpaid to suppliers at the end of the year	-	-
e. Amount of further interest remaining due and payable to suppliers in succeeding years	-	-

Note 37: Other disclosures:

Additional information required by Schedule III of the Act

March 31, 2024	Net assets (Total assets minus Total liabilities)		Share in Profit or (Loss)		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net assets	Amount	As % of consolidated Profit or (Loss)	Amount	As % of consolidated other comprehensive income	Amount	As % of consolidated total comprehensive income	Amount
Parent:								
Divi's Laboratories Limited	99.10%	13,484	98.93%	1,576	-100%	(1)	98.87%	1,575
Sub-total (A)		13,484		1,576		(1)		1,575
Subsidiaries(Foreign):								
Divis Laboratories (USA) Inc	0.71%	96	0.88%	14	50%	-*	0.94%	15
Divi's Laboratories Europe AG	0.19%	26	0.19%	3	50%	-*	0.19%	3
Sub-total of subsidiaries (B)		122		17		1		18
Sub-total (A+B)	100%	13,606	100%	1,593	-	-	100%	1,593
Adjustments arising out of Consolidation (C)		(35)		7		-		7
Total (A+B+C)		13,571		1,600		-		1,600

Notes to the Consolidated Financial Statements

(All amounts in Indian Rupees crores, except equity shares and per share data unless otherwise stated)

Note 38: Earnings per share (EPS)

Refer note 39(s) for other accounting policies relevant to earnings per share

	March 31, 2024	March 31, 2023
(a) Basic EPS		
Basic earnings per share attributable to the equity holders of the group	60.27	68.69
(b) Diluted EPS		
Diluted earnings per share attributable to the equity holders of the group	60.27	68.69

There are no potential dilutive shares.

(c) Reconciliation of earnings used in calculating earnings per share

	March 31, 2024	March 31, 2023
Basic earnings per share		
Profit attributable to the equity holders of the group used in calculating basic earnings per share	1,600	1,824
Diluted earnings per share		
Profit attributable to the equity holders of the group used in calculating diluted earnings per share	1,600	1,824

(d) Weighted average number of shares used as the denominator

	March 31, 2024	March 31, 2023
Weighted average number of equity shares used as the denominator in calculating basic earnings per share	26,54,68,580	26,54,68,580
Adjustments for calculation of diluted earnings per share	-	-
Weighted average number of equity shares used as the denominator in calculating diluted earnings per share	26,54,68,580	26,54,68,580

NOTE 39: OTHER ACCOUNTING POLICIES

a) Principles of Consolidation

Subsidiaries

Subsidiaries are entities over which Divi's has control. Divi's controls an entity where Divi's is exposed to, or has rights to, variable returns from its investment with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to Divi's and the same will be deconsolidated from the date the control ceases.

The group combines the financial statements of the parent and its subsidiaries line by line adding together like items of assets, liabilities, equity, income, and expenses. Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries

have been changed where necessary to ensure consistency with the policies adopted by the group.

b) Segment Reporting:

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief operating decision maker. Managing director of the group has been identified as being the chief operating decision maker.

c) Foreign currency translation:

(i) Functional and presentation currency

Items included in the consolidated financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Indian rupee (INR), which is Divi's (the Company's) functional and presentation currency.

Notes to the Consolidated Financial Statements

(All amounts in Indian Rupees crores, except equity shares and per share data unless otherwise stated)

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in statement of profit and loss. A monetary item for which settlement is neither planned nor likely to occur in the foreseeable future is considered as a part of the entity's net investment in that foreign operation.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. Translation differences on non-monetary assets and liabilities such as equity instruments held at fair value through profit or loss are recognised in statement of profit and loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equity investments classified as Fair value through other comprehensive income (FVOCI) are recognised in other comprehensive income.

(iii) Group Companies

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities are translated at the closing rate at the date of that balance sheet
- income and expenses are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and
- All resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities are recognised in other comprehensive income. When a foreign operation is sold, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

d) Property, Plant & Equipment:

- (i) Historical cost includes expenditure that is directly attributable to the acquisition of Property, Plant & Equipment (PPE).

On transition to Ind AS, the group has elected to continue with the carrying value of all its property, plant and equipment recognised as at April 1, 2015 measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment.

Costs associated with repairs and maintenance of PPE are charged to profit or loss during the reporting period in which they are incurred.

Gains and losses on disposal are determined by comparing proceeds with carrying amount. These are included in profit or loss within other income/ other expenses.

An asset's carrying amount is written down to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

(ii) Impairment of assets:

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

Notes to the Consolidated Financial Statements

(All amounts in Indian Rupees crores, except equity shares and per share data unless otherwise stated)

e) Intangible Assets:

(i) Computer software

Computer software is stated at historical cost less amortisation. Historical cost includes expenditure that is directly attributable to the acquisition of the computer software. Costs associated with maintaining computer software are recognised as an expense as incurred.

On transition to Ind AS, the group had elected to continue with the carrying value of all of intangible assets recognised as at April 1, 2015 measured as per the previous GAAP and use that carrying value as the deemed cost of intangible assets.

(ii) Research and development

Research and development expenses are fully charged to expense in the period in which they are incurred. The Group considers that the uncertainties inherent in development of new products would preclude capitalisation of such costs. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

(iii) Amortisation methods and periods

The group amortises software over a period of 3 years.

f) Current and non-current classification

An asset/liability is classified as current if:

- The amount is expected to be realised or sold or consumed in the Group's normal operating cycle; the liability is expected to be settled in normal operating cycle.
- Asset/liability is held primarily for the purpose of trading.
- Asset/Liability is expected to be realised/settled within twelve months after the reporting period; or
- The asset is cash or a cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.
- the Group has no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other assets/liabilities are classified as non-current.

The operating cycle is the time between acquisition of assets for processing and their realisation in cash and cash equivalents. Based on the nature of products and time between acquisition of assets for processing and their realisation in cash and cash equivalents, the Group has ascertained its operating cycle as 12 months for the purpose of current/non-current classification of assets and liabilities.

g) Financial assets:

(i) Classification

For investments in equity instruments, classification will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

(ii) Recognition

Purchase and sale of financial assets are recognised on trade date, the date on which Group commit to purchase or sell the financial assets.

(iii) Derecognition of financial assets

A financial asset is derecognised only when:

- the group has transferred the rights to receive cash flow from the financial asset or
- retains the contractual rights to receive the cash flows of the financial assets but assumes a contractual obligation to pay cash flows to one or more recipients.

Where the entity has transferred an asset, the group evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognised. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset the same is not derecognised.

Where the entity has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognised. Where the group retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

Notes to the Consolidated Financial Statements

(All amounts in Indian Rupees crores, except equity shares and per share data unless otherwise stated)

h) Offsetting financial instruments:

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Group or the counterparty.

i) Cash and cash equivalents:

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

j) Current and Deferred taxes:

The current tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences.

The current income tax charge is calculated based on the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, based on amounts expected to be paid to the tax authorities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this

case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred tax assets are recognised for all deductible temporary differences only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

k) Inventories:

Cost of raw materials and stores comprise of cost of purchases. Cost of work-in-progress and finished goods comprises cost of direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenses, the latter being allocated on the basis of normal operating capacity. Cost of inventories also include all other cost incurred in bringing the inventories to their present location and condition. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Items held for use in the production of inventory are not written below cost if the finished product in which these will be incorporated are expected to be sold at or above the cost.

l) Contributed equity:

Equity shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

m) Employee benefits obligation:

(i) Short-term obligations

Liabilities for wages and salaries, bonus, ex-gratia etc. that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

Notes to the Consolidated Financial Statements

(All amounts in Indian Rupees crores, except equity shares and per share data unless otherwise stated)

(ii) Other Long-term employee benefit obligations

The liabilities for compensated absences are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligations. Remeasurements as a result of the experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

The liability for compensated absence obligation is presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur, otherwise as non-current liabilities.

(iii) Post-employment obligations

The Group operates the following post-employment schemes:

(a) Defined benefit plans-Gratuity obligations

The liability or assets recognised in the balance sheet in respect of defined benefit gratuity plans is the present value of the defined benefit obligations at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method.

The present value of the defined benefit obligation denominated in INR is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation. The benefits which are denominated in currency other than INR, the cash flows are discounted using market yields determined by reference to high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit and loss.

Remeasurement gains and losses arising from experience adjustments and change in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and under other equity in the balance sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service cost.

In respect of funded post-employment defined benefit plans, amounts due for payment within 12 months to the fund may be treated as 'current'. Regarding unfunded post-employment benefit plans, settlement obligations which are due within 12 months in respect of employees who have resigned or expected to resign or are due for retirement within the next 12 months is 'current'. The remaining amount attributable to other employees, who are likely to continue in the services for more than a year, is classified as "non-current".

Group uses the work of an actuary in determining the current and non current liability for unfunded post employee benefit obligations.

(b) Defined contribution plans

The group pays provident fund contributions to publicly administered funds as per local regulations. The group has no further payment obligations once the contributions have been paid. The contributions are accounted for as defined contribution plans and the contributions are recognised as employee benefit expense when they are due.

Termination benefits in the nature of voluntary retirement benefits are recognised in the Statement of Profit and Loss as and when incurred.



Notes to the Consolidated Financial Statements

(All amounts in Indian Rupees crores, except equity shares and per share data unless otherwise stated)

n) Borrowings:

Borrowings are initially recognised at fair value, net of transaction cost incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other gains/(losses).

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period. Where there is a breach of a material provision of a long-term loan arrangement on or before the end of the reporting period with the effect that the liability becomes payable on demand on the reporting date, the entity does not classify the liability as current, if the lender agreed, after the reporting period and before the approval of financial statements for issue, not to demand payment as consequence of the breach

o) Trade payables:

These amounts represent liabilities for goods and services provided to the group prior to the end of financial year which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method. The credit period typically ranges between 60 to 90 days and are recognised initially at the transaction price as they do not contain significant financing components.

p) Provisions:

Provision for legal claims are recognised when the group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provisions due to the passage of time is recognised as interest expense. Provision for litigation related obligation represents liabilities that are expected to materialise in respect of matters in appeal.

q) Revenue:

Taxes collected from customers relating to product sales and remitted to government authorities are excluded from revenues.

Government Grant in the form of export entitlements from government authorities are recognised in the statement of profit and loss as a income, when there is reasonable assurance that the entity will comply with the conditions attaching to them and the grants will be received.

r) Leases:

As a lessee

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the group. Contracts may contain both lease and non-lease components. The group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivables

Notes to the Consolidated Financial Statements

(All amounts in Indian Rupees crores, except equity shares and per share data unless otherwise stated)

- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the group under residual value guarantees
- the exercise price of a purchase option if the group is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the group which does not have recent third party financing, and
- makes adjustments specific to the lease, e.g. term, country, currency and security.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Short-term leases of equipment and all leases of low-value assets are recognised as expense over the lease term on straight-line basis or another systematic basis if that basis is more representative of the pattern of the benefit. Short-term leases are leases with a lease term of 12 months or less.

s) Earnings per share:

i. Basic earnings per share

Basic earnings per share is calculated by dividing:

- The profit attributable to owners of the group
- By the weighted average number of equity shares outstanding during the financial year, adjusted for bonus elements in equity shares issued during the year,

ii. The Group does not have potential dilutive shares

t) Dividend:

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

u) Borrowing Costs:

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing cost eligible for capitalisation. Other borrowings costs are expensed in the period in which they are incurred.

