

# Sustainable Chemistry



Striving for leadership through chemistry.

### Introduction to **Divi's**

### Divi's in 2021: Setting the stage for sustenance

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

Through our scale, reach and range of activities, we are at the forefront of manufacturing leading generic compounds, nutraceutical ingredients and custom synthesis of APIs and Intermediates for global innovator companies.

With two manufacturing units, presence across ~95 market countries, a team of ~17,000 a portfolio of ~130 people, products across diverse therapeutic areas, we are one of the largest API companies in the world. We are committed towards our goal of sustainable chemistry, thereby optimising our processes and practices that not only protect, but also enhance human health and the environment.

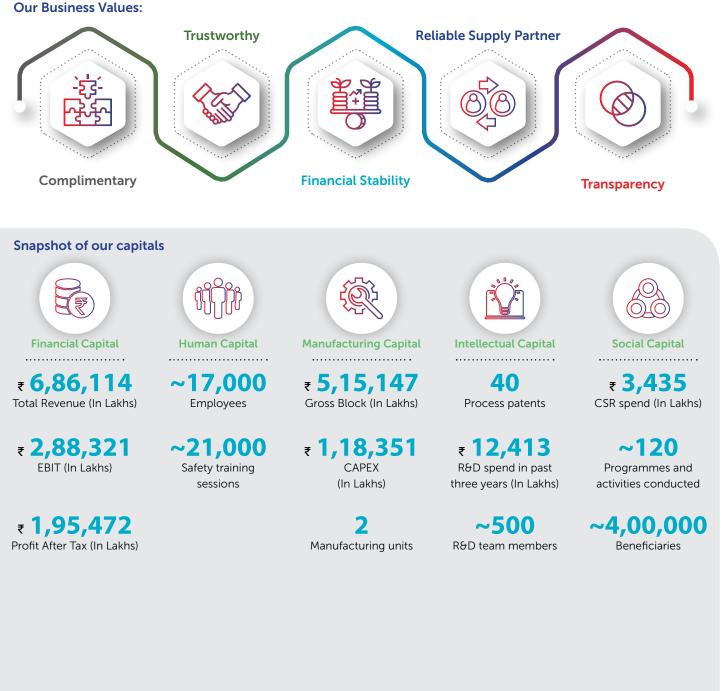
Divi's has set up three R&D centres comprising a team of competent and qualified people that help us to continuously innovate our processes - the result of which, 10's of process patents were granted and we were able to attain global leadership position in majority of the products manufactured, while making sure our processes and practices are 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** & 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.







### Setting the Stage for **Sustenance**

At Divi's, we aim at creating maximum positive impact along with the best output as a responsible API manufacturing company. We continue on our path to fully integrate sustainability into all of our core businesses and manufacturing functions.

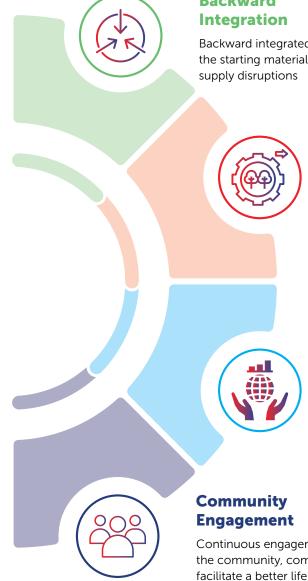
We have worked hard on developing our technology and methodology in the background, while presenting the company's choices in the forefront. These choices represent our agility, reliability, commitment and responsibility.

We as an organisation have been driving towards setting the stage for sustenance in all the operational aspects through a "proactive" approach rather than a "problemsolving" approach. We have defined our approach by emphasising the facilitation for business growth through investments in backward integration, creation of significant capacities, investments in newer technologies that enables sustainable operations which will make us future ready.

Setting the stage for sustenance at this juncture is a given for Divi's, than a choice. Divi's has always vied for positive change that represents the divergence of technological innovation and a purpose driven growth. Today, Divi's is recognised as a 'Vision-Led- Company, where committed teams collaborate and strive to manufacture high quality APIs, while simultaneously strategising to attain sustainable growth in the journey ahead, as well.



New DCV-SEZ Capitalized





### Backward

Backward integrated to most of the starting materials, mitigating

### **Sustainable Operations**

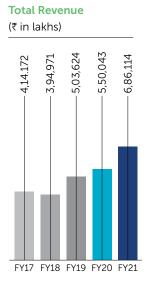
Investing in newer technologies to facilitate a sustainable operating environment

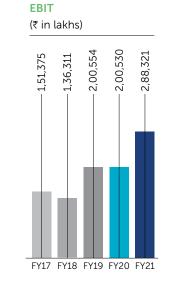


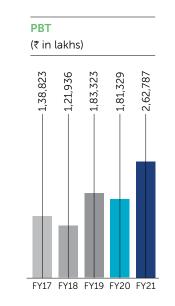
Significant capacity expansions facilitating state-of-the-art manufacturing infrastructure

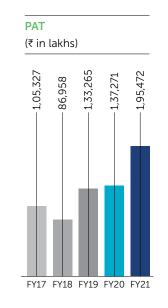
Continuous engagement with the community, committing to

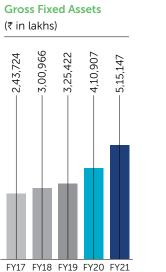
# Growing Footprint

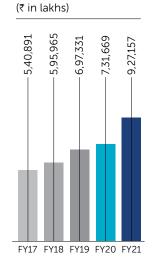




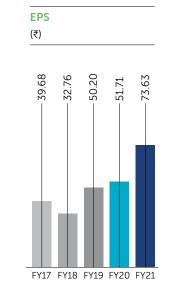




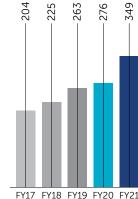




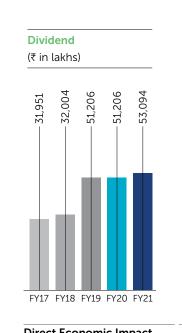
**Net Worth** 

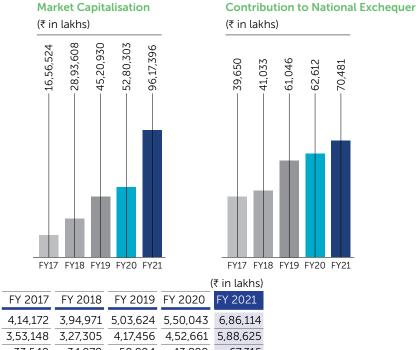


Book Va	lue per share
(₹)	



