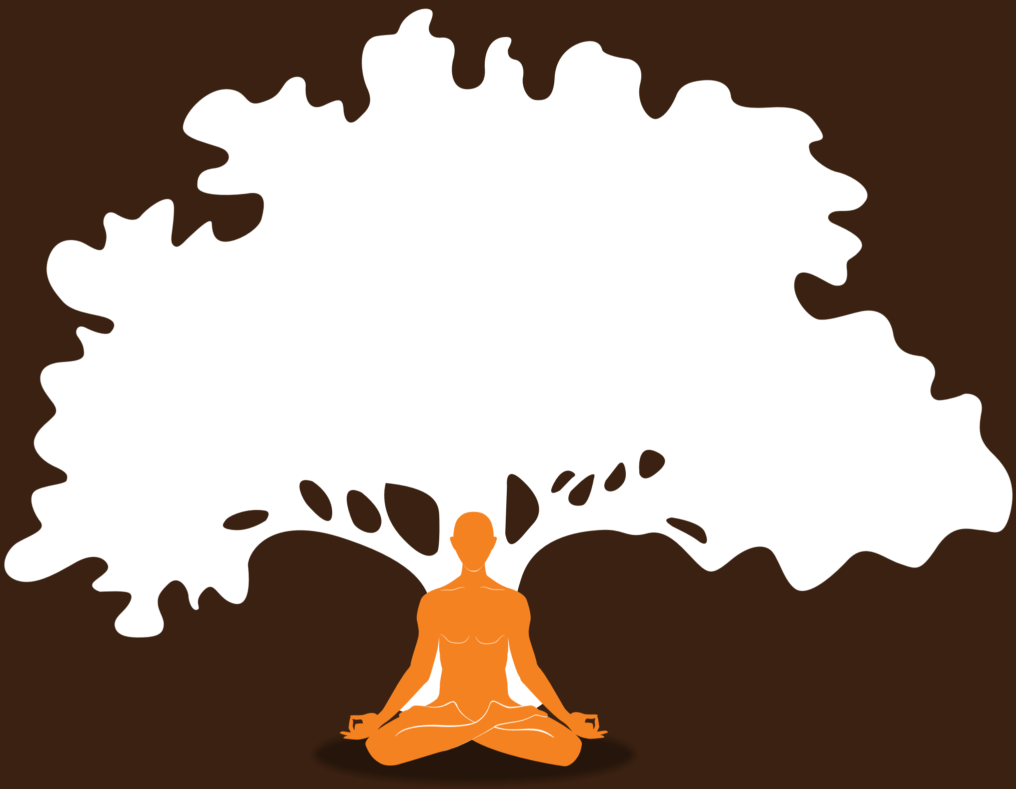

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Claris Lifesciences Limited

Content

Corporate Information

BOARD OF DIRECTORS

Mr. Surrinder Lal Kapur
Chairman & Independent Director

Mr. Arjun S. Handa
Managing Director & CEO

Mr. Aditya S. Handa
Director

Mr. Chetan S. Majmudar
Whole Time Director

Mr. Chandrasingh Purohit
Whole Time Director

Mr. T.V.Ananthanarayanan
Independent Director

Mr. Anup P. Shah
Additional Independent Director

GM - COMPLIANCE & COMPANY SECRETARY
Rajesh Kumar Modi

AUDITORS
Deloitte Haskins & Sells, Ahmedabad

REGISTERED & CORPORATE OFFICE
Claris Corporate Headquarters, Nr. Parimal Rly. Crossing, Ellisbridge, Ahmedabad - 380006, India
Tel: +91-79-26563331, 66309330
Website: www.clarislifesciences.com

MANUFACTURING FACILITY
Village: Chacharwadi, Vasna
Taluka: Sanand
Ahmedabad - 382213, India

BANKERS
1. Canara Bank
2. Indian Overseas Bank
3. Punjab National Bank
4. Andhra Bank
5. Allahabad Bank
6. Central Bank of India
7. United Bank of India
8. Barclays Bank Plc

Notice to Shareholders

Notice is hereby given that the 18th Annual General Meeting of the Members of CLARIS LIFESCIENCES LIMITED will be held on Friday, the 12th April, 2013 at 12:00 Noon at Ahmedabad Management Association, J.B. Auditorium, ATIRA Campus, Dr. Vikram Sarabhai Marg, Ahmedabad – 380015 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Balance Sheet as at December 31, 2012 and Statement of Profit & Loss for the financial year ended on that date together with the Report of the Board of Directors and Auditors thereon.

2. To declare dividend on the equity shares for the financial year ended 31st December, 2012.

3. To appoint a Director in place of Mr. Surrinder Lal Kapur , who retires by rotation and being eligible, offers himself for re-appointment.

4. To appoint a Director in place of Mr. T.V. Ananthanarayanan, who retires by rotation and being eligible, offers himself for re-appointment.

5. To appoint Statutory Auditors to hold office from conclusion of this meeting until the conclusion of next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS:

6. To consider and if thought fit, to pass with or without modification(s), the following resolution as an ordinary resolution:

"RESOLVED THAT Mr. Anup P. Shah who was appointed as an Additional Independent Non-Executive Director by the Board of Directors of the Company on 23rd February, 2013 pursuant to Section 260 of the Companies Act, 1956 and who holds office upto the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing under section 257 of the Companies Act, 1956 from a member proposing his candidature for the office of a Director, be and is hereby appointed as a Independent Non-Executive Director of the Company liable to retire by rotation."

Place : Ahmedabad
Date : 23rd February, 2013

By order of the Board of Directors
For Claris Lifesciences Limited

Registered Office :
Claris Corporate Headquarters,
Nr. Parimal Rly. Crossing, Ellisbridge, Ahmedabad - 380006, Gujarat.

Rajesh Kumar Modi
General Manager-
Compliance & Company Secretary

NOTES:

1. An explanatory statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of the special business is annexed hereto.

2. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF. THE INSTRUMENT APPOINTING PROXY SHOULD, HOWEVER BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING. A PROXY NEED NOT BE A MEMBER.**

3. Members are requested to kindly bring their copy of the Annual Report with them at the Annual General Meeting, as no extra copy of Annual Report would be made available at the Annual General Meeting.

4. The Board of Directors at their meeting held on 23rd February, 2013 has recommended a dividend of Rs. 2 per equity share of Rs. 10 each for the financial year ended 31st December 2012. Dividend, if declared, at the Annual General Meeting, will be paid by the Company on or before 30th April, 2013.

5. The Register of Members and Share Transfer Books will remain closed from 8th April, 2013 to 12th April, 2013 (both days inclusive).

6. The members are requested to intimate immediately, any change in their address or bank mandates to their depository participants with whom they are maintaining their demat accounts or to the Company's Share Transfer Agent, M/s. Link Intime India Private Limited, if the shares are held by them in physical form.

7. The Company has decided to send the Annual Report through electronic mode to all the shareholders whose e-mail addresses has been registered/ updated in the record of Company/ Registrar/ Depositories pursuant to the 'Green Initiative in Corporate Governance' taken by The Ministry of Corporate Affairs, Government of India vide its Circular Nos. 17/2011 and 18/2011 dated 21.04.2011 and 29.04.2011 respectively. Further, in support to this green initiative, the company has already sent a communication to all the shareholders that various documents/ notices meant for them will be sent electronically on their e-mail addresses as obtained from the Depositories/ other sources, unless specifically requested to be sent in physical form. The members who have not registered / updated their e-mail addresses so far, are requested to register/ update their e-mail addresses, in respect of electronic holdings with the Depository through their concerned Depository Participants. Members who hold their shares in physical form and who are desirous of receiving the communication/ documents in electronic form are requested to promptly register their e-mail addresses with the Registrar or the Company.

8. The shares of the Company are at present listed with Bombay Stock Exchange Limited (BSE). The listing fee for the year 2013-2014 will be paid to BSE on or before the due date.

9. Pursuant to the Initial Public offering of Equity shares, the Company had in respect of certain shares allotted therein, in view of mismatch in particulars of those allottees, parked the same in a demat suspense account. The aggregate number of shares so lying initially was 1249 Equity Shares of 16 Investors. The Company has credited 1176 Equity Shares of 15 investors in their demat account since IPO after complete verification. The number of the shareholder as at the year end whose shares were lying in demat suspense account were 1 for 73 Equity shares.

10. Pursuant to Section 109A of the Companies Act, 1956, shareholders are entitled to make a nomination in respect of shares held by them in physical form. Shareholders desirous of making a nomination are requested to send their requests in Form No. 2B in duplicate (which will be made available on request) to the Registrar and Share Transfer Agent of the Company.

11. Members desiring any information relating to the accounts are requested to write to the Company at least 10 days before the meeting so as to enable the management to keep the information available at the meeting.

12. The brief profile of the Directors proposed to be appointed / re-appointed is given in the section on Corporate Governance.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956 IN RESPECT OF SPECIAL BUSINESS

ITEM NO. 6

The Board of Directors of the Company at their meeting held on February 23, 2013 have appointed Mr. Anup P. Shah as an Additional Independent Non-Executive Director of the Company upto the forthcoming Annual General Meeting pursuant to Section 260 of the Companies Act, 1956. He is a Fellow Member of the Institute of Chartered Accountants of India, a Commerce and a Law Graduate from the Mumbai University. Mr. Anup P. Shah has hands-on experience in Legal, Financial, and Tax Consultancy, including Business Restructuring, Transaction Structuring, Capital Markets Regulations, Foreign Investments, PE Investments, Business Valuations, Real Estate Structuring, Corporate Governance issues, Accounting Advisory, etc. The Company has received notice in writing under Section 257 of the Companies Act, 1956 from a member proposing the candidature of Mr.Anup P. Shah for the office of Director.

The Board recommends the resolution set forth for approval of the members.

None of the Directors of the Company other than Mr.Anup P. Shah is deemed to be concerned or interested in the above resolution.

Place : Ahmedabad
Date : 23rd February, 2013.

By order of the Board of Directors
For Claris Lifesciences Limited

Registered Office :
Claris Corporate Headquarters,
Nr. Parimal Rly. Crossing, Ellisbridge, Ahmedabad - 380006. Gujarat

Rajesh Kumar Modi
General Manager-
Compliance & Company Secretary

Directors' Report

Dear Members,

Your Directors are pleased to present the 18th Annual Report of the Company and annual audited accounts for the financial year ended 31st December, 2012.

Financial Results:

The financial highlights of the Company for the financial year 2012 as compared to the previous financial year 2011 on Consolidated and Standalone basis is as below:

(Rupees in lacs)

Particulars	Consolidated		Standalone	
	2012	2011	2012	2011
Income	77,766.19	75,645.09	73,014.53	66,730.73
Profit before Interest, depreciation and tax	27,510.29	26,156.57	24,343.67	20,455.75
Finance Costs	6,505.26	5,542.69	6,491.24	5,529.88
Depreciation & Amortisation	7,426.91	5,468.24	7,179.44	5,434.13
Exceptional Item	-	-	45.10	-
Profit before tax	13,578.12	15,145.64	10,627.89	9,491.73
Provision for tax	3,187.00	2,520.10	3,186.27	2,516.40
Profit after tax	10,391.12	12,625.54	7,441.62	6,975.33
Balance brought forward from previous year	56,360.96	45,738.90	41,492.36	36,520.51
Balance available for Appropriation				
Proposed Dividend	1,276.35	1,276.35	1,276.35	1,276.35
Corporate tax on dividend	207.06	207.06	207.06	207.06
Tax on Dividend of earlier year Reversed	-	(4.93)	-	(4.93)
Transfer to General Reserve	565.00	525.00	565.00	525.00
Balance carried to Balance Sheet	64,703.67	56,360.96	46,885.57	41,492.36

Results of Operations:

During the financial year under review your company's income from net sales stood at Rs. 76,272.34 Lacs as against Rs 73,876.57 Lacs in the previous year which increased by 3.24% compared to previous year. Our revenues from international markets stood at Rs. 40,671.23 Lacs as compared to Rs. 39,272.83 Lacs in previous financial year representing 53.32% of the net revenues as compared to 53.16% of previous financial year.

EBITDA, PBT and PAT reached to Rs. 27,510.29 Lacs, Rs. 13,578.12 Lacs and Rs. 10,391.12 Lacs respectively as against Rs. 26,156.57 Lacs, Rs. 15,145.64 Lacs and Rs. 12,625.54 Lacs respectively, in the previous year. As a percentage of net sales, the EBITDA, PBT and PAT margins stood at 36.07%, 17.80% and 13.62% respectively in fiscal year 2012 compared to 35.41%, 20.50% and 17.09% respectively in the previous year.

Detailed analyses of the financials have been provided in the Management Discussion and Analysis which is a part of this Directors Report.

IPO Update

Your company has utilized the entire IPO proceeds during the year ended 31st December, 2012. Detailed utilization has been provided in the notes forming part of the financial statements.

Joint Venture

On December 7, 2012, your Company entered into certain agreements with Otsuka Pharmaceutical Factory, Inc., Japan (Otsuka) and Mitsui & Co. Ltd., Japan (Mitsui) for transfer of its Infusion Business to Claris Otsuka Limited (JV Company) presently a wholly owned subsidiary of the Company on 'slump sale' basis. The said infusion business includes identified products of Common Solutions, Anti Infective, Plasma Volume Expanders and Parenteral Nutrition in India and in Emerging markets (herein after referred to as 'the infusion business'). The transfer of the infusion business is subject to the necessary and applicable approvals from the regulatory authorities, the shareholders of the Company and on other closing formalities to be completed between the parties. The Shareholders of the Company have approved the resolution through Postal Ballot for slump sale of the Company's infusion business to its wholly owned subsidiary M/s. Claris Otsuka Limited as a going concern basis on 18th February, 2013. The transaction is expected to be closed in financial year 2013, subject to receipt of necessary approvals from regulatory authorities and on completion of necessary closing formalities.

As per the terms of the agreements, the infusion business is valued at an enterprise value of Rs.1,313 Crores and the Company is to receive Rs.1,050 Crores in cash on closing against multiple agreements for the portion to be transferred in favor of the Otsuka and Mitsui, who will subscribe Rs.1,050 Crores towards fresh equity capital including securities premium of Claris Otsuka Limited, pursuant to which Otsuka, Mitsui and your Company will respectively hold 60%, 20% and 20% of the equity share capital of Claris Otsuka Limited.

Mr. Arjun S. Handa, the Managing Director & CEO of the Company would continue to provide leadership to the JV Company and would be holding the position of Chairman. The CEO of the JV Company would be appointed by the Company. The detailed applicable disclosure relating to "Discontinuing Operation" as per AS-24 as notified by the Government of India under section 211(3C) of the Companies Act, 1956 is given under notes forming part of the financial statements.

Withdrawal of Import Alert and Warning Letter by USFDA

During the year, the USFDA has withdrawn its import alert and warning letter on the Company and the products which was imposed by them on November 1, 2010. With this withdrawal, Clarion 1 (Plant 1) of the Company will now be able to again manufacture and sell its products in the US. The Company has a wide product basket and is also working on developing certain new product targeted for the regulated markets. The Company is working towards increasing its product basket and product approvals for the regulated market including USA.

Dividend

Your Directors are pleased to recommend a dividend of Rs. 2 per equity share of Rs. 10 each on 6,38,17,765 total outstanding equity of the Company for the year ended December 31, 2012, subject to the approval of the members at the ensuing Annual General Meeting.

Transfer to Reserves

Your Company proposed to transfer Rs. 565.00 Lacs to the General Reserves. An amount of Rs. 64,703.67 Lacs is proposed to be retained in the profit and loss account (of consolidated accounts) .

Subsidiaries:

Your Company has 13 International and 5 Indian Subsidiaries to market the products of the Company across the globe. These subsidiaries are well positioned and contributing to the growth of the Company.

Accounts of Subsidiaries

Pursuant to General Circular No.2/2011 dated 08.02.2011 issued by The

Ministry of Corporate Affairs, the Board of Directors of your company in its meeting held on 23rd February, 2013 has decided for not attaching the accounts of its subsidiaries for the financial year ended 31st December, 2012. However, the Company has presented a consolidated financial statement of holding company and all its subsidiaries duly audited by the Statutory Auditors. The annual accounts of the subsidiary companies and the related detailed information will be made available to the shareholders of the holding and subsidiary companies seeking such information at any point of time. The annual accounts of the subsidiaries will also be kept for inspection by any shareholders at the head office of the holding company and of the subsidiary companies concerned.

Fixed Deposits

Your Company has not accepted any fixed deposit under Section 58A of the Companies Act, 1956.

Insurance

The assets/ properties of the Company are adequately insured against the loss of fire, riot, earthquake, terrorism, etc and other risks that are considered necessary by the management. Apart from the above, your company has also Product as well as Director's and Officer's Liability Insurance Policies.

Directors

Mr. Surrinder Lal Kapur and Mr. T. V Ananthanarayanan retire by rotation at the conclusion of this Annual General Meeting and being eligible offer themselves for reappointment. Dr. Pravin P. Shah passed away on 4th December, 2012. Mr. Nikhil Mohta and Mr. Amish Vyas has resigned from the position of Director on 21st September, 2012 and 4th December, 2012 respectively. Mr. Anup P. Shah has been appointed as an additional Independent Non- Executive Director of the Company by the Board of Directors at their meeting held on 23rd February, 2013 up to the ensuing Annual General Meeting of the Company.

Directors' Responsibility Statement

Pursuant to the requirement under section 217(2AA) of the Companies Act, 1956, with respect to the Directors' Responsibility Statement, it is hereby confirmed:

1. That in the preparation of the Accounts for the Financial Year ended 31st December 2012, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
2. That the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for the year under review;
3. That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
4. That the Directors have prepared the accounts for the financial year ended 31st December 2012 on a 'going concern' basis.

Auditors

The Statutory Auditors of the Company M/s. Deloitte Haskins & Sells, Chartered Accountants, retire at the ensuing Annual General Meeting and have confirmed their eligibility and willingness to accept office of Statutory Auditors, if reappointed. The Audit Committee and the Board of Directors have recommended the reappointment of M/s. Deloitte Haskins & Sells, Chartered Accountants, as Statutory Auditors of the Company for the financial year 2013 for shareholder's approval.

Cost Auditor

Pursuant to Section 233B of the Companies Act, 1956, M/s. Kiran J. Mehta & Co., Cost Accountants, Ahmedabad was appointed as Cost Auditors of the Company in respect of cost audit of the Company's pharmaceutical activities for the year ended 31st December 2012. Report of the Cost Auditor in respect of Cost Audit for the year under review would be filed with the Central Government in due time period.

Energy, Technology and Foreign Exchange

The information required under the Companies Act (Disclosure of particulars in the report of Board of Directors) Rules, 1988 is given in the **Annexure – I.**

Particulars of Employees

Particulars of employees covered under section 217(2A) of the Companies Act, 1956 are attached read with Companies (Particulars of Employees) Rules, 1975 and forms part of this report. However, as per Section 219(1)(b)(iv) of the Companies Act, 1956, the annual report is being sent to all shareholders excluding the said Annexure. Any shareholder interested in obtaining the particulars may obtain the same in writing to the Company Secretary or the same is available for inspection at the registered office during working hours.

Corporate Governance

Pursuant to Clause 49 of the Listing Agreement, a report on Corporate Governance is given in Annexure – II.

Management Discussion & Analysis

Management Discussion & Analysis is given separately and forms part of this annual report.

Acknowledgment

The Board greatly appreciates the commitment and dedication of employees at all levels who have contributed to the growth and success of the Company. We would also thank all our clients, vendors, investors, bankers and other business associates for their continued support and encouragement during the year.

We also thank the Government of India, Government of Gujarat, Ministry of Commerce and Industry, Ministry of Finance, Customs and Excise Departments, Income Tax Department, and all other Government Agencies for their support during the year and look forward to their continued support in the future.

For and on Behalf of Board

Arjun S. Handa	**Chandrasingh Purohit**
Managing Director & CEO	Whole Time Director

Place : Ahmedabad
Date : 23rd February, 2013

Annexure-I to the Directors' Report

ANNEXURE –I

Particulars required under the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988

I. CONSERVATION OF ENERGY

Energy conservation means the efforts made by the company to reduce the consumption of energy and reduces its dependency on power generated from fossil fuels. Energy requirement of any growing company keeps on increasing year on year and considering the same your company has decided to increase the capacity of its existing bio mass based power plant. As informed during the last year, company took initiatives to expand its existing power plant capacity from 2.00 Mw to 4.25 Mw and the plant has now been installed and operationalized during this year and it has reduces the company's dependence on fossil fuel requirements. Your company has also installed 2 Mw solar power plant under Jawaharlal Nehru Solar Mission with the objective of renewable power generation and supply of green and clean electricity. This solar power plant is based on SPV (Solar Photovoltaic) connected to grid. These steps signify company's initiatives to replace non renewable energy source with a renewable energy source.