Notes to the Consolidated Financial Statements

(All amounts in Indian Rupees crores, except equity shares and per share data unless otherwise stated)

v) Rounding of Amounts:

All amounts disclosed in the consolidated financial statements and notes have been rounded off to the nearest crores as per the requirement of Schedule III of the Companies Act, 2013, unless otherwise stated.

Note 40: Audit Trail implementation

Due to standard functionality of SAP application, audit trail for a specific access in the application and database functionality of SAP, while changes made are logged, it does not capture 'old value' and 'new value' of changes made for which the holding company is working with the vendor for potential resolution. However, the audit trail feature of the payroll application of the holding company, has been enabled in phased manner during the year.

For **Price Waterhouse Chartered Accountants LLP**
Firm registration number: 012754N/N500016

For and on behalf of the Board of Directors of
Divi's Laboratories Limited

N.K. Varadarajan
Partner
Membership number: 90196

Dr. Murali K Divi
Managing Director
DIN: 00005040

N.V. Ramana
Executive Director
DIN: 00005031

Dr. Kiran S Divi
Whole-time Director and
Chief Executive Officer
DIN: 00006503

Nilima Prasad Divi
Whole-time Director
(Commercial)
DIN: 06388001

Place: Hyderabad
Date: May 25, 2024

L. Kishorebabu
Chief Financial Officer

M. Satish Choudhury
Company Secretary
Membership No: F12493

Place: Hyderabad
Date: May 25, 2024

Notice of the 34th Annual General Meeting

NOTICE is hereby given that the Thirty-Fourth Annual General Meeting (AGM) of the Members of Divi's Laboratories Limited ("the Company") will be held on Monday, August 12, 2024, at 10.00 a.m. IST through video conferencing ("VC")/other audio-visual means ("OAVM") to transact the following business:

Ordinary Business:

Item No. 1 – Adoption of financial statements

To consider and adopt the audited financial statements of the Company, both standalone and consolidated, for the financial year ended March 31, 2024, and the reports of the Board of Directors' and Auditors' thereon.

Item No. 2 – Declaration of dividend for the financial year 2023-24

To declare dividend of ₹30/- per Equity Share of face value ₹2/- each (i.e. @ 1,500%) for the financial year ended March 31, 2024.

Item No. 3 – Appointment of Mr. N.V. Ramana (DIN: 00005031), who retires by rotation, as Director of the Company

To appoint a director in place of Mr. N.V. Ramana (DIN: 00005031), who retires by rotation at this Annual General Meeting and being eligible, offers himself for re-appointment.

Item No. 4 – Appointment of Dr. Kiran S. Divi (DIN: 00006503), who retires by rotation, as Director of the Company

To appoint a director in place of Dr. Kiran S. Divi (DIN: 00006503), who retires by rotation at this Annual General Meeting and being eligible, offers himself for re-appointment.

Special Business:

Item No. 5 – Appointment of Dr. Rajendra Kumar Premchand, (DIN: 00895990), as an Independent Director

To consider and, if thought fit, to pass the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of the Sections 149, 150 and 152 of the Companies Act, 2013 ("the Act") and other applicable provisions of the Act, read with Schedule IV to the Act (including any statutory modification(s), amendment(s), or re-enactment(s) thereof, for the time being in force), the Companies (Appointment and Qualification of Directors) Rules, 2014, as amended and Regulation 17 and other applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"), each as amended, the appointment of Dr. Rajendra Kumar Premchand, (DIN: 00895990), who was appointed as an Additional Director,

designated as an Independent Director on May 25, 2024, pursuant to the provisions of Section 161(1) of the Act and the Articles of Association of the Company and in respect of whom the Company has received a notice in writing under Section 160 of the Act from a member proposing his candidature for the office of Director, being eligible, as an Independent Director of the Company, not liable to retire by rotation and to hold office for a term of 5 (five) consecutive years, i.e., upto May 24, 2029, be and is hereby approved."

"RESOLVED FURTHER THAT the Board be and is hereby authorised to do all such acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

Item No. 6 - Re-appointment of Dr. Murali K. Divi (DIN: 00005040) as Managing Director of the Company

To consider and, if thought fit, to pass the following resolution as a Special Resolution:

"RESOLVED THAT in accordance with the provisions of Sections 196, 197, 198 and 203 read with Schedule V and other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or reenactment(s) thereof, for the time being in force) and applicable Regulations of the SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015, as amended from time to time and such other consents and permissions as may be necessary, and as recommended by the Nomination and Remuneration Committee and as approved by the Board of Directors of the Company, approval of members of the Company be and is hereby accorded for the re-appointment of Dr. Murali K. Divi (DIN: 00005040) as Managing Director of the Company, for a further period of 5 (five) years, on expiry of his present term of office, i.e. with effect from October 10, 2024, on the terms and conditions including remuneration as set out in the Statement annexed to the Notice convening this Meeting, with liberty to the Board of Directors (hereinafter referred to as "the Board" which term shall be deemed to include the Nomination and Remuneration Committee of the Board) to alter and vary the terms and conditions of the said re-appointment including remuneration as it may deem fit and as may be acceptable to Dr. Murali K. Divi, subject to the same not exceeding the limits specified under Section 197 read with Schedule V of the Companies Act, 2013 or any statutory modification(s) or re-enactment thereof."

"RESOLVED FURTHER THAT the Board be and is hereby authorised to do all such acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."



Item No. 7 - Re-appointment of Mr. N.V. Ramana (DIN: 00005031) as Executive Director of the Company

To consider and, if thought fit, to pass the following resolution as a Special Resolution:

“RESOLVED THAT in accordance with the provisions of Sections 196, 197, 198 and 203 read with Schedule V and other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or reenactment(s) thereof, for the time being in force) and applicable Regulations of the SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015, as amended from time to time and such other consents and permissions as may be necessary, and as recommended by the Nomination and Remuneration Committee and as approved by the Board of Directors of the Company, approval of members of the Company be and is hereby accorded for the re-appointment of Mr. N.V. Ramana (DIN: 00005031), as Executive Director of the Company for a further period of 5 (five) years, on expiry of his present term of office, i.e., with effect from December 26, 2024 on the terms and conditions including remuneration as set out in the Statement annexed to the Notice convening this Meeting, with liberty to the Board of Directors (hereinafter referred to as “the Board” which term shall be deemed to include the Nomination and Remuneration Committee of the Board) to alter and vary the terms and conditions of the said re-appointment including remuneration as it may deem fit and as may be acceptable to Mr. N.V. Ramana, subject to the same not exceeding the limits specified under Section 197 read with Schedule V of the Companies Act, 2013 or any statutory modification(s) or re-enactment thereof.”

“RESOLVED FURTHER THAT pursuant to Section 196 and any other applicable provisions of the Companies Act, 2013, approval of the Members be and is hereby accorded to the continuation of directorship of Mr. N.V. Ramana (DIN: 00005031), even after he attains the age of 70 years during his tenure consequent to his re-appointment.”

“RESOLVED FURTHER THAT the Board be and is hereby authorised to do all such acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

Item No. 8 - Re-appointment of Mr. K.V. Chowdary (DIN: 08485334) as an Independent Director of the Company

To consider and, if thought fit, to pass the following resolution as a Special Resolution:

“RESOLVED FURTHER THAT pursuant to the provisions of the Sections 149, 150 and 152 of the Companies Act, 2013 (“the Act”) and other applicable provisions of the Act, read with Schedule IV to the Act and other applicable provisions of the

Act (including any statutory modification(s), amendment(s), or re-enactment(s) thereof, for the time being in force), the Companies (Appointment and Qualification of Directors) Rules, 2014, as amended and Regulation 17 and other applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI Listing Regulations”), each as amended, the Articles of Association of the Company, approval and recommendation of the Nomination and Remuneration Committee, and that of the Board of Directors, Mr. K.V. Chowdary (DIN: 08485334), who holds office as an Independent Director up to January 03, 2025 and who meets the criteria for independence under Section 149(6) of the Act and the Rules made thereunder and Regulation 16(1)(b) of the SEBI Listing Regulations and in respect of whom the Company has received a notice in writing from a member under Section 160(1) of the Act, be and is hereby re-appointed as an Independent Director, not liable to retire by rotation, for a second term of 5 (five) consecutive years with effect from January 04, 2025 up to January 03, 2030.”

“RESOLVED FURTHER THAT pursuant to Regulation 17(1A) of the SEBI Listing Regulations, as amended and other applicable provisions, if any, of the Companies Act, 2013 and Rules framed thereunder, consent of the Members be and is hereby accorded for continuance of the Directorship of Mr. K.V. Chowdary (DIN: 08485334), who will attain 75 years of age on October 10, 2029, as an Independent Director of the Company till completion of his second term of appointment, that is, up to January 03, 2030.”

“RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to do all such acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

By Order of the Board of Directors

M. Satish Choudhury
Company Secretary
Membership No. F12493

Place: Hyderabad
Date: May 25, 2024

Registered Office:

1-72/23(P)/DIVIS/303,
Divi Towers, Cyber Hills,
Gachibowli, Hyderabad – 500 032
CIN: L24110TG1990PLC011854
Website: www.divislab.com
e-mail: mail@divislab.com
Tel: +91 40 66966300
Fax: +91 40 66966460

Notes:

1. The Ministry of Corporate Affairs (“MCA”) vide its Circular dated May 5, 2020 read with Circulars dated April 8, 2020, April 13, 2020, January 13, 2021, December 14, 2021, May 5, 2022, December 28, 2022 and September 25, 2023 (collectively referred to as “MCA Circulars”) and SEBI vide its Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated May 12, 2020, SEBI/HO/CFD/CMD2/CIR/P/2021/11 dated January 15, 2021, SEBI/HO/CFD/CMD2/CIR/P/2022/62 dated May 13, 2022, SEBI/HO/DDHS/DDHS-RACPOD1/P/CIR/2023/001 dated January 5, 2023 and SEBI/HO/DDHS/P/CIR/2023/0164 dated October 06, 2023 has permitted the holding of the Annual General Meeting (“AGM”) through Video Conference/Other Audio Visual Means, without the physical presence of the Members at a common venue.

The deemed venue for the 34th AGM shall be the Registered Office of the Company. As the AGM shall be conducted through VC/OAVM, the facility for appointment of Proxy by the Members is not available for this AGM and hence the Proxy Form and Attendance Slip including Route Map are not annexed to this Notice.

