



Divi's Laboratories Limited

Reg. Office : Divi Towers, 7-1-77/E/1/303,
Dharam Karan Road, Ameerpet, Hyderabad - 500 016.
Tel : 91-40-2378 6300/400, Fax : 91-40-2378 6460

NOTICE

Dear Member,

Notice pursuant to Section 192A (2) of the Companies Act, 1956
Notice is hereby given pursuant to Section 192A (2) of the Companies Act, 1956, read with the Companies (Passing of the Resolution by Postal Ballot) Rules, 2011 and any amendments thereto, that following Resolutions are proposed to be passed by Postal Ballot:

1. Re-appointment and revision in remuneration of Mr. Madhusudana Rao Divi as Director - Projects of the Company.
2. Re-appointment and revision in remuneration of Mr. Kiran S. Divi as Director & President- Operations of the Company.
3. Enhancement of remuneration of Dr. Murali K. Divi, Chairman & Managing Director of the Company.
4. Enhancement of remuneration of Mr. N. V. Ramana, Executive Director of the Company.

The Company is desirous of seeking your consent for such proposals as contained in the resolutions appended below. As the consent of the members to the above Resolution is proposed to be obtained by means of postal ballot, the Resolutions and the Explanatory Statement stating the material facts are being sent to you along with the Postal Ballot Form (the "Form") for your consideration. The Company has appointed Mr. V Bhaskara Rao, Practising Company Secretary as Scrutinizer for conducting the Postal Ballot process in a fair and transparent manner.

You are requested to carefully read the instructions printed on the Form and return the same duly completed, in the attached self addressed, postage pre-paid envelope (if posted in India) so as to reach the Scrutinizer not later than the close of working hours i.e. 5.00 PM on 18th April 2012. Upon completion of the scrutiny of the Forms, the Scrutinizer shall submit his report to the Chairman of the Company. The results of the postal Ballot will be announced by a Director of the Company on 20th April 2012 at 5.00 PM at the Registered Office of the Company. Subsequently, the result of the Postal Ballot will be published in leading News Papers in Hyderabad. The results of the Postal Ballot will also be noted at the next General Meeting of the Company.

I. To consider and if thought fit, to pass the following resolution as an ORDINARY RESOLUTION:

"RESOLVED THAT in accordance with the provisions of Sections 198, 269, 309, 310 and other applicable provisions, if any read along with Schedule XIII (as amended) of the Companies Act, 1956, consent of the company be and is hereby accorded to the re-appointment of Mr. Madhusudana Rao Divi as Director - Projects of the Company for a further period of 3 years with effect from 1st April 2012 at an enhanced remuneration paid/ payable as set out in the Explanatory statement attached to the notice.

RESOLVED FURTHER THAT Dr. Murali K. Divi, Chairman and Managing Director and Mr. L Kishore Babu, Chief Financial Officer or Ms. P V Lakshmi Rajani, Company Secretary of the company be and are hereby severally authorised to do all such acts, deeds and things as may be necessary for giving effect to the aforesaid resolution."

II. To consider and if thought fit, to pass the following resolution as an ORDINARY RESOLUTION:

"RESOLVED THAT in accordance with the provisions of Sections

198, 269, 309, 310 and other applicable provisions, if any read along with Schedule XIII (as amended) of the Companies Act, 1956, consent of the company be and is hereby accorded to the re-appointment of Mr. Kiran S. Divi as Director & President - Operations of the Company for a further period of 3 years with effect from 1st April 2012 at an enhanced remuneration paid/ payable as set out in the Explanatory statement attached to the notice.

RESOLVED FURTHER THAT Dr. Murali K. Divi, Chairman and Managing Director and Mr. L Kishore Babu, Chief Financial Officer or Ms. P V Lakshmi Rajani, Company Secretary of the company be and are hereby severally authorised to do all such acts, deeds and things as may be necessary for giving effect to the aforesaid resolution."