Below is the cost of power and steam generation for the year ended on December 31, 2012 and that for the year ended on December 31, 2011.

Sr. No		2012	2011
A	Power and Fuel Consumption		
	Electricity		
1	Purchased		
	Units (kwh)	27,418,142	25,653,410
	Total Amount (Rs.)	184,800,246	161,450,783
	Rate / Unit (Rs.)	6.74	6.29
2	Own generation[D G Set]		
	Through diesel generator		
	Units generated (kwh)	27,016	47,537
	Total Cost of Diesel (Rs.)	1,022,043	1,001,105
	Cost/Unit (Rs.)	37.83	21.06
3	Furnace Oil/		
	Quantity (Kgs)	426,192	300,501
	Total Amount (Rs.)	21,513,327	12,383,214
	Rate / Unit (Rs.)	50.48	41.21
B	Co-generation (Power Plant)		
1	Power		
	Unit generated (kwh)	7,432,700	5,354,650
	Total Amount (Rs.)	33,403,533	44,228,978
	Rate / Unit (Rs.)	4.49	8.26
2	Steam		
	Unit generated (kgs)	120,060,110	102,103,925
	Total Amount (Rs.)	119,603,920	158,486,087
	Rate / Unit (Rs.)	1.00	1.55

II. RESEARCH AND DEVELOPMENT

Products and its related Marketing Authorisation are the biggest asset of the Generic Pharmaceutical company. Keeping this in mind, your Company has always focused on niche injectable products and strives to build a robust product pipeline of generic speciality injectable products for worldwide markets with special interest in the regulated markets. The company's commitment to research is manifested through its strong R&D team capable of developing complex and difficult to manufacture products. The Company has a team of more than 30 for R&D working at different levels with the common goal of strengthening the Product Pipeline of the Company.

During the last year the Company had received its much awaited USFDA re-approval. With this major hurdle crossed, the Company is now again looking to boost its product development in this year. This year, the Company has planned to develop 25 new molecules for the Regulated Markets of US, Europe and for Emerging Markets. To break this up further, 20 out of the total 25 molecules have been targeted for EU out of which 9 molecules are in the final stage of development and another 11 molecules are in various stages of under developments. The company has plans to grow its existing ANDA pipeline of 30 to 100 ANDAs over the next 3-4 years which will include the ANDAs for 15 of the above 25 molecules, and these are in different stages of developments.

Annexure-I to the Directors' Report

During the last year, your Company has filed approximately 200 product registrations across the globe and received approvals for around 100 marketing authorisations worldwide, which include 19 approvals in the EU and 2 approvals in Other Regulated Markets.

a. Main Area of Focus

Claris is continuing the R&D spend keeping in mind following:

1. New Products targeting the Regulated Markets, on the back of the recent USFDA approval received and to meet the product shortages in the US.
2. Increase in the product basket for sales across Emerging Markets.
3. New product for Euro Head delivery systems.

b. Benefits Derived

1. Larger product basket allows the company to bundle products in each therapeutic segment.
2. New technologies and products allow the company to market its products across a wider segment and target a larger revenue and market share across countries.
3. Better formulations could result in reduction of costs of therapy.

c. Future Plan of Action

1. Expanding product baskets across various therapies for International markets.
2. Targeting 100 ANDA pipeline for the US in the coming years.
3. Aggressive registration strategy in all International markets for future sales.
4. Planning to develop some new products in Aseptic technology.
5. Products to be developed across therapeutic segments like Anesthesia & Analgesia, Antidotes, and Detoxifying Agents.

d. Expenditure on R&D

The total expenditures for research and development (R&D) activities relating to continuing operations were Rs. 230.47 Lacs and Rs. 163.25 Lacs for the financial year ended December 31, 2012 and December 31, 2011 respectively.

III. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION:

Efforts, in brief, made towards technology absorption, adaptation and innovation. The Company has embraced state-of-art technology for its manufacturing facility. The technology has been developed in co-operation with world-renowned technology leaders across the globe. With this level of automation and technology, the company is equipped to compete with the global competitors in terms of product quality and cost.

Foreign Exchange Earnings and outgo

The export earnings during the year amounted to Rs. 34,002.90 Lacs (previous year Rs. 27,798.64 Lacs) Expenditure (gross) in foreign currency

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For and on Behalf of Board

Arjun S. Handa
Managing Director & CEO

Chandrasingh Purohit
Whole Time Director

Place : Ahmedabad
Date : 23rd February, 2013

Annexure-II
Report on Corporate Governance

COMPANY'S PHILOSOPHY

Claris Lifesciences Limited philosophy envisages the attainment of the highest standards of Corporate Governance by timely disclosures, transparent accounting policies, responsibility and fairness. Its endeavour is to maximize the long term value of the Shareholders of the Company.

BOARD OF DIRECTORS

The Board of Directors comprises of 6 directors as on 31st December, 2012. Out of this, two are Independent Directors (including Chairman), three Executive Directors and one Non-Executive Director.

Composition, Category & Designation of Directors

Name of Director	Category	Designation
Mr. Surrinder Lal Kapur	Independent Non Executive Director	Chairman
Mr. Arjun S. Handa	Promoter/ Executive Director	Managing Director & CEO
Mr. Aditya S. Handa	Non Executive Director	Director
Mr. T. V. Ananthanarayanan	Independent Non Executive Director	Director
Mr. Chetan S. Majmudar	Executive Director	Whole Time Director
Mr. Chandrasingh Purohit	Executive Director	Whole Time Director

Notes :

1. Mr. Nikhil Mohta resigned as Director on 21st September, 2012.
2. Dr. Pravin P. Shah passed away on 4th December, 2012.
3. Mr. Amish Vyas resigned as an Executive Director on 4th December, 2012, and
4. Mr. Anup P. Shah was appointed as an Additional Independent Non-Executive Director on 23rd February, 2013 up to the forthcoming Annual General Meeting.

BOARD MEETINGS

Attendance of each Director at the Board Meetings, last Annual General Meeting and number of other directorship and Chairmanship/ Membership of Committees in various Companies.

Name of Director	Attendance Particulars		Number of other Directorships and Committee Memberships/ Chairmanships*			
	Board Meetings	Last AGM	Other Directorships	Chairmanships	Committee Memberships	Committee Chairmanships
Dr. Pravin P. Shah***	2	Yes	-	-	-	-
Mr. Arjun S. Handa	5	Yes	5**	-	-	-
Mr. Aditya S. Handa	5	Yes	4**	-	-	-
Mr. Chetan S. Majmudar	4	Yes	2	-	-	-
Mr. Chandrasingh Purohit	5	Yes	2**	-	-	-
Mr. Amish Vyas***	4	Yes	N.A	-	-	-
Mr. T. V. Ananthanarayanan	4	Yes	3	-	-	-
Mr. Surrinder Lal Kapur	5	Yes	5	1	-	-
Mr. Nikhil Mohta***	3	Yes	N.A	-	-	-

*** Includes only Chairmanship / Membership of the Audit Committee and the Shareholders' Grievance Committee.**

**** Excludes Directorship in Foreign Companies and Non Profit Organisation.**

***** Mr. Nikhil Mohta resigned as Director on 21st September, 2012. Dr. Pravin P. Shah passed away on 4th December, 2012 and Mr. Amish Vyas resigned as Director on 4th December, 2012.**

NUMBER OF BOARD MEETINGS HELD AND THE DATES ON WHICH HELD

Five meetings of the Board of Directors were held during the year ended 31st December, 2012 on 29th February, 2012, 30th April, 2012, 9th August, 2012 , 31st October , 2012 and 7th December, 2012.

Report on Corporate Governance

BRIEF RESUME OF THE DIRECTORS SEEKING APPOINTMENT / RE-APPOINTMENT

Mr. Surrinder Lal Kapur, an Independent Non – Executive Director
Mr. Surrinder Lal Kapur is an Independent and Non-Executive Director of the Company. He was appointed as a Director of the Company on September 26, 2008. He holds a post graduate degree in Mathematics and is a graduate in Law from Punjab University. He has completed his training in public administration from the National Academy of Administration, Mussoorie. He has a practical experience in banking and promotion of industrial investments. He works as an honorary adviser to the President, PHDCCI (PHD Chamber of Commerce & Industry, a regional chamber of commerce covering 11 Northern States and Union Territories of India). He served in the Indian Administrative Service for about 35 years. He retired from Public Service as Chairman of the Board for Industrial and Financial Reconstruction. He is practicing as an Advocate and is proprietor of a law firm known as "S.L. Kapur & Associates". He has floated a charitable trust known as Poverty Alleviation through Generation of Employment Trust to provide employment opportunities to youth belonging to backward classes and rural areas. He is holding nil shares of the Company as on 31st December, 2012.

Mr. T.V. Ananthanarayanan, an Independent Non – Executive Director
Mr. T. V. Ananthanarayanan is an Independent and Non-Executive Director of the Company. He was appointed as a Director of the Company on January 28, 2008. He holds a Master of Science degree in Biomedical engineering from the Indian Institute of Technology, Chennai, and is a graduate in mechanical engineering from the Indian Institute of Technology, Chennai. Mr. T. V. Ananthanarayanan is a Trained Behavioural Scientist, Yoga Teacher and an Engineer; Founder of the consulting firm "FLAME TAO Knoware"—a team of functional experts all of whom are Behavioural Scientists focusing on Organizational Transformation, Alignment and Optimization; and Chairperson Sumedhas Academy for Human Context—a non profit organization focusing on developing behavioral science. His consulting experience spans over three decades: organization turnarounds, leadership coaching, culture transformations. His clients include TCS, Infosys, Laxmi Machine Works, ITC and EPCOS. He pioneered the use of Yoga and Theatre in process work. He has published many papers and two books: Learning through Yoga and The Totally Aligned Organization. As on 31st December 2012, he is holding nil shares of the Company.

Mr.Anup P Shah, an Independent Non – Executive Director
Mr. Anup P. Shah is an Additional Independent Non-Executive Director of the Company and was appointed by the Board of Directors on 23rd February, 2013. He is a Fellow Member of the Institute of Chartered Accountants of India, a Commerce and a Law Graduate from the Mumbai University. Presently, he is the Managing Partner of M/s. Pravin P. Shah & Co, Chartered Accountants. Mr. Anup P. Shah has hands-on experience in Legal, Financial, and Tax Consultancy, including Business Restructuring, Transaction Structuring, Capital Markets Regulations, Foreign Investments, PE Investments, Business Valuations, Real Estate Structuring, Corporate Governance issues, Accounting Advisory, etc. He has authored/ co-authored several books and contributed over 150 Articles. He is an Independent Director and a Member of the Audit Committee of Ruby Mills Ltd. He is also on the Board of Landmark Business Service Centre Private Limited, Knowhowhub.com Private Limited, Macro Investment & Financial Consultants Private Limited and also the Founder Director of Health & Education Foundation, a section 25 Company, dedicated to the cause of Prevention / Treatment of Heart Disease and providing Education to needy children. He is holding NIL shares of the Company as on date.

CODE OF CONDUCT

The Board of Directors of the Company has laid down a code of conduct for all the Board Members and the Senior Management Personnel of the Company. The code of conduct is available on the website of the Company www.clarislifesciences.com. All the Board Members and Senior Management Personnel have affirmed compliance with the code of conduct. A declaration signed by the Managing Director & CEO to this effect is enclosed as a part of this report.

AUDIT COMMITTEE

The Board of Directors have constituted an Audit Committee to assist the Board in discharging its responsibilities effectively. The constitution, power, role etc of the Audit Committee meets with the requirements of Section 292A of the Companies Act, 1956 and Clause 49 (II) (A)/(B)/(C)/(D) and (E) of the Listing Agreement with Stock Exchange.

Composition and Terms of Reference

The Board has constituted an Audit Committee comprising of four Directors, namely, Mr. Chandrasingh Purohit, Mr. Surrinder Lal Kapur, Mr. T V Ananthanayanan and Mr. Anup P. Shah. Mr. Anup P. Shah was appointed as Chairman of the Audit Committee by the Board on 23rd February, 2013. Except for Mr. Chandrasingh Purohit, all other members of the Audit Committee are Independent.

The Committee deals with accounting matters, financial reporting and internal controls. Terms of reference of Audit Committee specified by the Board are as contained in section 292A of the Companies Act, 1956 and clause 49 of the Listing Agreement with Stock Exchange.

Meetings and attendance during the year

The Committee met four times on 29th February, 2012, 30th April, 2012, 9th August, 2012 and 31st October, 2012. Mr. Chandrasingh Purohit and Mr. Surrinder Lal Kapur were present in all the meetings. Mr. T V Ananthanarayanan was present in three meetings.

REMUNERATION/ COMPENSATION COMMITTEE:

Composition and other details

The Board has constituted Remuneration/ Compensation Committee comprising of three directors namely, Mr. Surrinder Lal Kapur, Mr. T V Ananthanarayanan and Mr. Anup P. Shah. Mr. T V Ananthanarayanan was appointed as Chairman of the Committee by the Board on 23rd February, 2013. All the members of the Committee are Independent.

Terms of reference

The Committee evaluates and determines the Company's remuneration policy, having regard to performance standards and existing industry practice and benefits for Executive Director(s)/ Senior Management Personnel and look after the issues relating to major HR policies.

Attendance during the year

During the year, there was one meeting held on.29th February, 2012. Mr. Surrinder Lal Kapur and Mr. T V Ananthanarayanan were present in the meeting.

The Remuneration Committee determines the Company's remuneration policy, having regard to performance standards and existing industry practice. Under the existing policies of the Company, the Remuneration Committee, inter alia, determines the remuneration payable to the Directors.

Apart from discharging the above-mentioned basic functions, the Remuneration Committee also discharges the following functions:
- Framing policies and compensation including salaries and salary adjustments, incentives, bonuses, promotion, benefits, stock options and performance targets of the top executives; and
- Formulating strategies for attracting and retaining employees and employee & development programmes.

DETAILS OF REMUNERATION PAID TO DIRECTORS DURING THE YEAR.

a) Executive Directors

The remuneration paid to Directors during the financial year ended on December, 31, 2012 are as follows:

Executive Directors	Salary (Rs.)	Other Allowances (Rs.)	Perks (Rs.)
Mr. Arjun S. Handa	15,000,000	50,000	--
Mr. Chetan S. Majmudar	3,600,000	50,000	30,000
Mr. Chandrasingh Purohit	3,600,000	50,000	30,000
Mr. Amish Vyas	3,600,000	50,000	30,000
TOTAL	**25,800,000**	**200,000**	**90,000**

Note: Mr.Amish Vyas resigned as an Executive Director on 4th December, 2012.

b) Non-Executive Directors

The sitting fees paid to Non-Executive Directors for attending meetings during the financial year ended December, 31, 2012 are as follows:

Non-Executive Directors	Amount in Rs.
Dr. Pravin P. Shah	10,000
Mr. Surrinder Lal Kapur	25,000
Mr. T. V. Ananthanarayanan	20,000
TOTAL	**55,000**

Note : Dr. Pravin P. Shah passed away on 4th December, 2012.

SHAREHOLDERS/ INVESTORS GRIEVANCE COMMITTEE:

As a measure of good Corporate Governance and focusing on strengthening the relation with the stakeholders, the Board has formed Shareholders/ Investors' Grievance Committee.

Constitution and Composition

The Committee was constituted comprising of the following directors as members, namely, Mr. Arjun S Handa, Mr. Chandrasingh Purohit, Mr. T V Ananthanarayanan, Mr. Surrinder Lal Kapur and Mr. Anup P. Shah. During the year, there were four meetings held on 29th February, 2012, 30th April, 2012, 9th August, 2012, 31st October, 2012. Mr. Arjun S. Handa and Mr. Chandrasingh Purohit were present in all the meetings. Mr. T V Ananthanarayanan was present in three meetings. Mr.Surrinder Lal Kapur was appointed as Chairman of the Committee by the Board on 23rd February, 2013.

Compliance Officer
Mr. Rajesh Kumar Modi, General Manager – Compliance & Company Secretary.

Terms of Reference

The Committee was constituted to look into the Investors' complaints and to redress the same expediently. The Committee meets as and when there are any complaints from investors. The Company Secretary of the Company is the Compliance Officer. There were nil complaint pending to be resolved

Details of Complaints for the year 2012:

S.No	Nature of Complaints	Received	Disposed	Pending
1	Non-receipt of IPO refund amount	1	1	Nil
2	SEBI (IPO related)	4	4	Nil
3	Non- receipt of dividend warrant	15	15	Nil
	TOTAL	**20**	**20**	

GENERAL BODY MEETINGS

Location and time for the Annual General Meetings held in the last three financial years:

Year	Date / Time	Venue	Special Resolution
2011	30/04/2012 / 12:00 Noon	Ahmedabad Management Association, H.T.parekh convention centre, ATIRA campus, Dr.Vikram Sarabhai Marg, Ahmedabad – 380015	1. Re-appointment of Mr. Amish Vyas as a Whole time Director for a period of 3 years. 2. Re-appointment of Mr. Chandrasingh Purohit as a Whole time Director for a period of 3 years. 3. Increase in borrowing powers as per section 293(1)(d) of the Companies Act, 1956.
2010	12/05/2011 4.00 P.M.	Ahmedabad Management Association, H.T.parekh convention centre, ATIRA campus, Dr.Vikram Sarabhai Marg, Ahmedabad - 380015	-----
2009	07/04/2010 / 11.00 A.M.	Claris Corporate Headquarters, Near Parimal Crossing, Ellisbridge, Ahmedabad – 380 006	1. Resolution for IPO of Equity Shares and other related activities. 2. Amendment in MOA by reorganising Authorised Share Capital of the Company. 3. Amendment in AOA by reorganising Authorised Share Capital of the Company. 4. Issue of Bonus Shares 5. Amendment in AOA of the Company by adopting new set of AOA. 6. Termination and amendment of Shareholders' Agreement with First Carlyle Ventures III.

DETAILS OF POSTAL BALLOT

No Postal Ballot were used / invited for voting at the above meetings in respect of resolutions passed.

DISCLOSURES

Disclosures on materially significant related party transactions that may have potential conflict with the interest of the Company at large.

We have disclosed the material significant related party transactions in the notes forming part of the financial statements.

Details of non-compliance by the company, penalties, strictures imposed on the company by Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets, during the last three years.

Nil.

Whistle Blower policy and affirmation that no personnel has been denied access to the audit committee.

The Company affirms that no personnel has been denied access to the audit committee.

Details of compliance with mandatory requirements and adoption of the non- mandatory requirements of this clause.

All the mandatory requirements has been complied by the Company. The Company is in process to adopt certain Non-Manadatory requirements including Whistle Blower Policy. However, the Company affirms that no personnel has been denied access to the audit committee.

Means of Communication

Results

The quarterly, half-yearly and yearly un-audited/ audited financial results of the Company were published as per Clause 41 of the Listing Agreement. The results are also uploaded on Company's website : www.clarislifesciences.com.

General Information for Shareholders

Date, Time and Venue of Annual General Meeting	:	12th April, 2013 at 12:00 Noon at Ahmedabad Management Association, J.B. Auditorium, ATIRA campus, Dr.Vikram Sarabhai Marg, Ahmedabad -380015
Financial Year of the Company	:	31st December, 2012.

Financial Year Calendar for 2013-14 (tentative)

19th Annual General Meeting	:	May- June 2014
Results for the quarter ended 31st March, 2013	:	Second week of May 2013
Results for the quarter ended 30th June, 2013	:	Second week of August 2013
Results for the quarter ended 30th September, 2013	:	Second week of November 2013
Results for the last quarter ended 31st December, 2013	:	Second week of February 2014

Book Closure dates

From 8th April, 2013 to 12th April, 2013 (both days inclusive) for the purpose of the Annual General Meeting and payment of dividend, if approved by the members.

Dividend Payment Date : On or before 30th April, 2013.

Listing on Stock Exchanges

The Company's Shares are listed on The Bombay Stock Exchange Limited. The listing fee for the year 2012-13 has been paid to the above stock exchange. The Listing fee for the year 2013-14 will be paid on or before the due date.