2. Members attending the AGM through VC/OAVM shall be reckoned for the purpose of quorum under Section 103 of the Act.

3. The Explanatory Statement pursuant to Section 102 and 110 of the Act read with applicable Rules setting out all material facts of the businesses specified above is annexed hereto. Brief profiles and other additional information pursuant to Regulation 36(3) of the SEBI Listing Regulations and Secretarial Standard on General Meetings issued by the Institute of Company Secretaries of India, in respect of the Directors seeking appointment/re-appointment, are also annexed to the Notice.

4. The Register of directors and key managerial personnel and their shareholding, maintained under Section 170 of the Act, and the Register of Contracts or Arrangements in which the directors are interested, maintained under Section 189 of the Act, will be available electronically for inspection by the members during the AGM. All documents referred to in the Notice will also be available for electronic inspection without any fee by the members from the date of circulation of this Notice up to the date of AGM, i.e. August 12, 2024. Members seeking to inspect such documents can send an email to cs@divislab.com.

5. The Board of Directors at its meeting held on May 25, 2024, has recommended a dividend of ₹30/- per equity share of ₹2/- each (i.e. 1,500%) for the financial year 2023-24, subject to the approval of the shareholders at the 34th AGM. **The record date for determining the names of the members eligible for dividend on equity shares, if approved, is August 02, 2024.**

If the dividend, as recommended by the Board of Directors, is approved at the AGM, payment of such dividend subject to deduction of tax at source **will be made on and from Monday, August 19, 2024 as under:**

- To all Beneficial Owners in respect of shares held in dematerialised form as per the data as may be made available by the National Securities Depository Limited (“NSDL”) and the Central Depository Services (India) Limited (“CDSL”), collectively referred to as “Depositories”, as on record date.
- To all Members in respect of shares held in physical form, after giving effect to valid transmission or transposition requests lodged with the Company as on record date.

Payment of dividend shall be made through electronic mode to the Members who have updated their bank account details. Dividend warrants/demand drafts will be dispatched to the registered address of the Members who have not updated their bank account details. We urge members to update their bank details for receiving dividends by following the process stated in note no. 9 below.

Pursuant to Finance Act 2020, dividend income is taxable in the hands of shareholders effective April 1, 2020, and the Company is required to deduct tax at source from dividend paid to the Members at the rates prescribed in the Income Tax Act, 1961 (“the IT Act”). In general, to enable compliance with TDS requirements, Members are requested to complete and/or update their Residential status, PAN, Category as per the IT Act with their Depository Participants (DP) or in case shares are held in physical form, with the Company/Registrars and Transfer Agents (RTA) by sending documents through e-mail on or before August 02, 2024 to enable the Company to determine the appropriate TDS/withholding tax rate applicable, verify the documents and provide exemption. For the detailed process, please click here: <https://www.divislab.com/investor-relations/statutory-communication/#2024-25> and refer ‘Information regarding deduction of Income tax at source on dividend for FY 2023-24’. The members may also refer to the e-mail being sent to members in this regard.

6. Unclaimed dividend for the year(s) 2017-18, 2018-19, 2019-20 (interim dividend), 2020-21, 2021-22 and 2022-23 are held in separate bank accounts and shareholders who have not received the dividend/encashed the warrants are advised to write to the Company or to Registrar and Transfer Agent (RTA) of the Company, KFin Technologies Limited (“Kfin”) with complete details.

The Company has transferred the unpaid or unclaimed dividends declared up to financial years 2015-16, from time



to time, to Investor Education and Protection Fund Authority ("IEPF"). Details of dividends so far transferred to the IEPF Authority are available on the website of IEPF Authority and the same can be accessed through the link: www.iepf.gov.in.

The details of unpaid and unclaimed dividends lying with the Company as on March 31, 2024 are uploaded on the website of the Company and can be accessed through the link <https://www.divislab.com/investor-relations/reports-and-filings/unclaimed-dividend/>.

Pursuant to the applicable provisions of the Act read with Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 (as amended from time to time), equity shares in respect of which dividend has not been paid or claimed for seven consecutive years or more will be transferred to the demat account of IEPF Authority. The Company has already initiated the necessary action for transfer of shares in respect of which dividend has not been paid or claimed by members for seven consecutive years or more. Members are advised to visit the website of the Company at <https://www.divislab.com/investor-relations/reports-and-filings/unclaimed-dividend/> to ascertain the details of shares liable for transfer/transferred in the name of IEPF Authority.

Details of shares so far transferred to the IEPF Authority are available on the website of the Company www.divislab.com and the details have also been uploaded on the website of the IEPF Authority and can be accessed through the link: www.iepf.gov.in.

Members whose unclaimed dividend/shares are transferred to the IEPF Authority can claim their unclaimed dividend and shares from the IEPF Authority by filing Form

Members may follow the process detailed below for registration of email ID to obtain the annual report, updating bank account details for the receipt of dividend and other information as per the aforementioned SEBI Circular:

Type of holder	Process to be followed	
Physical	ISR Form(s) and the supporting documents can be provided to RTA by any one of the following modes. a) Through hard copies which are self-attested, which can be shared on the address mentioned at note no 7 above; or b) Through electronic mode with e-sign by following the link: https://ris.kfintech.com/clientservices/isc/default.aspx# Detailed FAQ can be found on the link: https://ris.kfintech.com/faq.html	
	Form for availing investor services to register PAN, email address, bank details and other KYC details or changes/update thereof for securities held in physical mode	Form ISR-1
	Update of signature of securities holder	Form ISR-2
	For nomination as provided in the Rules 19 (1) of Companies (Share capital and debenture) Rules, 2014	Form SH-13
	Declaration to opt out	Form ISR-3
	Cancellation of nomination by the holder(s) (along with ISR-3)/Change of Nominee	Form SH-14
	Form for requesting issue of Duplicate Certificate and other service requests for shares/debentures/bonds, etc., held in physical form	Form ISR-4
	The forms for updating the above details are available at https://www.divislab.com/investor-relations/shareholders-contact/#downloads	
Demat	Please contact your Depository Participant (DP) and register your email address, bank account details in your demat account and nomination, as per the process advised by your DP, where the DEMAT a/c is being held.	

No IEPF-5 and following the Refund Procedure as detailed on the website of IEPF Authority i.e. www.iepf.gov.in.

The concerned Members/investors are advised to visit the weblink of the IEPF Authority <http://iepf.gov.in/IEPF/refund.html>, or contact Company's RTA for detailed procedure to lodge the claim with IEPF Authority.

- All documents/requests and other communications relating to shares should be addressed to the Company's RTA at the address mentioned below:

Kfin Technologies Limited
Unit: Divi's Laboratories Limited
Selenium Tower B, Plot No. 31 - 32, Financial District,
Nanakramguda, Serilingampally, Hyderabad - 500032
Phone No: +91 40-67161526, Fax: +91 40-23001153
Toll Free No. 1800-3454-001
E-mail: einward.ris@kfintech.com

- We encourage members to support our commitment to environmental protection by choosing to receive the Company's communication through email. Members holding shares in demat mode, who have not registered their email addresses are requested to register their email addresses with their respective DP, and members holding shares in physical mode are requested to update their email addresses with the Company's RTA, to receive copies of the Annual Report 2023-24 in electronic mode.

As per the provisions of Section 72 of the Act, the facility for making nomination is available for the Members in respect of the shares held by them by submitting Form SH-13 to RTA (if holding physical shares)/to their DP (if holding demat shares).

- Regulation 40 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"), as amended, mandates that transfer, transmission and transposition of securities of listed companies held in physical form shall be affected only in demat mode. Further, SEBI, vide its Circular dated January 25, 2022, has clarified that listed companies, with immediate effect, shall issue the securities only in demat mode while processing investor service requests pertaining to issue of duplicate securities certificate, claim from unclaimed suspense account, renewal/exchange of securities certificate, endorsement, sub-division/splitting of securities certificate, consolidation of securities certificates/folios, transmission, transposition etc. In view of this, Members holding shares in physical form are requested to consider converting their holdings to demat mode. Any shareholder who is desirous of dematerialising their securities may write to the Company at cs@divislab.com or to the RTA at einward.ris@kfintech.com for any clarifications, if needed.

- Non-Resident Indian Members are requested to inform the RTA (if holding shares in physical mode)/respective DP (if holding shares in demat mode), immediately of:

- Change in their residential status on return to India for permanent settlement; and
- Particulars of their bank account maintained in India with account type, account number and name and address of the bank with pin code number, if not furnished earlier.

11. Dispatch of Annual Report through Electronic Mode:

In compliance with the MCA Circulars and SEBI Circulars, Notice of the AGM along with the Annual Report 2023-24 is being sent only through electronic mode to those Members whose email addresses are registered with the Company/the Depositories/RTA. Members may note that the Notice and Annual Report 2023-24 will also be available on the Company's website www.divislab.com, websites of the Stock Exchanges, i.e., BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com respectively. The Notice is also available on the website of Company's RTA at <https://evoting.kfintech.com>.

For receiving all communication (including Annual Report) from the Company electronically, members are requested to update their email addresses with RTA (if holding shares in physical mode)/respective DP (if holding shares in demat mode) as stated above. In case of any queries/difficulties in registering the e-mail address, Members may write to cs@divislab.com or einward.ris@kfintech.com.

12. Procedure for joining the AGM through VC/OAVM:

The Company will provide VC/OAVM facility to its Members for participating at the AGM through platform provided by Company's RTA, KFin Technologies Limited.

- Members will be able to attend the AGM through VC/OAVM or view the live webcast at <https://emeetings.kfintech.com> by using their e-voting login credentials.

Members are requested to follow the procedure given below:

- Launch internet browser by typing the URL: <https://emeetings.kfintech.com>
 - Enter the login credentials (i.e., User ID and password for e-voting).
 - After logging in, click on "Video Conference" option
 - Then click on camera icon appearing against AGM event of Divi's Laboratories Limited, to attend the Meeting.
- Members who do not have User ID and Password for e-voting or have forgotten the User ID and Password may retrieve the same by following the procedure given in the E-voting instructions.
 - Members will be allowed to attend the AGM through VC/OAVM on first come, first served basis.
 - Facility to join the meeting shall be opened thirty minutes before the scheduled time of the AGM and shall be kept open throughout the proceedings of the AGM.
 - Members who need assistance before or during the AGM, can contact Kfin on emeetings@kfintech.com or call on toll free numbers 1800-425-8998/1800-345-4001. Kindly quote your name, DP ID-Client ID/Folio no. and E-voting Event Number in all your communications.
 - In the case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote at the AGM.
 - Members of the Company under the category of Institutional Investors are encouraged to attend and vote at the AGM.
 - Institutional/Corporate shareholders (i.e. other than individuals, HUF, NRI, etc.) are required to send a scanned copy (PDF/JPG Format) of their respective Board Resolution/Power of Attorney/Authorisation Letter, etc., authorizing their representative to attend the AGM through VC/OAVM on their behalf. The said Resolution /Authorisation shall be sent to the Scrutinizer by e-mail on its registered e-mail



address to bhaskararaoandco@gmail.com with a copy marked to evoting@kfintech.com. The scanned image of the above-mentioned documents should be in the naming format "Corporate Name EVEN".