III. To consider and if thought fit, to pass the following resolution as an ORDINARY RESOLUTION:

"RESOLVED THAT in accordance with the provisions of Sections 198, 269, 309, 310 and other applicable provisions, if any read along with Schedule XIII of the Companies Act, 1956, or any amendment or modification thereof, consent of the company be and is hereby accorded to the modification in the terms of the remuneration paid/payable to Dr. Murali K. Divi, Chairman & Managing Director with effect from 1st April 2012 as set out in the Explanatory Statement attached to the notice.

RESOLVED FURTHER THAT Dr. Murali K. Divi, Chairman and Managing Director and Mr. L Kishore Babu, Chief Financial Officer or Ms. P V Lakshmi Rajani, Company Secretary of the company be and are hereby severally authorised to do all such acts, deeds and things as may be necessary for giving effect to the aforesaid resolution."

IV. To consider and if thought fit, to pass the following resolution as an ORDINARY RESOLUTION:

"RESOLVED THAT in accordance with the provisions of Sections 198, 269, 309, 310 and other applicable provisions, if any read along with Schedule XIII of the Companies Act, 1956, or any amendment or modification thereof, consent of the company be and is hereby accorded to the modification in the terms of the remuneration paid/payable to Mr. N. V. Ramana, Executive Director with effect from 1st April 2012 as set out in the Explanatory Statement attached to the notice.

RESOLVED FURTHER THAT Dr. Murali K. Divi, Chairman and Managing Director and Mr. L Kishore Babu, Chief Financial Officer or Ms. P V Lakshmi Rajani, Company Secretary of the company be and are hereby severally authorised to do all such acts, deeds and things as may be necessary for giving effect to the aforesaid resolution."

By order of the Board
For Divi's Laboratories Ltd.

P V Lakshmi Rajani
Company Secretary

Place : Hyderabad
Date : 07.03.2012

NOTES

1. Only a shareholder who is entitled to vote is entitled to exercise his / her vote through Postal Ballot.
2. An Explanatory Note relating to the resolutions proposed to be passed through postal ballot mentioned above is annexed hereto.

EXPLANATORY NOTE RELATING TO THE RESOLUTIONS PROPOSED TO BE PASSED THROUGH POSTAL BALLOT MENTIONED IN NOTICE U/S. 192A OF THE COMPANIES ACT, 1956:

Item No. I:

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. He assumed Directorship of your company since 14.10.1994 and has been a whole-time director since 01.07.1997. Mr. Rao Divi looks after project implementation, production planning, environment management and regulatory affairs. He is responsible for implementation of new Projects under capital expenditure plans of the company, plant up-gradation to comply with FDA requirements, environment management and overseeing logistics at Plant. He is a not holding Directorship in any other Companies. He is neither a Member nor Chairman of Committees of other Companies.

The tenure of Mr. Madhusudana Rao Divi as Director - Projects will expire on 31st March, 2012. Keeping in view the contribution made by him to the growth and development of the Company, the Board of Directors of the Company on recommendation of the Remuneration Committee has re-appointed Mr. Madhusudana Rao Divi as Director - Projects of the Company, by passing a resolution by circulation on March 7, 2012 with effect from April 1, 2012 for a further period of 3 years, on the remuneration, terms and conditions, as detailed hereunder:

Salary, perquisites and other allowances:

- a) Salary of Rs. 6,50,000/- per month.
- b) In addition to the aforesaid salary, he shall be entitled to following Perquisites and allowances:
 - i) Rent free furnished accommodation or house rent allowance in lieu thereof
 - ii) Re-imbursement of expenses for gas, electricity and water
 - iii) Re-imbursement of medical expenses
 - iv) Personal accident insurance premium and premium on mediclaim policy
 - v) Leave travel concession for self and his family including dependents
 - vi) Re-imbursement of actual Club fees
 - vii) Company's contribution towards pension scheme or superannuation fund together with provident fund not exceeding 25% of the salary wherein contribution towards provident fund shall not exceed 12% of the salary
 - viii) Gratuity payable as per the Rules of the Company / Trust
 - ix) Use of company car for official purposes and telephone at residence (including payment for local calls and long distance official calls)
 - x) Encashment of un-availed leave as per the rules of the company
 - xi) All other payments in the nature of perquisites and allowances agreed by the Board of Directors from time to time

However the aggregate monetary value of the perquisites in any year shall not exceed 40% of his annual salary.

