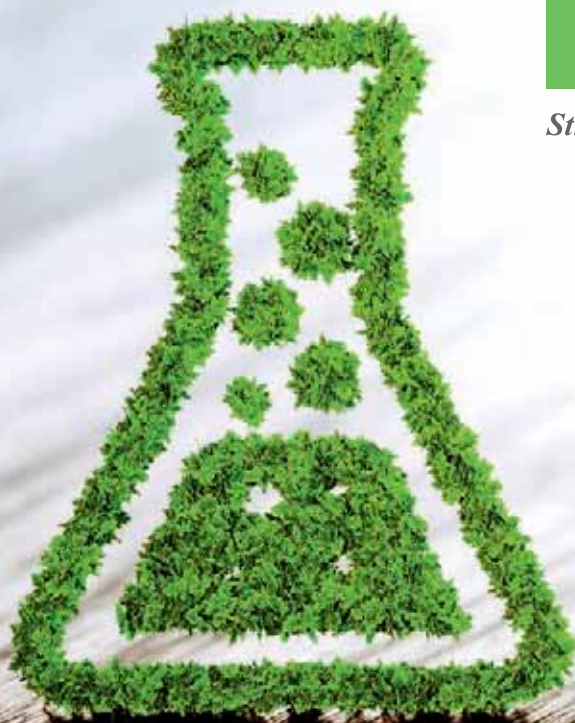


26th Annual Report  
**2015-16**

# SUSTAINABLE CHEMISTRY

*Striving for leadership through chemistry*



*Divi's Laboratories Limited*

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## **Disclaimer**

Statements in this annual report titled “Sustainable Chemistry” that describe the Company's objectives, projections, estimates, expectations or predictions of the future may be ‘forward-looking statements’ within the meaning of the applicable securities laws and regulations. The Company cautions that such statements involve risks and uncertainty and that actual results could differ materially from those expressed or implied. Important factors that could cause differences include raw materials' cost or availability, cyclical demand and pricing in the Company's principal markets, changes in government regulations, economic developments within the countries in which the company conducts business, and other factors relating to the Company's operations, such as litigation, labour negotiations and fiscal regimes.

**Manufacturing Facilities****Choutuppal Unit:**

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

**Export Oriented Unit:**

Chippada Village, Bheemunipatnam Mandal  
Visakhapatnam Dist. (A.P), Pin - 531 163

**Divi's Pharma SEZ:**

Chippada Village, Bheemunipatnam Mandal  
Visakhapatnam Dist. (A.P), Pin - 531 163

**DSN SEZ Unit:**

Chippada Village, Bheemunipatnam Mandal  
Visakhapatnam Dist. (A.P), Pin - 531 163

**R&D Centres**

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

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

Chippada Village, Bheemunipatnam Mandal  
Visakhapatnam Dist. (A.P), Pin - 531 163

**Subsidiaries**

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

Divi's Laboratories Europe AG, Basel,  
Switzerland.

**Registrar & Share Transfer Agent**

Karvy Computershare Private Limited  
Karvy Selenium Tower B, Plot No. 31-32,  
Gachibowli, Financial Dist, Nanakramguda,  
Hyderabad - 500 032.

CIN: U74140TG2003PTC041636

**Bankers**

State Bank of Hyderabad  
State Bank of India

**Auditors****Statutory Auditor**

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

**Secretarial Auditor**

V. Bhaskara Rao & Co  
Company Secretaries, 6-2-1085/B, Flat No.203,  
Badam Sohana Apts., Raj Bhavan Road,  
Somajiguda, Hyderabad - 500 082