13. Members who would like to express their views or ask questions during the AGM may register themselves by logging on to <https://emeetings.kfintech.com> and by clicking on the 'Speaker Registration' option available on the screen after log in. The Speaker Registration will be open during August 08, 2024, to August 09, 2024. Members shall be provided a 'queue number' before the meeting. Only those members who are registered will be allowed to express their views or ask questions. The Company reserves the right to restrict the number of questions and number of speakers, depending upon availability of time as appropriate for smooth conduct of the AGM.
14. The Members who wish to post their questions prior to the meeting can do the same by visiting <https://emeetings.kfintech.com>. Please login through the user id and password provided in the mail received from Kfin. On successful login, select 'Post Your Question' option which will be opened from August 08, 2024, to August 09, 2024.
15. All the shareholders attending the AGM will have option to post their comments/queries through a dedicated Chat box that will be available below the meeting screen.

16. Procedure for 'remote e-voting' and e-voting at the AGM ('Insta Poll'):

I. E-voting Facility:

Pursuant to the provisions of Section 108 and other applicable provisions, if any, of the Act read with the Companies (Management and Administration) Rules, 2014, as amended, and Regulation 44 of SEBI Listing Regulations read with circular of SEBI on e-Voting facility provided by listed entities, dated December 09, 2020, the Company is providing to its members facility to exercise their right to vote on resolutions proposed to be passed at AGM by electronic means ("e-voting"). Members may cast their votes remotely, using an electronic voting system on the dates mentioned herein below ("remote e-voting").

Further, the facility for voting through electronic voting system will also be made available at the Meeting ("Insta Poll") and members attending the Meeting who have not cast their vote(s) by remote e-voting will be able to vote at the Meeting through Insta Poll.

The Company has engaged the services of Kfin Technologies Limited as the agency to provide e-voting facility.

The manner of voting, including voting remotely by (i) individual shareholders holding shares of the Company in demat mode, (ii) shareholders other than individuals holding shares of the Company in demat mode, (iii) shareholders holding shares of the Company in physical mode, and (iv) Members who have not registered their e-mail address is explained in the instructions given herein below.

The remote e-voting facility will be available during the following voting period:

Commencement of remote e-voting:	9:00 a.m. (IST) on August 08, 2024
End of remote e-voting:	5:00 p.m. (IST) on August 11, 2024

The remote e-voting will not be allowed beyond the aforesaid date and time and the remote e-voting module shall be forthwith disabled by KFin upon expiry of the aforesaid period.

Voting rights of a Member /Beneficial Owner (in case of electronic shareholding) shall be in proportion to his/her share in the paid-up equity share capital of the Company as on the **cut-off date, i.e., August 06, 2024 ("Cut-off Date")**.

The Board of Directors of the Company has appointed Mr. V Bhaskara Rao, Practicing Company Secretary, (Membership No. FCS5939), or failing him Mr. S. Hari Kishore Babu, a Practicing Company Secretary (Membership No.: FCS11462) as Scrutinizer to scrutinize the remote e-voting and Insta Poll process in a fair and transparent manner and he has communicated his willingness to be appointed and will be available for the said purpose.

II. Information and instructions relating to e-voting are as under:

- a. The members who have cast their vote(s) by remote e-voting may also attend the Meeting but shall not be entitled to cast their vote(s) again at the Meeting. Once the vote on a resolution is cast by a member, whether partially or otherwise, the member shall not be allowed to change it subsequently or cast the vote again.
- b. A member can opt for only a single mode of voting per EVEN, i.e., through remote e-voting or voting at the Meeting (Insta Poll). If a member casts vote(s) by both modes, then voting done through remote e-voting shall prevail and

vote(s) cast at the Meeting through Insta Poll shall be treated as "INVALID".

- c. A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on Cut-off Date only shall be entitled to avail the facility of remote e-voting or for participation at the AGM and voting through Insta Poll. A person who is not a member as on the cut-off date, should treat the Notice for information purposes only.

- d. The Company has opted to provide the same electronic voting system at the Meeting, as used during remote e-voting, and the said facility shall be operational till all the resolutions proposed in the Notice are considered and voted upon at the Meeting and may be used for voting only by the Members holding shares as on the Cut-off Date who are attending the Meeting and who have not already cast their vote(s) through remote e-voting.

III. Remote e-voting:

a. Information and instructions for 'remote e-voting' by Individual Shareholders holding shares of the Company in demat mode

As per circular of SEBI on e-voting Facility provided by Listed Entities, dated December 09, 2020, **all "individual shareholders holding shares of the Company in demat mode" can cast their vote, by way of a single login credential, through their demat accounts/websites of Depositories/Depository Participants.** The procedure to login and access remote e-voting, as devised by the Depositories/Depository Participant(s), is given below:

Procedure to login through websites of Depositories	
National Securities Depository Limited ("NSDL")	Central Depository Services (India) Limited ("CDSL")
<p>1. User already registered for IDEAS e-Services facility of NSDL may follow the following procedure:</p> <ol style="list-style-type: none"> i. Type in the browser/Click on the following e-services link: https://eservices.nsd.com ii. Click on the button "Beneficial Owner" available for login under 'IDeAS' section. iii. A new page will open. Enter your User ID and Password for accessing IDeAS. iv. On successful authentication, you will enter your IDeAS service login. Click on "Access to e-voting" under Value Added Services on the panel available on the left hand side. v. Click on "Active E-voting Cycles" option under E-voting. vi. You will see Company Name: "Divi's Laboratories Limited" on the next screen. Click on the e-voting link available against Divi's Laboratories Limited or select e-voting service provider "Kfintech" and you will be re-directed to the e-voting page of Kfintech to cast your vote without any further authentication. 	<p>1. Existing user who have opted for Easi/Easiest facility of CDSL may follow the following procedure:</p> <ol style="list-style-type: none"> i. Type in the browser/Click on any of the following links: https://web.cdslindia.com/myeasi/home/login or www.cdslindia.com and click on New System Myeasi/Login to My Easi option under Quick Login (best operational in Internet Explorer 10 or above and Mozilla Firefox) ii. Enter your User ID and Password for accessing Easi/Easiest. iii. You will see Company Name: "Divi's Laboratories Limited" on the next screen. Click on the e-voting link available against Divi's Laboratories Limited or select e-voting service provider "Kfintech" and you will be re-directed to the e-voting page of Kfintech to cast your vote without any further authentication.
<p>2. Users not registered for IDEAS e-Services facility of NSDL may follow the following procedure:</p> <ol style="list-style-type: none"> i. To register, type in the browser/Click on the following e-services link: https://eservices.nsd.com ii. Select option "Register Online for IDeAS" available on the left hand side of the page iii. Proceed to complete registration using your DP ID, Client ID, Mobile Number etc. iv. After successful registration, please follow steps given under Sr. No. 1 above to cast your vote. 	<p>2. Users not registered for Easi/Easiest facility of CDSL may follow the following procedure:</p> <ol style="list-style-type: none"> i. To register, type in the browser/Click on the following link: https://web.cdslindia.com/myeasi/Registration/EasiRegistration ii. Proceed to complete registration using your DP ID-Client ID (BO ID), etc. iii. After successful registration, please follow steps given under Sr. No. 1 above to cast your vote.



3. Users may directly access the e-voting module of NSDL as per the following procedure:

- i. Type in the browser/Click on the following link: <https://www.evoting.nsdl.com/>
- ii. Click on the button "Login" available under "Shareholder/Member" section.
- iii. On the login page, enter User ID (that is, 16-character demat account number held with NSDL, starting with IN), Login Type, that is, through typing Password (in case you are registered on NSDL's e-voting platform)/through generation of OTP (in case your mobile/e-mail address is registered in your demat account) and Verification Code as shown on the screen.
- iv. On successful authentication, you will enter the e-voting module of NSDL. Click on "Active E-voting Cycles" option under E-voting. You will see Company Name: "Divi's Laboratories Limited" on the next screen. Click on the e-voting link available against Divi's Laboratories Limited or select e-voting service provider "Kfintech" and you will be re-directed to the e-voting page of Kfintech to cast your vote without any further authentication.

3. Alternatively, by directly accessing the e-voting website of CDSL

- i. Type in the browser/Click on the following links: www.cdslindia.com/ <https://www.evotingindia.com>
- ii. Provide Demat Account Number and PAN
- iii. System will authenticate user by sending OTP on registered Mobile & E-mail as recorded in the Demat Account.
- iv. On successful authentication, you will enter the e-voting module of CDSL. Click on the e-voting link available against Divi's Laboratories Limited or select e-voting service provider "Kfintech" and you will be re-directed to the e-voting page of Kfintech to cast your vote without any further authentication.

Procedure to login through their demat accounts/Website of Depository Participant

- i. Individual shareholders holding shares of the Company in Demat mode can access e-voting facility provided by the Company using login credentials of their demat accounts (online accounts) through their demat accounts/websites of Depository Participants registered with NSDL/CDSL.
- ii. An option for "e-voting" will be available once they have successfully logged-in through their respective logins. Click on the option "e-voting" and they will be redirected to e-voting modules of NSDL/CDSL (as may be applicable).
- iii. Click on the e-voting link available against "Divi's Laboratories Limited" or select e-voting service provider "Kfintech" and you will be re-directed to the e-voting page of Kfintech to cast your vote without any further authentication.

Members who are unable to retrieve User ID/Password are advised to use 'forgot user ID' and 'forgot password' option available on the websites of the Depositories/Depository participants.

Contact details in case of any technical issues NSDL website

Please contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at toll free no.: **1800 1020 990** and **1800 22 44 30**

Contact details in case of any technical issues CDSL website

Please contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at **022- 23058738** or **022-23058542-43**

b. Information and instructions for 'remote e-voting' by (i) Shareholders other than individuals holding shares of the Company in demat mode and (ii) All shareholders holding shares in physical mode:

1. In case a Member receives an e-mail from the Company/Kfintech i.e. for Members whose e-mail address is registered with the Company/ Depository Participant(s):

- i. Launch internet browser by typing the URL: <https://evoting.kfintech.com>
- ii. Enter the login credentials (User ID and password provided in the e-mail). The

E-voting Event Number+Folio No. or DP ID Client ID will be your User ID. If you are already registered with Kfintech for e-voting, you can use the existing password for logging-in. If required, contact toll-free numbers 1800-309-4001 (from 9:00 a.m. to 6:00 p.m. on all working days) for assistance on your existing password.

- iii. After entering these details appropriately, click on "LOGIN".
- iv. You will now reach password change Menu wherein you are required to mandatorily change your password. The new password

shall comprise of minimum 8 characters with at least one upper case (A- Z), one lower case (a-z), one numeric value (0-9) and a special character (@,#,\$, etc.). The system will prompt you to change your password and update your contact details like mobile number, email ID etc. on first login. You may also enter a secret question and answer of your choice to retrieve your password in case you forget it. It is strongly recommended that you do not share your password with any other person and that you take utmost care to keep your password confidential.

