



*Divi's Laboratories Limited*



# Sustainable Chemistry

Striving for leadership  
through chemistry

32<sup>nd</sup>

Annual Report  
2021-22

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To know more about Divi's log on to

[www.divislabs.com](http://www.divislabs.com)



Scan the QR Code to view the report online

#### 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.

# Resilience to adversity. Committed to holistic growth.

Over three decades, we have delivered sustainable growth, anchored on our core competencies of trust, technology and teamwork.

During the year, revenue of Divi's surpassed a Billion-dollar mark, making us one of the few companies reaching this milestone in the small molecule API segment. This is amidst the volatility and uncertainty in raw materials, challenges in logistics, energy crisis and geopolitical tensions.

We continue to maintain strategic relationships by fulfilling all commitments to our customers, business partners and other stakeholders.

Our efforts to create a future-ready enterprise have included Capacity Building, Backward Integration, Green Chemistry and, most importantly, Sustainable Operation.

**Divi's has remained resilient to adversities during the year and continuously leveraged its agile business model to mitigate risks in a mindful manner with a purposeful performance strategy.**

## 04

### Notice

221 Notice of the 32<sup>nd</sup> Annual General Meeting



# Managing Director's Perspective



## Dear Shareholders,

The financial year 2021-22 began on a subdued note owing to repeated attacks of the pandemic, taking a severe toll on lives and economies. As the world navigated through the pandemic, the escalation of geopolitical strife compounded the crisis and brought numerous other challenges in the form of strained geopolitical and trade relations, a runaway inflation and unprecedented volatility in commodity costs.

In the face of such flux, the industry showed resilience and adaptability, ensuring continuous supply of medicines to help patients gain access to their medication.

The pandemic has accelerated significant change in the healthcare ecosystem, making it more adaptable and innovative in order to withstand

unexpected challenges and capitalise on the opportunities.

In this uncertain operating environment, our focus remained on the health and safety of our people, ensuring uninterrupted supply of our products to meet the evolving demand of our customers and our business needs. This has strongly positioned us as a reliable supplier to the global pharmaceutical companies.

## The year in review

The year had been challenging with several headwinds and against this backdrop, our results for the year demonstrate our execution prowess, agility, strategic clarity and the strength of supply chain.

Our core investment for the past two years on debottlenecking, capacity expansion and backward integration strength helped us achieve scale and de-risk external starting material dependence. Our agile business model and stable supply chain ensured minimal business disruption and uninterrupted supply to our customers across the globe.

The commitment and determined efforts of the entire Divi's family helped us live up to the name of a reliable supplier of API's.

As a global leader of API's, we have always accommodated the sudden increase in market demands quickly. We have also successfully completed the capacity expansions that we have taken up during the year.



Production Blocks - Exterior View

## Keeping our Green commitment

During the year FY2022, apart from creating additional capacities for our pipeline products and new capacities for emerging custom synthesis projects, we have also upgraded our utility infrastructure, which also includes environment management.

We strive to create brand value by adopting sustainable practices and implementing Green chemistry principles.

As an industry leader and a responsible enterprise, we served the communities around our manufacturing facilities in several ways by enhancing the village infrastructure, providing safe drinking water, empowering women and improving public healthcare.

## Future focused – Agile, consistent and reliable

As we enter a new financial year, we are better prepared to handle the evolving demand, continuous market volatility and an uncertain economic environment.

At Divi's, we aim to exceed the internal benchmark so that we can consistently deliver value to our customers, and also perform as a dependable supplier.

Our focus will remain on Continuous process innovation and Green chemistry implementation to further establish Divi's as a strong sustainable organisation and deliver value added performance.

I would like to take this opportunity and thank our employees for their consistent effort to deliver the best results despite the challenges. I thank all the stakeholders for reposing their trust in us, which has made Divi's a reliable brand.

We will continue to strive for leadership through chemistry and be the most reliable supplier of high-quality API's while creating value for all our stake holders.