FY17 FY18 FY19 FY20 FY21





Direct Economic Impact	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Total Revenue	4,14,172	3,94,971	5,03,624	5,50,043	6,86,114
Exports	3,53,148	3,27,305	4,17,456	4,52,661	5,88,625
Tax Expense	33,540	34,978	50,094	43,899	67,315
Consumption of material	1,54,158	1,50,490	1,83,783	2,08,856	2,26,550
Employee benefits Expenses	49,033	44,627	53,072	60,836	80,868
Interest	226	133	350	606	69
Dividend & Dividend Tax	31,951	32,004	51,206	51,206	53,094
					(₹ in lakhs)
Employees	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Cost towards wages /	47,853	43,065	50,738	57,855	77,291
salaries					
Other benefit costs	2,137	2,541	2,334	2,981	3,577
Total personal expenses	49,990	45,606	53,072	60,836	80,868
% to sales revenue	12.07%	11.55%	10.54%	11.06%	11.79%
Number of employees	9,735	10,762	11,847	13,884	16,818
(Direct / Indirect)					
					(₹ in lakhs)
Customers	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Total Revenue	4,14,172	3,94,971	5,03,624	5,50,043	6,86,114
Debtors	1,00,042	1,11,211	1,28,224	1,53,321	1,74,556
Payments received during	4,10,745	3,83,802	4,86,611	5,24,946	6,64,879
the year					
Debtors outstanding (in	90	103	93	102	93
average number of days					

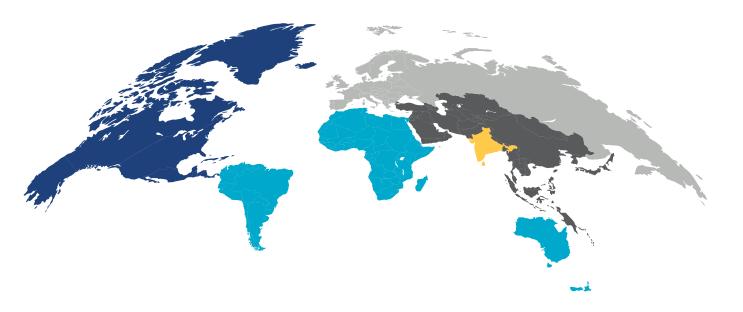
FY 2017	FY 2018	FY 2019
4,14,172	3,94,971	5,03,624
1,00,042	1,11,211	1,28,224
4,10,745	3,83,802	4,86,611
90	103	93
	4,14,172 1,00,042 4,10,745	FY 2017         FY 2018           4,14,172         3,94,971           1,00,042         1,11,211           4,10,745         3,83,802           90         103

#### Divis Divi's Laboratories Limited

Return on Net Worth				
FY 2017	19%			
FY 2018	15%			
FY 2019	19%			
FY 2020	19%			
FY 2021	21%			

Dividend Per Share	
FY 2017	10%
FY 2018	10%
FY 2019	16%
FY 2020	16%
FY 2021	20%

### Geographic Presence



America	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Revenue (₹ lakhs)	1,33,808	1,08,749	1,27,212	1,21,813	1,58,652
% Share	33%	29%	27%	23%	23%

Europe	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Revenue (₹ lakhs)	1,62,825	1,63,798	2,17,452	2,49,850	3,17,415
% Share	40%	44%	46%	47%	47%

	FY 2017	FY 2017 FY 2018 FY	2019 FY 2020	FY 2021
	khs) 47,284	47,284 34,730 5	9,183 59,474	82,675
% Share 12% 9% 12% 11%	12%	12% 9%	12% 11%	12%

India	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Revenue (₹ lakhs)	52,097	48,014	56,266	78,396	91,236
% Share	13%	13%	12%	15%	13%

Rest of the World	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Revenue (₹ lakhs)	9,460	20,028	13,609	21,524	29,883
% Share	2%	5%	3%	4%	5%

# Financial Highlights

					(₹ in lakhs)
Turnover and Profit	FY2017	FY2018	FY2019	FY2020	FY2021
Revenue	4,06,578	3,83,723	4,87,966	5,31,057	6,79,861
Revenue Growth %	8%	-6%	27%	9%	28%
Other Income	7,594	11,248	15,658	18,986	6,253
Total Income (₹ in Lakhs)	4,14,172	3,94,971	5,03,624	5,50,043	6,86,114
Total Income Growth %	8%	-5%	28%	9%	25%
Profit before Interest, Depreciation and Tax.(EBDIT)	1,51,375	1,36,311	2,00,554	2,00,530	2,88,321
EBDIT to Sales %	37%	35%	40%	36%	42%
EBDIT Growth	1%	-10%	47%	0.0%	43.8%
Finance Charges	226	133	350	606	69
Depreciation	12,326	14,242	16,881	18,595	25,465
Profit before tax ( PBT)	1,38,823	1,21,936	1,83,323	1,81,329	2,62,787
PBT Growth %	1%	-12%	50%	-1%	45%
Provision for Taxation	33,496	34,978	50,058	44,058	67,315
Profit After Tax (PAT)	1,05,327	86,958	1,33,265	1,37,271	1,95,472
PAT Growth %	-5%	-17%	53%	3%	42%
Dividend, Share Capital And Capital Employed					
Dividend	500%	500%	800%	800%	1,000%
Dividend pay out	31,951	32,004	51,206	51,206	53,094
Dividend pay-out (%)	30%	37%	38%	37%	27%
Equity Share Capital	5,309	5,309	5,309	5,309	5,309
Reserves & Surplus	5,35,582	5,90,656	6,92,022	7,26,360	9,21,848
Net Worth	5,40,891	5,95,965	6,97,331	7,31,669	9,27,157
Net Worth growth %	24%	10%	17%	5%	27%
Gross Fixed Assets	2,43,724	3,00,966	3,25,422	4,10,907	5,15,147
Net Fixed Assets	1,55,895	1,99,588	2,08,742	2,77,626	3,69,901
Total Assets	6,21,008	6,80,778	8,04,018	8,51,411	10,72,377
Key Financial Indicators					
Earnings per share (face value of ₹ 2/-each)	39.68	32.76	50.20	51.71	73.63
Cash Earnings Per Share (face value of ₹2/-each)	44.32	38.12	56.56	58.71	83.23
Gross Turnover Per share (face value of ₹2/-each)	156	149	190	207	258
Book Value per share (face value of ₹ 2/-each)	204	224	263	276	349
Total Debt to Equity	0.01	0.011	0.015	0.005	0.00004
EBDIT / Gross Turnover %	37%	35%	40%	36%	42%
Net Profit Margin %	25%	22%	26%	25%	28%
RONW %	19%	15%	19%	19%	21%