- v. You need to login again with the new credentials.
- vi. On successful login, the system will prompt you to select the "EVEN" for Divi's Laboratories Limited and click on "Submit"
- vii. On the voting page, enter the number of shares (which represents the number of votes) as on the Cut-off Date under "For/ Against" or alternatively, you may partially enter any number in "For" and partially "Against" but the total number in "For/ Against" taken together shall not exceed your total shareholding as mentioned herein above. You may also choose the option Abstain. If the Member does not indicate either "For" or "Against" it will be treated as "Abstain" and the shares held will not be counted under either head.
- viii. Members holding multiple folios/demat accounts shall choose the voting process separately for each folio/demat accounts.
- ix. Voting has to be done for each item of the notice separately. In case you do not desire to cast your vote on any specific item, it will be treated as abstained.
- x. You may then cast your vote by selecting an appropriate option and click on "Submit".
- xi. A confirmation box will be displayed. Click "OK" to confirm else "CANCEL" to modify. Once you have voted on the resolution (s), you will not be allowed to modify your vote.
- xii. Institutional/Corporate shareholders (i.e. other than individuals, HUF, NRI, etc.) are required to send a scanned copy (PDF/JPG Format) of their respective Board Resolution/ Power of Attorney/Authorisation Letter, etc.,

authorizing their representative to attend the AGM through VC/OAVM on their behalf and to vote through remote e-Voting. The said Resolution /Authorisation shall be sent to the Scrutinizer by e-mail on its registered e-mail address to bhaskararaoandco@gmail.com with a copy marked to evoting@kfintech.com The scanned image of the above-mentioned documents should be in the naming format "Corporate Name Even."

2. In case of a Member whose e-mail address is not registered/updated with the Company/Kfintech/ Depository Participant(s), please follow the following steps to generate your login credentials:

- i. Members who have not registered/updated their e-mail address, are requested to register the same (i) with the Depository Participant(s) where they maintain their demat accounts, if the shares are held in electronic form, and (ii) Members holding shares in physical mode, who have not registered/updated their e-mail address with the Company, are requested to register/update their e-mail address by submitting Form ISR-1 (available on the website of the Company at <https://www.divislab.com/investor-relations/shareholders-contact/#downloads>) duly filled and signed along with requisite supporting documents to Kfin Technologies Limited at Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad 500 032.
- ii. Members holding shares in dematerialised mode who have not registered their e-mail address with their Depository Participant(s) are requested to register/update their e-mail address with the Depository Participant(s) with which they maintain their demat accounts.
- iii. After due verification, the Company/ Kfintech will forward your login credentials to your registered e-mail address.
- iv. Follow the instructions at II(b)(1) (i) to (xii) to cast your vote.
- v. Members can also update their mobile number and e-mail address in the "user profile details" in their e-voting login on <https://evoting.kfintech.com>.



- c. Any Member who has forgotten the User ID and Password, may obtain/generate/retrieve the same from Kfintech in the manner as mentioned below:
- If e-mail address or mobile number of the Member is registered against Folio No./ DP ID Client ID, then on the home page of <https://evoting.kfintech.com>, the Member may click "Forgot Password" and enter Folio No. or DP ID Client ID and PAN to generate password.
 - Member may call on Kfintech's toll-free number 1800309 4001 (from 9:00 a.m. (IST) to 6:00 p.m. (IST) on all working days).
 - Member may send an e-mail request to einward.ris@kfintech.com. After due verification of the request, User ID and password will be sent to the Member.
 - If the Member is already registered with Kfintech's e-voting platform, then he/she/it can use his/her/its existing password for logging-in.
- d. In case of any query and/or grievance, in respect of voting by electronic means, Members may refer to the Help & Frequently Asked Questions (FAQs) and E-voting user manual available at the download section of <https://evoting.kfintech.com> (Kfintech Website) or contact at the details mentioned below for any e-voting related clarification/grievances:
- Mr. P Nageswara Rao, Manager,
KFin Technologies Limited
(Unit: Divi's Laboratories Limited)
Selenium Tower B, Plot 31-32, Gachibowli,
Financial District,
Nanakramguda, Hyderabad - 500 032
Phone No. 040 - 67161526
Toll free No. 1800-309-4001
(from 9 a.m. (IST) to 6 p.m. (IST) on all working days)
e-mail: einward.ris@kfintech.com or evoting@kfintech.com

IV. e-voting at AGM (Insta Poll):

Facility to vote through Insta Poll will be made available on the Meeting page (after you log into the Meeting) and will be activated once the Insta Poll is announced at the Meeting. An icon, "Vote", will be available at the bottom left on the Meeting Screen. Once the voting at the Meeting is announced by the Chairman, Members who have not cast their vote using remote e-voting will be able to cast their vote by clicking on this icon. Insta Poll will be kept open for 15 minutes after end of the AGM.

V. e-voting Result:

The Scrutiniser will, after the conclusion of e-voting at the Meeting, scrutinise the votes cast at the Meeting (Insta Poll) and votes cast through remote e-voting, make a consolidated Scrutiniser's Report and submit the same to the Chairman. The result of e-voting will be declared within forty-eight hours of the conclusion of the Meeting and the same, along with the consolidated Scrutiniser's Report, will be placed on the website of the Company at www.divislab.com and on the website of Kfin at: <https://evoting.kfintech.com>. The result will also be simultaneously be communicated to the Stock Exchanges.

Subject to receipt of requisite number of votes, the Resolutions proposed in the Notice shall be deemed to be passed on the date of the Meeting, i.e., Monday, August 12, 2024.

Explanatory Statement to the Notice of 34th AGM

Statement pursuant to Section 102 of the Companies Act, 2013, read with the rules made thereunder, as applicable, the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI Listing Regulations) and the Secretarial Standards on General Meetings (SS-2)

Item No. 5

Dr. Rajendra Kumar Premchand, (DIN: 00895990), was appointed as an Additional Director (Non-Executive Independent Director) of the Company pursuant to Section 149 of the Companies Act, 2013 ("the Act"), read with applicable rules, by the Board of Directors of the Company, effective from May 25, 2024, for a term of 5 years, subject to the approval of the Members of the Company. Dr. Rajendra Kumar fulfills the requirements of an Independent Director as laid down under Section 149(6) of the Act, and Regulation 16(1)(b) of the SEBI Listing Regulations

In accordance with Section 161(1) of the Act, Dr. Rajendra Kumar shall hold office as an Additional Director up to the date of this Annual General Meeting and is eligible to be appointed as a Director. However, pursuant to Regulation 17(1C) of the SEBI Listing Regulations, approval of shareholders for appointment of a person on the Board of Directors is required to be taken at the next general meeting or within a time period of three months from the date of appointment, whichever is earlier.

The Company has received a notice in writing pursuant to Section 160 of the Companies Act, 2013, from a Member signifying his intention to propose the candidature of Dr. Rajendra Kumar Premchand as an Independent Director of the Company.

Considering the knowledge, expertise and experience of Dr. Rajendra Kumar Premchand, the Nomination and Remuneration Committee (NRC) has recommended to the Board his appointment as Independent Director of the Company for a term of 5 (five) years.

In the opinion of the Board, Dr. Rajendra Kumar Premchand fulfills the conditions specified in the Act, and Rules made thereunder and SEBI Listing Regulations for his appointment as an Independent Director of the Company and he is independent of the Management of the Company. Based on the recommendation of the NRC, the Board approved and recommended the appointment of Dr. Rajendra Kumar Premchand as an Independent Director, not liable to retire by rotation, for a term of 5 (five) years effective from May 25, 2024, up to May 24, 2029, subject to approval of the Members.

The Company has received required statutory disclosures/declarations from Dr. Rajendra Kumar, including (a) Consent in writing to act as director in Form DIR-2, (b) Intimation in

Form DIR-8 to the effect that he is not disqualified under sub-section (2) of Section 164 of the Act, and a declaration that he has not been debarred from holding office of a Director by virtue of any Order passed by the Securities and Exchange Board of India or any other such authority, and (c) Declaration to the effect that he meets the criteria of independence as provided in sub-section (6) of Section 149 of the Act and SEBI Listing Regulations.

Other Details of Dr. Rajendra Kumar, pursuant to the provisions of (i) the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015; and (ii) Secretarial Standard on General Meetings issued by the Institute of Company Secretaries of India, are provided in the "Annexure" to the Notice.

The draft letter for re-appointment of Dr. Rajendra Kumar as an Independent Director setting out the terms and conditions is available for inspection by Members at the Company through electronic mode.

Pursuant to Regulation 25(2A) of the SEBI Listing Regulations, the appointment, re-appointment or removal of an Independent Director shall be subject to the approval of shareholders by way of a Special Resolution. Accordingly, the appointment of Dr. Rajendra Kumar Premchand requires the approval of the members by way of a Special Resolution.

In compliance with the provisions of Section 149 read with Schedule IV to the Act and Regulations 17(1C) and 25(2A) of the SEBI Listing Regulations, the Company is seeking the approval of its members for appointment of Dr. Rajendra Kumar Premchand, as an Independent Director on the Board of the Company for a term of five consecutive years effective from May 25, 2024 up to May 24, 2029 by way of a Special Resolution as set out in Item No. 5 above. He shall not be liable to retire by rotation. The Board is of the view that Dr. Rajendra Kumar's appointment, as an Independent Director, will be in the interest of the Company, considering his rich experience, knowledge and expertise.

None of the Directors or Key Managerial Personnel of the Company and/or their relatives except Dr. Rajendra Kumar Premchand, to whom the resolution relates, is in any way concerned or interested, financially or otherwise, in the resolution. The relatives of Dr. Rajendra Kumar may also be deemed to be interested in the resolution to the extent of their shareholding interest, if any, in the Company.

The Board recommends the resolutions set forth in Item No. 5 of this Notice for approval of the members by way of a Special Resolution.



Item No. 6

Dr. Murali K. Divi (DIN: 00005040) is the Founder and Managing Director of Divi's Laboratories Limited. He was re-appointed as Managing Director of the Company via postal ballot dated August 23, 2019, for a period of five years commencing from October 10, 2019, to October 09, 2024, not liable to retire by rotation.

The Company has received a notice in writing pursuant to Section 160 of the Companies Act, 2013, from a Member signifying his intention to propose the candidature of Dr. Murali K. Divi as Managing Director, to be appointed under the provisions of Section 196 of the Companies Act, 2013.

Dr. Murali K. Divi has given his consent to act as Managing Director. He confirmed that he satisfies all the conditions set out in Part -I of Schedule V to the Act and also conditions set out under Section 196(3) of the Act, for being eligible for appointment as Managing Director of the Company and he is not disqualified from being a Director in terms of Section 164 of the Act.

He has also confirmed that he is not debarred from holding the office of Director by virtue of any SEBI Order or any such authority pursuant to circulars dated June 20, 2018, issued by the BSE Limited and the National Stock Exchange of India Limited pertaining to the enforcement of SEBI Orders regarding the appointment of Directors by the listed companies.