**Dr. Murali K. Divi**  
Managing Director



# 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)



**Madhusudana Rao Divi**  
Whole-time Director  
(Projects)

## Independent Directors



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



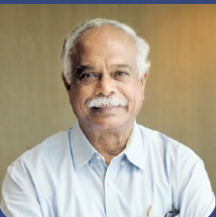
**Dr. G. Suresh Kumar**  
Independent Director



**R. Ranga Rao**  
Independent Director



**K. V. K. Seshavataram**  
Independent Director



**Dr. S. Ganapaty**  
Independent Director



**Prof. Sunaina Singh**  
Independent Director



**K.V. Chowdary**  
Independent Director

# Corporate Information

## Manufacturing Facilities

**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

**Export Oriented Unit:**  
Chippada Village  
Bheemunipatnam Mandal  
Visakhapatnam Dist. (A.P)  
Pin - 531163

**Divi's Pharma SEZ:**  
Chippada Village  
Bheemunipatnam Mandal  
Visakhapatnam Dist. (A.P)  
Pin - 531163

**DSN SEZ Unit:**  
Chippada Village  
Bheemunipatnam Mandal  
Visakhapatnam Dist. (A.P)  
Pin - 531163

**DCV SEZ Unit:**  
Chippada Village  
Bheemunipatnam Mandal  
Visakhapatnam Dist. (A.P)  
Pin - 531163

## R&D Centres

B-34, Industrial Estate  
Sanathnagar, Hyderabad.  
Pin - 500018

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

Chippada Village  
Bheemunipatnam Mandal  
Visakhapatnam Dist. (A.P)  
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, India  
Pin - 500032  
CIN : L24110TG1990PLC011854  
Phone : +91 40 66966300  
Fax: +91 40 66966460  
E-mail : mail@divislabs.com  
Website : [www.divislabs.com](http://www.divislabs.com)

## Auditors

**Statutory Auditors**  
Price Waterhouse Chartered  
Accountants LLP  
Unit-2B, 8<sup>th</sup> Floor  
Octave Block  
Block E1, Parcel-4  
Salarpuria Sattva Knowledge City  
Raidurg, Hyderabad  
Pin - 500081

## Cost Auditors

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

## Secretarial Auditors

V. Bhaskara Rao & Co, Company  
Secretaries  
6-2-1085/B, Flat No.-105  
Badam Sohana Apts  
Raj Bhavan Road,  
Somajiguda, Hyderabad  
Pin - 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  
Pin - 500034

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

## Registrar & Share Transfer Agent

**Kfin Technologies Limited**  
Selenium Tower B, Plot No. 31-32  
Gachibowli, Financial Dist,  
Nanakramguda, Hyderabad  
Pin - 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 22, 2022  
at 10.00 AM IST  
Through Video Conferencing (VC)/  
Other Audio Visual Means (OAVM)

# An Introduction to Divi's

## Divi's in 2022: Standing firm against volatility

Divi's Laboratories Limited is one of the leading pharmaceutical companies in the world, manufacturing Active Pharmaceutical Ingredients (APIs), Intermediates and Nutraceuticals.

Leveraging our state-of-the-art manufacturing facilities and research capabilities, we have earned a reputable name in manufacturing and supplying High-Quality Generics, Custom Synthesis of APIs and intermediates for global innovator companies and nutraceutical ingredients. We are one of the world's largest API companies, with two manufacturing units and a market presence across 100 countries. Backed by a team of ~16,500 people, and a portfolio of ~160 products across diverse therapeutic areas, we are making steady progress with disciplined execution.


We are committed to achieving our goal of sustainable chemistry by continuously optimising our processes and practices that not only protect, but improve human health, and preserve environment we operate in.

Divi's has established three R&D centers, each with a team of competent and qualified people who assist us in continuously improvising our processes. As a result, several process patents have been granted to us, maintaining market leadership for majority of our products, while ensuring that our operating practices are safe and sustainable.



Vision

We envision creating value for all our stakeholders by manufacturing high quality generic APIs, custom synthesis of APIs & Intermediates along with Nutraceutical Ingredients to the Global Pharmaceutical and 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.