### Divi's Laboratories Limited



### Driven by Sustainability & Safe Culture -A better life

At Divi's, we believe in devising innovative systems, which allow us to balance growth and help us understand how to contribute positively to our society. Our continuous effort is to improve the way of living for everyone around us.

Divi's undeterred focus has always been the protection of our natural capital and making it accessible for the welfare of the community. We understand the need for access to resources like water & land, and their importance in one's economic well-being and hence have set clear goals and long-term strategies towards building a safe environment and a healthy community.















Recently Installed Solvent Recovery System, Visakhapatnam

**Conservation and** Environment

~13,100 MT

CO<sub>2</sub>e GHG Reduction during FY2020-21



Safetv Standards



during FY2020-21

Growing Together

Divi's has been at the forefront when it comes to safety and wellness of the communities around us. We continue to manage our operations and create a positive impact on the lives around the communities we operate.

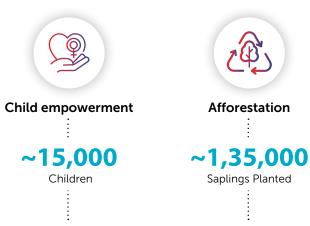
Over the past 30 years, Divi's has been all about 'Sustenance through Actions' and will continue to follow this principle. We continue to promote child empowerment, provision to safe drinking water, undertake green plantation drives, access to healthcare provide measures, empower women, focus on the well-being of animals, betterment of livelihood and development of rural infrastructure to empower lives around us.

We believe these initiatives not only improve the individual quality of life but also the health and well-being of the communities we serve.





### Initiatives of FY2020-21











Distribution of Horlicks sachets at Goverment schools





Setting up of community Covid center with beds & oxygen cylinders

# Child **Empowerment**

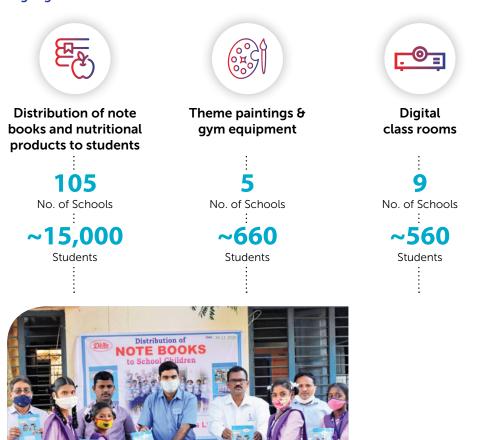
### **Education for all**

The country aims at ensuring better education for all and a better quality of life for children through education. However, a large section of our society is still unable to send their children to school. Divi's supports children from economicallybackward families with access to quality education.

At Divi's, we believe that education is one of the most effective ways to even the odds of a person and set them up for success in life. The focus is on providing inclusive and equitable quality education. Through the schools around our manufacturing facilities, we facilitate quality education, scholarships, technical and vocational education to children.

Divi's wishes to provide children the opportunity to learn and grow, so they become healthy and responsible citizens of tomorrow. Our efforts at empowering children are not limited to learning material alone but access to safe drinking nutritious food, regular water. health check-ups, appointment of teachers and setting up new infrastructure necessary for advanced learning at schools.

### Highlights of FY2020-21



### Shaping dreams

We have also strived to contribute towards uplifting children who are visually challenged, so that they can gain access to higher studies. Divi's has been supporting schools with visually-challenged students and recently has taken up the responsibility to sponsor the education of one such meritorious student from Yendada, who we believe can excel through her hard work and determination. We hope she reaches greater heights!

#### **Development of Model** School, Siricilla

We realise that children require a safe environment where they can be nurtured and provided guidance to overcome academic hurdles and grow as capable individuals. In our endeavour contribute towards the to growth and development of the future of deserving children, Divi's continues to support the development of various Government schools and one such school developed this year is the Model School at Siricilla, with several facilities.



Development of infrastructure, Model School - Sircilla

Providing notebooks to children

#### Divis **Divi's Laboratories Limited**



Computer lab for visually-challenged children

### Facilities provided at school:





**School Building** 



### **Computer Lab**



Library



### **Football Court**



### Science Lab



### **Dinning Hall**

### **Providing Safe Drinking Water** Project Sujalam

Divi's endeavours to make safe drinking water available to those who do not have access to potable water. Our 'Project Sujalam – any time safe drinking water for all' - aims to make safe drinking water accessible to the communities around our manufacturing facilities.

### Water purification programme

At Divi's, we understand that water is a fundamental right to life and should be available to everyone. It brings us immense joy to help the people who do not have direct access to safe drinking water.

The water in and around Andhra Pradesh and Telangana contains dangerously high levels of fluoride which we aim to purify through our Water Purification Programme 'SUJALAM'. We have made it our mission over the past many years to use techniques like reverse osmosis to get rid of ground water impurities like fluoride, lead, sodium, and chlorine while also installing storage water tanks in the local communities, so that continuous drinking water is available, accessible and consumable.