Other Details of Dr. Murali K. Divi, pursuant to the provisions of (i) the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015; and (ii) Secretarial Standard on General Meetings issued by the Institute of Company Secretaries of India, are provided in the **"Annexure"** to the Notice.

The Nomination and Remuneration Committee (NRC) after considering the performance evaluation of Dr. Murali K. Divi and considering his knowledge, expertise, experience and contribution, and time commitment, has recommended to the Board his re-appointment as Managing Director for a term of 5 (five) years.

Pursuant to the recommendation by NRC and based on its evaluation, the Board of Directors of the Company at its meeting held on May 25, 2024, has approved the re-appointment of Dr. Murali K. Divi (DIN: 00005040) as Managing Director, for a further period of 5 (five) years from the expiry of his present term, i.e., with effect from October 10, 2024, on terms and conditions including remuneration as recommended by the NRC, subject to approval of Members.

Dr. Murali K. Divi, aged 73 years, is the founder and visionary behind the Company's existence and driving force for the Company's sustained performance. He oversees business strategies and research activities of the Company.

His appointment is in the interest of the Company and its stakeholders.

The Board recommends the resolution set forth in Item No. 6 relating to the re-appointment of Dr. Murali K. Divi as Managing Director of the Company, who shall not be liable to retire by rotation, by way of Special Resolution. Members' approval is sought for the re-appointment of and remuneration payable to Dr. Murali K. Divi as Managing Director of the Company, in terms of the applicable provisions of the Companies Act, 2013.

Broad particulars of the terms of re-appointment of and remuneration payable to Dr. Murali K. Divi are as under:

Salary, perquisites and other allowances:

- a) Salary of ₹1 (Rupee One only) per month.
- b) In addition to the aforesaid salary, he shall be entitled to following perquisites and allowances:
 - i. Rent free furnished accommodation or house rent allowance in lieu thereof.
 - ii. Re-imbursment of expenses for watch and ward, gas, electricity, and water.
 - iii. Re-imbursment of medical expenses, personal accident insurance premium and premium on medical policy
 - iv. Personal accident insurance premium and medical insurance premium for self and family.
 - v. Leave travel concession for self and his family including dependents.
 - vi. Re-imbursment of actual club fees.
 - vii. Company's contribution towards pension scheme or superannuation fund or provident fund as per the Company's policy
 - viii. Gratuity payable as per the rules of the Company
 - ix. Encashment of un-availed leave as per the rules of the Company
 - x. All other payments in the nature of perquisites and allowances agreed by the Board of Directors from time to time.

Perquisites shall be evaluated as per the provisions of Income Tax Act, 1961 or any rules thereunder or any statutory modification(s) or reenactment thereof; in the absence of any such rules, perquisites and allowances shall be evaluated at actual cost. However, contribution towards pension scheme, superannuation fund, provident fund to the extent these singly or together are not taxable under the Income Tax law, gratuity and encashment of un-availed leave, as per the rules of the Company and to the extent not taxable under the Income Tax law, shall not be included in the aforesaid perquisites limit.

However, the aggregate monetary value of the perquisites in any year shall not exceed ₹50 lakhs per annum.

Remuneration based on net profits:

In addition to the salary, perquisites and allowances mentioned above, Dr. Murali K. Divi shall be entitled to remuneration @ 3% of the net profits of the respective financial year of the Company computed in the manner laid down in section 198 of the Companies Act, 2013, due and payable in the month of June in succeeding financial year.

Reimbursement of expenses:

Expenses incurred for travelling, boarding and lodging during business trips, use of car(s) on Company's business and communication expenses at residence, shall be paid/reimbursed at actuals and not to be considered as perquisites.

Minimum remuneration:

Notwithstanding anything to the contrary herein contained, where in any financial year during the currency of the tenure of the Director, the Company does not have profits or its profits are inadequate, the Company will pay salary, perquisites, allowances and remuneration as a percentage of profits not exceeding the maximum limits as prescribed under Section II, Part II of Schedule V to the Act as amended from time to time as minimum remuneration to Dr. Murali K Divi.

The above may be treated as a written memorandum setting out the terms of re-appointment of Dr. Murali K. Divi under Section 190 of the Act.

Dr. Kiran S. Divi and Ms. Nilima Prasad Divi, Directors of the Company being related to Dr. Murali K. Divi, are deemed to be interested in the resolution. The relatives of Dr. Murali K Divi may also be deemed to be interested in the resolution to the extent of their shareholding interest, if any, in the Company. Save and except the above, none of the other Directors/Key Managerial Personnel of the Company and/or their relatives is in any way concerned or interested, financially or otherwise, in the resolution.

The Board recommends the resolutions set forth in Item No. 6 of this Notice for approval of the members by way of a Special Resolution.

Item No. 3 & 7

Mr. N.V. Ramana has been the Executive Director of Divi's Laboratories Limited for the past 30 years. He was re-appointed as Executive Director of the Company via postal ballot dated August 23, 2019, for a period of five years commencing from December 26, 2019, to December 25, 2024, liable to retire by rotation. He retires by rotation at the 34th

AGM of the Company and, being eligible, offers himself for the re-appointment.

The Company has received a notice in writing pursuant to Section 160 of the Companies Act, 2013, from a Member signifying his intention to propose the candidature of Mr. N.V. Ramana as an Executive Director, to be appointed under the provisions of Section 196 of the Companies Act, 2013.

Mr. N.V. Ramana has given his consent to act as a director. He confirmed that he satisfies all the conditions set out in Part -I of Schedule V to the Act and also conditions set out under Section 196(3) of the Act, for being eligible for appointment as Executive Director of the Company and he is not disqualified from being a Director in terms of Section 164 of the Act.

He has also confirmed that he is not debarred from holding the office of Director by virtue of any SEBI Order or any such authority pursuant to circulars dated June 20, 2018, issued by the BSE Limited and the National Stock Exchange of India Limited pertaining to the enforcement of SEBI Orders regarding the appointment of Directors by the listed companies.

Other Details of Mr. N.V. Ramana, pursuant to the provisions of (i) the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015; and (ii) Secretarial Standard on General Meetings issued by the Institute of Company Secretaries of India, are provided in the **"Annexure"** to the Notice.

The Nomination and Remuneration Committee (NRC) after considering the performance evaluation of Mr. N.V. Ramana and considering his knowledge, expertise, experience and contribution, and time commitment, has recommended to the Board his re-appointment for a term of 5 (five) years.

Pursuant to the recommendation by NRC and based on its evaluation, the Board of Directors of the Company at its meeting held on May 25, 2024 has, subject to approval of Members, re-appointed Mr. N.V. Ramana (DIN: 00005031) as Executive Director, for a period of 5 (five) years from the expiry of his present term, i.e., with effect from December 26, 2024, on terms and conditions including remuneration as recommended by the NRC.

Mr. N.V. Ramana, aged 66 years, will attain the age of 70 years during the proposed 5 year term of his appointment as Executive Director of the Company. He oversees functions relating to strategic planning, marketing, custom manufacturing, contract research of active pharma ingredients as also the nutraceutical business and was instrumental in developing the nutraceutical business from conceptualisation, design, engineering, automation, development of products to suit end user requirements and developing marketing set up, managing subsidiaries and growth of business. The appointment of Mr. N.V. Ramana is in the interest of the Company and its stakeholders.



The Board recommends the resolution set forth in Item No. 7 relating to the re-appointment of Mr. N.V. Ramana as Executive Director of the Company, who shall be liable to retire by rotation, by way of Special Resolution as he will be attaining the age of 70 years in his proposed tenure of 5 years. Members' approval is sought for the re-appointment of and remuneration payable to Mr. N.V. Ramana as Whole-time Director, designated as an Executive Director of the Company, in terms of the applicable provisions of the Companies Act, 2013 (the "Act").

Broad particulars of the terms of re-appointment of and remuneration payable to Mr. N.V. Ramana are as under:

Salary, perquisites and other allowances:

- a) Salary of ₹7,70,000/- per month.
- b) In addition to the aforesaid salary, he shall be entitled to following perquisites and allowances:
 - i. Rent free furnished accommodation or house rent allowance in lieu thereof.
 - ii. Re-imbursment of expenses for watch and ward, gas, electricity, and water.
 - iii. Re-imbursment of medical expenses, personal accident insurance premium and premium on mediclaim policy.
 - iv. Personal accident insurance premium and medical insurance premium for self and family
 - v. Leave travel concession for self and his family including dependents.
 - vi. Re-imbursment of actual Club fees
 - vii. Employees Stock Options and other benefits and allowances as per rules of the company
 - viii. Company's contribution towards pension scheme or superannuation fund or provident fund as per Company's policy.
 - ix. Gratuity payable as per the Rules of the Company
 - x. Encashment of un-availed leave as per the rules of the Company
 - xi. All other payments in the nature of perquisites and allowances agreed by the Board of Directors from time to time.

Perquisites shall be evaluated as per the provisions of Income Tax Act, 1961 or any rules thereunder or any statutory modification(s) or reenactment thereof; in the absence of any such rules, perquisites and allowances shall be evaluated at actual cost. However, contribution towards pension scheme, superannuation fund, provident fund to the extent these singly or together

are not taxable under the Income Tax law, gratuity and encashment of un-availed leave, as per the rules of the Company and to the extent not taxable under the Income Tax law, shall not be included in the aforesaid perquisites limit.

However, the aggregate monetary value of the perquisites in any year shall not exceed 50% of his annual salary.

Remuneration based on net profits:

In addition to salary, perquisites and allowances mentioned above, Mr. N. V. Ramana shall be entitled to remuneration @ 1.5% of the net profits of the respective financial year of the Company computed in the manner laid down in section 198 of the Companies Act, 2013 due and payable in the month of June in succeeding financial year.

Reimbursement of expenses:

Expenses incurred for travelling, boarding and lodging during business trips, use of car(s) on Company's business and communication expenses at residence, shall be paid/ reimbursed at actuals and not considered as perquisites.

Minimum remuneration:

Notwithstanding anything to the contrary herein contained, where in any financial year during the currency of the tenure of the Director, the Company does not have profits or its profits are inadequate, the Company will pay salary, perquisites, allowances and remuneration as a percentage of profits not exceeding the maximum limits as prescribed under Section II, Part II of Schedule V to the Act as amended from time to time as minimum remuneration to Mr. N. V. Ramana.

The above may be treated as a written memorandum setting out the terms of re-appointment of Mr. N.V. Ramana under Section 190 of the Act.

None of the Directors or Key Managerial Personnel of the Company and/or their relatives except Mr. N.V. Ramana, to whom the resolution relates, is in any way concerned or interested, financially or otherwise, in the resolution. The relatives of Mr. N.V. Ramana may also be deemed to be interested in the resolution to the extent of their shareholding interest, if any, in the Company.

The Board recommends the resolutions set forth in Item No. 7 of this Notice for approval of the members by way of a Special Resolution.

