CONTENTS

Corporate Information

Registered Office

7-1-77/E/1/303, Divi Towers, Dharam Karan Road,
Ameerpet, Hyderabad - 500 016.
CIN : L24110TG1990PLC011854
Tel. : +91 40 2378 6300; Fax : +91 40 2378 6460
E-mail : mail@divislaboratories.com
URL : www.divislaboratories.com

Subsidiaries

Divis Laboratories (USA) Inc, New Jersey, USA.

Divi's Laboratories Europe AG, Basel, Switzerland.

Manufacturing Facilities

Choutuppal Unit :
Lingojigudem Village, Choutuppal Mandal,
Nalgonda Dist. (TG), Pin : 508 252.

Export Oriented Unit :
Chippada Village, Bheemunipatnam Mandal,
Visakhapatnam Dist. (AP), Pin : 531 163

Divi's Pharma SEZ :
Chippada Village, Bheemunipatnam Mandal,
Visakhapatnam Dist. (AP), Pin : 531 163

DSN SEZ Unit :
Chippada Village, Bheemunipatnam Mandal,
Visakhapatnam Dist. (AP), Pin : 531 163

R&D Centres

B-34, Industrial Estate, Sanathnagar,
Hyderabad - 500 018.

Lingojigudem Village, Chotuppal Mandal,
Nalgonda Dist. (TG), Pin : 508 252.

Chippada Village, Bheemunipatnam Mandal,
Visakhapatnam Dist. (AP), Pin : 531 163

Registrar & Share Transfer Agent

Karvy Computershare Private Limited
Plot No. 17-24, Vittal Rao Nagar,
Madhapur, Hyderabad - 500 081.

Auditors

Statutory Auditor

M/s. P.V.R.K. Nageswara Rao & Co.,
Chartered Accountants, 109, Metro Residency,
6-3-1247, Rajbhavan Road, Hyderabad - 500 082.

Cost Auditor

EVS & Associates, Cost Accountants
206, Raghava Ratna Towers, Chirag Ali Lane,
Hyderabad - 500 001.

Bankers

State Bank of Hyderabad
State Bank of India
The Lakshmi Vilas Bank Limited
Bank of Nova Scotia

CFO : L. KISHORE BABU

CS : P.V. LAKSHMI RAJANI

Performance Highlights

(₹ Lakhs)

Particulars	2009-10	2010-11	2011-12	2012-13	2013-14
Turnover and Profit					
Sales	92929	130544	183949	212395	**251397**
Sales Growth %	(22%)	41%	41%	15%	**18%**
Other Income	3069	3860	7120	5345	**8390**
Total Income	95998	134404	191069	217740	**259787**
Total Income Growth %	(21%)	40%	42%	14%	**19%**
Profit before Interest, Depreciation and Tax (PBDIT)	44255	53459	76063	87026	**110276**
Finance Charges	276	219	374	178	**206**
Depreciation	5145	5335	6203	7690	**9206**
Profit Before Tax (PBT)	38834	47905	69486	79158	**100864**
PBT Growth %	(15%)	23%	45%	14%	**27%**
Provision for Taxation	4414	4348	14889	18016	**21692**
Profit After Tax (PAT)	34420	43557	54597	61142	**79172**
PAT Growth %	(19%)	27%	25%	12%	**29%**
Dividend, Share Capital and Capital Employed					
Dividend	300%	500%	650%	750%	**1000%**
Dividend (and tax thereon) payout	9246	15411	20055	23294	**31059**
Dividend payout %	26.9%	35.4%	36.7%	38.1%	**39.2%**
Equity Share Capital	2643	2652	2655	2655	**2655**
Reserves & Surplus	151565	180153	214825	252673	**300787**
Networth	154208	182805	217480	255328	**303442**
Networth growth %	22%	19%	19%	17%	**19%**
Gross Fixed Assets	83265	88534	109163	133788	**173979**
Net Fixed Assets	58967	58973	73819	90850	**122160**
Total Assets	162683	190600	280297	319591	**378396**
Key Financial Indicators					
Earnings per share (face value of ₹ 2/-each) ₹	26.40	32.90	41.15	46.06	**59.65**
Cash Earnings Per Share (face value of ₹ 2/-each) ₹	29.94	36.93	45.83	51.86	**66.58**
Gross Turnover Per share (face value of ₹ 2/-each) ₹	72.65	101.51	144.01	164.04	**195.72**
Book Value per share (face value of ₹ 2/-each) ₹	116.70	138.06	163.92	192.36	**228.61**
Total Debt to Equity	0.02	0.01	0.02	0.01	**0.01**
EBDIT / Gross Turnover %	46%	40%	40%	40%	**42%**
Net Profit Margin on sales %	37%	33%	30%	29%	**31%**
Return On Networth %	22%	24%	25%	24%	**26%**