# DIVI'S AT A GLANCE

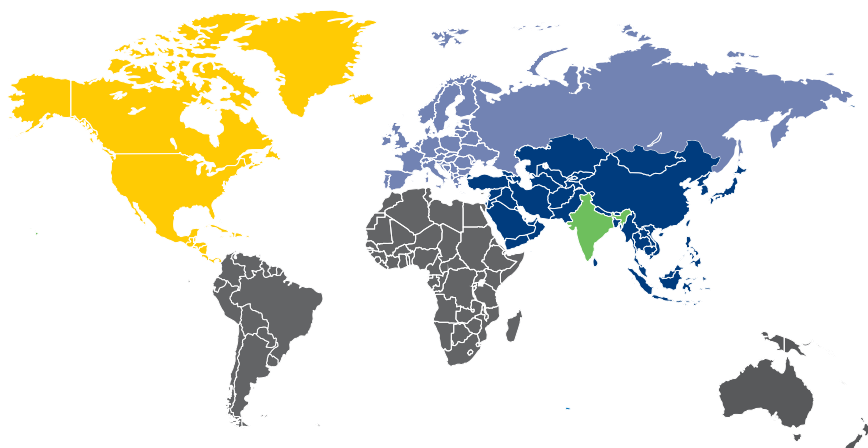
**Divi's Laboratories Ltd is a global manufacturer and supplier of Active Pharma Ingredients and Intermediates. Divis, through its custom synthesis business, supports innovator pharma companies for their patented products business right from gram scale needs for clinical trials to launch as well as late life cycle management.**

**4**Manufacturing  
Facilities**3**

R&amp;D Centers

**9481**

Employees

**Share of Sales Across Geographies**

America 32%

Europe 43%

India 12%

Asia 11%

Rest of the World 2%

**Board of Directors**

>> Refer page no. 2 & 3

**Chief Financial Officer:** L. KISHORE BABU

**Company Secretary:** P.V. LAKSHMI RAJANI

**Registered office:**

Divi Towers, 1-72/23(P)/DIVIS/303,  
Cyber Hills, Gachibowli,  
Hyderabad - 500 032, India  
[www.divislaboratories.com](http://www.divislaboratories.com)

CIN: L24110TG1990PLC011854

Phone: 040-2378 6300 ; Fax: 040-2378 6460

E-mail: [mail@divislaboratories.com](mailto:mail@divislaboratories.com)

# BOARD OF DIRECTORS

## EXECUTIVE DIRECTORS



## INDEPENDENT DIRECTORS



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## 1. Dr. Murali K. Divi

Chairman & Managing Director

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Dr. Divi holds a post graduate degree in Pharmaceutical Sciences from College of Pharmacy, Manipal, Karnataka and a doctorate in Pharmaceutical Sciences from Kakatiya University, Warangal, Telangana. He is a member of American Institute of Chemical Engineers, American Chemical Society, American Cosmetic Society and American Pharmaceutical Association.

Dr. Divi is the chief promoter of the company and has been on its Board since 1990. He has considerable expertise in implementing and managing bulk pharmaceutical chemical manufacturing facilities conforming to GMP/US-FDA standards. He has led R&D teams and developed efficient processes for specialty chemicals, pharmaceutical intermediates, herbicides and rodenticides and custom synthesis. He has an extensive experience of over 30 years in the Active pharmaceutical ingredients industry.

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## 2. N. V. Ramana

Executive Director

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Mr. Ramana is a graduate in chemistry from Osmania University, Hyderabad and is a Member of American Chemical Society.

He joined the company in 1994 and has been its Whole-time Director designated as Executive Director of the Company.

He has over 25 years of experience in Pharmaceutical Industry and handled varied functions in the active ingredients business.

Mr. Ramana is responsible for overall operations including strategy planning, business development and nutraceuticals business.

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## 3. Madhusudana Rao Divi

Director - Projects

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Mr. Rao Divi is a post-graduate in Structural Engineering from Mysore University. He worked with M/s. Howe India and M/s. Towell Construction Company and has executed several offshore construction contracts such as Vizag Outer Harbour Project, Defence and Civil construction contracts in Saudi Arabia, Iraq and Kuwait. Between 1990-1996, he was Executive Director of Sadah General Trading and Contracting Co., Kuwait and implemented several offshore and on-shore construction projects.

He assumed Directorship of your company since 1994 and has been a whole-time director since 1997. Mr. Rao Divi looks after project implementation, production planning, environment management and regulatory

affairs. He is responsible for implementation of new Projects of the company, plant up-gradation to comply with FDA requirements, environment management and overseeing logistics at Plant.