Stock Code

a. Scrip code Bombay Stock Exchange	:	533288
Scrip ID Bombay Stock Exchange	:	CLARIS
b. Demat ISIN Numbers in NSDL & CDSL for Equity Shares	:	INE562G01018

Monthly high / low stock quotations at BSE **(Figure in Rs.)**

Month	BSE	
	High	Low
Januray 2012	127	100
February 2012	156	118
March 2012	161	135
April 2012	197.90	140
May 2012	186.70	147.20
June 2012	193	161.15
July 2012	188	162
August 2012	244.30	160.25
September 2012	252.40	198.50
October 2012	272.30	226.10
November 2012	290	233.55
December 2012	292.20	195.50

Share price performance in comparison to broad based indices - BSE Sensex

	Share Price v/s. BSE	
	Share Price (Rs.)	BSE Sensex
As on 01/01/2012	105.75	15,454.92
As on 31/12/2012	199.25	19,426.71
% Change	88.42	25.70

Total Equity of the Company as on 31.12.2012 was 63,817,765 of Rs. 10 each.

Registrar and Share Transfer Agents

LINK INTIME INDIA PRIVATE LIMITED
(Unit : Claris Lifesciences Limited)
C-13, Pannalal Silk Mills Compound
LBS Road, Bhandup (West)
Mumbai – 400 078
Contact Person : Sangeeta Lotankar
Tel No. : 25963838 Ext : 2293
e-mail : sangeeta.lotankar@linkintime.co.in
Website: www.linkintime.co.in
SEBI Registration No: INR00000 4058

Share transfer system

The Company has a Registrar and Share Transfer Agent. Share transfers, if documents are found to be in order, are registered and Certificates are returned in the normal course within two weeks from the date of receipt of the documents. Request for dematerialisation of shares are processed and confirmation given to the respective depositories i.e, National Securities Depositories Limited (NSDL) and Central Depository Services (India) Limited (CDSL) within seven days.

Distribution of shareholding as on 31st December, 2012

No. of Equity Shares	No.of Shareholders	% of total shareholders	No. of Shares	% to total Capital
Less than 500	15,190	92.18	1,468,311	2.30
501 – 1000	724	4.39	512,458	0.80
1001 – 2000	236	1.43	363,674	0.57
2001 – 3000	83	0.50	216,460	0.34
3001 – 4000	46	0.28	164,300	0.26
4001 – 5000	44	0.27	209,496	0.33
5001 – 10000	61	0.37	441,976	0.69
10000 and above	95	0.58	60,441,090	94.71
TOTAL	**16479**	**100.00**	**63,817,765**	**100.00**

Shareholding Pattern as on 31st December, 2012

Category	No. of shares held	% Shareholding
Company Promoter / Promoter Group	39,605,331	62.06
Mutual Funds / UTI	178,871	0.28
Financial Institutions / Banks	32,421	0.05
Foreign Institutional Investors	6,491,218	10.17
Non-Resident Indians	150,281	0.24
Non Resident Non- Repatriable	200,785	0.32
Foreign Venture Capital Investors	7,111,095	11.14
Qualified Foreign Investors - Corporate	1,700,000	2.66
Bodies Corporate	3,152,560	4.94
General Public	4,711,294	7.38
Clearing Members	482,643	0.76
Trusts	1,266	0.00
TOTAL	**63,817,765**	**100.00**

Report on Corporate Governance

Dematerialisation of shares

The equity shares of the Company are in dematerialised form as on 31st December 2012 except 3 shares. Trading in Equity Shares of the Company is permitted only in dematerialised form.

Outstanding GDRs/ADRs/Warrants or any convertible instruments, conversion date and likely impact on equity

Nil.

Plant Locations

Village : Chacharwadi, Vasna
Taluka : Sanand
Ahmedabad - 382213

Address for Correspondence

For Shares held in physical & Demat form
LINK INTIME INDIA PRIVATE LIMITED
(Unit : Claris Lifesciences Limited)
C-13, Pannalal Silk Mills Compound
LBS Road, Bhandup (West)
Mumbai – 400 078
Website: www.linkintime.co.in
Email : sangeeta.lotankar@linkintime.co.in
SEBI Registration No: INR00000 4058

Any Query on Annual Report

Claris Lifesciences Limited
Secretarial Department
Claris Corporate Headquarters
Nr. Parimal Railways Crossing, Ellisbridge,
Ahmedabad – 380006
For any other queries : Email : investorservices.corp@clarislifesciences.com

Report on Corporate Governance

COMPLIANCE CERTIFICATE ON CORPORATE GOVERNANCE

To the Members of Claris Lifesciences Limited.

We have examined the compliance of the conditions of Corporate Governance by Claris Lifesciences Limited for the year ended 31st December, 2012, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the Financial Statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, and representations made by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Ashish C. Doshi
Practicing Company Secretary
C.O.P No. : 2356

Place : Ahmedabad
Date : 23rd February, 2013

Declaration on Compliance with Code of Conduct

As provided under clause 49 of the Listing Agreement with the Stock Exchange, the Board Members and the Senior Management Group have confirmed compliance with the Code of Conduct for the year ended 31st December, 2012.

For Claris Lifesciences Limited

Arjun S. Handa
Managing Director & CEO

Place : Ahmedabad
Date : 23rd February, 2013

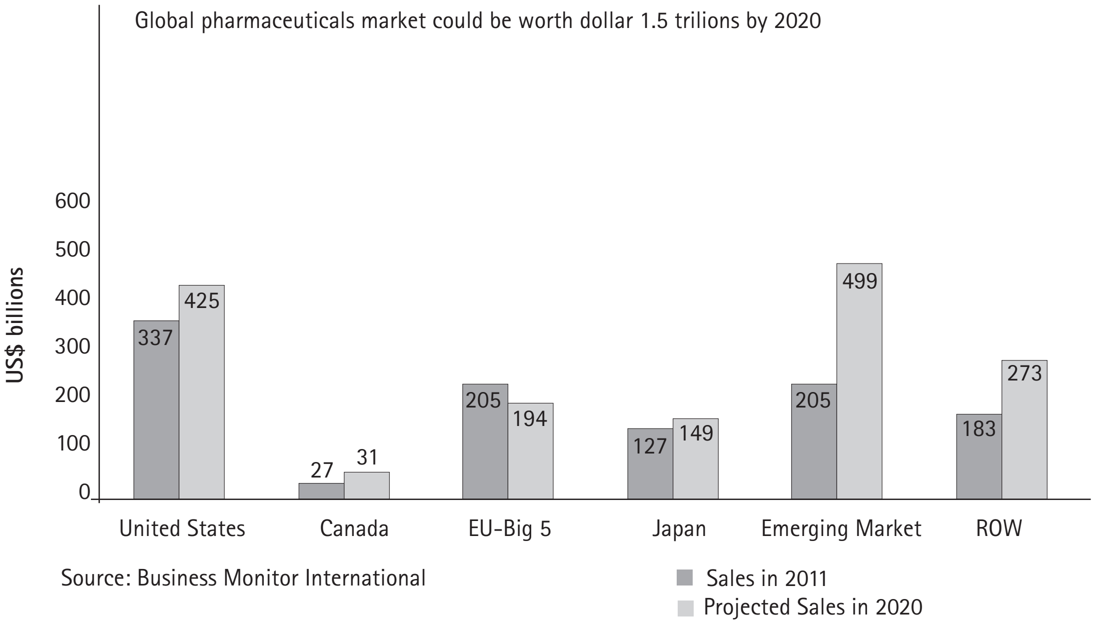
Management Discussion & Analysis

Industry Landscape, Opportunity and Outlook

Global Pharmaceutical Industry

The global pharmaceutical industry is expected to be worth more than USD 1 trillion in 2014, marking a 5% compound annual growth rate. The industry is comprised of companies that make, patent and sell drugs that have therapeutic effect. The market is highly competitive and entry is difficult due to a combination of strict regulations and the need for extensive research and development, involving time-consuming clinical trials.Much of the future global growth in the Pharma industry is expected from emerging markets where the health systems are rapidly developing. In mature market, all hope is on new drugs, even the meager growth predicted is far from secure. US$119 billion revenues of originals are projected to be wiped off due to loss of exclusivity (LoE) - a stunning 18% of the total Pharma sale in mature markets. IMS expects that these losses can – over the whole industry – be compensated by new original drugs, to be launched between 2012 and 2015, which are supposed to contribute US$120 billion in new sales.

Globally, the scientific foundation on which the pharma industry rests has improved vastly over the years. Technologies for collecting and synthesizing biological data are improving and becoming much cheaper and more efficient. However, in the short term, the industry continues to face challenges like patent cliff, rising drug discovery cost, harsher regulations and price controls, coupled with spiraling healthcare cost. The emerging markets represent the fastest-growing segment of the global pharma industry. Total pharma industry is expected to reach 1.5 trillion USD by 2020.



Sales in the four BRIC countries (Brazil, China, India and Russia) were up by 22.6% over the previous year, indicating that real surge in growth will come from the emerging markets. Most of the projected increase in revenues will come from branded generics rather than innovator products.

As per industry estimates, the total expenditure on healthcare in these markets is likely to grow from 205 billion to 499 billion USD by 2020 with most markets expected to grow at double digit rates as shown in the above chart.

Demand Drivers

Growing & ageing global population	Growing sick population	Rising incidence of non-communicable & infectious diseases	Improved access to healthcare	Higher affordability
In 2010,there were an estimated 6.9 billion people in the world. By 2020 the world population will be more than 7.6 billion. By 2020, more than 13% of the population in world will be 60 or older.	Patients are demanding better treatment. Sedentary Lifestyle and age are causing many illnesses.	World Health Organisation predicts that, by 2020, non - communicable diseases will account for 44 million deaths a year – 15% more than in 2010.	More people have access to healthcare than ever before. Emerging economies are working hard to improve access to healthcare. China is on track with a 125 billion USD programme to extend health insurance cover to more than 90% of the population by the end of 2012.	The growing middle-class population with higher disposable income is able to afford quality healthcare. By 2020, more than 40% of all households in china, India and Indonesia will be 'middle-class'-defined as those with annual incomes of between 5,000 and 15,000 USD.

Management Discussion & Analysis

Indian Pharma Scenario

The Indian pharma industry is showing signs of healthy growth and has been consistently growing at a CAGR of more than 15% over the last five years. The healthy growth reflects the inherent strengths of the industry and improving healthcare standards in the country. If this trend continues, the Indian pharma industry is likely to be one of the top 10 global markets by value by 2020.

INDIA IS PROJECTED TO BE THE 10TH LAGEST MARKET BY 2015

US$ billion

Source : IMS World Review; analyst projections; McKinsey India Pharmaceutical Demand Model

Recent trends like mobile health along with innovations in health insurance and medical technology are enabling the industry to deliver superior healthcare services. Further, the industry has seen many regulatory interventions over the last one year, which will require careful consideration by pharma companies as they plan their future strategies. High burden of disease, good economic growth leading to higher disposable incomes, improvements in healthcare infrastructure and improved healthcare financing are driving growth in the domestic market.

However, in order to sustain the growth in the long run, companies will need to modify their business models and connect with their customers faster and work on innovative ideas to serve them better. Indian pharma companies have also capitalized on export opportunities in regulated and semi-regulated markets by growing at a CAGR of 21.54% over from 2006 to 2012 and will continue to grow in these markets. Other trends like increase in coverage of health insurance, advancement in medical technology and penetration of mobile health services will give further impetus to the growth of the Indian pharma industry. The government of India is also considering a proposal to increase public expenditure on drugs from 0.1% of GDP to 0.5% of GDP and provide free essential medicines to all. Further reforms are required in the insurance sector to include coverage of outpatient expenses and drug-related expenditure.

It is believed that the US market will remain the Indian pharma sector's main focus area in the short to medium term. This is mainly driven by the sheer size of generic opportunities in the US market. The US generic market size (about USD100bn) may grow at a CAGR of 8%-9% in the medium term on account of patent expiries coupled with pro-generic healthcare policies.

During 2013-2015, opportunities on account of patent expiries will amount to around USD120bn. Indian players with robust product portfolio, filings and necessary manufacturing infrastructure are well placed to capitalize on this upcoming opportunity. Also, the Patient Protection and Affordable Care Act (PPACA, commonly called Obamacare), which is aimed at reducing the number of uninsured Americans and reduce overall healthcare costs, will also increase demand for generics in the US. It is also believed that the Indian market's continued focus towards the US market will also be led by the low investments required in setting up a distribution infrastructure, given the market is pure generic market versus a branded generic market.

Growth in the market will be driven by the following factors:

1. Changing disease profile and favorable demographics

In India, socio-economic changes and urbanization along with sedentary lifestyle are leading to rapid epidemiological transition. As a result, the Indian population is becoming affluent, living longer and increasingly suffering from lifestyle-related ailments such as obesity, heart disease, stroke, cancer and diabetes. The number of Indian people suffering from these diseases is set to double by 2020. This change in patient demographics will fuel the demand for quality and affordable treatment in the domestic market.

2. Active participation by foreign pharma companies

Over the years, foreign pharma companies have tapped the Indian pharma market through a series of major acquisitions, launches of new products (especially in the branded segment with India-centric pricing) and expansion of field force. Further, MNCs have adopted India centric strategies such as differential pricing strategy to strengthen their presence in India and address the issue of affordability. MNCs are launching patent-protected drugs in India at lower price points than those in developed markets.

3. Exports to regulated and semi regulated markets

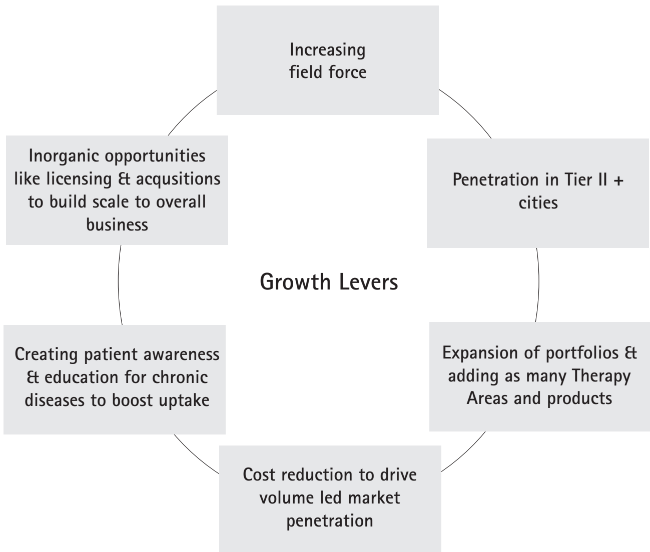
Exports have made significant contribution to Indian pharma industry's growth story, with the critical market of US generics driving the growth. In addition, the healthcare reforms initiated by the US government, aimed at reducing healthcare spending and covering a larger proportion of population under public healthcare, are also likely to provide impetus to growth in the generics market. Apart from the developed markets, the Indian pharma companies have strengthened considerable presence in some of the other fast-growing semi-regulated markets of Russia, South Africa and some in Latin American countries (Brazil, Mexico, etc.) and South-East Asia. These emerging markets offer strong growth prospects for Indian players given that some of these are branded generics markets, with high out-of pocket expenditure on healthcare (unlike developed markets). Some markets have relatively easier regulatory pathway.

4. Growing alliances in emerging markets

Indian companies have also been partnering with MNCs in emerging markets. Such alliances benefit from the R&D (formulation development) and manufacturing capabilities of the Indian partners and the extensive marketing and distribution footprint of the MNCs in those markets. There is also an increasing trend among MNCs for partnering in the domestic market, where marketing and distribution footprint of Indian companies and the product portfolio of MNCs is being leveraged upon. Hence, going forward, India should leverage its strengths in the supply of low-cost, quality medicines across the world and partner with foreign companies to drive growth and play a larger role in global pharma market.

Over the years, pharma companies have grown inorganically through acquisitions, but due to higher valuations seen in the sector over the last two years, they have been exploring newer methods of partnerships such as joint ventures and licensing of innovator products and technologies. Companies are focusing on improving operational efficiencies and have also used the traditional growth levers to drive growth. These initiatives have yielded results but some have also brought in new set of challenges, which companies will have to address for achieving profitable and sustainable growth.

Growth Levers



Opportunities and Challenges

Continuing cost-saving pressures by payers around the globe may limit the sales of new products - or even prevent them coming to the market at all. Health-Technology Assessments used to determine whether a drug's benefits are worth the money have already caused some companies to pull products off the market, or delay its development. These new policies, within the context of the continuing fiscal crises around the globe, will probably lead to a re-evaluation, and potentially abandonment, of some candidate products. This may cause the Pharma market in mature countries to even shrink.

In addition, high research and development costs, lengthy clinical trial processes, expiring patents and difficulty in gaining product approval from the appropriate regulatory bodies all mean that companies must produce blockbuster drugs and continue to do so to remain in good standing.

Other challenges facing the industry include pressure from purchasers, such as hospitals, who negotiate discounts with wholesalers or manufacturers when buying in bulk – thereby increasing pressure on pharmaceutical companies to produce cost-effective drugs to remain competitive and gain approval for new drugs.

Globally, the industry is at the crossroads of many challenges and, at the same time, seeing new trends in technology that will help it break through some of the barriers that have previously held it back. Major scientific and technological advances, coupled with socio-demographic changes and increasing demand for medicines will revive the pharma industry's fortunes in another 10 to 20 years. But it will all depend on the decisions pharma companies will take between now and the end of the decade to capitalize on the opportunities the next decade holds.

Industry continues to face the classic problems of, The 'patent cliff': Between 2012 and 2018, generic erosion will wipe an estimated 148 billion USD off the pharma industry's revenues.

"Rising drug discovery cost": Developing new medicines is becoming an increasingly expensive business. Annual output of the pharma industry has effectively flat lined over the past years.

"Increasing government pressure with harsher price controls and taxes": The rules governing the development and manufacturing of medicines are getting tighter. Both the European Medicines Agency (EMA) and the US Food and Drug Administration (FDA) now focus more heavily on risk management. FDA is building an active surveillance system to monitor the safety of all medicines in the US market.

"Greater collaboration of the regulators across the world": Regulators around the globe are working closely with each other, which mean that a product rejected in one region is more likely to be rejected in others.

"Changing marketing and sales model": The traditional marketing and sales model is becoming completely inadequate in large parts of the world

"Spiraling healthcare cost": Healthcare expenditure as a percentage of gross domestic product (GDP) is rising. The steepest rise is seen in the mature markets, where the industry has historically earned most of its revenue.

The Indian pharma industry has been facing several regulatory challenges like foreign direct investment (FDI) policy, pricing policy, patent protection, regulatory approvals and compulsory licensing, which require careful consideration by the companies.

Road Ahead

As the industry embarks on its road to 2020, it has taken a giant leap in understanding the newer technologies of genomics, proteonomics, etc., which have led to the production of new medicines, diagnostic tools and lines of research. However, there is still a lot to learn about the human body and even better things lie ahead. Companies will have to re-evaluate their product portfolio, pipeline and development strategy. They will need to revise their budgeting and forecasting processes, billing and payment systems, and almost everything about the way they have been going to the market. We believe there are a number of things companies can do to equip themselves for the journey to 2020 and increase their chances of reaching the end of the road in a good shape.

The Indian market provides significant growth opportunities for the pharma industry. However, for the industry to sustain a robust growth rate of 15–20% till 2020, companies will have to rethink the way they have been doing business. Pharma companies will continue to grow inorganically through alliances and partnerships. They will continue to focus on improving operational efficiency and productivity. However, to meet the requirements of changing business environment, they will have to adopt new business models and think of innovative ideas to service their evolving customers faster and better. Developments in the health insurance sector, medical technology sector and mobile telephony can help the growth of the pharma industry by removing financial and physical barriers to healthcare access in India. Overall, the various regulatory interventions require careful consideration by the pharma industry. Companies adjust to the regulatory environment as they seek to capitalize on the opportunities provided by the Indian market will be an interesting space to watch in the coming years. As emerging markets become increasingly important and as India's role among these markets becomes progressively significant, both domestic and pharma MNCs will need to adapt their business models, organizations and processes and create customized strategies.

Global M&A Outlook

M&A activity has picked up recently in comparison to earlier years, which were particularly weak then. Pharma companies are growing both organically and inorganically. Inorganic growth is happening through licensing and partnerships as high valuation of assets is making acquisitions difficult. Further, companies are organically improving their operations and productivity by increasing field force sizes, penetrating in Tier II and III cities and by expanding their product portfolios.

Top global pharmaceutical companies expect to see increased levels of consolidation in 2013 and going forward. The need for new product pipelines, new product acquisition, patent expiries, cost containment, and credit availability are identified as the key drivers for increase in M&A activities in the global pharmaceutical industry. Larger companies have cash piled in their accounts books, while their product line is limited to few market leading products. These companies find it as an opportunity to acquire and leverage on promising portfolios from smaller organizations. There are several major deal drivers which are fueling the increase in M&A activities globally.