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Management Discussion And Analysis

Economy

In the emerging markets and developing economies, growth is due to stronger external demand from advanced economies which are seeing green shoots after several years of economic slowdown. The economic outlook in Emerging Asia remains robust over the medium term, anchored by the steady rise in domestic demand. India's economic growth, however, has been weighed down by various factors, such as high inflation, a weak currency, a drop in foreign investment and slowdown in manufacturing sector.

Industry Outlook

Global spending on medicines is expected to meet the $1 trillion threshold in 2014 and reach $1.17 trillion by 2017, according to a report by Pharmaceutical market research firm, IMS Healthcare Informatics. Spending during this period will likely be marked by greater cost pressures and a higher bar for product innovation that reflects an increased demand for value from both regulators and payers. The next 5 years also sees a continuing growth split between developed and pharmerging markets.

IMS forecasts that the developed markets of North America, Europe and Japan will see modest single-digit spending during the next five years due to a combination of economic and healthcare austerity measures and savings realized from the growing availability of lower cost generic versions of brands following patent expiry, and also on account of greatest impact from implementation of the Affordable Care Act in the USA.

The high-potential "pharmerging" markets offer tremendous opportunities for pharmaceutical manufacturers that face mounting pressures in the mature markets. As more pharma companies target these new growth markets, they also face the challenge of an increasingly complex, demanding and fast-changing logistics and regulatory environment. Traditional approaches to manufacturing and distribution are being challenged by shorter market cycles, outsourced production, and increasing government regulation.

Globalisation continues to have a profound impact on the pharma supply chain. As a growing amount of R&D and manufacturing migrates to Asia, the industry has to manage resources that are much more widely dispersed and to cope with greater potential for pandemics. Innovation, the ultimate engine of growth for the global provision of medicines, will see revival of activity through 2017, with increases in the number of global innovative launches since 2010.

Your company continues to support its customers in the generic as well as the custom synthesis segments in the changing dynamics of pharmaceutical business.

Company infrastructure

Divi operates from its Headquarters and Registered Office at Hyderabad. The company has four multi-purpose manufacturing facilities with all support infrastructure like Utilities, environment management and safety systems.

Unit I: The 1st Facility at village Lingojigudem, Choutuppal Mandal, Nalgonda district, about 60 KM from Hyderabad developed on a 500 acre site and comprises of 13 production buildings, a Pilot Plant and a kilo lab. The plant consists of around **356** reactors totaling a capacity of **1697** m^3 supported with all utility and service units. The production buildings have clearly defined finished product areas for APIs with clean air, purified water systems that operate under full cGMP as per US-FDA guidelines.

Export Oriented Unit : The 2nd Facility is at village Chippada, Bheemunipatnam Mandal, Visakhapatnam Dist. about 30 KM from the port city of Visakhapatnam on the east coast. The Unit has 8 production blocks with around **186** reactors totalling a capacity of **1539** m^3 with all utility and service units.