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## 4. Kiran S. Divi

Director & President Operations

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Mr. Kiran S. Divi holds a post graduate degree in Pharmacy from Jawaharlal Nehru Technological University (JNTU), Kakinada, Andhra Pradesh.

He joined the company in 2001 and has been a Whole-time Director designated as Director & President - Operations on the Board of the Company.

Kiran Divi was involved in understanding the Pharma ingredients and intermediates markets in USA for about two years before joining the Board. He is responsible for manufacturing operations and marketing the company's generic products in the USA, which is considered an important value market for the Pharma ingredients.

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## 5. Dr. G. Suresh Kumar

Independent Director

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Dr. G Suresh Kumar holds an MBBS degree from Gandhi Medical College, Hyderabad and M.S. (General Surgery) from Gulbarga University, Karnataka. He worked with the Ministry of Health, Government of Algeria between 1978 and 1983. He is a practicing Consultant Surgeon at several multispecialty hospitals at Hyderabad. Dr. Suresh Kumar joined the company as Director during the year 2001.

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## 6. R. Ranga Rao

Independent Director

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Mr. R. Ranga Rao holds a Post-graduate degree in Pharmacy from College of Pharmacy, Manipal, Karnataka.

He started his career as an Analyst in a Pharma unit at Vijayawada. In 1978, he joined the State Government service in the Drugs Control Department. He worked at different levels and retired as Director, Drugs Control Administration, Govt. of Andhra Pradesh in the year 2009.

He also served as a member of different committees formed by Director General, Drugs Controller, Govt. of India to assist the department for the betterment of availability of safe and quality drugs to the public. He also served as a President, Indian Pharmaceutical Association, AP State Branch for two years. Mr. R. Ranga Rao joined the company as Director during the year 2012.

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## 7. K.V.K. Seshavataram

Independent Director

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Mr. K.V.K. Seshavataram is a qualified Chartered Accountant, Cost Accountant and Company Secretary and is a member of the Institute of Chartered Accountants of India, the Institute of Cost Accountants of India and the Institute of Company Secretaries of India. He retired as Chairman and Managing Director of M/s. Hindustan Zinc Ltd., Mr. Seshavataram has a varied experience of over 35 years in financial and general management, both in the private and public sector. Mr. Seshavataram was inducted into the company's Board as Director during the year 2014.

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## 8. S. Sridevi

Independent Director

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Mrs. S. Sridevi holds a Masters degree in Nutrition from Sri Venkateswara University, Tirupati, Andhra Pradesh. She has worked as Senior Manager with Andhra Bank and has diverse knowledge of the corporate finance and banking. Mrs. S. Sridevi was inducted into the company's Board as Director during the year 2014.









# SUSTAINABLE CHEMISTRY

The 26<sup>th</sup> annual report of Divi's Laboratories Ltd comes with the theme Sustainable Chemistry. As per Organisation for Economic Co-operation and Development (OECD), Sustainable Chemistry is a scientific concept that seeks to improve the efficiency with which natural resources are used to meet human needs for chemical products and services. Sustainable chemistry encompasses the design, manufacture and use of efficient, effective, safe and more environmentally benign chemical products and processes.

Sustainable chemistry is also a process that stimulates innovation across all sectors to design and discover new chemicals, production processes, and product stewardship practices that will provide increased performance and increased value while meeting the goals of protecting and enhancing human health and the environment.

The report theme and its contents are a reiteration of our assurance towards making the company sustainable in terms of its financial performance as well as our commitment towards protecting the environment and society around our facilities.

In summary the business model of Divi's is akin to Sustainable Chemistry.



# DIVI'S STRATEGY

## THREE IMPORTANT DRIVERS OF DIVI'S BUSINESS

The business strategy and sustainability programme at Divi's are based on three global drivers that are influencing our customers, environment and communities. Our endeavor is to ensure that we respond to these important drivers by continuously evolving various aspects of our operations, products, supply chain and our engagements with the communities. By doing so, we can create new opportunities and contribute to a more sustainable world for all.