Significant Deal Drivers

Basically, we see four key drivers for deal making which are cost synergies; access to innovation and candidate products; access to new geographic markets; and break-ups and spin-offs to improve the investment story.

Cost synergies

In the shorter term, research-driven Pharma companies must further consolidate. The dependency of some players, even large firms, on single originals is not sustainable and there is simply not enough good innovation to keep all the originators in place. Hence, we expect that in the mid-term, far fewer large players will launch new products– which are developed mainly together with smaller, innovative firms. The bulk of the market, however, in terms of Volume will be large, integrated health companies with a global footprint, strong brands and lean cost structures. We assume that as soon as the stock markets recover and supply of debt to fund large transactions resumes, a number of large mergers involving mid-sized Pharma companies will take place.

Management Discussion & Analysis

R&D Deals

In-licensing and acquisitions will obviously continue to be the prime route for Big Pharma to fill their pipelines with drug candidates. However, the potential of a candidate drug typically can only be assessed following the first data of phase II studies and development-stage bio-pharma companies which tend to focus all resources on the most advanced products, treating the others as "not so important" that are merely dragged along. Hence the pool of really interesting projects (lead products in phase II or beyond) is much smaller, and most of them, one would assume, are already licensed out to a Big Pharma partner. Good new drug candidates are extremely difficult to find, or, as a Pharma executive put it: "There can't be a good Phase II product which is not yet partnered – if it is not partnered it is not good."

Access to new geographic markets

Pharma companies are aggressively pursuing acquisition strategies in emerging markets. However, the issue is that opportunities are scarce – everybody is going there – and valuations are high. One way to get around this challenge is to acquire Western Pharma companies that have established a foothold in emerging markets.
(Sources: PWC Pharma summit 2012, IMAP Global Pharma and Biotech M&A report 2012, Report Linker – Pharmaceutical Industry: Market research Report statistics and Analysis)

Financial Performance

The financial statements have been prepared in compliance with the requirements of the Companies Act, 1956 and Generally Accepted Accounting Principles (GAAP) in India. The Revised Schedule VI of the Companies Act, 1956 has been adopted while preparing these statements, in accordance with the notification from the Ministry of Corporate Affairs.

(Financial figures without decimal are rounded off to Rs. Lacs)

Statement of Consolidated Profit and Loss

The following table details out the statement of profit and loss for the year ended on December 31, 2012 and December 31, 2011.

(Rupees in Lacs)

	for the Year ended on 31-12-2012	for the Year ended on 31-12-2011	% Change
Revenue			
Revenue from operations			
(a) Gross Sales	77,623	74,802	4%
Less : Excise Duty	1,351	925	46%
Net Sales	76,272	73,877	3%
(b) Operating income	464	172	170%
Revenue from operations (net)	76,737	74,048	4%
Other Income	1,029	1,597	-36%
Total Revenue	**77,766**	**75,645**	3%
Expenses			
Cost of materials consumed	21,780	22,866	-5%
Purchase of Stock in trade	4,686	5,533	-15%
Changes in inventories of finished goods and work in-progress	(1,418)	(1,287)	10%
Employees benefits expense	5,236	4,523	16%
Finance cost	6,505	5,543	17%
Depreciation and amortization expense	7,427	5,468	36%
Other expenses	19,972	17,854	12%
Total expenses	**64,188**	**60,499**	6%
Profit before tax	**13,578**	**15,146**	-10%
Total Tax Expense	**3,187**	**2,520**	26%
Net Profit After Tax	**10,391**	**12,626**	-18%

Revenue Break Up

Company's total Income for the year ended December 31, 2012 comprises of three elements:

- Revenue from Operations
- Operating Income
- Other Income

The table below illustrates the contribution of each of these components to the company's total income for FY 2012 and FY 2011: (Rupees in Lacs)

	FY 2012	FY 2011
Revenue from Operations	98.1%	97.7%
Operating Income	0.6%	0.2%
Other Income	1.3%	2.1%
Total Revenues (%)	100%	100%
Total Revenues	77,766	75,645

The Share of revenues from net sales between domestic and export market is as follows (Rupees in Lacs)

	FY 2012	%	FY 2011	%
Domestic	35,601	47%	34,604	47%
Exports	40,671	53%	39,273	53%
Net Sales	76,272	100%	73,877	100%

Management Discussion & Analysis

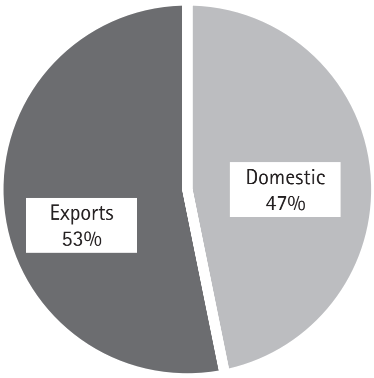
On consolidated basis, the net sales of the company for the year ended December 31, 2012 stood at Rs. 76,272.34 Lacs against Rs. 73,876.57 Lacs for the previous year.

In Domestic segment the net sales for the year 2012 is Rs. 35,601.11 lacs which has increased by Rs. 997.37 lacs compare to the previous year. The increase in sales is attributed to improved efforts in sales of products in the domestic segment and increased market penetration.

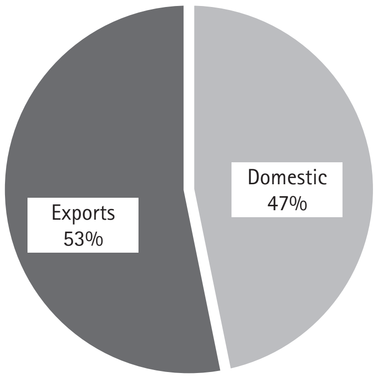
The exports sale has increased from Rs. 39,272.83 Lacs for the year ended December 31, 2011 to Rs. 40,671.23 Lacs in the current year which shows a growth rate of approximately 4%. The reason for lower growth rate in sales in the export market is because of lower pick up of sales in some of the European markets. Although, company was facing an import alert from USFDA during the year 2011; company was able to sustain its revenues from the export market. During the year 2012 in the month of August 2012, company has been successful in getting its facility re-approved from USFDA and has been allowed to sales its products in US. The sale of products in US is expected to commence from the next year.

On overall basis, the company has been able to maintain its share of revenues from domestic and export segment at the same level as it in the previous year. Out of the total revenues approximately 47% of revenues are achieved from the domestic segment and close to 53% from the export segment, approximately same as the last year.

Sales 2012



Sales 2011



Operating Income

The operating income has increased by 170.48%, from Rs. 171.68 Lacs in the previous year to Rs. 464.36 Lacs. The primary reason for the increase in the operating income is attributed to additional income of Rs. 208.67 lacs by way of export benefits and additional income of approximately Rs. 84 lacs by way of sales of scrape.

Other Income

The other income has reduced by Rs.567. 36 lacs from Rs. 1,596.84 Lacs in the year 2011 to Rs. 1,029.49 Lacs. The primary reason for the reduction in the other income is due to reduction in interest income from Rs. 1,425.97 lacs in 2011 to Rs. 680.51 Lacs in 2012. During the last year, interest income was earned from the fixed deposits out of the IPO proceeds, which have been utilized during this year and therefore interest income has reduced significantly.

Cost of Material Consumed

The combined material cost including the stock of finished and process stock and purchase of traded goods which has decreased by 7.61% from Rs. 27,111.68 Lacs in 2011 to Rs. 25,048.54 Lacs in 2012. The consumption of raw material has decrease due to change in product mix. As a percentage to sale, the material consumption has changed from 36.70% in 2011 to 32.84% in 2012.

Employee Expense

Personnel cost comprises of the Salaries, Wages, Bonus & Gratuity, Contribution to Provident and other funds and Staff Welfare. The personnel cost has increased by 15.77% from Rs. 4,522.64 Lacs in 2011 to Rs. 5,235.68 Lacs in 2012. The primary reason for the increase in the employee expense is because of increase in Salary, wages and bonus expense, which is due to annual increments offered to employees and additional employees recruited.

Interest Expense

Interest and Finance charges consist of the interest expense for working capital and term loans. Our net interest expense has increased by Rs. 962.57 lacs, increase from Rs. 5,542.69 Lacs in 2011 to Rs. 6,505.26 Lacs in the year 2012. The increase in interest expense is attributable to increase in debt utilization during the year.

Depreciation and Amortization Expense

During the fiscal year, depreciation has increased by Rs 1,958.67 Lacs. The increase is mainly on account of new investments to augment our manufacturing facilities.

Management Discussion & Analysis

Other Expenses

This head encompasses traveling and conveyance charges, communication expenses, professional costs, power and fuel, lab consumables, repairs and maintenance, selling expenses like freight outwards, sales promotion and commissions, provision for doubtful debts and other general overheads. Over this fiscal, operating and other expenses have increased by 12% due to increase in:

- Outward freight to the extent of 31% compare to previous year
- Contract labor and store and spare charges to the tune of approximately 50%.
- Consultancy charges, legal fees and General charges.

Tax Expense

Tax expense for the current year stood at Rs. 3,187.00 Lacs compare to Rs. 2,520.10 Lacs in the previous year.

Net Profit

Net profit for fiscal year 2012 has reduced by 17.70% from Rs.12,625.54 Lacs in the fiscal 2011 to Rs 10,391.12 Lacs in 2012, resulting in basic EPS of Rs 16.28 in the year 2012. EBITDA margin has improved from 35.41% in 2011 to 36.07% in 2012. The primary reason for the reduction in profit is due to increase in depreciation and interest expense in 2012 compare to 2011. As a percentage to net sales, profit margin has changed from 17.01% in 2011 to 13.62% in 2012.

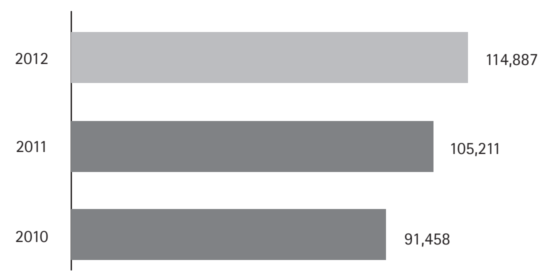
Summarized consolidated profit and loss statement (Rupees in Lacs)

	2012	2011
Net Sales	76,272	73,877
Other Income	1,494	1,769
Earnings Before Interest, Tax, Depreciation and Amortization	27,510	26,157
EBITDA margin (%)	36.07%	35.41%
Profit Before Tax	13,578	15,146
PBT margin (%)	17.80%	20.50%
Profit after Tax	10,391	12,626
Net profit margin (%)	13.62%	17.09%

Financial Highlights

*Based on GAAP Consolidated Financial Statements

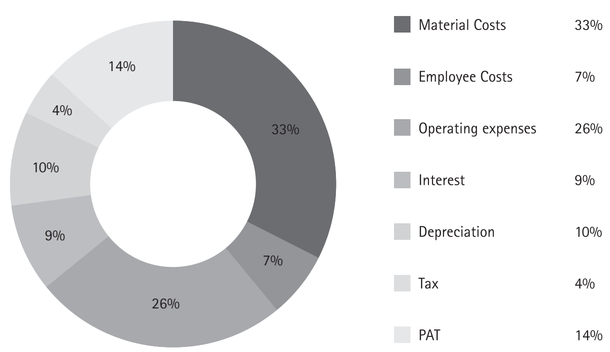
Net Worth (Rs. in Lacs)



Debt Equity Ratio

Current Ratio

Distribution of revenues - FY12



Liquidity

Our primary liquidity requirements are for financing working capital requirements and funding capital expenditure projects. The financing needs are met through internal accruals and short term and long term borrowings.

(Rupees in Lacs)

	2012	2011
Net Cash Generating from Operating activities (A)	**33,418**	**(1,893)**
Net Cash Used for:		
Net Cash used in investment activity (B)	**(43,661)**	**(22,122)**
Capital Expenditure	(44,303)	(23,450)
Interest Received	642	1,328
Cash from Financing Activities (C)	**5,827**	**(2,420)**
Proceeds from Long Term Borrowings (Net)	12,257	2,985
Proceeds from Short Term Borrowings (Net)	1,088	1,365
Interest Paid	(6,242)	(5,494)
Dividend paid	(1,276)	(1,276)
Net Cash Equivalents (A+B+C)	**(4,416)**	**(26,435)**
Cash at Beginning of the year	12,044	38,479
Cash at End of the year	**7,628**	**12,044**

Risk and Concerns

The company is exposed to certain risks such as Regulatory changes, credit and liquidity risks, Product liability risks, New Product risks, competition, Government price controls, litigation relating to Intellectual Property Rights and products quality, foreign exchange fluctuation, economic and political environment etc. The Company has a Corporate Risk Management team consisting of professionally qualified chartered accountants and functional specialists who are empowered to examine/audit the adequacy, relevance and effectiveness of the control systems, compliance with policies, plans and statutory requirements and to take the necessary steps for mitigating risks profile of the company.

Internal Control systems and their adequacy

The company has a reasonable system of internal control comprising authority levels and powers, supervision, check and balances, policies and procedures. It has in place adequate systems of internal control, commensurate with its size and the nature of operations. The system is review and updated on a ongoing basis. The company has well defined internal audit system which it continuously upgrades by measures such as strengthening of IT enabled activities and use of external management services.

Corporate Social Responsibility

Claris is sensitive towards the unmet needs of the society, and hence strives to support initiatives aimed at promoting sports, educations, culture, and economic elevation in the society.

Supporting Sports for a Cause

At Claris, sports play a very important role in the development of youth & society; hence, your Company encourages, sponsor & participate in such sporting events & initiatives.

Soccer is quite a neglected sport in our country, especially in Gujarat. In such a situation, an attempt towards encouraging and instigating budding footballers who do not have enough resources to reach higher levels, and being a part of such expeditions to ardently support this sport is a remarkable initiative itself.

Your Company, out of the passion for the soccer and with a cause to support & encourage the youth of the state, partnered with The Times of India (TOI) to organize first of its kind school soccer tournament in Gujarat - 'TOI-Claris Twenty20 School Soccer Tournament'. The tournament received a roaring response from throughout the state where 32 teams were selected to play. Claris sponsored the entire soccer kit to all team members. The tournament was a huge success with hundreds of spectators visiting throughout the tournament along with various personalities of the state.

The very cause of organizing this tournament was fulfilled where extensive participation from the youth of the entire state was given an opportunity to showcase their skills and passion for football.

The Company sponsored 'Claris Cup Inter-district Girl's Football Championship 2012' at Gandhinagar in association with Gujarat State Football Association (GSFA) which was organized by Gandhinagar District Football Association. The tournament was a major boost to the young budding women footballers of the state.

- The Company sponsored 'Claris Soccer Tournament' organized by Sports Club. There was participation from various soccer enthusiasts of different age groups. The tournament witnessed many exciting matches among enthusiast young participants.
- The Company sponsored a team at a golf tournament in the 'Navratna TAEGA (The Ahmedabad Elite Golfers Association) Cup 2012' where prominent companies of Ahmedabad, Gujarat participated.
- The Company participated in 'Corporate Sixes Carnival' which was a cricket tournament where Claris team, consisting of Company's members, participated will full enthusiasm and zest.

It is a matter of pride that your Company have been instrumental in popularizing and supporting various sports as well as rising stars of the state through sponsorship and participation.

Extending help to Students

Since more than a decade, your Company have been distributing school items to the students of a school at Chancharwadi village near our manufacturing facility on the occasion of Independence Day. This year too, your Company had distributed school bags and chocolates to the students. One of your senior members delivered an inspiring speech to them regarding the value of student life, and their personal growth along with our Nation's growth. The students were delighted to receive the gifts and teachers & Principal of the school also appreciated the efforts towards the betterment of the students.

Toy Collection Drive

Your Company have supported Yuva Unstoppable, a fully volunteer-run movement in 30 cities & helping 80 NGOs, in many of its initiatives for the betterment of the unprivileged. The Company partnered a toy collection drive where your Company collected used & old toys from the organization's members and donated the same to unprivileged children.

Earlier, the Company had organized a clothes collection drive with Yuva where the members donated their clothes for the unprivileged and played their part for a social cause.

Buy for a Cause
The Company accommodated a stall from a design company which displayed creative/decorative bulbs and Diwali greeting cards for sale to the members for a cause. The members contributed generously towards this philanthropic endeavor, as proceeds from the sale were to be passed to the underprivileged.

Voting Awareness Campaign
Your Company substantiated the voting awareness campaign 'Maro Vote, Ej Maro Sandesh' and supported the cause by inviting team from Sandesh, a leading publication house to conduct a 'Corporate Pledge' activity, wherein the members showed their commitment to vote by signing a pledge. The Company also encouraged all the members to vote proactively during the assembly elections by making the timings flexible for that day.

Motif Charity Walk
Every year, Motif organizes a Charity Walk to benefit certain NGOs of the state working for various social causes. This year too, the Company was one of the associate sponsors in Motif Charity Walk 2012. Some of the members also participated in the walk for the cause.

Sabarmati Cyclothon
Sabarmati Cyclothon was organized by Ahmedabad Municipal Corporation in association with Cycling Federation of India to support the benefits of cycling. One of your senior member participated in the cyclothon and emerged as one of the toppers.

Over and above encouraging various societal initiatives and campaigns, the Company support Poiesis Achievement Foundation, a not-for-profit organization having a mission of promoting Achievement Motivation in young children, and Indian Renal Foundation (IRF), a voluntary health organization dedicated to the cause of kidney failure patients in India.

Human Resource
Your Company found the place of pride for the 3rd time in a row in 'The Best Place to Work for in India' study conducted by The Economic Times and Great Place To Work Institute, India. We also struck hat-trick by winning 1st rank in 'Healthcare' category; overall, we ranked 13th among Top 50 companies having 1000+ employees in the 2012 study.
The caring work environment, robust work practices and spirit of delivering excellence & winning were recognized in the study.

Recruitment
Your Company started adopting newer non-traditional ways of hiring along with the traditional ways and internal AutoQuest, a member referral program where members can refer their friends and relatives for the vacant positions. The newer ways are:

- Posting of vacancies by the HR and other senior members on professional networking sites like LinkedIn.
- Interviewing the outstation candidates online on Skype without having them to travel and hence saving on time and money.
- Selection of candidate based on aptitude test, several psychometric tests, handwriting analysis which takes into account various skills of the person.

The Company initiated the process of intimating candidates about the status of their recruitment too.

Learning & Development

Your Company conducted various training programs by inviting external faculty, and by nominating key members to premium management institutes like IIMs, ISB, MDI, etc. for developing behavioural skills.

Various psychometric tests were conducted like 16 PF (Personality Factors), extended DISC, Firo-B, etc. These tests were followed by a session with the faculty and one-to-one counselling with the experts.

The learning series 'Reflections & Convictions' was initiated by your MD & CEO which is an effective tool to develop insights on leadership, management capabilities, and behavioral qualities among the members through articles from renowned institutes.

The Company have re-initiated outdoor learning programs where members are made to perform various exercises and team building activities under the guidance of expert.

Cultural Initiatives

Flexibility and adaptability to change are the keys to success. Following this, a new initiative "Thank God It's Saturday (TGIS) was launched whereby members can wear Denim and T-shirt on Saturdays which helps them in unwinding and fostering cordial relationship amongst themselves.

In order to bring some more liveliness and excitement in the culture, a separate bigger space, the Gaming Zone was created at the rooftop for playing indoor games. The gaming zone has besides Table Tennis, Chess and Carrom, a few new games like Pool and Fooseball for members' fitness and recreation.

Believing in the mantra that creativity and positive changes come from all across the organization, the company re-launched the employee suggestion program SPARK, which is an open platform to share ideas, thoughts and suggestions for improvement in the various areas of departmental processes/systems, policies, culture, corporate image, etc.

Internal Communication

In an endeavour to keep the members and their family abreast of the key developments in the company, your Company have initiated Claris Quarterly, a newsletter being sent to members & their families on quarterly basis. The members and their families are informed about the updates of the company and their feedbacks are also received regarding the newsletter.

Employee Engagement & Members Involvement

Like every year, this year too, your Company celebrated Uttarayan and Navratri with the members and their families. The Company also performed Dussehra Havan Pooja, and celebrated festivals like Diwali, Holi, Janmashtami, and Christmas with the members.