### Highlights





RO plant installed at Allamdevi Cheruvu - Visakhapatnam

# **Planting seeds of** Hope

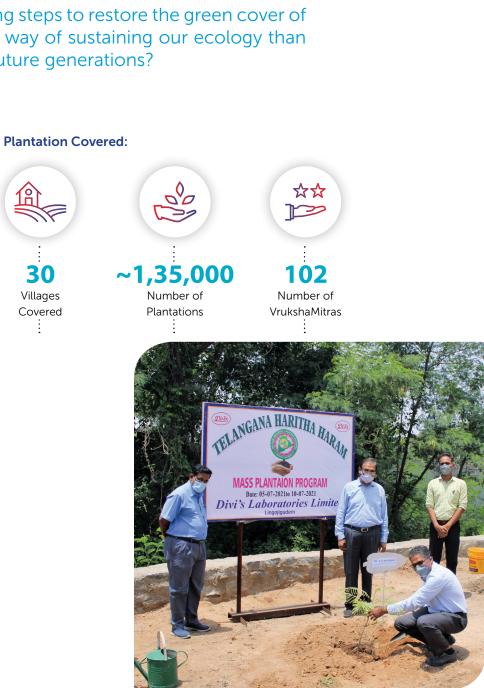
Divi's is proactively taking steps to restore the green cover of the planet. What better way of sustaining our ecology than to plant seeds for our future generations?

'A tree for every occasion' has been a tradition at Divi's for years. All our employees are dedicated to our values of restoration and preservation with great enthusiasm. We have led major plantation drives in the Choutuppal & Bhimili regions, where we have overseen over 1 lakh plantations in villages. Promoting greenery in these regions has helped improve the ecological balance and has created a healthy environment.

30 Villages Covered

We have also observed the importance of oxygen cover that these plantations provide to the local population in the villages. Every sapling Divi's has planted and will plant is to facilitate clean air for our future generations. Over 5 lakh cubic metres of oxygen has been estimated to be released by the plantation drives taken up by Divi's.





Haritha Haram: Plantation Programme - Telangana

### Animal Welfare

An often-overlooked part of our system are the domestic animals around communities. We understand that dairy farming is an important source of subsidiary income to small/marginal agricultural farmers. In addition to milk, the manure provides a good source of organic matter for improving soil fertility and crop yields.

Divi's understands the importance of dairy farming in the local communities and has initiated several animal welfare programmes to keep the livestock healthy. This includes disease prevention, veterinary treatment, appropriate shelter management, nutrition and humane handling.

Since agriculture is mostly seasonal, there is a possibility of finding employment throughout the year for the rural population through dairy farming.

The company has proposed several initiatives, which focuses on women who are the driving force of this programme and play a significant role in dairy farming. Increasing animal productivity, better health and breeding facilities and management of dairy animals can reduce the cost of milk production and help them achieve a sustainable income.

### Objectives of the project:

- To achieve 40% income increase for participating women
- To make dairy farming a sustainable and expandable activity

28 Villages 87

888

People Benefitted

- **Project output:**
- Increase in income and better living standards of the women involved in dairy farming
- Improved health of animals
- Improved milk consumption pattern and nutritional status of the target households



Conducting veterinary Health Camp

# Setting the path to Development

The people living in villages are sometimes deprived of basic community infrastructure, due to lack of proximity to urban areas. Under-developed infrastructure, roads, educational centres and lack of medical facilities are a hindrance. Divi's strives to bridge this imbalance by contributing towards the development of the rural areas.

#### Kondappa Tank (Visakhapatnam)

Recently, we developed various facilities at the Kondappa Tank area, by setting up of a walking track and a Health Arena for elders. This facility has been constructed for the usage of people for recreation and health activities. The area has been developed with green cover to provide a sense of recreation to the elderly and children.

### Significant projects undertaken by Divi's in FY2020-21:

- Development of C at P.M Palem
- Gym equipment d Cherukupalli Panc
- Cricket kits distrib villages







Development of Kondappa Tank, Sangivalasa - Vishakhapatnam

### **Divi's Laboratories Limited**

Children's Park	•	Hyrdaulic Auto to Gudiwada Panchayat
distribution to chayat	•	Distribution of LED lights to Thudem
oution to two	•	Provision of kitchen shed and



# Covid-19 Aid – Lending a Helping hand

The year 2020 shook the global community to its core and despite all the pain and suffering, the unbreakable human spirit has shone through. While we emerged stronger and wiser from the Covid-19 pandemic, we are acutely aware that the pandemic has widened socio-economic inequities.

This has made our resolution to help our communities become stronger and made us realise that our responsibility towards them has to increase significantly. While our cause to help people continues, we also work to remain steadfast in sustaining our API supply operations. For our employees, we plan to learn from the new operating techniques practiced today, to ensure continuity of work through the pandemic, making their safety and health our utmost priority. We assure our community that we will take the best measures to keep them safe during these difficult times.

### Distribution of essential provisions to the needy, supporting the well-being of $\sim$ 1,10,000 people!

Divi's distributed rice and essential provisions such as pulses, cooking oil and soaps to support the needy in the communities around our manufacturing units.



# Supplying basic needs $\vartheta$ hygiene essentials to Quarantine centres, comforting ~6,500 people a day!

Divi's supported the efforts of local/state government to manage the Covid-19 situation and contributed to the situation by providing essential products that help maintain personal hygiene and comfort in quarantine centres, where they are most needed.



### Helping Fight Covid-19

### Lending a helping hand to ~1,900 migrants a day by Divi's employees!

At a time when the migrant workers set out on long and arduous journey to their hometowns, Divi's employees volunteered and came forward to help them by providing food and water to help them throughout their journey. Migrant workers travelling through Andhra Pradesh and Telangana to their respective states i.e West Bengal, Pondicherry, Orissa and Tamil Nadu each day by road were provided with fruits, snacks and refreshments voluntarily by employees.