SEZ Unit : The 3rd facility is at village Chippada, Bheemunipatnam Mandal, Visakhapatnam Dist. An area of 260 acres was approved and notified as Sector Specific Special Economic Zone in Pharma Sector with Divi's Laboratories Limited as a Developer and Divi's (SEZ) as a production unit. The Unit has 9 production blocks with around **324** reactors totaling a capacity of **2567** m^3 with all required utility and infrastructure.

DSN SEZ Unit : The 4th facility is at Pharma SEZ at village Chippada, Bheemunipatnam Mandal, Visakhapatnam Dist. The Unit has 5 production blocks with around **234** reactors totaling a capacity of **2245** m^3 with all required utility and infrastructure.

Research Centres : The company has 4 Research Centers with the well defined functional focus on custom synthesis, contract research for MNC companies as also future generics involving processes like route design, route selection, establishing gram scale process and structural confirmation, process optimization, impurity profile, pilot studies, pre-validation batches, validation of process and transfer of technology to Plant, review efficiency of processes and ongoing process.

The company has constantly been augmenting capacities to cater to increasing business needs.

Internal Control systems

The Company maintains a system of well established policies and procedures for internal control of operations and activities, and these are continually reviewed for effectiveness. The internal control system is supported by qualified personnel and a continuous program 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.

We believe that the company's overall system of internal control is adequate given the size and nature of operations and effective implementation of internal control self assessment procedures and ensure compliance to policies, plans and statutory requirements. Effective internal control implies that the organization generates reliable financial reporting and substantially complies with the laws and regulations that apply to it.

Divi encourages and recognizes improvements in work practices. The internal control system of the company is also reviewed by the Audit Committee periodically. The Management duly considers and takes appropriate action on the recommendations made by the statutory auditors, internal auditors and the independent Audit Committee. They assess whether the controls are properly designed, implemented and working effectively, and make recommendations on how to improve internal control.

Risks and Concerns

Divi lays emphasis on risk management and has an enterprise-wide approach to risk management, which lays emphasis on identifying and managing key operational and strategic risks. Through this approach, the company strives to identify opportunities that enhance organisational values while managing or mitigating risks that can adversely impact its future performance.

Divi is engaged in manufacture of generic APIs, custom synthesis of active ingredients for innovator companies, other specialty chemicals and nutraceuticals. The company constantly reviews its policies and procedures to adhere to conformity to the various regulatory approvals for its manufacturing facilities and its commitment to IPR. The company is very selective in its product portfolio with a focus on export markets within the domain of its capabilities and does not transgress in unrelated expansions, diversification or acquisitions.

The company continues its initiatives aimed at assessment and avoidance 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 current and fixed assets as well as products are adequately insured against various risks. Over 81% of sales constitute supplies to regulated markets in Europe and USA and the company devotes significant importance to the regulatory compliances.

The company's risk management and control procedures involve prioritization and continuing assessment of these risks and devise appropriate controls, evaluating and reviewing the control mechanism and redesigning it from time to time in the light of its effectiveness.

Regulatory Filings/Approvals

Divi has triple Certifications ISO-9001 (Quality Systems), ISO-14001 (Environment Management Systems) and OHSAS-18001 (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 22000:2010 for vitamins and carotenoids. All the manufacturing sites have been inspected by US-FDA.

Divi has a total of 38 drug master files (DMFs) with US-FDA and 214 EDMFs and 18 CoS (Certificates of Suitability) with various European Union authorities. Divi has filed a total of 8 patents for generic products.