### Global Health care Industry

As the global healthcare industry struggles with an untenable cost trajectory, it also is facing increased demand for healthcare products and services by an expanding pool of consumer-patients and by growth in costly chronic disease management.

Global healthcare costs, currently estimated at \$6 trillion to \$7 trillion, are projected to reach more than \$12 trillion within just seven years. Given this outlook, radical measures are expected to be taken to control this spiraling expense. At Divi's our efforts are to develop products that can support our customers and their efforts to face the emerging challenges in healthcare thereby making our business sustainable in the long term

### Fragile World

As rising temperatures and pollution adversely impacts habitats and resources, carbon reduction is an increasing priority. To maintain safe levels of carbon emissions, it is estimated that by 2040, the world needs to reduce its emissions by 50%. With already stretched food, water, fuel and other natural resources, a new approach to protection of environment and natural resources is required. Towards this objective, Divis has taken several initiatives for efficient use of resources and minimise environmental impact while making essential products for healthcare industry.

### Community & Inclusive Growth

We add value to local communities around our facilities through various social upliftment initiatives such as community healthcare, education, rural infrastructure, empowering women, support to differently abled, generating livelihood opportunities & relief programmes. Our approach is to establish the strong relationships that are essential to maintaining our social licence to operate: building trust and respect with local communities. To support our local communities, we allow all of our employees to donate a small part of their working time through our employee volunteer scheme.





# HIGHLIGHTS

2015 - 2016

₹ 3,816 Crore

## REVENUE

The company has achieved a revenue growth of 21% for the year on the back of a growth of 23% achieved during the last year

₹ 30,566 Crore

## MARKET CAPITALISATION

₹ 1,108 Crore

## PROFIT AFTER TAX

₹ 41.73

## EARNINGS PER SHARE

88%

## EXPORTS

### Product Stewardship & Quality

Successful inspection by the US-FDA for its Unit-2 at Chippada, Visakhapatnam.

Introduced EHS Evaluation of Safety Critical Raw Material Supplier Manufacturing sites in 2015.

### Environment, Health & Safety

Conducted 147 EHS Programmes

550000 trees planted as at 31 March, 2016

Commissioned a biogas plant at our Visakhapatnam unit which can produce 150 units of electricity per day

### Social Responsibility

Drinking Water facilities to villages

Toilets for Girls & Boys in Schools

Distribution of 18gms Horlicks Sachets every day to 4800 students/55 Schools

Distributed 35,000 Note Books to 4794 students

Uniforms to 1342 Students

Merit Scholarships to 73 Students

Scholarships to students of professional courses

Honorarium to Vidya volunteers

Corpus Fund for upgradation of Schools

Free Health Checkups at 52 schools

Infrastructure facilities - Additional Class Rooms, furniture kitchen sheds, Computer Infrastructure, Library, Drinking Water, security infrastructure, Science Lab equipments Utensils etc.

# ENVIRONMENT



**4937259** KWH units  
Saved through energy saving initiatives

**7153** tCO<sub>2</sub>e Units  
Reduction in emissions

## Our Approach

Investing in environment sustainability is a key priority in our business strategy. With this in mind, and as an ethical and responsible business, we continually seek ways to minimise the environmental impact of our operations. While pursuing our activities, we endeavor to minimise any adverse impact on air, water and land by means of pollution prevention and energy and water conservation. By doing so, we achieve cost saving, an increased operational efficiency and ultimately, a safe environment and a healthy workplace.

## Policy

Our commitment is summarised through the following principles:

Selection of suitable process and appropriate equipment along with safe handling.

Safe handling of equipment.

Prevention of Pollution, Injury and ill health.

Adopting sound Environment, Health and Safety systems.

Identifying the possible hazards/aspects and implementation of preventive measures.

Continual improvement of awareness and competence of personnel through training.

Comply with legal and other requirements.

Minimization of waste and conservation of natural resources.

## EHS Management programmes for the Year 2015-16

Year	Reduction of Energy	Reduction of Man Hour	Conservation of Natural Resources	Safety	General Working Condition	Increase in Productivity	Others	Total
2015-16	7	8	23	80	18	1	10	147