Our Business Values



Financial Stability



Trustworthy



Reliable Supply Partner




Complimentary



Transparency


Snapshot of our capitals

Financial Capital




₹ **8,99,108** | ₹ **3,98,772** | ₹ **2,94,854**  
Total Income (In Lakhs) | EBDIT(In Lakhs) | Profit After Tax (In Lakhs)

Human Capital




**~16,500** | **~33,550**  
Employees | Safety training sessions

Manufacturing Capital




₹ **6,10,110** | ₹ **93,456** | **2**  
Gross Block (In Lakhs) | CAPEX (In Lakhs) | Manufacturing units

Intellectual Capital



**42** | ₹ **14,977** | **~400**  
Process patents | R&D spend in past three years (In Lakhs) | R&D team members

Social Capital



₹ **4,460** | **267** | **~5,22,000**  
CSR spend (In Lakhs) | Programmes and activities conducted | Beneficiaries



# Unit -2

Visakhapatnam



# Unit -1

Hyderabad





# Resilient to Adversity

## Agile and Responsive

The uncertain market conditions, induced by the pandemic and geopolitical disorder, has resulted in business transformation for one and all. At Divi's, we adapted and calibrated ourselves to emerge stronger from the adversity and sustain our market leadership in the API business segment.

Divi's had remained resilient in the face of adversity, adapting and accelerating despite the disruptions that had arisen over time. We have prepared, perceived, and propelled ourselves towards change, thereby maintaining our leadership position within the segment.

Divi's is now well-positioned to meet any increasing demand for Generic APIs while also supporting demand for new Custom Synthesis opportunities across its customer base.

Divi's has come up with a six-point approach with an attempt to sustain the market leadership in the small molecule API segment.



Production Block - Chemistry Area

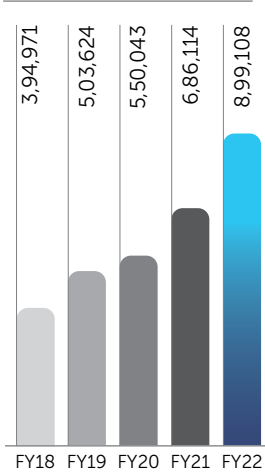
### The six-point strategic approach

- 1 Established Generics Portfolio**  
Continue to maintain leadership position in key Generic APIs
- 2 Generics with growth potential**  
Invest in capacity expansion to address growing demand and sustain market share
- 3 'Sartans'**  
Expand into all the major Sartan APIs based on our backward integration strength
- 4 Contrast Media**  
Continue to develop and expand into multiple products of Contrast media
- 5 Future Generics**  
Multiple APIs with patents expiring in the next 2-3 years were developed with sufficient capacities already established
- 6 Custom Synthesis**  
Newer technology offerings to cater the requirements of Big Pharma companies

# Performance in Numbers

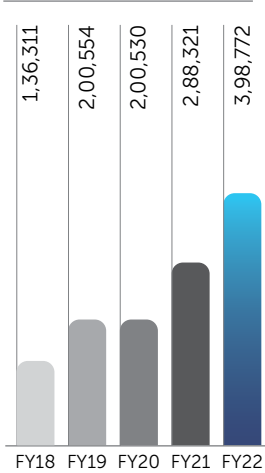
Total Income

(₹ in lakhs)



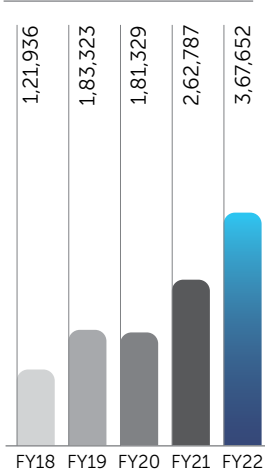
EBDIT

(₹ in lakhs)



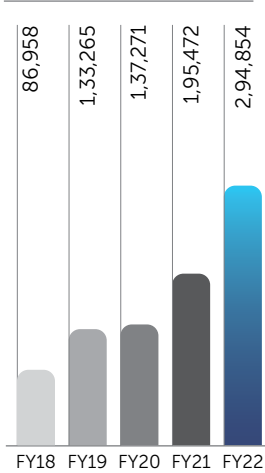
PBT

(₹ in lakhs)



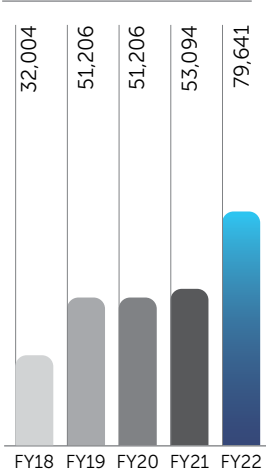
PAT

(₹ in lakhs)