Business distribution

Our product portfolio comprises of two broad segments i) Generic APIs (active pharma ingredients) and Nutraceuticals and ii) Custom Synthesis of APIs, intermediates 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. Business has been growing decently across both these segments and is broadly equal distributed. Among Divi's well distributed products range, some of the components of the business is given below :

Particulars	2013-14	2012-13
Exports	**91%**	90%
Imports (% of material consumption)	**47%**	41%
Largest Product	**19%**	17%
Top 5 Products	**46%**	48%
Top 5 Customers	**46%**	45%
Exports in $ terms	**78%**	79%
Exports in Pounds	**15%**	16%
Exports in Euro	**5%**	5%

Performance and Operations Review

Analysis of profitability for the current and the last financial years is given hereunder :

(Rs. in lakhs)

Particulars	2013-14	2012-13	Growth %
Net Sales & Service Income	**250718**	212395	18%
Other Operating Income	**679**	494	
Other Income	**8390**	4851	
Total Income	**259787**	217740	19%
Expenditure	**149511**	130714	
PBDIT	**110276**	87026	27%
Finance Cost	**206**	178	
Depreciation	**9206**	7690	
Profit before tax (PBT)	**100864**	79158	27%
Provision for tax : Current Tax	**20547**	15300	
MAT Credit Utilisation/ (Entitlement)	**(2367)**	790	
Deferred Tax Liability	**3512**	1926	
Profit after tax (PAT)	**79172**	61142	29%
Earnings per Share (EPS) a) Basic & Diluted	**59.65**	46.06	

Your company has achieved a sales growth of 18% for the year, on the back of a growth of 15% achieved during the last year. PBDIT increased by 27% at Rs. 110276 lakhs.

During the year, there has been a wide fluctuation in the currencies. Gain for the current and previous year is given below. :

(Rs. in lakhs)

Particulars	2013-14	2012-13
Forex gain/(loss)	**5041.79**	1516.40

Provision has been made for Rs. 18180 lakhs towards Income-tax for the current year (net of MAT credit entitlement of Rs.2368 lakhs). Provision for last year amounted to Rs.16090 lakhs (including MAT credit utilization of Rs.790 lakhs). An amount of Rs. 3512 lakhs has been provided towards Deferred Tax Liability during the year as against Rs. 1926 lakhs during the previous year.

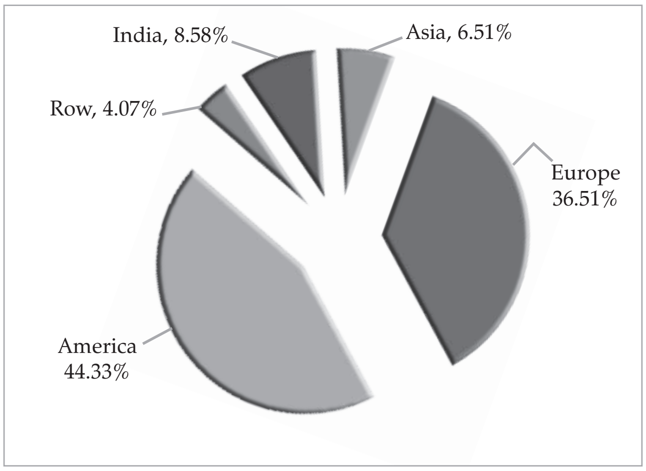
PAT for the year amounted to Rs.79172 lakhs, reflecting a growth of 29%. Earnings Per Share of Rs.2/- each works out to Rs. 59.65 for the year as against Rs. 46.06 last year.

Your company continues to work towards optimizing the capacities created at its multi-purpose manufacturing facilities and also adding additional capacities aimed at the business opportunities available to it in its domain of capability in line with its strategy to work with innovators playing a complementary role and non-compete model with its generic customers.

Exports

Exports constituted 91% of gross sales during the year. Exports to advanced markets comprising Europe and America accounted for 81% of business.