Item No. 8

Mr. K.V. Chowdary (DIN: 08485334) was appointed as an Independent Director of the Company pursuant to Section 149 of the Act, read with applicable rules by the Board of

Directors, effective January 04, 2020, to January 03, 2025, via postal ballot dated January 04, 2020. He is due for retirement from the first term as an Independent Director on January 03, 2025. As per Section 149 of the Act, an Independent Director may hold office for two terms of up to 5 (five) consecutive years each. Mr. K.V. Chowdary fulfills the requirements of an Independent Director as laid down under Section 149(6) of the Act, and Regulation 16(1)(b) of the SEBI Listing Regulations.

The Company has received a notice in writing pursuant to Section 160 of the Companies Act, 2013, from a Member signifying his intention to propose the candidature of Mr. K.V. Chowdary as an Independent Director.

The Nomination and Remuneration Committee after considering the performance evaluation of Mr. K.V. Chowdary during his first term of 5 (five) years and considering his knowledge, expertise, experience and contribution, and time commitment, has recommended to the Board his re-appointment for a second term of 5 (five) years from the expiry of his present term, i.e., with effect from January 04, 2025.

Pursuant to the recommendation by NRC and based on its evaluation, the Board of Directors of the Company at its meeting held on May 25, 2024, has, subject to approval of Members, re-appointed Mr. K.V. Chowdary as an Independent Director, not liable to retire by rotation, for a second term of 5 (five) years effective from January 04, 2025, up to January 03, 2030. The Board considers that his continued association would be of immense benefit to the Company and re-appointment of Mr. K. V. Chowdary as an Independent Director is in the interest of the Company.

The Company has received all statutory disclosures/ declarations from Mr. K.V. Chowdary, including (a) Consent in writing to act as director in Form DIR-2, (b) Intimation in Form DIR-8 to the effect that he is not disqualified under sub-section (2) of Section 164 of the Act, and a declaration that he has not been debarred from holding office of a Director by virtue of any Order passed by the Securities and Exchange Board of India or any other such authority, and (c) Declaration to the effect that he meets the criteria of independence as provided in sub-section (6) of Section 149 of the Act and SEBI Listing Regulations.

Other Details of Mr. K.V. Chowdary, pursuant to the provisions of (i) the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015; and (ii) Secretarial Standard on General Meetings issued by the Institute of Company Secretaries of India, are provided in the "Annexure" to the Notice.

The draft letter for re-appointment of Mr. K.V. Chowdary as an Independent Director setting out the terms and conditions is available for inspection by Members at the Company through electronic mode.

In terms of Regulation 25(2A) of the SEBI Listing Regulations, the appointment, re-appointment, or removal of an Independent Director shall be subject to the approval of shareholders by way of a Special Resolution. Accordingly, the re-appointment of Mr. K.V. Chowdary requires the approval of the members by way of a Special Resolution.

Pursuant to Regulation 17(1A) of SEBI Listing Regulations any Non-Executive Director who has attained the age of 75 years or more cannot be appointed or continued as a Non-Executive Director in any listed Company until and unless approval of Members has been obtained for the same by way of Special Resolution. In view of the above, as Mr. K.V. Chowdary is attaining the age of 75 years on October 10, 2029, the Shareholders' approval is specifically sought by way of Special Resolution for continuation of his directorship as Independent Director till the completion of his proposed 5 years term, i.e. till January 03, 2030.

In compliance with the provisions of Section 149 read with Schedule IV to the Act and Regulation 25(2A) of the SEBI Listing Regulations, the Company is seeking the approval of its members for re-appointment of Mr. K.V. Chowdary, as an Independent Director on the Board of the Company for a second term of five consecutive years effective from January 04, 2024 up to January 03, 2030, not liable to retire by rotation, by way of a Special Resolution as set out in Item No. 8 above.

None of the Directors or Key Managerial Personnel of the Company and/or their relatives except Mr. K.V. Chowdary, to whom the resolution relates, is in any way concerned or interested, financially or otherwise, in the resolution. The relatives of Mr. K.V. Chowdary may also be deemed to be interested in the resolution to the extent of their shareholding interest, if any, in the Company.

The Board recommends the resolutions set forth in Item No. 8 of this Notice for approval of the members by way of a Special Resolution.

By Order of the Board of Directors

M. Satish Choudhury
Company Secretary
Membership No. F12493

Place: Hyderabad
Date: May 25, 2024

Registered Office:

1-72/23(P)/DIVIS/303,
Divi Towers, Cyber Hills,
Gachibowli, Hyderabad – 500 032
CIN: L24110TG1990PLC011854
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Annexure

Dr. Rajendra Kumar Premchand (DIN: 00895990)

Brief Profile:

Dr. Rajendra Kumar Premchand is a distinguished cardiologist with a remarkable journey spanning over three decades, marked by significant academic achievements and professional milestones. He completed his MBBS and MD in General Medicine from Kurnool Medical College, securing multiple gold medals and top university ranks.

He further specialised in Cardiology, earning his DM from Nizams Institute of Medical Sciences, Hyderabad. His training in Paris at Institut Cardiovascular Paris Sud honed his skills in interventional cardiology. He returned to India, contributing significantly to Mahavir Hospital and later as a founding director of KIMS Hospital. He pioneered radial intervention and complex endovascular procedures, establishing the largest endovascular stent intervention program in Andhra Pradesh and Telangana.

His passion for clinical research led to over 50 national and international trials, with notable publications including a landmark study in the New England Journal of Medicine (2015). Throughout his career, he has been dedicated to advancing medical practices, establishing new procedures, and contributing to clinical research. He has gained extensive experience in hospital administration and healthcare management and envisions for providing affordable healthcare to the common man in India.

Age: 63 years.

Qualification: Fellow American College of Cardiology; Fellow in Interventional Cardiologist (University of Pierre et Marie Curie, Paris 6); D.M. Cardiology, Nizam's Institute of Medical Sciences, Hyderabad, A.P., India; M.D. Internal Medicine, Kurnool Medical College, University of Health Sciences, A.P. India; M.B.B.S., Kurnool Medical College, University of Health Sciences, A.P., India.

Nature of expertise in specific functional areas: Dr. Rajendra Kumar Premchand has experience in governance, leadership, technology, financial and management.

Terms and Conditions of appointment: As per the resolution at Item No. 5 of the Notice convening this Meeting read with the Explanatory Statement.

Remuneration proposed to be paid: He shall be paid remuneration by way of fee for attending meetings of the Board or Committees thereof, reimbursement of expenses for participating in the Board and other meetings and payment of annual remuneration of ₹ 20 lakhs.

Remuneration (including sitting fees, if any) last drawn (FY 2023-24): Not Applicable.

Date of first appointment on Board: May 25, 2024

Number of shares held in the Company: Nil

Relationships between Directors inter-se: He is not related to any Director or Key Managerial Personnel of the Company.

Number of Board meetings attended during the year: Not Applicable

Name of other Companies in which he holds Directorship: (i) Adonis Capital India Private Limited; (ii) Dakshat Healthcare Technologies Private Limited; (iii) RKS Food & Beverages Private Limited; (iv) BRS Medical Association; (v) Saathi Healthcare Private Limited; (vi) Kondapur Healthcare Limited

Chairman/Member of the Committee(s) of Board of Directors: Nil

Listed entities from which he has resigned in the past three years: Nil

Dr. Murali K. Divi (DIN: 00005040)

Brief Profile:

Dr. Murali K. Divi is the Founder and Managing Director of Divi's Laboratories Limited. He oversees business strategies and research activities of the Company. He holds a Ph.D. degree in Pharmaceutical Sciences from Kakatiya University, India. He is also a member of the American Institute of Chemical Engineers and the American Chemical Society and International Society for Pharmaceutical Engineering (ISPE).

Dr. Divi has extensive experience of over 45 years in implementing and managing bulk fine chemical manufacturing facilities conforming to cGMP/USFDA standards in USA as well as India; and has led R&D teams and developed efficient processes for active pharma ingredients, speciality chemicals, fine chemicals and custom synthesis of ingredients for large MNCs.

Ever since he promoted Divi's Laboratories Limited in the year 1990, Dr. Divi made immense contribution for the sustainable business and growth of the Company.

Age: 73 years.

Qualification: Postgraduate degree in pharmaceutical chemistry from the College of Pharmacy, Manipal, Karnataka and Ph.D. degree in Pharmaceutical Sciences from Kakatiya University, India.

Nature of expertise in specific functional areas: Dr. Murali K. Divi has rich and wide experience in research, technology and business strategies for active pharma ingredients and speciality products.

Terms and Conditions of appointment: As per the resolution at Item No. 6 of the Notice convening this Meeting read with the Explanatory Statement, Dr. Murali K. Divi is proposed to be re-appointed as a Managing Director.

Remuneration proposed to be paid: As per the resolution at Item No. 6 of the Notice convening this Meeting read with the Explanatory Statement.

Remuneration (including sitting fees, if any) last drawn (FY 2023-24): ₹64.06 crores.

Date of first appointment on Board: October 12, 1990

Number of shares held in the Company: 75,67,000 equity shares of ₹2/- each the Company.

Relationships between Directors inter-se: Dr. Murali K. Divi is related to Dr. Kiran S. Divi, Whole-time Director and CEO and Ms. Nilima Prasad Divi, Whole-time Director (Commercial) of the Company.

Number of Board meetings attended during the year: Attended all 5 Board meetings held during the financial year ended March 31, 2024.

Name of other Companies in which he holds Directorship: (i) Divi's Biotech Private Limited; (ii) Divi's Resorts and Agro Farms Private Limited and (iii) Divi's Properties Private Limited.

Chairman/Member of the Committee(s) of Board of Directors: (i) Divi's Laboratories Limited – Member of CSR Committee and (ii) Divi's Properties Private Limited – Chairman of CSR Committee.

Listed entities from which he has resigned in the past three years: Nil.

Mr. N.V. Ramana (DIN: 00005031)

Brief Profile:

Mr. N.V. Ramana has been the Executive Director of Divi's Laboratories Limited for the past 30 years. He is a graduate in chemistry from Osmania University, India. He is also a Member of the American Chemical Society.

Mr. N.V. Ramana oversees functions relating to strategic planning, marketing, custom manufacturing, contract research of active pharma ingredients as also the nutraceutical business. He was instrumental in developing the nutraceutical business from conceptualisation, design, engineering, automation, development of products to suit end user requirements and developing marketing set up, managing subsidiaries and growth of business.

Prior to joining Divi's, Mr. N.V. Ramana had over 10 years of experience in the diverse international businesses, a substantial part of which is in the pharmaceutical industry; and was engaged in market research for active pharma

ingredients, developing marketing strategies for API business and enhancing business for several pharma companies.

Age: 66 years.

Qualification: Graduate in chemistry from Osmania University, India.

Nature of expertise in specific functional areas: Mr. N.V. Ramana has rich and wide experience in strategic planning, marketing, custom manufacturing, contract research of active ingredients as also the nutraceutical business.

Terms and Conditions of appointment: As per the resolution at Item No. 7 of the Notice convening this Meeting read with the Explanatory Statement, Mr. N.V. Ramana is proposed to be re-appointed as Executive Director.