Perquisites shall be evaluated as per Income Tax Rules wherever applicable and in absence of any such Rule, perquisites shall be evaluated at actual cost. However, contribution towards pension scheme, superannuation fund, provident fund, gratuity fund, use of company car for official purposes and telephone at residence and encashment of un-availed leave at the end of the year shall not be included in the aforesaid perquisites limit.

Minimum Remuneration

Notwithstanding anything to the contrary herein contained, where in any financial year during the currency of the tenure of the Director, the Company does not have profits or its profits are inadequate, the company will pay remuneration by way of salary, perquisites and allowances, commission not exceeding the maximum limits as prescribed under section II, Part II of Schedule XIII to the Act as amended from time to time as minimum remuneration to Mr Rao Divi.

Aggregate remuneration

The aggregate of remuneration and perquisites / benefits including contribution towards provident fund, superannuation fund, gratuity fund, payable to Mr. Madhusudana Rao Divi, Director - Projects individually or to all whole time directors of the Company taken together, shall not exceed during any financial year 5% / 10% of profits of the Company calculated in accordance with the provisions of Sections 198 and 309 of the Companies Act, 1956.

Members are requested to treat the same as abstract of the terms of appointment under Section 302 of Companies Act 1956.

Mr. Madhusudana Rao Divi is interested in the resolution as the same relates to his re-appointment. Dr Murali K. Divi being related to Mr. Madhusudana Rao Divi is deemed to be interested in the resolution.

The Board of Directors recommends the resolution for your approval.

Item No II:

Mr. Kiran S. Divi is a Bachelor of Pharmacy from College of Pharmacy, Manipal. He was initially involved in understanding the markets in USA in respect of active ingredients and intermediates for about two years, before joining the Board during the year 2001. He has made significant contribution towards identification of opportunities, and strategizing for growth of business of generic products particularly in the USA. Mr Kiran S. Divi is also Director in Divi's Biotech Private Limited and Divis Resorts Private Limited. He is neither a Member nor Chairman of Committees of other Companies.

The tenure of Mr. Kiran S. Divi as Director (Business Development) will expire on 31st March 2012. Keeping in view his contribution to the growth and development of the Company, the Board of Directors of the Company on recommendation of the Remuneration Committee has re-appointed Mr. Kiran S. Divi as Director & President - Operations of the Company, by passing a resolution by circulation on March 7, 2012 with effect from April 1, 2012 for a further period of 3 years, on the remuneration, terms and conditions, as detailed hereunder:

Salary, perquisites and other allowances:

- a) Salary of Rs. 6,50,000/- per month.
- b) In addition to the aforesaid salary, he shall be entitled to following Perquisites and allowances:
 - i) Rent free furnished accommodation or house rent allowance in lieu thereof.
 - ii) Re-imbursement of expenses for gas, electricity and water.
 - iii) Re-imbursement of medical expenses.

- iv) Personal accident insurance premium and premium on medical claim policy.
- v) Leave travel concession for self and his family including dependents.
- vi) Re-imbursement of actual Club fees.
- vii) Company's contribution towards pension scheme or superannuation fund together with provident fund not exceeding 25% of the salary wherein contribution towards provident fund shall not exceed 12% of the salary.
- viii) Gratuity payable as per the Rules of the Company / Trust.
- ix) Use of company car for official purposes and telephone at residence (including payment for local calls and long distance official calls)
- x) Encashment of un-availed leave as per the rules of the company
- xi) All other payments in the nature of perquisites and allowances agreed by the Board of Directors from time to time.

However the aggregate monetary value of the perquisites in any year shall not exceed 40% of his annual salary.

Perquisites shall be evaluated as per Income Tax Rules wherever applicable and in absence of any such Rule perquisites shall be evaluated at actual cost. However, contribution towards pension scheme, superannuation fund, provident fund, gratuity fund, use of company car for official purposes and telephone at residence and encashment of un-availed leave at the end of the year shall not be included in the aforesaid perquisites limit.