Region	2013-14		2012-13	
	Sales Rs. lakhs	% Share	Sales Rs. lakhs	% Share
Asia	**16276**	**6.51%**	12219	5.81%
Europe	**91240**	**36.51%**	72210	34.35%
America	**110792**	**44.33%**	89255	42.46%
Rest of the World	**10177**	**4.07%**	16104	7.66%
India	**21435**	**8.58%**	20431	9.72%
Total	**249920**	**100.00%**	210219	100.00%



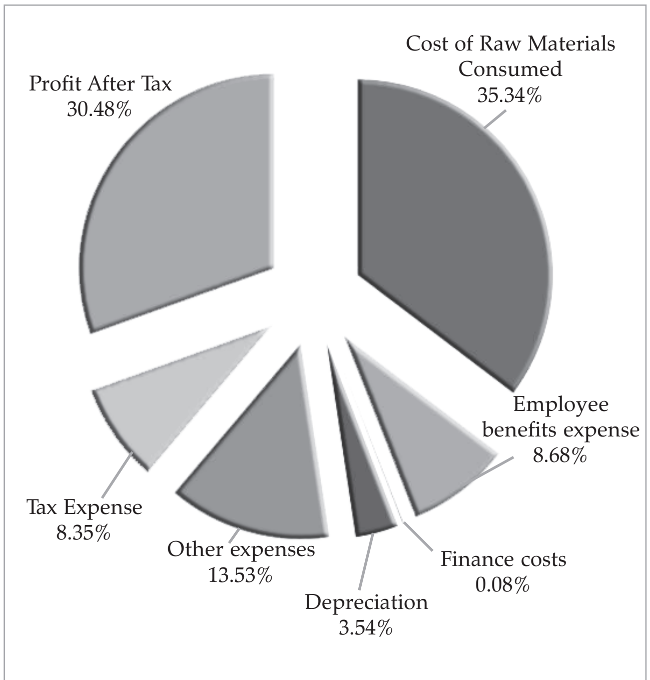
Other Income

While Other Operating Income comprises duty drawback credits and sale of waste materials from manufacturing process, Other Income (non-operating) comprises interest income, dividend income on investments, gain on foreign currency transactions and other miscellaneous income.

Other Operating Income for the year amounted to Rs.679 lakhs as against Rs. 494 lakhs in the previous year.

On Other income, we earned a dividend income of Rs.2574 lakhs on our investments in liquid funds Income as against a dividend income of Rs. 2981 lakhs during last year. We had a gain of Rs.5042 lakhs for the year on foreign currency transactions as against a gain of Rs. 1516 lakhs last year.

Distribution of Total Income :



Material Costs

(Rs. in lakhs)

Particulars	2013-14	2012-13
Material consumption	**103189**	89799
Changes in inventories of finished goods, stock-in-trade and work-in-progress	**(11375)**	(10033)
Net Material Consumption	**91814**	79766
Total Income	**259787**	217740
% of consumption to total income	**35.34%**	36.63%

Material consumption varies from product to product. The company manufactures several products of 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 35% of total income during the year as compared to 37% during the last year, variation being the result of product mix as each product will have a different material consumption.

Employee Benefits Expense

Employee benefits expense represent salaries and benefits to employees and directors; as also managerial commission to Directors as approved by members.

Costs for the year have amounted to Rs.22543 lakhs as against Rs. 19120 lakhs during the last year. Of this, remuneration to Directors including commission accounted to Rs. 6332 lakhs during the year as against Rs. 5062 lakhs last year.

Increase in salaries is on account of the induction of additional staff at the manufacturing facilities as well as pay revision of employees.

Employee cost for the year works out to about 9% of sales for the year (Same as last year).

Research and Development Expenses

R&D Expenses during the year amounted to Rs.2539 lakhs as against Rs. 2400 lakhs during the last year. Major components are Salaries and consumable stores.

Other Expenses

Other Expenses comprise Power and Fuel, Carriage Outward, Stores & Spares, Repairs and packing materials, besides miscellaneous expenses.

During the year, we have written off bad debts aggregating Rs.167 lakhs, also written off claims aggregating Rs.153 lakhs and provided for book deficit of Rs.245 lakhs on assets discarded.

Other Expenses account for 13% of sales of which Manufacturing expenses accounted for 9.1% of sales.

Earnings before Depreciation, Interest and Taxes (EBITA)

EBITA for the year grew by about 27% to Rs. 110276 lakhs as against Rs. 87026 lakhs during the previous year. EBITA to Net Sales works out to 44% for the year as against 41% last year.