Remuneration proposed to be paid: As per the resolution at Item No. 7 of the Notice convening this Meeting read with the Explanatory Statement

Remuneration (including sitting fees, if any) last drawn (FY 2023-24): ₹33.13 crores.

Date of first appointment on Board: October 01, 1994

Number of shares held in the Company: Nil

Relationships between Directors inter-se: Mr. N.V. Ramana is not related to any Director or Key Managerial Personnel of the Company.

Number of Board meetings attended during the year: Attended all 5 Board meetings held during the financial year ended March 31, 2024.

Name of other Companies in which he holds Directorship: Nil.

Chairman/Member of the Committee(s) of Board of Directors: Nil.

Listed entities from which he has resigned in the past three years: Nil.

Mr. K.V. Chowdary (DIN: 08485334)

Brief Profile:

Mr. K. V. Chowdary has done his graduation in Mathematics from Loyola College, Chennai and post-graduation in Mathematics from IIT, Chennai. He started his career as a Probationary officer in Andhra Bank from 1976 to 1978. He later joined Indian Revenue Service in 1978.

He held several executive positions in the Income Tax Department and retired as Chairman of CBDT. During his tenure, he went on deputation to the Department of Revenue as Under Secretary and to the Department of Company Affairs as Deputy Secretary. On superannuation, he was appointed as an Advisor to the Department of Revenue, Ministry of



Finance, Government of India. He was the Central Vigilance Commissioner from June, 2015 to June, 2019.

He has leadership skills and vast operational experience. He possesses deep understanding of taxation matters and has vast experience having served as Chairman, CBDT, and the Central Vigilance Commissioner of the country. He also possesses skills in strategic planning, financial, regulatory/legal matters, risk management, corporate governance, etc.

Age: 69 years.

Qualification: Graduation in Mathematics from Loyola College, Chennai, and Post-graduation in Mathematics from IIT, Chennai.

Nature of expertise in specific functional areas: Mr. K.V Chowdary has extensive experience in governance, compliance, corporate laws, taxation, finance, accountancy, strategy, management, legal issues, risk management.

Terms and Conditions of appointment: As per the resolution at Item No. 8 of the Notice convening this Meeting read with the Explanatory Statement.

Remuneration proposed to be paid: He shall be paid remuneration by way of fee for attending meetings of the Board or Committees thereof, reimbursement of expenses for participating in the Board and other meetings and payment of annual remuneration of ₹20 lakhs.

Remuneration (including sitting fees, if any) last drawn (FY 2023-24): ₹33 lakhs.

Date of first appointment on Board: January 04, 2020

Number of shares held in the Company: Nil

Relationships between Directors inter-se: Mr. K.V. Chowdary is not related to any Director or Key Managerial Personnel of the Company.

Number of Board meetings attended during the year: Attended all 5 Board meetings held during the financial year ended March 31, 2024.

Name of other Companies in which he holds Directorship: (i) CCL Products Limited; (ii) Reliance Industries Limited; (iii) Tata Motors Limited; (iv) Eugia Pharma Specialities Limited; (v) Myhome Industries Private Limited; (vi) Reliance Jio Infocomm Limited; (vii) Genome Foundation; (viii) GMR Varalakshmi Foundation, (ix) Anant Raj Limited and (x) Reliance International Limited.

Chairman/Member of the Committee(s) of Board of Directors:

- CCL Products Limited: Chairman of Audit Committee and Member of Nomination and Remuneration Committee.

- Reliance Industries Limited: Member of Audit Committee, Human Resources, Nomination and Remuneration Committee, Risk Management Committee, CSR Committee, and Chairperson of Stakeholders Relationship Committee.
- Divi's Laboratories Limited: Member of Audit Committee, Nomination and Remuneration Committee and Stakeholders Relation Committee.
- Tata Motors Limited: Member of Audit Committee and Chairman of CSR, Health and Safety Committee.
- Eugia Pharma Specialities Limited: Chairman of Audit Committee and Member of Nomination and Remuneration Committee.
- GMR Varalakshmi Foundation: Member of Audit Committee.
- Myhome Industries Private Limited: Member of Audit Committee and Management Committee.

Listed entities from which he has resigned in the past three years: Nil

Dr. Kiran S. Divi (DIN: 00006503)

Brief Profile:

Dr. Kiran S. Divi has been the Director on Board of Divi's Laboratories Limited for the past 25 years. He officially took on the role of leading Divi's as the Chief Executive Officer starting January 2020. He oversees all the corporate functions and Operations at the Company's manufacturing facilities. Under his direction, Divi's has been developing business strategies and plans ensuring their alignment with the short term and long-term objectives. He is responsible for overall supervision of regular business operations, strategy planning, marketing, quality assurance, regulatory affairs and corporate HR of the Company.

Prior to joining Divi's, Dr. Kiran S. Divi has gained extensive knowledge and understanding of the Pharmaceutical Industry with focus on the US Generic Market. He has a post-graduate degree in Pharmacy from JNTU, India. He holds a Ph.D. degree from Gandhi Institute of Technology and Management, Visakhapatnam.

Age: 47 years.

Qualification: Postgraduate degree in Pharmacy from Jawaharlal Nehru Technological University (JNTU), Kakinada, Andhra Pradesh and Ph.D. degree from Gandhi Institute of Technology and Management, Visakhapatnam.

Nature of expertise in specific functional areas: Dr. Kiran S. Divi has rich and wide experience in the Company's business, particularly in manufacturing and regular business operations, marketing, quality assurance, regulatory affairs, and corporate HR.

Terms and Conditions of appointment: In terms of Section 152(6) of the Companies Act, 2013, Dr. Kiran S. Divi who was re-appointed as a Whole-time Director and Chief Executive Officer for a period of 5 years commencing from April 01, 2020 vide shareholders resolution dated February 26, 2020, is liable to retire by rotation.

Remuneration proposed to be paid: As per the shareholders resolution dated February 26, 2020.

Remuneration (including sitting fees, if any) last drawn (FY 2023-24): ₹22.75 crores.

Date of first appointment on Board: August 10, 2001

Number of shares held in the Company: 5,40,00,000 equity shares of ₹2/- each the Company.

Relationships between Directors inter-se: Dr. Kiran S. Divi is related to Dr. Murali K. Divi, Managing Director and Ms. Nilima Prasad Divi, Whole-time Director (Commercial) of the Company.

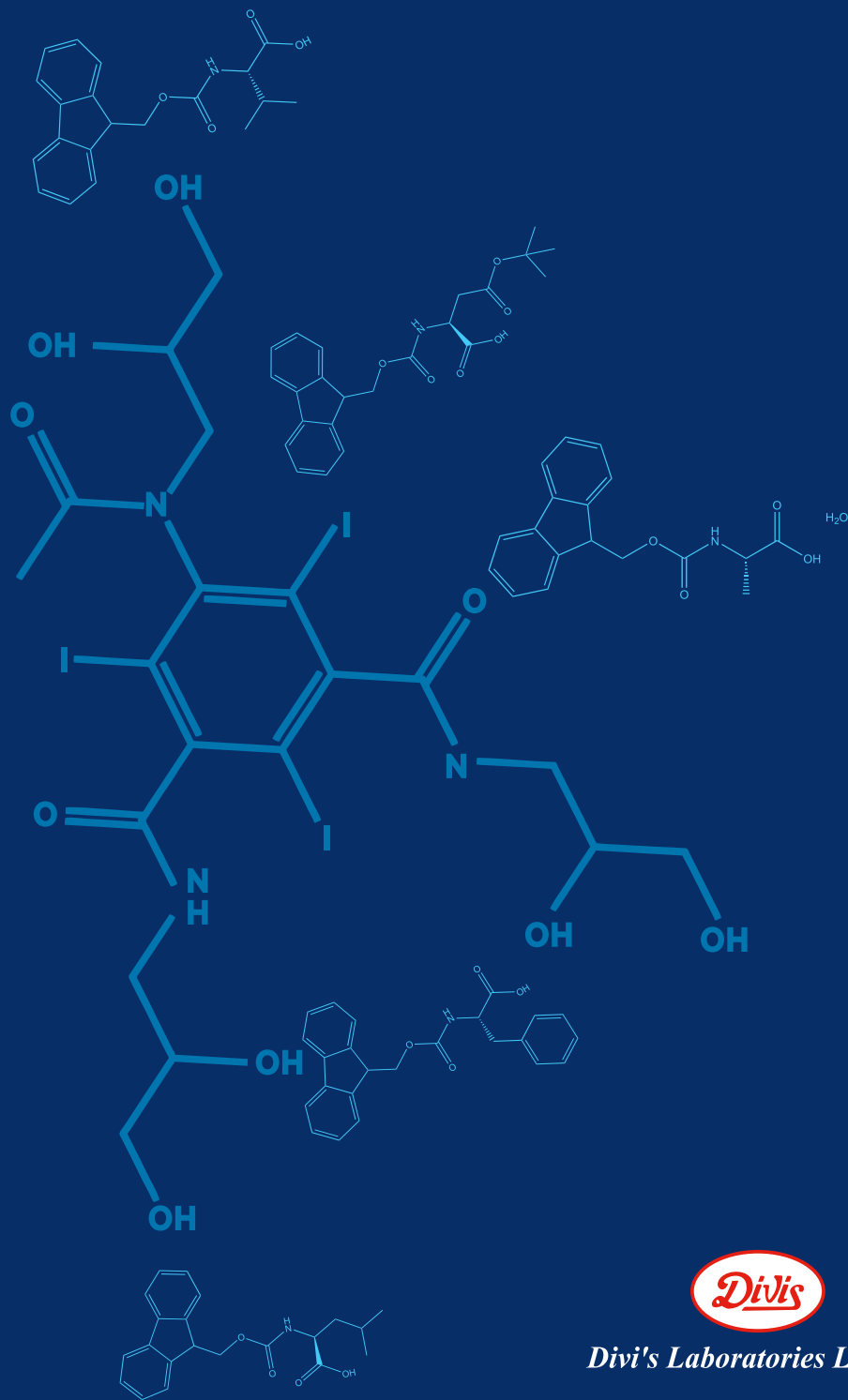
Number of Board meetings attended during the year: Attended 4 Board meetings out of 5 meetings held during the financial year ended March 31, 2024 as he could not attend a Board Meeting due to his pre-occupation related to Company's business.

Name of other Companies in which he holds Directorship: (i) Divi's Biotech Private Limited; (ii) Divi's Resorts and Agro Farms Private Limited; (iii) Divi's Properties Private Limited; (iv) Divi's Finvest Private Limited; (v) Divi's Laboratories Europe AG; (vi) Divi's Laboratories USA, Inc and (vi) Divi's Biotech AG.

Chairman/Member of the Committee(s) of Board of Directors:

- Divi's Laboratories Limited: Chairman of Risk Management and Sustainability Committee.
- Divi's Properties Private Limited: Member of CSR Committee.

Listed entities from which he has resigned in the past three years: Nil.



Divi's Laboratories Limited

Registered Office

Divi Towers, 1-72/23(P)/DIVIS/303
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