Sports Activities

The company fosters a sports culture and the members too are very enthusiastic about sports activities. To maintain the sports-spirit, several tournaments were conducted such as Cricket, Table Tennis, Carrom, Chess, etc. For the first time, a Pool Tournament was also conducted which received an overwhelming response from the members.

All the above initiatives are integrated with business objectives to build such a culture that promotes performance, innovation and growth. As on 31st December, 2012, the total employees of the organization were 1,558.

CAUTIONARY STATEMENT

Certain statements in the Management Discussion & Analysis detailing the Company's objectives, projections, estimates, expectations or predictions may be forward looking statements within the meaning of applicable securities laws and regulations. These statements being based on certain assumptions and expectation of future event, actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include economic conditions affecting domestic demand supply conditions, finished goods prices, changes in Government Regulations and Tax regime etc. The Company assumes no responsibility to publically amend, modify or revise any forward looking statements on the basis of subsequent developments, information or events.

FINANCIAL STATEMENTS

Auditors' Report

To the Members of Claris Lifesciences Limited

1. We have audited the attached Balance Sheet of Claris Lifesciences Limited, ("the Company")as at December 31, 2012, the Statement of Profit and Loss and the Cash Flow Statement for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. As required by the Companies (Auditor's Report) Order, 2003 (CARO) issued by the Central Government of India in terms of Section 227(4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 & 5 of the said Order.

4. Further to our comments in the Annexure referred to in Paragraph 3 above, we report as follows:

(a) we have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
(b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
(c) the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
(d) in our opinion, the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in section 211 (3C) of the Companies Act, 1956;
(e) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
   (I) in the case of the Balance Sheet, of the state of affairs of the Company as at December 31, 2012;
   (ii) in the case of the Statement of Profit and Loss, of the profit of the Company for the year ended on that date; and
   (iii) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

5. On the basis of written representations received from the Directors as on December 31, 2012 and taken on record by the Board of Directors, none of the Directors is disqualified as on December 31, 2012 from being appointed as a director in terms of Section 274(1) (g) of the Companies Act, 1956.

For Deloitte Haskins & Sells
Chartered Accountants
(Registration No. 117365W)

Gaurav J. Shah
Partner
(Membership No : 35701)

Place : Ahmedabad
Date : 28th February, 2013

Annexure to the Auditors' Report

Referred to in paragraph 3 of our report of even date

1. Having regard to the nature of the Company's business / activities, clauses (xiii) and (xiv) of CARO are not applicable.

2. In respect of its fixed assets :

   (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
   (b) The Company has a program of verification of fixed assets to cover all the items over a period of three years which in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, certain fixed assets were physically verified by the management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
   (c) The fixed assets disposed off during the year, in our opinion, do not constitute a substantial part of the fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the Company.

3. In respect of its inventory :

   (a) According to the information and explanations given to us, inventories, were physically verified during the year by the management at all locations at reasonable intervals. In our opinion, the frequency of verification is reasonable.
   (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management were reasonable and adequate in relation to the size of the Company and the nature of its business.
   (c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories. As explained to us, the discrepancies noticed on physical verification of inventories as compared to the book records have been properly dealt with in the books of account.

4. The Company has neither granted nor taken any loans, secured or unsecured, to/from companies, firms or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956.

5. In our opinion and according to the information and explanations given to us, having regard to the explanations that some of the items purchased are of special nature and suitable alternative sources are not readily available for obtaining comparable quotations, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchases of inventory and fixed assets and the sale of goods and services. During the course of our audit, we have not observed any major weakness in such internal control system.

6. According to the information and explanations given to us and on the basis of the representations made by the directors and the management, there are no particulars of contracts or arrangements that need to be entered into the register maintained under section 301 of the Companies Act, 1956.

7. According to the information and explanations given to us, during the year, the Company has not accepted any deposits from public.

8. The Company has appointed a firm of Chartered Accountants for carrying out internal audit. On the basis of the reports made by them to the management, in our opinion, the internal audit system is commensurate with the size of the Company and the nature of its business.

9. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government under Section 209(1)(d) of the Companies Act, 1956 and are of the opinion that prima facie the prescribed cost records have been maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

10. According to the information and explanations given to us in respect of statutory dues :

    (a) The Company has generally been regular in depositing undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, custom duty, excise duty, cess and other material statutory dues applicable to it.
    (b) No undisputed amounts payable in respect of the aforesaid statutory dues were outstanding, as at December 31, 2012 for a period of more than six months from the date they became payable.
    (c) Details of dues in respect of income tax, sales tax and excise duty which have not been deposited as at December 31, 2012 on account of

Annexure to the Auditors' Report

Referred to in paragraph 3 of our report of even date

Statute	Nature of Dues	Forum where Dispute is pending	Period to which the amount relates	Amount involved (Rs. in lacs*)
Income Tax Act, 1961	Income Tax	Income Tax Appellate Tribunal	A.Y. 2006-07	70.55
Income Tax Act, 1961	Income Tax	Income Tax Appellate Tribunal	A.Y. 2007-08	64.87
Income Tax Act, 1961	Income Tax	Income Tax Appellate Tribunal	A.Y. 2008-09	91.50
Income Tax Act, 1961	Income Tax	Commissioner of Income Tax (Appeal)	A.Y. 2009-10	6.13
Andhra Pradesh VAT Act, 2005	Sales Tax	Sales Tax Appellate Tribunal	2006 – 2010	8.93
Central Excise Act, 1944	Excise Duty	CESTAT, Ahmedabad	2008 – 2009	68.59
Central Excise Act, 1944	Excise Duty	Deputy Commissioner, Central Excise	2011-2012	4.33
Central Excise Act, 1944	Excise Duty	Deputy Commissioner, Central Excise	2011-2012	14.87

* Net of amounts paid under protest or otherwise

11. The Company does not have accumulated losses at the end of the financial year. The Company has not incurred cash losses during the financial year covered under the audit and during the immediately preceding financial year.

12. In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to financial institutions or banks. The Company has not issued any debentures.

13. In our opinion and according to the explanations given to us and based on the information available, no loans have been granted by the Company on the basis of security by way of pledge of shares, debentures and other securities.

14. In our opinion and according to the information and explanations given to us, during the year, the Company has not given any guarantee for loans taken by others from banks or financial institutions.

15. In our opinion and according to the information and explanations given to us, the term loans have been applied for the purposes for which they were obtained.

16. According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.

17. During the year, the Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956.

18. The Company has not issued any debentures during the year.

19. The Management has disclosed end use of money raised by public issue in the note no. 25 of the financial statements and we have verified the same.

20. To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company was noticed or reported during the year.

For Deloitte Haskins & Sells
Chartered Accountants
(Registration No. 117365W)

Gaurav J. Shah
Partner
(Membership No : 35701)

Place : Ahmedabad
Date : 28th February, 2013

Balance Sheet

as at 31st December, 2012

(Rupees in Lacs)

	Notes	As at 31-12-2012	As at 31-12-2011
I. EQUITY AND LIABILITIES			
(1) Shareholders' funds			
(a) Share Capital	2	6,381.78	6,381.78
(b) Reserves and Surplus	3	87,239.13	81,280.92
		93,620.91	**87,662.70**
(2) Non - current liabilities			
(a) Long-term borrowings	4	29,894.66	18,172.20
(b) Deferred tax liabilities (net)	5	7,166.99	6,024.44
(c) Other long-term liabilities	6	133.53	341.88
(d) Long-term provisions	7	881.25	636.32
		38,076.43	**25,174.84**
(3) Current liabilities			
(a) Short-term borrowings	4	20,037.67	18,949.18
(b) Trade payables	8	11,257.96	8,786.42
(c) Other current liabilities	6	15,471.35	13,832.69
(d) Short-term provisions	7	1,965.79	2,577.69
		48,732.77	**44,145.98**
Total		180,430.11	156,983.52
II. ASSETS			
(1) Non - current assets			
(a) Fixed assets			
(i) Tangible assets	9	80,473.99	66,134.88
(ii) Intangible assets	9	-	19.19
(iii) Capital work-in-progress		17,426.79	4,191.42
		97,900.78	70,345.49
(b) Non - current investments	10	1,665.62	1,705.72
(c) Long-term loans and advances	11	19,904.22	19,426.08
(d) Other non-current assets	12	126.00	176.00
		119,596.62	91,653.29
(2) Current assets			
(a) Inventories	13	17,194.80	15,210.76
(b) Trade receivables	14	24,793.54	24,385.62
(C) Cash and cash equivalents	15	11,334.39	15,117.12
(d) Short -term loans and advances	11	7,341.56	10,486.11
(e) Other current assets	12	169.20	130.62
		60,833.49	**65,330.23**
Total		180,430.11	156,983.52
Significant Accounting Policies	**1**		
Other notes forming part of the Financial Statements	**2-47**		

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

Gaurav J. Shah
Partner

Place : Ahmedabad
Date : 28th February, 2013

For and on behalf of Board of Directors

Arjun S. Handa
Managing Director

Chandrasingh Purohit
Whole Time Director

Rajesh Kumar Modi
GM - Compliance & Company Secretary

Place : Ahmedabad
Date : 23rd February, 2013

Statement of Profit & Loss

For the year ended on 31st December, 2012

(Rupees in Lacs)

	Notes	For the Year ended on 31-12-2012	For the Year ended on 31-12-2011
Revenue			
I. Revenue from operations	16		
(a) Gross Sales		72,685.39	65,892.00
Less : Excise Duty		1,348.37	925.25
Net Sales		71,337.02	64,966.75
(b) Operating income		464.36	171.68
Revenue from operations (net)		71,801.38	65,138.43
II. Other Income	17	1,213.15	1,592.30
III. Total Revenue (I+ II)		**73,014.53**	**66,730.73**
IV. Expenses			
Cost of materials consumed	18	21,780.21	22,865.55
Purchase of Stock in trade	18	4,242.88	3,706.46
Changes in inventories of finished goods and work-in-progress	19	(1,869.83)	(1,222.36)
Employee benefits expense	20	4,922.81	4,304.50
Finance costs	21	6,491.24	5,529.88
Depreciation and amortisation expense		7,179.44	5,434.14
Other expenses	22	19,594.79	16,620.83
Total expenses		**62,341.54**	**57,239.00**
V. Profit before tax and exceptional items (III- IV)		**10,672.99**	**9,491.73**
VI. Exceptional items	26	45.10	-
VII. Profit before tax (V-VI)		**10,627.89**	**9,491.73**
VIII. Tax Expense :			
(a) Current Tax		2,067.72	2,150.00
(b) Deferred Tax		1,142.55	800.15
(c) MAT Credit Entitlement		-	(594.84)
(d) Short / (Excess) Provision of Tax of Earlier Years		(24.00)	161.09
		3,186.27	**2,516.40**
IX. Profit for the year		**7,441.62**	**6,975.33**
X. Earnings per share	37		
(Nominal value per equity share of Rs.10)			
Basic & Diluted		11.66	10.93
Significant Accounting Policies	1		
Note for disclosures related to AS-24 "Discontinuing Operations"	38		
Other Notes forming part of the Financial Statements	2-47		

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

Gaurav J. Shah
Partner

Place : Ahmedabad
Date : 28th February, 2013

For and on behalf of Board of Directors

Arjun S. Handa
Managing Director

Chandrasingh Purohit
Whole Time Director

Rajesh Kumar Modi
GM - Compliance & Company Secretary

Place : Ahmedabad
Date : 23rd February, 2013

Cash Flow Statement

For the year ended on 31st December, 2012

(Rupees in Lacs)

		For the Year ended on 31-12-2012	For the Year ended on 31-12-2011
A.	**Cash Flow from Operating Activities**		
	1. Net Profit before tax	10,627.89	9,491.73
	2. Adjustment for :		
	Depreciation and Amortisation Expense	7,179.44	5,434.14
	Fianance Cost	6,491.24	5,529.88
	Interest Income	(680.50)	(1,425.97)
	(Profit) / Loss on Sale of Fixed Assets - (Net)	(1.11)	63.88
	Provision for Diminution in Value of long term Investment	45.10	-
	Provision for Doubtful debts and Advances	133.62	66.81
	Bad Debts Written-off	73.65	-
	Unrealised foreign exchange rate difference (gain) / loss (Net)	(1,374.50)	1,261.31
	Operating Profit before Working Capital Changes (1+2)	**22,494.83**	**20,421.78**
	3. Adjustments for:		
	Decrease / (Increase) in trade and other receivables	3,878.78	(4,119.86)
	Decrease / (Increase) in inventories	(1,984.04)	(1,550.75)
	(Decrease) / Increase in trade and other payables	2,863.22	(6,660.97)
	Cash generated from Operations	**27,252.79**	**8,090.20**
	4. Direct Taxes Paid	(2,477.87)	(1,858.35)
	Net cash generated from Operating Activities [A]	**24,774.92**	**6,231.85**
B.	**Cash Flow from Investing Activities**		
	Purchase of Fixed Assets	(34,748.01)	(22,269.85)
	Sale of Fixed Assets	13.11	538.48
	Investment in Subsidiary	(5.00)	-
	Interest Received	641.92	1,328.00
	Net Cash Used In Investing Activities [B]	**(34,097.98)**	**(20,403.37)**
C.	**Cash Flow from Financing Activities**		
	Proceeds from Long Term Borrowings (Net)	11,528.00	2,985.33
	Proceeds from Short Term Borrowings (Net)	1,088.49	1,364.93
	Interest Paid	(6,227.82)	(5,481.14)
	Dividend paid	(1,276.35)	(1,276.35)
	Net cash generated from Financing Activities [C]	**5,112.32**	**(2,407.23)**
	Net Increase/(Decrease) in Cash & Cash Equivalents (A+B+C)	**(4,210.74)**	**(16,578.75)**
	Cash & Cash Equivalents at the beginning of the Year	**11,403.85**	**27,982.60**
	Cash & Cash Equivalents at the end of the Year	**7,193.11**	**11,403.85**

Cash Flow Statement

For the year ended on 31st December, 2012

(Rupees in Lacs)

	For the Year ended on 31-12-2012	For the Year ended on 31-12-2011
Notes:		
1. A) Components of Cash & Cash Equivalents		
Cash on hand	6.96	6.06
Cheques on hand	84.00	944.80
Balances with banks		
- In Current Accounts	2,709.17	2,357.28
- In Margin Money	392.98	2,146.33
- In Fixed Deposit Account	4,000.00	5,949.38
	7,193.11	**11,403.85**
B) Cash and cash equivalents not available for immediate use		
a) In Margin Money and Fixed Deposit Accounts	4,139.18	3,712.07
b) Unclaimed Share application money lying in escrow account	0.18	0.23
c) Unclaimed Dividend Account	1.92	0.97
	4,141.28	3,713.27
Cash & Cash equivalents as per Note 15 (A+B)	**11,334.39**	**15,117.12**
2. Interest paid is exclusive of and purchase of fixed assets is inclusive of interest capitalised	788.49	924.53
3. The above cash flow statement has been prepared under the "Indirect Method" as set out in the Accounting Standard -3 on Cash Flow Statement issued by the Institute of Chartered Accountants of India.		
4. The previous year's figures have been regrouped wherever necessary.		

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

Gaurav J. Shah
Partner

Place : Ahmedabad
Date : 28th February, 2013

For and on behalf of Board of Directors

Arjun S. Handa
Managing Director

Chandrasingh Purohit
Whole Time Director

Rajesh Kumar Modi
GM - Compliance & Company Secretary

Place : Ahmedabad
Date : 23rd February, 2013

Notes forming part of the Financial Statements

1. SIGNIFICANT ACCOUNTING POLICIES:

1.1 Basis of preparation of financial statements

The financial statements are prepared under the historical cost convention on accrual basis of accounting, in accordance with the requirements of the Companies Act, 1956, including the accounting standards notified by the Central Government of India under Section 211 (3C) of the Companies Act, 1956.

1.2 Use of estimates

The preparation of financial statements, in conformity with the generally accepted accounting principles requires that the management makes estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent liabilities as at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates. Difference between the actual results and estimates are recognized in the period in which the results are known / materialized.

1.3 Fixed assets and depreciation

a. Fixed assets are capitalized at cost including all direct costs and other expenses incurred in connection with acquisition of assets and are net of refundable taxes and levies.
b. Depreciation on Fixed Assets is provided on the straight-line method at the rates and in the manner prescribed under Schedule XIV of the Companies Act, 1956 or at the rates based on estimated useful life whichever is higher.
c. Leasehold improvements are amortized over a period of 36 months.
d. Intangible assets are stated at cost and are amortized equally over a period of five years from the year in which incurred.

1.4 Investments

a. Long-term investments are stated at cost. Any diminution in the value, other than temporary, is provided for.
b. Investments in shares of foreign subsidiary companies are expressed in Indian Currency at the rate of exchange prevailing at the time when the original investments were made.

1.5 Inventories

Inventories are valued at lower of cost and net realisable value. Cost of inventories comprises all cost of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition. Cost of raw materials and packing materials is computed on Weighted Average basis. Cost of work-in-progress and finished goods in determined on absorption costing method.

1.6 Revenue recognition

a. Sales include sales of products, dossiers and marketing rights. Sales include excise duty and exchange differences on sales transactions, but are net of sales tax. Sales are recognized at the time when significant risks and reward of ownership in the goods are transferred.
b. Revenue in respect of other income is recognized when no significant uncertainty as to its determination or realization exists.

1.7 Retirement benefits

<u>Defined Contribution Plan</u>

The Company's contributions paid/payable for the year to Provident Fund and ESIC are charged to the statement of profit and loss for the year.

<u>Defined Benefit Plan</u>

The Company's liabilities towards gratuity and leave encashment are determined using the projected unit credit method which considers each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation. Past services are recognised on a straight-line basis over the average period until the amended benefits become vested. Actuarial gain and losses are recognised immediately in the profit and loss account as income or expense. Obligation is measured at the present value of estimated future cash flows using a discounted rate that is determined by reference to market yields at the balance sheet date on Government bonds where the currency and terms of the Government bonds are consistent with the currency and estimated terms of the defined benefit obligation.

1.8 Foreign currency transactions

Transactions denominated in foreign currencies are recorded at the exchange rate prevailing at the time of the transaction.

Monetary items denominated in foreign currencies at the year-end are restated at the year-end rates. In case of items, which are covered by forward exchange contracts, the difference between the year end rate and the rate on the date of contract is recognised as exchange difference and the premium paid on forward contracts is recognised over the life of the contract.

Non-monetary foreign currency items are carried at cost.

Any income or expense on account of exchange difference either on settlement or on translation is recognized in the profit and loss account, except, for the exchange differences arising on settlement or on translation of long-term foreign currency monetary items after 1st April 2011, so far as they relate to the acquisition of a depreciable capital asset, are added to or deducted from the cost of the asset and are depreciated over the balance life of the asset.

1.9 Research and development expenses

Revenue expenditure on Research and Development is expensed as incurred. Expenses of capital nature are capitalized and depreciation is provided thereon as per the policy stated above.

1.10 Expenditure on product registration

Expenditure incurred for registration of products for overseas markets and for product acquisitions are charged to the profit & loss account.

1.11 Borrowing costs

Borrowing costs consist of interest and other costs that the Company incurs in connection with the borrowing of funds and exchange differences arising from foreign currency borrowing to the extent that they are regarded as an adjustment to interest costs.

Borrowing costs that are attributable to acquisition / construction of qualifying assets are capitalized as part of cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are charged to the profit & loss account.

1.12 Leases

Lease rentals in respect of assets taken on operating leases are charged to the profit and loss account on accrual and straight-line basis over the lease term.

1.13 Taxes on income

Current taxation

Current tax provision is determined on the basis of taxable income computed as per the provisions of the Income Tax Act,1961.

Deferred taxation

Deferred tax is recognized for all timing differences that are capable of reversal in one or more subsequent periods, subject to consideration of prudence and by applying tax rates that have been enacted or substantively enacted as on the balance sheet date.

1.14 Provisions, contingent liabilities and contingent assets

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent liabilities are not recognized but are disclosed in the notes to the financial statements. Contingent assets are neither recognized nor disclosed in the financial statements.