Commission

He shall be entitled to commission @ 1% on the net profits of the company computed in the manner laid down in section 309 (5) of the Companies Act 1956 in addition to salary, perquisites / benefits as mentioned above.

Minimum Remuneration

Notwithstanding anything to the contrary herein contained, where in any financial year during the currency of the tenure of the Director, the Company does not have profits or its profits are inadequate, the company will pay remuneration by way of salary, perquisites and allowances, commission not exceeding the maximum limits as prescribed under section II, Part II of Schedule XIII to the Act as amended from time to time as minimum remuneration to Mr Kiran S. Divi.

Aggregate remuneration

The aggregate of remuneration, commission and perquisites / benefits including contribution towards provident fund, superannuation fund, gratuity fund, payable to Mr. Kiran S. Divi, Director & President - Operations individually or to all whole time directors of the Company taken together, shall not exceed during any financial year 5% / 10% of profits of the Company calculated in accordance with the provisions of Sections 198 and 309 of the Companies Act, 1956.

Members are requested to treat the same as abstract of the terms of appointment under Section 302 of Companies Act 1956.

Mr. Kiran S. Divi is interested in the resolution as the same relates to his re-appointment. Dr Murali K. Divi being related to Mr. Kiran S. Divi is deemed to be interested in the resolution

The Board of Directors recommends the resolution for your approval.

Item No III:

The remuneration of Dr. Murali K. Divi was last revised in May 2007. During all these years the Company has witnessed impressive growth. Keeping in view his contribution to the growth of the Company and his leadership supported by his expertise vis-a-vis

the size of the Company and the remuneration being offered in the industry, Board of Directors of the Company by passing a resolution by circulation on March 7, 2012 on the recommendation of the remuneration Committee, revised the remuneration paid or payable to Dr. Murali K. Divi, Chairman and Managing Director of the Company, in the following manner w.e.f 1st April 2012:

Salary, perquisites and other allowances:

- a) Salary of Rs. 7,50,000/- per month.
- b) In addition to the aforesaid salary, he shall be entitled to following Perquisites and allowances:
 - i) Rent free furnished accommodation or house rent allowance in lieu thereof
 - ii) Re-imbursement of expenses for gas, electricity and water
 - iii) Re-imbursement of medical expenses
 - iv) Personal accident insurance premium and premium on medical claim policy
 - v) Leave travel concession for self and his family including dependents
 - vi) Re-imbursement of actual Club fees
 - vii) Company's contribution towards pension scheme or superannuation fund together with provident fund not exceeding 25% of the salary wherein contribution towards provident fund shall not exceed 12% of the salary
 - viii) Gratuity payable as per the Rules of the Company / Trust
 - ix) Use of company car for official purposes and telephone at residence (including payment for local calls and long distance official calls)
 - x) Encashment of un-availed leave as per the rules of the company
 - xi) All other payments in the nature of perquisites and allowances agreed by the Board of Directors from time to time

However the aggregate monetary value of the perquisites in any year shall not exceed 40% of his annual salary.

Perquisites shall be evaluated as per Income Tax Rules wherever applicable and in absence of any such Rule perquisites shall be evaluated at actual cost. However, contribution towards pension scheme, superannuation fund, provident fund, gratuity fund, use of company car for official purposes and telephone at residence and encashment of un-availed leave at the end of the year shall not be included in the aforesaid perquisites limit.

Commission

He shall be entitled to commission @ 3% on the net profits of the company computed in the manner laid down in section 309 (5) of the Companies Act 1956 in addition to salary, perquisites / benefits as mentioned above.

Minimum Remuneration

Notwithstanding anything to the contrary herein contained, where in any financial year during the currency of the tenure of the Director, the Company does not have profits or its profits are inadequate, the company will pay remuneration by way of salary, perquisites and allowances, commission not exceeding the maximum limits as prescribed under Section II, Part II of Schedule XIII to the Act as amended from time to time as minimum remuneration to Dr. Murali K. Divi.