### Sanitising communities around our manufacturing units, safeguarding the health of ~5,00,000 people!

During the first wave of Covid-19, Divi's initiated by sanitising communities using sodium hypochlorite, spraying bleaching solution and provided bleaching powder to the local authorities around the villages near our manufacturing units.



# Supporting the safety & well-being of ~5,000 Covid-19 front-line warriors a day!

Divi's expressed its gratitude towards Covid-19 frontline warriors by supporting state-local police and health care authorities by setting up disinfectant tunnels and providing water dispensers at police check posts, distributing disposable safety suits, nose masks, protective eye gear etc.



### Creating awareness among the communities with ~7,000 families on Covid-19!

The Covid-19 outbreak has left many people feeling worried, isolated, lonely and stressed, due to the misquoted information regarding the pandemic. Divi's realised that there is a need to raise awareness, build solidarity, support each other, and be kind during these tough times.



# Covid-19 Aid – Lending a Helping hand



### Supplying oxygen cylinders and concentrators to Government hospitals in Telangana & Andhra Pradesh!

Recently, as the Covid-19 cases in the nation were on the rise, the need for oxygen cylinders and concentrators for hospitalised Covid-19 patients has increased drastically. The scenario of oxygen shortage turned many into using oxygen concentrators, due to the unavailability of oxygen cylinders.

In this crisis situation, Divi's extended its support by providing oxygen cylinders and concentrators to the Government hospitals in AP & Telangana. We hope that, this initiative helped in keeping the patients safe & have access to uninterrupted oxygen during hospitalisation.

**1,050** Total Number of Oxygen Cylinders provided



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### Setting up Oxygen generation plants in two major Government hospitals, helping patients have access to uninterrupted oxygen supply!

Amidst the oxygen shortage across the nation due to the sudden increase in Covid-19 cases, the need for oxygen at the hospitals and healthcare centres had reached its threshold.

Upon the request of the state and local government authorities, the team at Divi's converted two of its nitrogen plants to oxygen plants and installed them in two major hospitals in Telangana and Andhra Pradesh. Divi's shall continue to take initiatives in its capacity to contain Covid-19 and extend its support in saving lives.



### Sanitising communities and spreading awareness around our manufacturing units, benefitting ~1,35,000 people!

Sanitisation is a preventive and strategic method to contain the spread of Covid-19. With a surge in the second wave of Covid-19 pandemic, one key challenge is to ensure that the virus does not affect people in the rural areas.

Divi's has always taken multiple measures with an intention to promote health and well-being of the communities around its manufacturing units. Divi's team has been on the ground, undertaking sanitisation activities in the communities and villages around its manufacturing units. Also, Divi's resumed back its activities on spreading awareness in the rural communities, helping the people understand the ever-changing guidelines and information about the pandemic. We hope that these initiatives helped people take necessary precautionary measures to selfcare and care of the community.

### Supplying essential healthcare supplies to existing healthcare centres and setting up a new Covid-19 healthcare centre, accommodating ~50 patients!

Divi's has always supported and will continue to support the efforts of local/state governments to manage the current Covid-19 situation. Divi's has set up a new community Covid-19 centre with ~50 beds and adequate oxygen cylinders near Visakhapatnam, Andhra Pradesh. In addition to this, Divi's has contributed towards providing healthcare equipment and supplies to the community healthcare centre in Choutuppal, Telangana.

Divi's believes that in these challenging times, it is vital for all of us to understand the community needs and keep them covered, in our capacity.



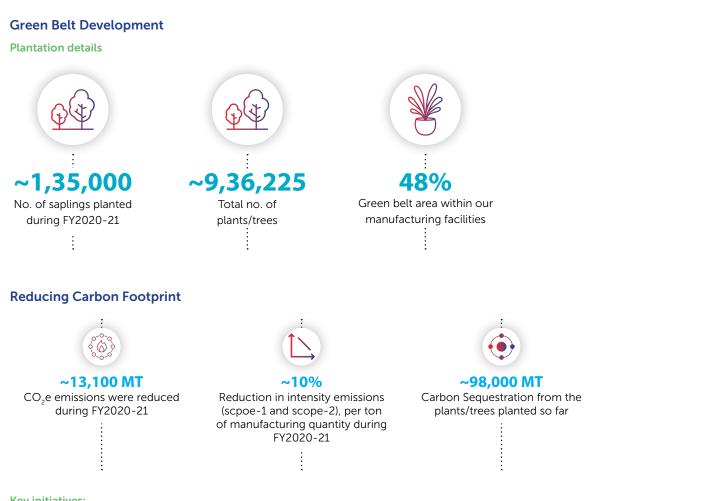






### Giving back to Earth

Divi's recognises the need to fight pollution and climate change to help sustain our ecological balance. In this regard we have joined hands with our employees and the community to establish a culture which takes care of the environment.



#### **Key initiatives:**

- Reduction in process time cycle and process optimization helped in reducing ~1,600 MT CO<sub>2</sub>e
- Modifications/upgradations in equipment design triggered in reducing ~4,800 MT CO<sub>2</sub>e •
- Upgradation in recovery systems and additional add-ons nullified ~3,100 MT CO<sub>2</sub>e emissions
- Other operational upgradations benefited in reducing ~3,600 MT CO<sub>2</sub>e •



Water Management:

environment - Unit 2, Visakhapatnam

recovery stations to recover

and re-use solvents

#### Divis **Divi's Laboratories Limited**





State-of-the-art, Off-ground Effluent Treatment Plant, facilitating a sustainable operating

### People First

Our employees are the main pillars of our organisation helping our operations excel beyond our expectations. Their dedication to Divi's is inspirational and deserves a fair response in terms of their safety and well-being. Our organizational efforts, policies and values are directed in such a way that it does not compromise on the environment, employee health and safety while creating value for our stakeholders. We strive to reduce the environmental impact of our processes, products and services.