Notes forming part of the Financial Statements

(Rupees in Lacs)

	Notes	As at 31-12-2012	As at 31-12-2011
2. SHARE CAPITAL			
Authorised			
120,510,000 Equity Shares of Rs. 10 each		12,051.00	12,051.00
Issued, Subscribed, & Paid up :			
63,817,765 Equity Shares of Rs.10 each fully paid - up		6,381.78	6,381.78
		6,381.78	**6,381.78**
(I) Reconciliation of number of equity shares outstanding at the beginning and at the end of the reporting year :			
As at beginning of the year	Nos.	63,817,765	63,817,765
Add: Issued during the year	Nos.	-	-
Outstading at the end of the year	Nos.	63,817,765	63,817,765
(ii) Rights, Preferences and Restrictions attached to equity shares			
The Company has one class of equity shares having a par value of Rs.10 per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation, the equity shareholder are eligible to receive the remaining assets of the company after distribution of all preferential amounts. in proportion to their shareholding			
(iii) Shareholders holding more than 5% of total equity shares			
Sarjan Financial Private Limited	Nos.	23,780,172	23,780,172
	%	37.26	37.26
Arjun S. Handa	Nos.	7,800,507	7,800,507
	%	12.22	12.22
First Carlyle Ventures III	Nos.	7,111,095	7,111,095
	%	11.14	11.14
Medical Technologies Limited	Nos.	4,653,120	4,653,120
	%	7.29	7.29
Aditya S. Handa	Nos.	3,371,532	7,800,507
	%	5.28	12.22
(iv) Details of bonus shares issued during last five years			
Equity shares allotted as fully paid-up shares of Rs.10 each for a consideration other than cash pursuant to capitalisation of securities premium account	Nos.	17,061,763	17,061,763
3. RESERVES & SURPLUS			
Capital Redemption Reserve		500.00	500.00
Securities Premium Account		34,584.62	34,584.62
General Reserve			
Balance as per last balance sheet		4,703.94	4,178.94
Add : Transferred from statement of Profit & Loss		565.00	525.00
		5,268.94	4,703.94
Balance in statement of profit and loss			
Balance as per last balance sheet		41,492.36	36,520.51
Add : Net Profit for the year		7,441.62	6,975.33
Less : Appropriations			
Proposed Dividend (Rs. 2 per share)		1,276.35	1,276.35
Tax on Dividend		207.06	207.06
Tax on Dividend of earlier year reversed		-	(4.93)
Transferred To General Reserve		565.00	525.00
		46,885.57	41,492.36
		87,239.13	**81,280.92**

(Rupees in Lacs)

	Notes	As at 31-12-2012	As at 31-12-2011
4. BORROWINGS			
Secured :-			
Long-term borrowings, non-current portion			
Term Loans from Banks			
External Commercial Borrowing-in Foreign Currency	4.a	19,173.00	3,728.90
Rupee term loans	4.a	9,282.15	14,398.63
Vehicle Loans	4.c	22.38	30.43
Loans from others			
Rupee term loan from a Finance Company	4.a	1,410.00	-
Vehicle Loan from Finance Companies	4.c	7.13	14.24
		29,894.66	18,172.20
Long-term borrowings, current portion			
Term Loans from Banks			
Rupee term loans	4.a	4,147.55	3,695.40
Vehicle Loans	4.c	32.16	28.74
Loans from others			
Rupee term loan from a Finance Company	4.a	90.00	-
Vehicle Loan from Finance Companies	4.c	7.41	18.74
		4,277.12	3,742.88
Short-term borrowings			
Cash Credit accounts	4.b	18,054.63	18,949.18
Buyers' Credit	4.b	1,983.04	-
		20,037.67	**18,949.18**
		54,209.45	40,864.26

Notes :

a. Term loans in foreign currency and domestic currency are secured by first pari passu charge by hypothecation of specified movable fixed assets, mortgage over immovable fixed assets and second pari passu charge over stocks, receivables and specified immovable properties in favor of the lenders. The formalities of creating charges over specified securities in respect of loans aggregating to Rs. 14302.10 Lacs are in process.

b. Cash credit accounts & buyers' credit are secured by first pari passu charge by hypothecation of all current assets of the company (present and future); second pari passu charge by hypothecation of movable fixed assets (present and future), by mortgage on specified immovable fixed assets of the Company (present and future) and by first pari passu charge through equitable mortgage on specified immovable property of the Company.

c. Vehicle loans from banks and finance companies are secured by hypothecation of respective vehicles.

d. The terms of repayment of term loans & other loans.

	As at 31-12-2012 (Rupees in Lacs)	Principal terms
External Commercial Borrowing	5,478.00	Repayable in equated quarterly installments of USD 8.33 Lacs from July 2014
	13,695.00	Repayable in equated quarterly installments of USD 16.25 Lacs from Mar 2015
Rupee term loans	10,344.90	Repayable in equated quarterly installments of Rs. 753.72 Lacs
	4,584.80	Repayable in equated monthly installments of Rs. 159.13 Lacs
Vehical Loans	69.08	Repayable in equated monthly installments of Rs. 3.29 Lacs

Notes forming part of the Financial Statements

(Rupees in Lacs)

	Notes	As at 31-12-2012	As at 31-12-2011
5. DEFERRED TAX LIABILITIES (NET)			
Deferred tax liabilities			
Difference in depreciation & amortisation for accounting and tax purposes		7,917.97	6,678.21
Deferred tax assets			
Disallowance under section 43B of Itax Act, 1961		432.27	335.06
Share issue expenses set off against share premium allowable under section 35D of IT Act, 1961 in subsequent years		318.71	318.71
		750.98	653.77
		7,166.99	6,024.44
6. OTHER LIABILITIES			
Other Long-term liabilities			
Advances from customers		133.53	341.88
Other Current liabilities			
Current maturities of long-term debt	4	4,277.12	3,742.88
Interest accrued and due		172.21	222.22
Interest accrued but not due		474.92	161.49
Trade advances		4,023.16	3,365.51
Trade deposits		3,852.31	3,713.13
Unclaimed Share Application Money		0.18	0.23
Unclaimed Dividend		1.92	0.97
Advance from related parties		2,297.09	2,200.57
Payables to statutory and other authorities		372.44	425.69
		15,471.35	13,832.69
		15,604.88	**14,174.57**
7. PROVISIONS			
Long-term provisions			
Provision for employee benefits			
Gratuity	33	417.15	348.41
Leave benefits	33	464.10	287.91
		881.25	636.32
Short-term provisions			
Provision for employee benefits			
Gratuity	33	27.49	45.33
Leave benefits	33	31.00	75.51
Taxation (Net of Payments)		423.89	858.04
Product Recall	39	-	115.40
Proposed Dividend		1,276.35	1,276.35
Tax on proposed Dividend		207.06	207.06
		1,965.79	2,577.69
		2,847.04	3,214.01

(Rupees in Lacs)

Notes	As at 31-12-2012	As at 31-12-2011
8. TRADE PAYABLES		
Sundry Creditors		
Micro & Small Enterprise	77.59	39.38
Others	9,967.62	7,269.12
For Capital Goods	1,212.75	1,477.92
	11,257.96	**8,786.42**
a. Disclosures required by Micro, Small and Medium Enterprises Development Act, 2006 ("MSM Act") are as under :-		
Principal amount remaining unpaid to any supplier as at the year end.	77.59	39.38
Interest due on the above mentioned principal amount remaining unpaid to any supplier as at the year end	7.70	4.00
Amount of the interest paid by the Company in terms of Section16 of MSM Act along with the amount of the payment made to the supplier beyond the appointed day during the accounting year	-	-
Amount of interest due and payable for the period of delay in making payment but without adding the interest specified under the MSM Act.	-	-
Amount of interest accrued and remaining unpaid at the end of the accounting year	44.33	36.63

Note :
The above information has been determined to the extent such parties could be identified on the basis of information available with the Company.

9. FIXED ASSETS

(Rupees in Lacs)

Sr. No.	Description of Assets	Gross Block (At cost)				Depreciation / Amortisation				Net Block	
		As at 01-01-12	Additions during the year	Deduction/ Adjustments during the year	As at 31-12-12	Upto 01-01-12	For the Year	Deduction/ Adjustments during the year	Upto 31-12-12	As at 31-12-12	As at 31-12-11
A.	**Tangible Assets**										
1	Freehold Land	1,530.78	-	-	1,530.78	-	-	-	-	1,530.78	1,530.78
2	Buildings	13,339.88	83.21	-	13,423.09	1,832.61	440.90	-	2,273.51	11,149.58	11,507.27
3	Improvement to leasehold property	265.52	-	-	265.52	252.24	13.28	-	265.52	-	13.28
4	Plant & Equipment	67,579.73	21,176.60	-	88,756.33	18,778.12	6,300.45	-	25,078.57	63,677.76	48,801.61
5	Electrical Installation	3,669.91	118.19	-	3,788.10	698.79	177.74	-	876.53	2,911.57	2,971.12
6	Furniture & Fixtures	819.25	64.84	-	884.09	261.62	53.98	-	315.60	568.49	557.63
7	Office Equipments	164.76	3.09	2.13	165.72	67.15	24.06	1.13	90.08	75.64	97.61
8	Vehicles	801.28	37.06	28.62	809.72	334.64	74.33	17.62	391.35	418.37	466.64
9	Data Processing Equipments	863.52	28.37	-	891.89	674.58	75.51	-	750.09	141.80	188.94
	(A)	**89,034.63**	**21,511.36**	**30.75**	**110,515.24**	**22,899.75**	**7,160.25**	**18.75**	**30,041.25**	**80,473.99**	**66,134.88**
	Previous Year	70,602.78	19,325.72	893.87	89,034.63	17,859.07	5,332.19	291.51	22,899.75	66,134.88	-
B	**Intangible Assets**										
1	Facility Inspection Fees	51.70	-	51.70	-	51.70	-	51.70	-	-	-
	Computer Software	509.76	-	-	509.76	490.57	19.19	-	509.76	-	19.19
	(B)	**561.46**	**-**	**51.70**	**509.76**	**542.27**	**19.19**	**51.70**	**509.76**	**-**	**19.19**
	Previous Year	561.46	-	-	561.46	440.32	101.95	-	542.27	19.19	-
	TOTAL (A+B)	**89,596.09**	**21,511.36**	**82.45**	**111,025.00**	**23,442.02**	**7,179.44**	**70.45**	**30,551.01**	**80,473.99**	**66,154.07**
	Previous Year	71,164.24	19,325.72	893.87	89,596.09	18,299.39	5,434.14	291.51	23,442.02	66,154.07	-

(Rupees in Lacs)

	Notes	As at 31-12-2012	As at 31-12-2011
10. INVESTMENTS			
Non-current (Valued at cost unless otherwise stated), Long term			
Investment in Equity Instruments, Unquoted			
a) Trade Investments in subsidiaries			
(i) Catalys Venture Cap Limited, Mauritius 1,140,600 Ordinary Shares of US$ 1 each fully paid-up		504.93	504.93
(ii) Claris Produtos Farmaceuticos do Brasil Ltda, 4,642,248.46 Quotas of Brasilian Real 1 each fully paid-up		935.03	935.03
(iii) Claris Lifesciences Venezuela C.A. 1,000 Common Shares of Bolivars 1000 each fully paid-up		0.35	0.35
(iv) Claris Lifesciences Indonesia, PT 100,000 Ordinary Shares of Indonesia Rupiah 9108 each fully paid-up		45.10	45.10
Less : Provision for diminution in value	26	45.10	-
		-	45.10
(v) Claris Lifesciences Colombia Ltda 271,661Quotas of Colombian Pesos 1000 each fully paid-up		73.70	73.70
(vi) Claris Lifesciences Philippines, INC. 102,000 Ordinary Shares of Philippine Pesos 100 each fully paid-up		93.97	93.97
(vii) Claris Lifesciences de Mexico SA de CV 50 Ordinary Shares of Mexican Pesos 1000 each fully paid-up		2.00	2.00
(viii) Claris Lifesciences Inc., USA 200 Ordinary Shares of US $ 1 each fully paid-up		0.08	0.08
(ix) Claris Lifesciences (UK) Limited 100 Ordinary Shares of GBP 1 each fully paid-up		0.08	0.08
(x) Claris Lifesciences (Aust) Pty Ltd 100 Ordinary Shares of AUD 1 each fully paid-up		0.03	0.03
(xi) Claris Lifesciences & Cia Chile Limitada 100% of Social Rights		28.52	28.52
(xii) Icubix Infotech Limited 49,940 Equity Shares of Rs.10 each fully paid-up.		4.99	4.99
(xiii) Claris Lifesciences International Limited 50,000 Equity Shares of Rs. 10 each fully paid-up.			5.00 5.00
(xiv) OGEN Nutrition Limited 50,000 Equity Shares of Rs. 10 each fully paid-up.		5.00	5.00
(xv) Claris Infrastructure Limited 50,000 Equity Shares of Rs. 10 each fully paid-up.		5.00	5.00
(xvi) Claris Otsuka Limited 50,000 Equity Shares of Rs. 10 each fully paid-up.		5.00	-
		1,663.68	1,703.78
b) Non-Trade Investment			
Indian Renal Foundation 19,400 Equity Shares of Rs. 10 each fully paid up		1.94	1.94
		1,665.62	**1,705.72**
a. Aggregate amount of quoted investments		-	-
b. Aggregate amount of unquoted investments		1,665.62	1,705.72
c. Aggregate provision made for diminution in value of investments		45.10	-

(Rupees in Lacs)

	Notes	As at 31-12-2012	As at 31-12-2011
11. LOANS AND ADVANCES			
[Unsecured and considered good, unless otherwise stated]			
Non-current loans and advances			
Capital advances		18,669.85	17,939.87
Security & Tender deposits		702.46	698.13
MAT Credit Entitlement		520.46	594.84
Electricity and other deposits		11.45	193.24
		19,904.22	19,426.08
Current loans and advances			
Considered Good			
Loans and advances to related parties		793.64	847.57
Balance with Government Authorities		452.59	384.58
Advances to suppliers		5,477.73	8,760.88
Advances recoverable in cash or kind	11. a	617.60	493.08
		7,341.56	10,486.11
Considered doubtful			
Loans and advances to related parties		166.14	81.92
Less : Provision for doubtful advances		166.14	81.92
		-	-
		7,341.56	10,486.11
		27,245.78	**29,912.19**

a. Includes amount due from directors / other officers of the company Rs. 18.78 Lacs. (Previous Year 23.67 Lacs)

	Notes	As at 31-12-2012	As at 31-12-2011
12. OTHER ASSETS			
[Unsecured and considered good, unless otherwise stated]			
Other Non-current assets			
Fixed Deposit Accounts {pledged with bank}		126.00	176.00
Other Current assets			
Interest accrued on loans and deposits		169.20	130.62
		295.20	**306.62**

(Rupees in Lacs)

	Notes	As at 31-12-2012	As at 31-12-2011
13. INVENTORIES			
Raw Materials		1,631.86	1,440.09
Packing Materials		1,448.53	1,526.09
Work in process	13. a	1,469.76	1,218.41
Finished Goods		12,644.65	11,026.17
		17,194.80	**15,210.76**
a. Break up of Work in process			
Large Volume Parental		616.15	497.80
Small Volume Parental		613.05	435.56
Others		240.56	285.05
		1,469.76	**1,218.41**
14. TRADE RECEIVABLES			
Unsecured			
Exceeding Six Months from the date they became due			
Considered Good		8,111.40	6,389.15
Considered Doubtful		206.22	166.56
		8,317.62	6,555.71
Others			
Considered Good		16,682.14	17,996.47
Considered Doubtful		20.22	10.48
		16,702.36	18,006.95
Less : Provision for Doubtful Debts		226.44	177.04
		24,793.54	**24,385.62**
15. CASH AND CASH EQUIVALENTS			
Cash on Hand		6.96	6.06
Cheques on Hand		84.00	944.80
Balances with scheduled Banks :			
Current Accounts		2,709.17	2,357.28
Margin Money Accounts		3,032.16	5,858.40
Fixed Deposit Accounts		5,500.00	5,949.38
Unclaimed share application money lying in escrow account		0.18	0.23
Unclaimed Dividend Account		1.92	0.97
		11,334.39	**15,117.12**

Notes forming part of the Financial Statements

(Rupees in Lacs)

	Notes	For the year ended on 31-12-2012	For the year ended on 31-12-2011
16. REVENUE FROM OPERATION			
Sales			
Sales of Products	16.a	72,685.39	65,892.00
Less : Excise duties		1,348.37	925.25
		71,337.02	64,966.75
Operating Income			
Export benefits		208.67	-
Sale of Scrap		255.69	171.68
		464.36	171.68
		71,801.38	**65,138.43**
a. Break up of Sales			
Large Volume Parental		49,454.94	43,852.80
Small Volume Parental		17,624.42	11,232.71
Others		5,606.03	10,806.49
		72,685.39	65,892.00
17. OTHER INCOME			
Foreign Exchange Rate Difference (Net)		190.59	-
Sale of Voluntary Carbon Reduction Units		215.31	147.82
Dividend Income from investment in Mutual Fund		-	16.73
Profit on sale of fixed assets (Net)		1.11	-
Provision for Product Recall no longer required written-back		115.40	-
Interest Income			
On Fixed Deposits		419.54	1,259.98
On Margin Money accounts		242.80	148.49
On Others		18.16	17.50
Miscellaneous Income		10.24	1.78
		1,213.15	**1,592.30**
18. COST OF MATERIALS CONSUMED, PURCHASE OF STOCK IN TRADE			
Raw Materials Consumed	18.a 18.b	14,526.63	17,520.80
Packing Materials Consumed	18.c	7,253.58	5,344.75
		21,780.21	22,865.55
Purchase of Stock in trade	18.d	4,242.88	3,706.46
		26,023.09	**26,572.01**
a. Break up of Raw Materials Consumed			
Plastic Granules		6,619.91	9,263.93
Dextrose Anhydrous		1,437.48	1,941.78
Glass Bottle		955.43	661.74
Egg-Lecithin		833.56	546.36
Amino Acid		496.95	206.71
Other		4,183.30	4,900.28
		14,526.63	**17,520.80**
b. Break-up of consumption of raw materials into imported and indigenous			
Imported		8,189.76	6,159.51
		56.38%	35.16%
Indigenous		6,336.87	11,361.29
		43.62%	64.84%

(Rupees in Lacs)

Notes	For the year ended on 31-12-2012	For the year ended on 31-12-2011
c. Break up of Packing Materials Consumed		
Carton / Corrugated Box	2,100.08	879.77
Others	5,153.50	4,464.98
d. Break up of Goods Purchased		
Large Volume Parental	2,442.88	2,895.83
Small Volume Parental	819.16	359.02
Others	980.84	451.61
	4,242.88	**3,706.46**
19. CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK-IN-PROGRESS		
Stocks at the beginning of the year		
Work-in Progress	1,218.41	635.09
Finished Goods	11,026.17	10,387.13
	12,244.58	11,022.22
Less : Stocks at the end of the year		
Work-in Progress	1,469.76	1,218.41
Finished Goods	12,644.65	11,026.17
	14,114.41	12,244.58
	(1,869.83)	**(1,222.36)**
20. EMPLOYEE BENEFITS EXPENSE		
Salaries, Wages, Bonus & Gratuity	4,639.88	4,052.60
Contribution to Provident and other funds	163.28	139.57
Staff Welfare	119.65	112.33
	4,922.81	**4,304.50**
21. FINANCE COSTS		
Interest Expense	5,107.55	4,173.98
Other borrowing cost	750.84	679.79
Bank Charges & Commission	632.85	676.11
	6,491.24	**5,529.88**

Notes forming part of the Financial Statements

(Rupees in Lacs)

	Notes	For the year ended on 31-12-2012	For the year ended on 31-12-2011
22. OTHER EXPENSES			
Conversion charges		408.33	894.44
Stores & Spares Consumed		651.82	447.20
Contract Labour Charges		1,272.85	830.75
Power & Fuel		3,472.16	3,680.91
Insurance		105.70	60.89
Outward freight		4,306.79	3,389.82
Commission		677.88	777.14
Marketing and Sales Promotion expenses		1,994.90	1,499.86
Laboratory expenses		503.68	337.20
Traveling expenses		1,501.11	1,252.02
Stationery & Printing		94.36	61.20
Communication expenses		210.28	225.82
Rent		393.72	318.07
Rates and Taxes		13.70	16.72
Repairs to			
Building		85.78	90.60
Plant & Machinery		210.32	73.61
Others		386.21	253.15
Bad debts written - off [net of provision of doubtful debts made in earlier years Rs. Nil (Previous year Rs. 181.85 Lacs)]		73.65	-
Provision for doubtful debts and advances		133.62	66.81
Foreign exchange rate difference (Net)		-	134.96
Excise duty	27	63.29	43.51
Consultancy fees		1,428.14	1,190.69
Legal fees & charges		265.93	25.90
Professional charges		122.41	130.57
General charges		1,207.21	746.42
Loss on sale of fixed assets (Net)		-	63.88
Donations	44	10.95	8.69
		19,594.79	**16,620.83**

23. Contingent Liabilities

(Rupees in Lacs)

	As at 31-12-2012	As at 31-12-2011
a. Claims against the Company not acknowledged as debts	1,626.64	312.31
b. Disputed demand under:		
(I) Income tax	392.27	381.26
(ii) Sales Tax	8.93	8.93
(iii) Excise Duty	87.78	68.59
(iv) Regulatory	10,400.00	-
c. Guarantees given by the bankers on behalf of the Company	509.59	132.09
d. Bills discounted	3,905.61	2,686.34
e. Letters of credit outstanding	851.10	9,332.56

24. Commitments & Obligations

(Rupees in Lacs)

	As at 31-12-2012	As at 31-12-2011
a. Estimated amount of contracts remaining to be executed on capital account and not provided for; (net of capital advances)	3,736.79	11,142.09
b. Outstanding obligation to export goods worth Rs. 36,959.47 Lacs (Previous year Rs. 26,593.80 Lacs) within the stipulated period as per Export Promotional Capital Goods Scheme, failing which additional custom duty payable would amount to	7,622.07	5,638.32

25. The Utilisation of Issue Proceeds from Initial Public Offering : (Rupees in Lacs)

Particulars of Fund utilisation for	Amount to be utilised as per Prospectus / Shareholders Approval *				Amount utilized till		
	Total	Year 2010	Year 2011	Year 2012	Upto 31st Dec 2010	Upto 31st Dec 2011	Upto 31st Dec 2012
Setting up of a new project in existing facility	13,464.80	3,750.70	7,023.80	2,690.30	-	10,669.06	13,501.10
Towards Research and Development activities	1,450.00	663.60	786.40	-	-	1,450.00	1,450.00
Repayment of Term Loans	9,321.40	4,591.40	4,730.00	-	4,591.40	4,591.40	9,291.18
General Corporate Purposes	3,190.00	-	3,190.00	-	-	3,042.47	3,183.92
Issue Expenses	2,573.80	2,573.80	-	-	1,747.71	2,573.80	2,573.80
Total	**30,000.00**	**11,579.50**	**15,730.20**	**2,690.30**	**6,339.11**	**22,326.73**	30,000.00
Held in fixed deposits accounts					23,071.73	5,949.38	-
Held in Escrow Account					589.16	-	-
Used towards paying down working capital / short term credit limits / in current account					-	1,723.89	-
Total					30,000.00	30,000.00	30,000.00

* The Shareholders on 24th September, 2011 approved a Special Resolution under section 61 of the Companies Act, 1956 for partial modification in the "Objects of the Issue" as mentioned in the prospectus dated 4th December, 2010.