Aggregate remuneration

The aggregate of remuneration, commission and perquisites / benefits including contribution towards provident fund, superannuation fund, gratuity fund, payable to Dr. Murali K. Divi, Chairman & Managing Director, individually or to all whole time directors of the Company taken together, shall not exceed during

any financial year 5% / 10% of profits of the Company calculated in accordance with the provisions of Sections 198 and 309 of the Companies Act, 1956.

Members are requested to treat the same as abstract of the terms of appointment under Section 302 of Companies Act 1956.

Dr Murali K. Divi is interested in the resolution as the same relates to his re-appointment. Mr. Madhusudana Rao Divi and Mr Kiran S. Divi being related to Dr Murali K. Divi are deemed to be interested in the resolution.

The Board of Directors recommends the resolution for your approval.

Item No IV:

The remuneration of Mr. N. V. Ramana was last revised in May 2007. During all these years the Company has witnessed impressive growth. Keeping in view his contribution to the growth of the Company, Board of Directors of the Company by passing a resolution by circulation on March 7, 2012 on the recommendation of the remuneration Committee, revised the remuneration paid or payable to Mr. N. V. Ramana, Executive Director of the Company, in the following manner w.e.f 1st April 2012:

Salary, perquisites and other allowances:

- a) Salary of Rs. 7,00,000/- per month.
- b) In addition to the aforesaid salary, he shall be entitled to following Perquisites and allowances:
 - i) Rent free furnished accommodation or house rent allowance in lieu thereof
 - ii) Re-imbursment of expenses for gas, electricity and water
 - iii) Re-imbursment of medical expenses
 - iv) Personal accident insurance premium and premium on mediclaim policy
 - v) Leave travel concession for self and his family including dependents
 - vi) Re-imbursment of actual Club fees
 - vii) Employees Stock Options and other benefits and allowances as per rules of the company
 - viii) Company's contribution towards pension scheme or superannuation fund together with provident fund not exceeding 25% of the salary wherein contribution towards provident fund shall not exceed 12% of the salary
 - ix) Gratuity payable as per the Rules of the Company / Trust
 - x) Use of company car for official purposes and telephone at residence (including payment for local calls and long distance official calls)
 - xi) Encashment of un-availed leave as per the rules of the company
 - xii) All other payments in the nature of perquisites and allowances agreed by the Board of Directors from time to time

However the aggregate monetary value of the perquisites in any year shall not exceed 40% of his annual salary.

Perquisites shall be evaluated as per Income Tax Rules wherever applicable and in absence of any such Rule perquisites shall be evaluated at actual cost. However, employees Stock Options, contribution towards pension scheme, superannuation fund, provident fund, gratuity fund, use of company car for official purposes and telephone at residence and encashment of un-availed leave at the end of the year shall not be included in the aforesaid perquisites limit.

Commission

He shall be entitled to commission @ 1.5% on the net profits of the company computed in the manner laid down in section 309 (5) of the Companies Act 1956 in addition to salary, perquisites / benefits as mentioned above.

Minimum Remuneration

Notwithstanding anything to the contrary herein contained, where in any financial year during the currency of the tenure of the Director, the Company does not have profits or its profits are inadequate, the company will pay remuneration by way of salary, perquisites and allowances, commission not exceeding the maximum limits as prescribed under section II, Part II of Schedule XIII to the Act as amended from time to time as minimum remuneration to Mr. N. V. Ramana.

Aggregate remuneration

The aggregate of remuneration, commission and perquisites / benefits including Employee Stock Options, contribution towards provident fund, superannuation fund, gratuity fund, payable to Mr. N. V. Ramana, Executive Director, individually or to all whole time directors of the Company taken together, shall not exceed during any financial year 5% / 10% of profits of the Company calculated in accordance with the provisions of Sections 198 and 309 of the Companies Act, 1956.

Members are requested to treat the same as abstract of the terms of appointment under section 302 of Companies Act 1956.

Mr. N. V. Ramana is interested in the resolution as the same relates to his re-appointment.

The Board of Directors recommends the resolution for your approval.

By order of the Board
For **Divi's Laboratories Ltd.**

P V Lakshmi Rajani
Company Secretary

Place : Hyderabad
Date : 07.03.2012