- Encouraging a healthy lifestyle: Fitness centres and sports events
- Inspiring our people to plant trees: Making planting trees our signature
- Giving back to the community: Voluntary efforts by our employees to help in Covid-19 relief measures for migrant workers with food & water

We adhere to the policies set forth by both environmental health & safety and occupational health & safety agencies to ensure the well-being of our most important assets. Through regular audits, certifications, training, usage of protective equipment and in-house emergency response teams, we cultivate safe conditions for our teams to thrive and conduct operations without any hindrances. We have achieved **~23 million** safe man hours for the year with no reportable incidents by strengthening EHS metrics and focusing on near-miss incidents.







### **Management Systems**

ISO 14001	
ISO 45001	
ISO 14064	



### Training & Education

Carried out over **~21,000** EHS training sessions covering **~2,47,000** participants.

Avg. training hours per year per employee during the reporting period is **~14 Hrs** 

2





### **Safety Indicators**

~23 million safe man hours during FY2020-21

LTI frequency rate: 0.72

LTI severity rate: 0.143



Awards

4-Star Rating in 13th CII-SR EHS Excellence Awards.

### 2

Best Corporate Social Responsibility Practices Award.

### **Business Responsibility Report**

### SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

1.	Corporate Identity Number (CIN) of the Company	L24110TG1990PLC011854
2.	Name of the Company	Divi's Laboratories Limited
3.	Registered Address	Divi Towers, 1-72/23(P)/DIVIS/303, Cyber Hills, Gachibowli, Hyderabad – 500 032, Telangana, India
4.	Website	www.divislabs.com
5.	E-mail Id	mail@divislabs.com
6.	Financial Year reported	April 2020 to March 2021
7.	Sector(s) that the Company is engaged (industrial activity code-wise)	Pharmaceuticals NIC Code: 210
8.	List of three products/services that the Company manufactures/provides	Naproxen, Gabapentin, Dextromethorphan HBr
9.	Total number of Locations where business activity is undertaken by the Company	
	a. Number of International Locations	Marketing subsidiaries at New Jersey in USA and Basel in Switzerland for our Nutraceutical Ingredients
	b. Number of National Locations	6 manufacturing facilities and 3 R&D Centres / PDSCs in India. Refer Page No. 5 of the Annual Report
10.	Markets served by the Company – Local/State/National/ International	In addition to pan India, our major markets include Europe, United States of America (USA) and Asia.

### SECTION B: FINANCIAL DETAILS OF THE COMPANY (as on March 31, 2021)

		A
1.	Paid-up Capital (INR)	₹ 5,309 Lakhs
2.	Total Revenue (INR)	₹ 6,86,114 Lakhs
3.	Total profit after taxes (INR)	₹ 1,95,472 Lakhs
4.	Total spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)	2.15% of the average net profits of the company made during the immediately three preceeding financial years.
5.	List of activities in which expenditure in 4 above has been incurred:-	The major areas in which CSR expenditure has been incurred include:
		<ol> <li>Promoting education;</li> <li>Rural development</li> <li>Promoting health care including Covid relief measures;</li> <li>Safe drinking water;</li> <li>Environment sustainability;</li> <li>Empowering women;</li> <li>Promotion of rural sports;</li> <li>Swachh Bharat initiative;</li> <li>Livelihood enhancement program;</li> <li>Support to Disaster Management Authority, etc.</li> <li>Refer Annexure-IV – Annual Report on CSR Activities undertaken during the year forming part of the Boards' Report for FY 2020-21.</li> </ol>

### **SECTION C: OTHER DETAILS**

- Does the Company have any Subsidiary Company/Com 1.
- 2. Do the Subsidiary Company/ Companies participate BR Initiatives of the parent company? If yes, then indica number of such subsidiary company(s)
- 3. Do any other entity/entities (e.g. suppliers, distributor that the Company does business with, participate in initiatives of the Company? If yes, then indicate the perc of such entity/entities? [Less than 30%, 30-60%, Mon 60%]

### **SECTION D: BR INFORMATION**

### 1. D

Details of Director/ Directors responsible for BR		
(a) Details of the Director/ Directors responsible for implementation of the BR policy/policies		
DIN Number	00005040	
Name	Dr. Murali K. Divi	
Designation	Managing Director	
(b) Details of the BR head		
DIN Number (if applicable)	00063843	
Name	Mr. Madhusudhana Rao Divi	
Designation	Whole-time Director (Projects)	
Telephone number	91-40-23786339	
e-mail id	raodivi@divislabs.com	

### 2. Principle-wise (as per NVGs) BR Policy/policies

Principle-wise Index:

- P1 Businesses should conduct and govern themselves
- P2 Businesses should provide goods and services th throughout their life cycle
- P3 Businesses should promote the wellbeing of all em
- P4 Businesses should respect the interests of, and be re those who are disadvantaged, vulnerable and marg
- P5 Businesses should respect and promote human rig
- P6 Business should respect, protect, and make efforts
- P7 Businesses, when engaged in influencing public responsible manner
- P8 Businesses should support inclusive growth and eq
- P9 Businesses should engage with and provide value responsible manner

#### Divis **Divi's Laboratories Limited**

panies?	Yes, The Company has 2 foreign subsidiaries.
e in the cate the	Subsidiary Companies are closely integrated with our Corporate BR initiatives to the extend in conformity with applicable local laws.
ors etc.) the BR centage ore than	Yes. We have a Code of Conduct for stakeholders, which we expect them to follow.

s with Ethics, Transparency and Accountability	Code of Ethics and Business Conduct
hat are safe and contribute to sustainability	EHS Policy
nployees	NA
responsive towards all stakeholders, especially ginalized.	Code of Ethics and Business Conduct
ghts	Code of Ethics and Business Conduct
s to restore the environment	EHS Policy
c and regulatory policy, should do so in a	-
quitable development	CSR Policy
lue to their customers and consumers in a	Quality Policy