26. PT Claris Lifesciences Indonesia (CLI), a wholly owned subsidiary of the Company in Indonesia, has incurred loss during the year. This and past accumulated losses have resulted in complete erosion of networth of CLI.The changes in import regulations in Indonesia have given rise to uncertainties with respect to recoverability of the value of the long term investments in foreseeable future. In view of this, considering accounting prudence, an amount of Rs. 45.10 Lacs is recognized towards diminution in value of the long term investment.

27. Excise duty shown as deduction from Sales represents the amount of excise duty collected on sales. Excise duty expenses under Note No 22, "Operating and Other Expense", represents the difference between excise duty element in the amounts of closing stocks and opening stocks and excise duty paid on materials manufactured for captive consumption.

28. Capital Work In Progress includes preoperative expenditure pending allocation to projects under implementation, the break up of which is as under:

(Rupees in Lacs)

Preoperative Expenses	As at 31-12-2012	As at 31-12-2011
Balance as per last balance sheet	820.81	1,405.98
Add : Interest and finance charges	788.49	924.53
Consultancy / Professional Fee	37.70	29.29
Foreign Exchange Rate Difference	504.32	485.13
Other Expenses	9.44	1.43
Less: Capitalized during the year	(793.35)	(2,025.55)
Total	**1,367.41**	**820.81**

Details of Preoperative Expenses capitalized during the year: (Rupees in Lacs)

Fixed Asset	For the year ended on 31-12-2012	For the year ended on 31-12-2011
Building	-	1.37
Plant & Machinery	793.35	2,021.43
Electrical Installation	-	2.75
Total	**793.35**	**2,025.55**

Notes forming part of the Financial Statements

(Rupees in Lacs)

	For the year ended on 31-12-2012	For the year ended on 31-12-2011
29. Profit and Loss account includes: -		
a) Managerial Remuneration Paid to Directors		
Salary	259.10	255.62
Contribution to Provident Fund	0.37	0.37
Perquisites	0.90	0.90
Sitting Fees paid to Non-Executive Directors	0.55	0.45
Total	**260.92**	**257.34**
Note: Provision for leave encashment and gratuity benefits which is based on actuarial valuation done on an overall company basis is not included in the above		
b) Payment to Auditors		
Audit Fees	22.47	17.65
Certification and Other Services	16.97	15.66
Total	**39.44**	**33.31**
Cost audit fees	**2.76**	**2.77**

30. The provision for current tax has been made as per the provisions of the Income Tax Act, 1961. The tax year for the Company being the year ending 31st March, the provision for current tax for the year is the aggregate of the provision required for the three months ended 31st March 2012 and the provision required for the remaining nine months up to 31st December 2012, the ultimate tax liability of which has been estimated on the basis of the actual / projected figures for the period from 1st April 2012 to 31st March 2013.

31. Disclosures regarding Derivative Instruments:

a. The Company uses forward exchange contracts to hedge its exposure in foreign currency. There are no contracts entered into for the purpose of speculation.

b. The information on derivative instruments as on 31st December 2012 is as follows:

Exposure hedged by derivative instruments: - (Foreign Currency and Reporting Currency in Lacs)

	No. of Contracts			Foreign Currency Amount		Reporting Currency Amount (INR)	
	2012	2011		2012	2011	2012	2011
Forward cover for Export receivable	-	1	USD	-	50.00	-	2663.50
	3	-	EUR	70.00	-	5,058.20	-

Unhedged Exposures (Foreign Currency and Reporting Currency in Lacs)

	Foreign Currency Amount		Reporting Currency Amount (INR)	
	2012	2011	2012	2011
Loan Outstanding				
USD	350.00	70.00	19,173.00	3,728.90
Accounts Receivable				
USD	382.71	498.97	20,964.65	26,580.24
EUR	38.16	33.14	2,757.51	2,283.13
GBP	4.57	8.27	404.22	678.66
CHF	7.58	119.71	456.33	6,939.32
AUD	11.88	6.78	677.40	374.26
NZD	0.96	0.51	43.46	21.43
SEK	0.99	0.99	8.39	7.84
JPY	41.42	105.92	26.37	72.74
CAD	-	0.80	-	42.99
Accounts Payable				
USD	278.19	290.38	15,239.05	15,468.53
EUR	58.96	73.12	4,260.60	5,038.16
GBP	2.09	7.27	184.65	596.99
AUD	13.01	11.17	741.90	616.36
CHF	-	99.13	-	5,746.75
NZD	0.45	-	20.47	-

Income/(Expenditure) on account of Premium on forward exchange contracts to be recognized in Profit & Loss Account of subsequent accounting period aggregates to Rs. 0.08 Lacs (Previous Year Rs.(7.86) Lacs).

32. Pursuant to notification dated 29th December, 2011 issued by Central Government under Companies (Accounting Standard) Amendment Rules, 2009; with effect from April 1, 2011, the Company has exercised the option whereby, the exchange differences arising on settlement or on translation of long-term foreign currency monetary items, so far as they relate to the acquisition of a depreciable capital asset, are added to or deducted from the cost of the asset and are depreciated over the balance life of the asset.

(Rupees in Lacs)

	For the year ended on 31-12-2012	For the year ended on 31-12-2011
Amount added/(reduced) from capital assets	504.32	485.13
Amount remaining to be depreciated	958.95	485.13

33. Employee Benefits

a. Defined Benefit Plans

(Rupees in Lacs)

i. Expenses recognized in Profit & Loss Account for the year ended on 31st December	Gratuity		Leave Encashment	
	2012	2011	2012	2011
Current service cost	79.96	72.97	61.90	102.17
Interest Cost	31.62	30.79	27.75	29.42
Expected return on plan assets	-	-	-	-
Net actuarial losses (gains)	(15.34)	6.97	117.55	(2.66)
Total Expenses	**96.24**	**110.73**	**207.20**	**128.93**
ii. Reconciliation of Closing balances of changes in present value of the Defined Benefit Obligation				
Opening defined benefit obligation	393.74	361.38	363.42	345.25
Service Cost	79.96	72.97	61.90	102.17
Interest Cost	31.62	30.79	27.75	29.42
Actuarial losses (gains)	(15.34)	6.97	117.55	(2.66)
Losses (gains) on curtailments	-	-	-	-
Liabilities extinguished on settlements	-	-	-	-
Benefits paid	(45.34)	(78.37)	(75.52)	(110.76)
Closing defined benefit obligation	**444.64**	**393.74**	**495.10**	**363.42**
iii. Reconciliation of Opening and Closing balances of changes in fair value of plan assets				
Opening fair value of plan assets	-	-	-	-
Expected return on plan assets	-	-	-	-
Actuarial gains and losses)	-	-	-	-
Assets distributed on settlements	-	-	-	-
Contributions by employer	-	-	-	-
Benefits paid	-	-	-	-
Closing balance of fair value of plan assets	-	-	-	-
iv. Net Liability recognized in the Balance sheet				
Defined Benefit Obligation	444.64	393.74	495.10	363.42
Fair value of plan assets	-	-	-	-
Present Value of unfunded obligation recognized as liability	444.64	393.74	495.10	363.42

v. Past four years data for define benefit obligation and fair value of plan assets are as under:	For the year ended 31st December			
	2011	2010	2009	2008
Gratuity				
Defined Benefit Obligation	393.74	361.38	285.80	244.88
Fair value of plan assets	-	-	-	-
Present Value of unfunded obligation recognized as liability	393.74	361.38	285.80	244.88
Leave Encashment				
Defined Benefit Obligation	363.42	345.26	233.63	252.14
Fair value of plan assets	-	-	-	-
Present Value of unfunded obligation recognized as liability	363.42	345.26	233.63	252.14

vi. Actuarial Assumptions	As at 31-12-2012	As at 31-12-2011
Discount Rate	8.00%	8.52%
Expected rate of salary increase	6.00%	6.00%
Mortality	LIC (1994-96) published table of mortality rates	LIC (1994-96) published table of mortality rates
Withdrawal Rates	3 % younger age reducing to 1 % old age	3 % younger age reducing to 1 % old age
Retirement Age	58 Years	58 Years
Actuarial Valuation Method	Projected Unit Credit Method	Projected Unit Credit Method

b) Defined Contribution Plans

Rs. 134.33 Lacs (Previous Year Rs. 113.38 Lacs) recognized as an expense and included in the Note no 20 of Profit and Loss Account under the head "Contribution to Provident and other funds".

34. Segment Information

i) Primary Segment:

In accordance with the requirements of Accounting Standard –17 on Segment Reporting, the Company has determined its business segment as "Drugs & Pharmaceuticals". Since all of the Company's business is from "Drugs and Pharmaceuticals', there are no other primary reportable segments. Thus the segment revenue, segment result, total carrying amount of segment liabilities, total cost incurred to acquire segment assets, the total amount of charge for depreciation during the year are all reflected in the financial statements as of and for the year ended 31st December, 2012.

ii. Secondary Segment (Geographical Segment) (Rupees in Lacs)

	India	Outside India	Total
Revenue	35,521.21	35,815.81	71,337.02
	(34,603.74)	(30,363.01)	(64,966.75)
Carrying amounts of segment assets	1,66,460.00	13,970.11	1,80,430.11
	(1,44,583.03)	(12,400.49)	(1,56,983.52)
Capital expenditure	34,746.73	-	34,746.73
	(12,991.91)	(-)	(12,991.91)

Note: Figures in brackets are in respect of previous year.

35. Related party disclosures as required by Accounting Standard 18, " Related Party Disclosures", issued by the Institute of Chartered Accountants of India are given below.

(A)Particulars of related parties and nature of relationships:

Name of the Related Parties

A. Subsidiary Companies

- Claris Lifesciences Venezuela C. A
- Claris Produtos Farmaceuticos Do Brasil Limitada
- Pt. Claris Lifesciences Indonesia
- Claris Lifesciences Colombia Limitada
- iCubix Infotech Limited
- Catalys Venture Cap Limited
- Claris Lifesciences International Limited
- Claris Lifesciences Philippines Inc
- Claris Lifesciences De Mexico SA de CV
- Claris Lifesciences (UK) Limited
- Claris Lifesciences (Aust) Pty. Limited
- Claris Lifesciences Inc.
- Claris Lifesciences & CIA Chile Limitada
- OGEN Nutrition Limited
- Claris Infrastructure Limited
- Claris Otsuka Limited
- Claris SteriOne
- Claris Pharmaservices

Name of the Related Parties

B. Companies over which Key Management Personnel and their relatives are able to exercise significant influence

- Sarjan Financial Private Limited
- Medical Technologies Limited
- Xcelris Labs Limited

C. Key Management Personnel

- Mr. Arjun.S. Handa
- Mr. Chetan S. Majmudar
- Mr. Amish Vyas (Up to 04-Dec-2012)
- Mr. Chandrasingh Purohit

D. Relatives of Key Management Personnel

- Mr. Aditya S. Handa

(Rupees in Lacs)

Notes	For the Year ended on 31st Dec 2012	For the Year ended on 31st Dec 2011
(B) Related party transactions		
a) Nature of Transactions		
1. Sales		
To Subsidiary Companies		
Claris Produtos Farmaceuticos Do Brasil Limitada	-	589.81
Claris Lifesciences Philippines, INC.	1,628.68	-
Catalys Venture Cap Limited	665.81	6,589.95
Others	192.45	745.08
2. Services Purchased		
From Subsidiary Companies		
iCubix Infotech Limited	182.02	49.64
3. Expense Reimbursed		
To Subsidiary Companies		
Claris Produtos Farmaceuticos do Brasil Limitada	398.14	-
Claris Lifesciences INC.	111.98	137.47
Claris Lifesciences Venezuela C.A	-	27.89
Others	148.87	8.62
4. Remuneration Paid		
To Key Management Personnel		
Mr.Arjun.S. Handa	150.59	150.59
Mr.Chandrasingh Purohit	36.59	34.09
Mr.Amish Vyas	36.59	33.69
Mr.Chetan S. Majmudar	36.59	38.52
5. Dividend Paid		
To Key Management Personnel		
Mr. Arjun.S. Handa	156.01	156.01
To Companies in which Key Management Personnel have Controlling Interest		
Sarjan Financial Private Limited	475.60	475.60
Medical Technologies Limited	93.06	93.06
To Relative of Key Management Personnel		
Mr. Aditya .S. Handa	134.01	156.01
6. Doubtful debts/Advances Provided for the year		
Of Subsidiary Companies		
OGEN Nutrition Limited	-	1.86
Pt.Claris Lifesciences – Indonesia	93.82	30.25
Claris Lifesciences Philippines Inc	20.22	34.07
Claris Lifesciences International Limited	-	0.63
Claris Produtos Farmaceuticos Do Brasil Limitada	18.38	-
Others	1.20	-
7. Advances Granted during the Year		
To Subsidiary Companies (interest free)		
Claris Produtos Farmaceuticos Do Brasil Limitada	-	221.84
Catalys Venture Cap Limted	3,347.79	-
Claris Lifesciences Inc.	-	315.80
Icubix Infotech Ltd	-	98.74
Claris Lifesciences De Mexico SA de CV	-	107.50
Others	830.62	26.88
8. Advances Received during the Year		
From Subsidiary Companies (interest free)		
Catalys Venture Cap Limited	3,124.43	5,637.32
Others	1.18	48.98
To Companies in which Key Management Personnel have Controlling Interest		
Xcelris Labs Limited	-	335.38
9. Investment made during the year		

(Rupees in Lacs)

	As at 31-12-2012	As at 31-12-2011
b) Balances at the end of the year		
1. Outstanding Payables		
To Subsidiary Companies		
iCubix Infotech Limited	17.60	69.29
2. Outstanding Receivables		
From Subsidiary Companies		
Claris Produtos Farmaceuticos Do Brasil Limitada	854.18	708.19
Catalys Venture Cap Limited	3,508.13	2,438.85
Others	639.45	545.61
3. Provision for doubtful Debts		
Pt. Claris Lifesciences Indonesia	206.22	177.04
Claris Lifesciences Philippines, INC	20.22	-
4. Advances Received Outstanding		
To Subsidiary Companies		
Claris Lifesciences Philippines Inc	-	110.99
Claris Lifesciences & CIA. Chile Limitada	-	66.38
Claris Lifesciences De Mexico SA de CV	241.59	249.16
Claris Lifesciences Venezuela C.A.	-	182.90
Claris Lifesciences Colombia Limitada	-	169.87
Claris Lifesciences Inc.	1,509.39	1,415.00
Others	546.10	6.27
5. Advances Granted Outstanding Net of provision for Doubtful		
From Subsidiary Companies		
Claris Produtos Farmaceuticos do Brasil Limitada.	517.29	719.79
Claris Lifesciences Inc.	272.85	127.78
Claris Lifesciences International Limited	3.50	-
From Key Management Personnel		
Mr. Amish Vyas	1.74	2.41
Mr. Chetan S. Majmudar	7.21	6.64
Mr. Chandrasingh Purohit	4.98	0.83
6. Provision for doubtful Advances		
Pt. Claris Lifesciences Indonesia	104.94	40.30
OGEN Nutrition Limited	-	5.07
Claris Produtos Farmaceuticos do Brasil Limitada.	52.45	-
Others	8.75	36.55
7. Investments Balance at the end of the period(net of Provision for Diminution in value)		
From Subsidiary Companies		
Claris Produtos Farmaceuticos Do Brasil Limitada	935.03	935.03
Catalys Venture Cap Limited	504.93	504.93
Others	223.72	263.82
8. Provision for diminution in value of investment		
From Subsidiary Companies		
PT Claris Lifesciences Indonesia	45.10	-

36.Disclosure for operating leases under Accounting Standard 19 – "Accounting for Leases"

The Company has entered into agreements for taking on leave and license basis residential / office premises including furniture and fittings therein, as applicable, for a period ranging from 11 to 60 months. The specified disclosure in respect of these agreements is given below:

(Rupees in Lacs)

	For the Year ended on 31-12-2012	For the Year ended on 31-12-2011
Lease payments recognized in the profit and Loss account for the year	267.67	263.94
Minimum lease payments under the agreements are as follows.		
a) Not later than one year	285.09	215.37
b) Later than one year but not later than 5 Years	1,209.56	861.37
c) Later than five years	1,052.77	188.55

37.Computation of Earnings per Share (EPS) : (Rupees in Lacs, except per share data)

	For the Year ended on 31-12-2012	For the Year ended on 31-12-2011
Basic & Diluted EPS		
Computation of Profit (Numerator)		
Net Profit for the year attributable to Equity Shareholders	7,441.62	6,975.32
Weighted Average Number of Shares (Denominator)	**Nos.**	**Nos.**
Weighted average number of Equity shares of Rs.10 each used For calculation of Basic Earning Per Share	63,817,765	63,817,765
Basic & Diluted EPS (in Rs.)	**11.66**	**10.93**
Face value per share (in Rs.)	10.00	10.00

38.Discontinuing operations

On December 7, 2012,the management of the Company has entered in to a set of agreements with Otsuka Pharmaceutical Factory, Inc., Japan (Otsuka) and Mitsui & Co. Ltd., Japan (Mitsui) for transfer of its Infusion Business to Claris Otsuka Limited, a wholly owned subsidiary of the Company on 'slump sale' basis. The said infusion business includes identified products of Common Solutions, Anti Infective, Plasma Volume Expanders and Parenteral Nutrition in India and in Emerging markets (herein after referred to as 'the infusion business'). The transfer of the infusion business is subject to all necessary and applicable approvals of the regulatory authorities and subject to other closing formalities to be completed as may be agreed between the parties. Subject to such approvals and formalities, the Board of Directors of the Company, in its meeting held on December 7, 2012, has passed necessary resolutions approving the transfer of the infusion business to Claris Otsuka Limited. On 18th February, 2013 the shareholders of the Company, through postal ballot, have approved necessary resolutions for the said transfer of infusion business . It is expected that completion of the transaction will take place in financial year 2013, upon getting necessary approvals from regulatory authorities.