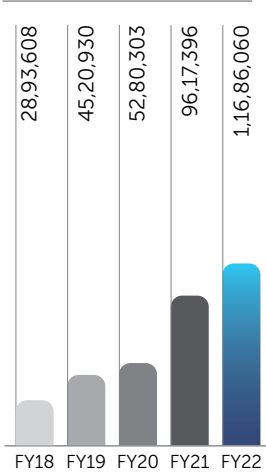
Dividend

(₹ in lakhs)



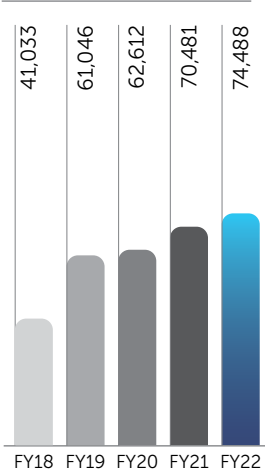
Market Capitalisation

(₹ in lakhs)



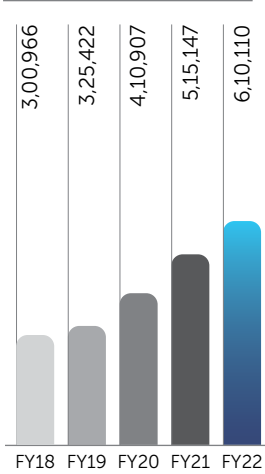
Contribution to National Exchequer

(₹ in lakhs)



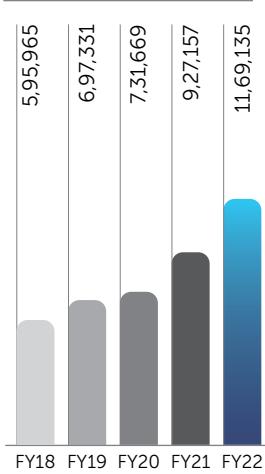
Gross Fixed Assets

(₹ in lakhs)



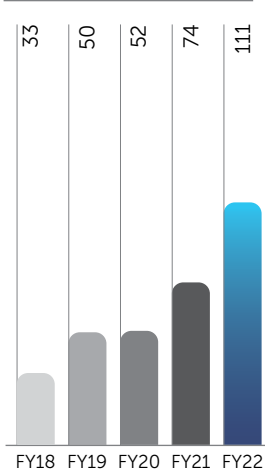
Net Worth

(₹ in lakhs)



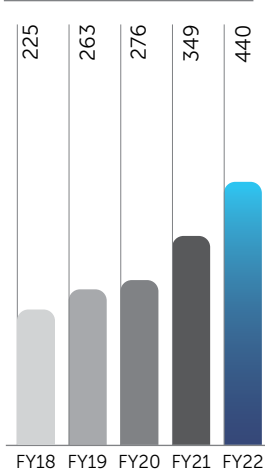
EPS

(₹)



Book Value per share

(₹)



Direct Economic Impact

	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Revenue	3,83,723	4,87,966	5,31,057	6,79,861	8,87,982
Exports	3,27,305	4,17,456	4,52,661	5,88,625	7,84,198
Tax Expense	34,978	50,094	43,899	67,315	72,798
Consumption of material	1,50,490	1,83,783	2,08,856	2,26,550	2,98,980
Employee benefits Expenses	44,627	53,072	60,836	80,868	92,655
Finance charges	133	350	606	69	65
Dividend & Dividend Tax	32,004	51,206	51,206	53,094	79,641

Employees

	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Cost towards wages / salaries	43,065	50,738	57,855	77,291	88,202
Other benefit costs	2,541	2,334	2,981	3,577	4,453
Total personal expenses	45,606	53,072	60,836	80,868	92,655
% to sales revenue	12%	11%	11%	12%	10%
Number of employees (Direct / Indirect)	10,762	11,847	13,884	16,818	16,543

Customers

	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Total Income	3,94,971	5,03,624	5,50,043	6,86,114	8,99,108
Debtors	1,11,211	1,28,224	1,53,321	1,74,556	2,56,990
Payments received during the year	3,83,802	4,86,611	5,24,946	6,64,879	7,08,437
Debtors outstanding (in average number of days turnover)	103	93	102	93	105

Return on Net Worth

FY 2018	15%
FY 2019	19%
FY 2020	19%
FY 2021	21%
FY 2022	25%

Dividend Per Share (₹)