Finance Cost

Finance Cost for the year amounted to Rs.206 lakhs as against Rs. 178 lakhs during the previous year. As the company has generated significant cash surpluses, utilization of working capital has been minimal.

Depreciation

Deprecation charge for the current year came to Rs.9206 lakhs as compared to Rs. 7690 lakhs during the last year.

During the year, addition to Fixed Assets accounted to Rs.40881 lakhs as against Rs. 24790 lakhs in the previous year.

Taxation

For the current year, our tax liability came to Rs.18180 lakhs net of MAT credit entitlement of Rs.2368 lakhs. For the last year, the Tax provision amounted to Rs. 16090 lakhs including MAT Credit utilisation of Rs. 790 lakhs.

Deferred Tax

Divi has also provided for Deferred Tax Liability of Rs. 3512 lakhs for the year as against Rs. 1926 lakhs last year.

Profit after Tax

Profit after Tax for the year accounted for Rs.79172 lakhs as against Rs. 61142 lakhs during the previous year resulting in a growth of 30% over last year.

Earnings Per Share

Earnings Per Share for the year works out to Rs.59.65 per share of Rs.2 each as against Rs. 46.06 last year on Basic as well as Diluted basis.

Dividend

Your Board has recommended a dividend of Rs.20 per share of face value Rs.2 each i.e., 1000% for the year 2013-14. Dividend for the previous year was Rs.15 per share.

Outgo this year accounts for Rs.26547 lakhs as against Rs. 19910 lakhs last year. An amount of Rs. 4512 lakhs (Rs. 3384 lakhs last year) has been provided during the year towards Corporate Dividend Tax. Dividend pay-out including dividend tax for the year works out to 39.23% of profits earned as against 38.1% last year.

Transfer to General Reserves

We propose to transfer an amount of Rs.15000 lakhs to General Reserve for facilitating the dividend for the year.

Reserves and Surplus

Total Reserves of your company, including the surplus in the Statement of Profit & Loss after provision for dividend, as at the end of the year stand at Rs. 300787 lakhs.

Long Term Borrowings

Long-Term borrowings comprise sales tax deferment aggregating to Rs.155 lakhs, repayable over the next 4 years.

Deferred Tax Liabilities

Deferred tax Liabilities at the end of the year amounted to Rs.12167 lakhs as against Rs. 8655 lakhs last year. Addition during the year was Rs.3512 lakhs. Deferred Taxes are mainly the result of timing difference between the depreciation allowed under the Income-tax Act vis-à-vis the depreciation under the Companies Act.

Long-term Provisions

We have a long-term provision for leave encashment aggregating to Rs.318 lakhs as against Rs. 239 lakhs.

Short Term Borrowings

Working capital loans as at the end of the year amounted to Rs.1632 lakhs as against Rs. 3051 lakhs. Of this, an amount of Rs.1.37 lakhs has been utilized as loan against a fixed deposit of Rs.2500 lakhs pledged with the banks. This way, we will be paying interest on the borrowing only when there is shortfall of liquid funds or mismatch between inflows-outflows and we earn some interest on our deposits.

Utilisation at the year-end reflects outstanding cheques or overnight balances which will get cleared with fresh inflows of sale proceeds.

Trade Payables

Trade Payables being Sundry Creditors for Raw Materials/Services amounted to Rs.14869 lakhs as at the end of the year as against Rs. 15831 lakhs as at the end of last year.