### (a) Details of compliance (Reply in Y/N)

No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1	Do you have a policy/ policies for	Y	Y	Y	Y	Y	Y	NA	Y	Y
2	Has the policy being formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	NA	Y	Y
3	Does the policy conform to any national / international standards? If yes, specify?	Υ*	Y*	Y*	Υ*	Υ*	Y*	NA	Y*	Y **
4	Has the policy being approved by the board? If yes, has it been signed by MD/owner/ CEO/ appropriate Board Director?	Y	Y	Y	Y	Y	Y	NA	Y	Y
5	Does the company have a specified committee of the Board/ Director/ official to oversee the implementation of the policy?	Y*	Y*	Y*	Y*	Y*	Y*	NA	Y*	Y*
6	Indicate the link for the policy to be viewed online?	https:// www. divislabs. com/ Code- of- conduct. pdf	https://www. divislabs. com/ csr-and- sustainability/ environment- health-safety/	NA	https:// www. divislabs. com/ Code- of- conduct. pdf	https:// www. divislabs. com/ Code- of- conduct. pdf	https://www. divislabs. com/ csr-and- sustainability/ environment- health-safety/	NA	https:// www. divislabs. com/ CSR- Policy. pdf	Available on our Intranet
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	Y	Y	Y	NA	Y	Y
8	Does the company have in-house structure to implement the policies?	Y	Y	Y	Y	Y	Y	NA	Y	Y
9	Does the company have a grievance redressal mechanism related to the policies to address stakeholders' grievances related to the policies?	Y	Y	Y	Y	Y	Y	NA	NA	Y
10	Has the company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?	Y	Y	Y	Y	Y	Y	NA	Y	Y

\*Policies conform to applicable laws and the national standards. Implementation of the Policies lie with the respective functional Heads and reviewed by the Management.

\*\*Divi's has policies and procedures in line with its business and conform to national and international standards relevant to the type of industry in which it operates

NA – Not Applicable

#### 3. Governance related to BR

- a Indicate the frequency with which the Board of E Committee of the Board or CEO to assess performance of the Company. Within 3 mon months, Annually, More than 1 year
- b Does the Company publish a BR or a Sustainability What is the hyperlink for viewing this report? How fu it is published?

### SECTION E: PRINCIPLE-WISE PERFORMANCE

### Principle 1: Businesses should conduct and govern themse with Ethics, Transparency and Accountability

1. Does the policy relating to ethics, bribery and corrupt cover only the company? Does it extend to the Gro Joint Ventures/ Suppliers/Contractors/NGOs /Others?

The policy relating to ethics, bribery and corruption not cover the Company but also extend to our stakeholders, suppliers, customers, employees etc. The Company's po Code of Ethics And Business Conduct (hereafter referred Code of Conduct), affirms its commitment to the high standards of integrity and ethics. The Code of Cond guides all workforce including supervisory, executive managerial employees of the Company as well as the Bo members. Divi's Code of Conduct conforms to standa of corporate governance by complying with the application laws and regulations. This policy helps to ensure fulfilm of responsibilities towards stakeholders and implen standards with transparency, integrity, accountability corporate social responsibility in all dealings. The police communicated to the employees across all the locati The organization makes all the stakeholders aware of Company's policies. The policy documents are m available extensively for ready reference. If any uneth issues are identified or come to the notice, disciplin actions like termination from job / discontinuation contract or agreement are resorted to.

2. How many stakeholder complaints have been recein in the past financial year and what percentage satisfactorily resolved by the management? If so, providetails thereof.

We have not received any significant complaints firstakeholders in the last financial year.

Principle 2: Businesses should provide goods and services that safe and contribute to sustainability throughout their life cycl

- 1. List up to 3 of your products or services whose design incorporated social or environmental concerns, risks a or opportunities.
  - (a) By-product management with specialized recounits

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Directors, the BR nths, 3-6	Annually
y Report? frequently	Yes, the Company publishes a BR report annually. Web link: https://www.divislabs.com/Sustainability-Report-2021.pdf
	(b) Upgradation to energy efficient equipment
elves	(c) Replacement of equipment to reduce the Steam losses
	(d) Silos for handling powder material
oup/ 2. ?	For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product(optional):
: only s, viz., olicy, ed as	(a) Reduction during sourcing/production/ distribution achieved since the previous year throughout the value chain?
ghest nduct and Board	(b) Reduction during usage by consumers (energy, water) has been achieved since the previous year?
dards cable ment	Being an API manufacturing company, no product will directly reach the consumer, hence point (b) is not applicable.
ment and icy is	<ul> <li>By-product management with specialized recovery units</li> </ul>
cions. f the nade chical inary n of	Earlier, we used to send a few azeotrope-mixtures of solvents to cement industries where they were used as fuels as we had no recovery system. This led us with no option other than using fresh solvent for each batch thereby wasting precious resources. We have now established PSDS (Pressure Swing Distillation System) to separate an azeotrope of
eived was ovide	homogenous mixed solvents, thereby recovering them as virgin solvents. Due to this implementation of this process, solvent recovery increased by over 95%. Other resulted benefits include significant
from	annual reduction of water by ~2,200 M <sup>3</sup> , energy consumption by 25%, hazardous waste generation by 95% and GHG emissions by ~2,860 TCO <sub>2</sub> e.
at are cle	ii) Upgradation to Energy Efficient Equipment
n has and/	Based on continual energy conservation assessments, schemes like replacement of screw air compressors with energy efficient centrifugal air compressors benefited us in reducing energy consumption.
overy	In addition to lower maintenance, other benefits linked to this initiative include reduction in 39% of

operating costs, power consumption by 40%, heat recovery achievement up to 500 GJ and as a result, GHG emission associated with this operation is reduced by  $\sim$ 3,498 TCO<sub>2</sub>e per year.

### iii) Replacement of equipment to reduce the Steam losses

Replaced less efficient steam traps with advanced compact models. In addition to the decrease in process time cycles, this initiative contributed in significant reduction in water by 150 million litres, power consumption by ~5,719 MWH and GHG emissions by ~9,800 TCO<sub>2</sub>e per year.

#### iv) Silos for handling powder material

Implementation of bulk powder material handling through silos helped the company with yearly reduction in usage of PE bags by 42,144 numbers in addition to water conservation and associated GHG emissions. This initiative benefited us in minimizing process operation time cycles, hazardous waste and manpower.