FY 2018	10
FY 2019	16
FY 2020	16
FY 2021	20
FY 2022	30



# Our Global Footprint



America	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Sales (₹ lakhs)	1,08,749	1,27,212	1,21,813	1,58,652	3,83,291
% Share	29%	27%	23%	24%	44%
Europe	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Sales (₹ lakhs)	1,63,798	2,17,452	2,49,850	3,17,415	2,86,480
% Share	44%	46%	48%	47%	33%
Asia	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Sales (₹ lakhs)	34,730	59,183	59,474	82,675	79,807
% Share	9%	12%	12%	12%	9%
India	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Sales (₹ lakhs)	48,014	56,266	68,071	80,130	87,724
% Share	13%	12%	13%	12%	10%
Rest of the World	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Sales (₹ lakhs)	20,028	13,609	21,524	29,883	34,620
% Share	5%	3%	4%	4%	4%

# Financial Highlights

	(₹ in lakhs)				
Turnover and Profit	FY2018	FY2019	FY2020	FY2021	FY2022
Revenue	3,83,723	4,87,966	5,31,057	6,79,861	8,87,982
Revenue Growth %	-6%	27%	9%	28%	31%
Other Income	11,248	15,658	18,986	6,253	11,126
Total Income (₹ in Lakhs)	3,94,971	5,03,624	5,50,043	6,86,114	8,99,108
Total Income Growth %	-5%	28%	9%	25%	31%
Profit before Interest, Depreciation and Tax.(EBDIT)	1,36,311	2,00,554	2,00,530	2,88,321	3,98,772
EBDIT to Sales %	35%	40%	36%	42%	44%
EBDIT Growth	-10%	47%	0.0%	44%	38%
Finance Charges	133	350	606	69	65
Depreciation	14,242	16,881	18,595	25,465	31,055
Profit before tax ( PBT)	1,21,936	1,83,323	1,81,329	2,62,787	3,67,652
PBT Growth %	-12%	50%	-1%	45%	40%
Provision for Taxation	34,978	50,058	44,058	67,315	72,798
Profit After Tax (PAT)	86,958	1,33,265	1,37,271	1,95,472	2,94,854
PAT Growth %	-17%	53%	3%	42%	51%
Dividend, Share Capital And Capital Employed					
Dividend	500%	800%	800%	1,000%	1,500%
Dividend pay out	32,004	51,206	51,206	53,094	79,641
Dividend pay-out (%)	37%	38%	37%	27%	27%
Equity Share Capital	5,309	5,309	5,309	5,309	5,309
Reserves & Surplus	5,90,656	6,92,022	7,26,360	9,21,848	11,63,826
Net Worth	5,95,965	6,97,331	7,31,669	9,27,157	11,69,135
Net Worth growth %	10%	17%	5%	27%	26%
Gross Fixed Assets	3,00,966	3,25,422	4,10,907	5,15,147	6,10,110
Net Fixed Assets	1,99,588	2,08,742	2,77,626	3,69,901	4,32,097
Total Assets	6,80,778	8,04,018	8,51,411	10,72,377	13,30,786
Key Financial Indicators					
Earnings per share (face value of ₹ 2/-each)	33	50	52	74	111
Cash Earnings Per Share (face value of ₹ 2/-each)	38	57	59	83	123
Gross Turnover Per share (face value of ₹ 2/-each)	149	190	207	258	339
Book Value per share (face value of ₹ 2/-each)	224	263	276	349	440
Total Debt to Equity	0.011	0.015	0.005	0.00004	0
EBDIT / Gross Turnover %	35%	40%	36%	42%	44%
Net Profit Margin %	22%	26%	25%	28%	33%
RONW %	15%	19%	19%	21%	25%



# Empowering Communities

## Ensuring sustainable change

Over the past decade, Divi’s has focused on several corporate social responsibility programmes and has impacted the lives of lakhs of people in Andhra Pradesh and Telangana. With a commitment to make meaningful change a reality, Divi’s continues to undertake varied initiatives aimed at improving lives.

### Enabling social well-being

Over the years, Divi’s has actively participated in community building efforts that contributed to the social and economic well-being of the weaker sections of society. We continue to undertake child empowerment projects, provide safe drinking water, execute plantation drives and provide access to healthcare through our CSR projects. Alongside, we are empowering women and the “differently abled,” enabling animal welfare and the development of rural infrastructure.

### Initiatives of FY2021-22