Other Current Liabilities

(Rs. in lakhs)

Particulars	31-03-2014	31-03-2013
Secured Long Term Loans payable within one year and interest accrued (sales tax deferment)	**55**	46
Advance from Customers	**1285**	1773
Unpaid dividends	**42**	43
Creditors for Capital Works	**1578**	2174
Statutory Liabilities	**387**	355
Employee benefits payable	**7217**	5797
Others	**4091**	2747
Total	**14655**	12935

Short Term Provisions

(Rs. in lakhs)

Particulars	31-03-2014	31-03-2013
Provision for employee benefits (leave encashment/ gratuity)	**99**	48
Proposed Dividend	**26547**	19910
Provision for tax on Proposed Dividend	**4512**	3384
Total	**31158**	23342

Capital Expenditure

During the year, the company has capitalized assets of an aggregate amount of Rs. 40881 lakhs. An amount of

Rs.14448 lakhs is being carried forward as Capital WIP and these assets would be capitalized and would commence operations during the next financial year.

Capex programmes undertaken during the period include completion of the production blocks at DSN Unit, Installation of Multi purpose Vapour Permeation System for solvent recovery, and Multiple Effect Evaporators and enhancing capacity and upgrading utilities in order to conform to best environment practices and zero discharge of effluents.

As the company has significant accumulation of cash reserves, all capex has been funded with internal accruals.

Deductions during the year amounted to Rs.690 lakhs representing assets discarded.

Non-current Investment

This comprises of investment in subsidiaries :

(Rs. in lakhs)

Particulars	31-03-2014	31-03-2013
Divi's Laboratories USA Inc.	**246**	246
Divis Laboratories Europe AG	**36**	36
Total	**282**	282

Long-Term Loans and Advances

(Rs. in lakhs)

Particulars	31-03-2014	31-03-2013
Capital Advances	**1149**	1985
Security Deposits	**1346**	1230
Advances to related parties (subsidiaries)	**4796**	4486
Pre-paid Expenses	**9**	7
Pre-paid Taxes	**3832**	2331
Other Loans and Advances	**770**	688
Total	**11902**	10727

Security Deposits comprise mainly electricity deposits. Of the Advances outstanding from last year, we have received an amount of Rs. 374 lakhs from the subsidiaries during the year towards repayment of advances to subsidiaries. Difference is on account of currency fluctuation.

Other Loans and Advances comprise VAT claims.

Investments in Subsidiaries and Advances

The company has invested the following amounts in the subsidiaries M/s. Divis Laboratories (USA) Inc., in the United States of America and M/s. Divi's Laboratories Europe AG in Switzerland.

(Rs. in lakhs)

Particulars	DIVI USA		DIVI Swiss	
	As on 31.03.2014	As on 31.03.2013	As on 31.03.2014	As on 31.03.2013
Subscription to Equity	**246 ($550,000)**	246 ($550,000)	**36 (CHF 100,000)**	36 (CHF 100,000)
Advances to Subsidiaries	**1805**	1905	**2991**	2581
Total	**2051**	2151	**3027**	2617

Increase in advances over last year for the Europe Subsidiary is only due to currency translation. During the year, we have received back a small part of the advance from the subsidiaries.

Current Investments

The company has been deploying its surplus cash accruals into medium-short term funds of SBI Mutual Fund

(Rs. in lakhs)

Particulars	31-03-2014	31-03-2013
SBI Mutual Fund - short term direct fund	**45187**	38779
SBI Mutual Fund - short term regular Fund	**5001**	2002
Total	**50188**	40781

We have earned a dividend income (net of tax) of Rs.2574 lakhs during the year on these Investments as against an income of Rs. 2981 lakhs during the last year.

Inventories

(Rs. in lakhs)

Particulars	As on 31-03-2014	As on 31-03-2013
Raw Materials	**28265**	29415
Work-in-Progress	**50797**	40521
Finished Goods	**3932**	2883
Stock-in-Trade	**1**	9
Stores and Spares	**6332**	7767
Total	**89327**	80595

Increase in Work-in-Progress is due to increased level of operations besides commencement of operations at the recently commissioned facilities. The company undertakes campaign production of high-volume products like Naproxen and Dextromethorphan by running the plant at full stream and stock these products for sale - thus freeing the multi-purpose facilities for producing other products. As the company has a very large market share for these products, we do not foresee any problem with selling these products.

Slow moving and non-moving items have been fully provided for.