### 3. Does the company have procedures in place for sustainable sourcing (including transportation)?

Yes, the Company has laid down a Sustainable Procurement Policy and related standard operating procedure for the selection and approval of its vendors for sourcing of material. As a policy, sustainable sourcing requirements are prioritized giving equal importance to quality, environment and ethical factors.

(a) If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.

Divi's has a supply-chain policy aimed at sustainable sourcing of inputs. The Company has a supplier evaluation and qualification process. On-site audits / visits are made to review the practices followed at suppliers' sites towards this objective. The Company has a system in place for compliance evaluation of the EHS aspects of key suppliers and vendors for critical raw materials / intermediates.

#### 4. Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work?

(a) If yes, what steps have been taken to improve their capacity and capability of local and small vendors?

Yes, Divi's procures, where available, goods from local, small and domestic producers and most of the services from local communities. The Company has a comprehensive engagement model for encouraging local / small vendors. Majority of daily services are executed through engaging neighbourhood communities.

Divi's has been continuously putting efforts in engaging services of local people, procurement of goods from the small producers and farmers in the surrounding rural areas. To achieve this objective, the Company has established a community-based skill development centre and taken up several multifarious programmes for upgrading their skills and business growth.

### Does the company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof

Yes, the Company has a mechanism to recycle the process solvents and dispose process waste to authorized offsite facilities for their reuse. The concept of circular economy is well practiced in the Company and our revenues over the years got augmented on a steady basis by implementing circular economy through extended life cycle only. The Company considers waste as a valuable resource and has been meticulously abiding by, since inception, the principle of Value Recovery Management (VRM). The normal 3R approach (Recover, Recycle, Reuse) is extended to 12R+ in the Company. After extracting whatever possible from the by-products (waste), the remaining residues that cannot be gainfully consumed back in our processes even after treatment or unusable as fuel are escorted out to other industries for their use under Partnership for Green Programme.

Divi's has realized that co-processing of hazardous substances as alternate fuel in cement industry is beneficial whereby hazardous wastes are not only destroyed at higher temperature, but its inorganic content gets fixed with the clinker apart from using the energy content of the waste. For the year under consideration, approximately 95% of the waste was recycled through co-processing. Spent catalysts are sent back to the vendor for regeneration and reuse.

### Principle 3: Businesses should promote the wellbeing of all employees

Our Company promotes the well-being of all employees by providing equal opportunities, facilities and a workplace environment that is safe, hygienic, humane and which upholds the dignity of the employees. Employee health is given top priority. Employee exposure to chemicals is subjected to hierarchy of controls and periodical health monitoring. They are encouraged to provide their views and suggestions in improving and promoting the employee wellbeing. The company encourages participation of employees through various forums like Grievance Redressal Committee for the resolution of disputes or individual grievances of employees. Other avenues inc Inter compliance committees named Canteen manager committee, Safety committee. Management is accessibl all points of time to redress grievances and complaint employees as per defined procedures. Employee feedbac taken to improve the workplace EHS aspects and their wellbo

- 1. Please indicate the total number of employees: 16,818
- 2. Please indicate the total number of employees hire temporary/contractual/casual basis: 6,058
- 3. Please indicate the number of permanent wo employees: 1,112
- 4. Please indicate the number of permanent employees disabilities: 25
- 5. Do you have an employee association that is recogn by management?

Divi's does not have any employee association or a t union of workers.

6. What percentage of your permanent employee members of this recognized employee association?

Not applicable

7. Please indicate the Number of complaints relating to a labor, forced labor, involuntary labor, sexual harassr in the last financial year and pending, as on the end o financial year.

No.	Category	No of complaints filed during the financial year	No of complaints pending as on end of t financial ye
1	Child labor/forced labor/involuntary labor	Nil	Nil
2	Sexual harassment	Nil	Nil
3	Discriminatory employment	Nil	Nil

#### 8. What percentage of your under mentioned employ were given safety & skill up-gradation training in the year?

100%. All permanent employees and contract labour manpower contractor, undergo safety training. Developm opportunities for our employees are customized as perfunctional needs. We have in-house skill enhancen programmes and also engage externally supported skill gradation programs for employees. All employees att our Health & Safety training programmes. **Divis** Divi's Laboratories Limited

clude ment le at	res	nciple 4: Businesses should respect the interests of, and be ponsive towards all stakeholders, especially those who are advantaged, vulnerable and marginalized.
ts of ick is ieing.	1.	Has the company mapped its internal and external stakeholders? Yes/No
8		Yes, we have identified the stakeholders, internal and external, who directly or indirectly influence our business
d on		operations. Our major stakeholders are employees, community & society, investors, shareholders, vendors, suppliers, Government and Regulators.
omen	2.	Out of the above, has the company identified the disadvantaged, vulnerable & marginalized stakeholders.
with		Yes, as a responsible organization, we are committed to work for the welfare of communities around us. Various
nized		vulnerable stakeholders around our manufacturing sites have been identified and we have devised and implemented various welfare & development, livelihood & skill upgradation
trade	3.	programs for them from time to time. Are there any special initiatives taken by the company
es is	5.	to engage with the disadvantaged, vulnerable and marginalized stakeholders. If so, provide details thereof, in about 50 words
child ment of the		Yes. Special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders is by providing books, special aids, educational material for visually challenged, scholarship and school infrastructure.
	Pri	nciple 5: Businesses should respect and promote human rights
ts as <sup>f</sup> the year	1.	Does the policy of the company on human rights cover only the company or extend to the Group/Joint Ventures/ Suppliers/Contractors/NGOs/Others?
y cui		Our policy on human rights extends to all across the supply chain of our group including suppliers, contractors as well as the local communities and consumers.
	2.	How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?
oyees e last		We have not received any stakeholder complaints pertaining to this principle, during the financial year.
		nciple 6: Business should respect, protect, and make efforts
ur of	to	restore the environment
ment their ment	1.	Does the policy related to Principle 6 cover only the company or extends to the Group/Joint Ventures/ Suppliers/Contractors/NGOs/others.
ll up- ttend		Yes, we have a well-defined Environment, Health and Safety policy and also an Environmental Sustainability Policy that

cover not only the Company but also extend to the whole