As per the terms of the agreements, the infusion business is valued at Rs. 131,300 Lacs and the Company is to receive Rs. 105,000 Lacs in cash over multiple agreements for the portion to be transferred in favor of Otsuka & Mitsui,who will subscribe Rs. 105,000 Lacs towards equity share capital and towards securities premium of Claris Otsuka Limited, pursuant to which Otsuka, Mitsui and the Company will respectively hold 60 %, 20% and 20% of the equity share capital of Claris Otsuka Limited. .

a) Necessary disclosures of the details pertaining to the discontinuing operations in respect of the infusion business and the reorganization of the business, as required under the Accounting Standard - 24 'Discontinuing Operations' (AS-24) as notified by the Government of india under Section 211(3C) of the Companies Act, 1956, are as under:-

(Rupees in Lacs)

Particular	For the Year ended on 31-12-2012	For the Year ended on 31-12-2011
Revenue	42,854.56	38,971.40
Expenditure	Refer note (b) below	Refer note (b) below
Profit Before tax	Refer note (b) below	Refer note (b) below
Profit after tax	Refer note (b) below	Refer note (b) below
Total Assets	73,630.10	63,460.91
Total Liabilities	5,845.03	2,487.71
Cash flow (used in)/from Operating activities	Refer note (b) below	Refer note (b) below
Cash flow (used in)/from Investing activities	(9,678.13)	(3,199.98)
Cash flow (used in)/from Financing activities	3,357.32	2,485.93

b) The Company operates under a single business segment i.e. 'Drugs & Pharmaceuticals' as per the requirements of Accounting Standard – 17 'Segment Reporting'. The transfer of the infusion business would involve transfer of assets and liabilities as are related to the infusion business and as the same are identified by the parties to the transaction. For this purpose, the products, employees, tangible and intangible assets, current assets, market territories, long term and short term borrowings, other liabilities etc. are being identified as are related to the infusion business. In view of common employees, marketing expenses, logistics and distribution arrangements and general corporate overheads, which are not separately identifiable for identified products of the infusion business being transferred, the Company is unable to determine the income, expenses, assets and liabilities clearly attributable to the discontinued operations. As per the practice followed by the Company for preparation of its financial statements for financial reporting purposes, its present system of maintenance of books of account and other relevant records do not provide clearly identifiable details of income and expenditure as are related to the infusion business. Under the circumstances, the Company is unable to disclose the above stated details as are pertaining to the discontinuing operations. Under the facts and circumstances the Company is unable to disclose separately the profit from the continuing and from discontinuing operations, tax expense of discontinuing operations and profit from discontinuing operations (after tax).

39.Provision for loss due to product recall:

The Company had initiated a voluntary recall of certain products as a precautionary measure against possible contamination due to the packaging integrity of such recalled products. The provision for loss due to products recalled was based on estimates made by the management by applying principles laid down in Accounting Standard – 29 "Provisions, Contingent Liabilities and Contingent Assets". The company has reviewed the status as at the balance sheet date and considering no requirement of incurring such expenses, it has reversed the provision during the year, the movement in the provision during the year is as under: -

(Rupees in Lacs)

Balance as on 1st January, 2012	For the year ended 31st December, 2012 Provision made	Utilised	Reversal	Balance as on 31st December, 2012
115.40	-	-	115.40	-

40. C.I.F. Value of Imports: (Rupees in Lacs)

	For the Year ended on 31-12-2012	For the Year ended on 31-12-2011
Purchase of goods traded-in	463.79	811.58
Raw Materials	6,731.84	4,576.02
Packing Material	1,689.66	860.42
Plant & Machinery	13,687.55	709.07
Stores and Spares	115.38	50.50

41.Expenditure in foreign currency: (Rupees in Lacs)

	For the Year ended on 31-12-2012	For the Year ended on 31-12-2011
Consultancy Fees	93.15	279.47
Testing Charges	18.02	24.94
Legal Fees & Charges	77.80	4.69
Traveling	567.57	281.73
Freight	717.83	674.36
Commission	97.62	335.40
Interest & Finance charges	112.48	296.38
Others Product Registration Fees, Sales Promotion Expenses, Advertisement - Marketing etc.)	873.30	824.92

42. Research and Development Expenditure: (Rupees in Lacs)

	For the Year ended on 31-12-2012	For the Year ended on 31-12-2011
Expenditure on research and development charged to revenue	230.47	153.25

43.Earnings in foreign exchange (Rupees in Lacs)

	For the Year ended on 31-12-2012	For the Year ended on 31-12-2011
FOB value of Exports	33,787.60	27,650.82
Sales of Voluntary Carbon Reduction Units	215.30	147.82

44.Payment to Political Party (Rupees in Lacs)

	For the Year ended on 31-12-2012	For the Year ended on 31-12-2011
Bhartiya Janta Party	2.00	-

45. Current Asset, Loans and Advances as at 31st December 2012 have a value on realization in the ordinary course of business at least equal to the amount at which they are stated

46.Remittance in foreign currency during the year on account of dividend.

	For the Year ended on 31-12-2012	For the Year ended on 31-12-2011
Number of non-resident shareholders	266	298
Number of equity shares on which dividend was paid (Lacs)	156.53	145.27
Year ended to which the dividend related	2011	2010
Amount remitted (Rupees in Lacs)	313.06	290.54

Notes forming part of the Financial Statements

47. The Revised Schedule VI has become effective from the current financial year for the preparation of financial statements. This has significantly impacted the disclosure and presentation made in the financial statements. Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

Gaurav J. Shah
Partner

Place : Ahmedabad
Date : 28th February, 2013

For and on behalf of Board of Directors

Arjun S. Handa
Managing Director

Chandrasingh Purohit
Whole Time Director

Rajesh Kumar Modi
GM - Compliance & Company Secretary

Place : Ahmedabad
Date : 23rd February, 2013

Auditors' Report

On Consolidated Financial Statements

To The Board Of Directors,
Claris Lifesciences Limited

1. We have audited the attached Consolidated Balance Sheet of Claris Lifesciences Limited ("the Company") and its subsidiaries (the Company and its subsidiaries constitute "the Group") as at 31st December, 2012, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement of the Group for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the Company's management and have been prepared on the basis of the separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these Consolidated Financial Statements based on our audit.

2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. We did not audit the financial statements of certain subsidiaries, whose financial statements reflect total assets of Rs. 26,883.86 Lacs as at 31st December, 2012, total revenue of Rs. 7,348.95 Lacs and net cash outflows amounting to Rs. 210.72 Lacs for the year ended on that date as considered in the Consolidated Financial Statements. These financial statements have been audited by other auditors whose reports have been furnished to us and our opinion, in so far as it relates to the amount included in respect of these subsidiaries, is based solely on the reports of the other auditors.

4. We report that the Consolidated Financial Statements have been prepared by the Company in accordance with the requirements of Accounting Standard 21, (Consolidated Financial Statements) as notified under the Companies (Accounting Standards) Rules, 2006.

5. Based on our audit and on consideration of the separate audit reports on the individual financial statements of the Company and the aforesaid subsidiaries, and to the best of our information and according to the explanations given to us, in our opinion, the Consolidated Financial Statements give a true and fair view in conformity with the accounting principles generally accepted in India:

   a) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at 31st December, 2012;
   b) in the case of the Consolidated Statement of Profit and Loss, of the Profit of the Group for the year ended on that date; and
   c) in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

For Deloitte Haskins & Sells
Chartered Accountants
(Registration No. 117365W)

Gaurav J. Shah
Partner
(Membership No : 35701)

Place : Ahmedabad
Date : 28th February, 2013

Consolidated Balance Sheet

As at 31st December, 2012 (Rupees in Lacs)

	Notes	As at 31-12-2012	As at 31-12-2011
I. EQUITY AND LIABILITIES			
(1) Shareholders' funds			
(a) Share Capital	2	6,381.78	6,381.78
(b) Reserves and Surplus	3	108,504.92	98,829.49
		114,886.70	**105,211.27**
(2) Non - current liabilities			
(a) Long-term borrowings	4	29,894.66	18,172.20
(b) Deferred tax liabilities (net)	5	7,143.62	6,012.26
(c) Other long-term liabilities	6	133.53	341.88
(d) Long-term provisions	7	932.89	669.70
		38,104.70	**25,196.04**
(3) Current liabilities			
(a) Short-term borrowings	4	20,037.67	18,949.18
(b) Trade payables	8	11,925.43	9,450.68
(c) Other current liabilities	6	13,263.13	11,632.12
(d) Short-term provisions	7	2,011.09	2,621.77
		47,237.32	**42,653.75**
Total		**200,228.72**	**173,061.06**
II. ASSETS			
(1) Goodwill on Consolidation		3.20	3.20
(2) Non - current assets			
(a) Fixed assets			
(i) Tangible assets	9	80,603.30	66,304.90
(ii) Intangible assets	9	6,453.93	19.19
(iii) Capital work-in-progress		17,426.79	4,191.42
		104,484.02	70,515.51
(b) Non - current investments	10	1.94	1.94
(c) Long-term loans and advances	11	28,852.10	26,197.58
(d) Other non-current assets	12	126.00	176.00
		133,464.06	**96,891.03**
(3) Current assets			
(a) Inventories	13	18,428.50	16,896.25
(b) Trade receivables	14	22,823.17	27,396.58
(c) Cash and cash equivalents	15	11,769.43	15,757.66
(d) Short -term loans and advances	11	13,571.16	15,985.72
(e) Other current assets	12	169.20	130.62
		66,761.46	76,166.83
Total		200,228.72	173,061.06
Significant Accounting Policies	1		
Other notes forming part of the Financial Statements	2-35		

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

Gaurav J. Shah
Partner

Place : Ahmedabad
Date : 28th February, 2013

For and on behalf of the Board of Directors

Arjun S. Handa
Managing Director

Chandrasingh Purohit
Whole Time Director

Rajesh Kumar Modi
GM - Compliance & Company Secretary

Place : Ahmedabad
Date : 23rd February, 2013

Consolidated Statement of Profit And Loss

For the year ended on 31st December, 2012

(Rupees in Lacs)

	Notes	For the year ended on 31-12-2012	For the year ended on 31-12-2011
Revenue			
I. Revenue from operations	16		
(a) Gross Sales		77,622.98	74,801.82
Less : Excise Duty		1,350.64	925.25
Net Sales		76,272.34	73,876.57
(b) Operating income		464.36	171.68
Revenue from operations (net)		76,736.70	74,048.25
II. Other Income	17	1,029.49	1,596.84
III. Total Revenue (I+ II)		77,766.19	75,645.09
IV. Expenses			
Cost of materials consumed	18	21,780.21	22,865.55
Purchase of Stock in trade	18	4,686.38	5,533.42
Changes in inventories of finished goods and work-in-progress	19	(1,418.05)	(1,287.29)
Employee benefits expense	20	5,235.68	4,522.64
Finance costs	21	6,505.26	5,542.69
Depreciation and amortisation expense		7,426.91	5,468.24
Other expenses	22	19,971.68	17,854.19
Total expenses		**64,188.07**	**60,499.44**
V. Profit before tax (III- IV)		**13,578.12**	**15,145.64**
VI. Tax Expense :			
(a) Current Tax		2081.64	2,153.66
(b) Deferred Tax		1129.79	800.38
(c) MAT Credit Entitlement		(0.43)	(594.84)
(d) Short / (Excess) Provision of Tax of Earlier Years		(24.00)	160.90
		3,187.00	**2,520.10**
VII. Profit for the year		**10,391.12**	**12,625.54**
VIII. Earnings per share	32		
(Nominal value per equity share of Rs.10)			
Basic & Diluted		16.28	19.78
Significant Accounting Policies	1		
Note for disclosure related to AS 24 "Discontinuing Operations"	33		
Other Notes forming part of the Financial Statements	2-35		

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

Gaurav J. Shah
Partner

Place : Ahmedabad
Date : 28th February, 2013

For and on behalf of the Board of Directors

Arjun S. Handa
Managing Director

Chandrasingh Purohit
Whole Time Director

Rajesh Kumar Modi
GM - Compliance & Company Secretary

Place : Ahmedabad
Date : 23rd February, 2013

Consolidated Cash Flow Statements

For the year ended on 31st December, 2012

(Rupees in Lacs)

	For The Year ended on 31-12-2012	For The Year ended on 31-12-2011
A. Cash Flow From Operating Activities		
1. Net profit before tax	13,578.12	15,145.63
2. Adjustment for :		
Depreciation and amortisation expense	7,426.91	5,468.24
Finance cost	6,505.26	5,542.69
Interest income	(680.51)	(1,425.97)
(Profit)/Loss on sale of fixed assets - (Net)	(1.11)	63.88
Provision for doubtful debts and advances	-	264.77
Bad debts written-off	73.65	-
Unrealised foreign exchange rate difference (gain)/loss (Net)	(696.21)	2,972.53
Operating profit before working capital changes (1+2)	**26,206.11**	**28,031.77**
3. Adjustments for working capital changes:		
Decrease / (increase) in trade and other receivables	8,355.42	(10,213.91)
Decrease / (increase) in inventories	(1,532.25)	(1,615.68)
(Decrease) / increase in trade and other payables	2,875.16	(16,364.70)
Cash generated from operations	**35,904.43**	**(162.52)**
4. Direct taxes paid	(2,486.67)	(1,730.30)
Net Cash Generated From Operating Activities [A]	**33,417.76**	**(1,892.82)**
B. Cash Flow From Investing Activities		
Purchase of fixed assets	(44,316.78)	(24,019.05)
Sale of fixed assets	13.69	568.93
Interest received	642.10	1,328.00
Net Cash Used In Investing Activities [B]	**(43,660.99)**	**(22,122.12)**
C. Cash Flow From Financing Activities		
Proceeds from long term borrowings (Net)	12,256.70	2,985.33
Proceeds from short term borrowings (Net)	1,088.49	1,364.93
Interest paid	(6,241.84)	(5,493.90)
Dividend paid	(1,276.35)	(1,276.35)
Net Cash Generated From Financing Activities [C]	**5,827.00**	**(2,419.99)**
Net Increase/(Decrease) In Cash & Cash Equivalents [A+B+C]	**(4,416.22)**	**(26,434.94)**
Cash & Cash Equivalents at the beginning of the Year	12,044.38	38,479.31
Cash & Cash Equivalents at the end of the Year	**7,628.15**	**12,044.38**

Consolidated Cash Flow Statements

For the year ended on 31st December, 2012 (Rupees in Lacs)

	For The Year ended on 31st Dec 2012	For The Year ended on 31st Dec 2011
Notes:		
1. A) Components of Cash & Cash Equivalents		
Cash on hand	8.41	7.18
Cheques on hand	84.00	944.80
Balances with banks		
- In Current Accounts	3,142.76	2,996.70
- In Margin Money	392.98	2,146.33
- In Fixed Deposit Account	4,000.00	5,949.38
	7,628.15	**12,044.39**
B) Cash and cash equivalents not available for immediate use		
a) In Margin Money and Fixed Deposit Accounts	4,139.18	3,712.07
b) Unclaimed Share application money lying in escrow account	0.18	0.23
c) Unclaimed Dividend Account	1.92	0.97
	4,141.28	3,713.27
Cash & Cash equivalents as per Note 15 (A+B)	**11,769.43**	**15,757.66**
2. Interest paid is exclusive of and purchase of fixed assets is inclusive of interest capitalised	788.49	924.53

3. The above cash flow statement has been prepared under the "Indirect Method" as set out in the Accounting Standard -3 on Cash Flow Statement issued by the Institute of Chartered Accountants of India.

4. The previous year's figures have been regrouped wherever necessary.

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

Gaurav J. Shah
Partner

Place : Ahmedabad
Date : 28th February, 2013

For and on behalf of the Board of Directors

Arjun S. Handa
Managing Director

Chandrasingh Purohit
Whole Time Director

Rajesh Kumar Modi
GM - Compliance & Company Secretary

Place : Ahmedabad
Date : 23rd February, 2013

1. SIGNIFICANT ACCOUNTING POLICIES:

1.1 Basis of preparation of financial statements

The Consolidated financial statements are prepared under the historical cost convention on the accrual basis of accounting, in accordance with the requirements of the Companies Act, 1956, including the accounting standards notified by the Central Government of India under Section 211 (3C) of the Companies Act, 1956.

1.2 Principles of Consolidation

The consolidated financial statements include the financial statements of Claris Lifesciences Limited ('the Company'), and its subsidiaries as described in Note.23 (collectively referred to as 'the Group').

The consolidated financial statements have been prepared on the basis of Accounting Standard 21, 'Consolidated Financial Statements', issued by the Institute of Chartered Accountants of India.

The financial statements of the parent Company and its subsidiaries have been combined on a line- by- line basis by adding together the book values of like items of assets, liabilities, income and expenses after eliminating intra-group balances/ transactions and resultant unrealized profits / losses in full. The amounts shown in respect of reserves comprise the amount of the relevant reserves as per the balance sheet of the parent Company and its share in the post-acquisition increase in the relevant reserves of the subsidiaries. The excess or deficit of parent's portion of equity in the subsidiary Company over its cost of investment, if any, is treated as a capital reserve or recognized as goodwill respectively.

The consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances except where it is not practicable to do so. Considering that the financial statements of the foreign subsidiaries have been prepared under the laws and regulations applicable to their respective country of incorporation, these consolidated financial statements have been prepared substantially in the same format adopted by the Company to the extent possible, as required by the Accounting Standard AS 21 "Consolidated Financial Statements" issued by the Institute of Chartered Accountants of India.

In case of foreign subsidiaries, revenue items are consolidated at the average rate prevailing during the period. All assets and liabilities are converted at the rates prevailing at the end of the period. Exchange gains/losses arising on conversion are recognized under Foreign Currency Translation Reserve.

1.3 Use of estimates

The preparation of financial statements, in conformity with the generally accepted accounting principles requires that the management makes estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent liabilities as at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates. Difference between the actual results and estimates are recognized in the period in which the results are known / materialized.

1.4 Fixed assets

Fixed assets are capitalized at cost including all direct costs and other expenses incurred in connection with acquisition of assets and are net of refundable taxes and levies.

1.5 Depreciation and Amortisation

<u>Indian Companies</u>

i) Depreciation on Fixed Assets is provided on the straight-line method at the rates and in the manner prescribed under Schedule XIV of the Companies Act, 1956 or at the rates based on estimated useful life whichever is higher.
ii) Leasehold improvements are amortized over a period of 36 months.
iii) Intangible assets are stated at cost and are amortized equally over a period of five years from the year in which incurred.

<u>Foreign Companies</u>

Depreciation and Amortisation has been provided by the Foreign Companies on methods and at the rates required / permissible by the local laws so as to write-off assets over their useful life.

1.6 Goodwill

Goodwill arising on consolidation is not amortized but is tested for impairment periodically.

1.7 Investments

Long-term investments are stated at cost. Any diminution in the value, other than temporary, is provided for.

1.8 Inventories

i) Inventories are valued at cost or net realizable value, whichever is less.

ii) In case of Parent Company the cost (net of refundable taxes and levies) for raw materials and packing materials is computed on Weighted Average basis.

iii) The cost of work in progress and finished goods is determined on absorption cost basis and comprises of cost of materials, direct labour and manufacturing overheads.

1.9 Revenue recognition

a. Sales include sales of products, dossiers and marketing rights. Sales include excise duty and exchange differences on sales transactions, but are net of sales tax. Sales are recognized at the time when significant risks and reward of ownership in the goods are transferred.

b. Revenue in respect of other income is recognized when no significant uncertainty as to its determination or realization exists.

1.10 Employee benefits

Contributions to provident and other funds accruing during the accounting period are charged to the statement of profit and loss. Provision for liabilities in respect of gratuity and leave encashment are accrued and provided at the end of each accounting period on the basis of actuarial valuation.

1.11 Foreign currency transactions

Transactions denominated in foreign currencies are recorded at the exchange rate prevailing at the time of the transaction.

Monetary items denominated in foreign currencies at the year-end are restated at the year-end rates. In case of items, which are covered by forward exchange contracts, the difference between the year end rate and the rate on the date of contract is recognized as exchange difference and the premium paid on forward contracts is recognized over the life of the contract.

Non-monetary foreign currency items are carried at cost.

Any income or expense on account of exchange difference either on settlement or on translation is recognized in the profit and loss account, except, for the exchange differences arising on settlement or on translation of long-term foreign currency monetary items after 1st April 2011, so far as they relate to the acquisition of a depreciable capital asset, are added to or deducted from the cost of the asset and are depreciated over the balance life of the asset.

1.12 Research and development expenses

Revenue expenditure on Research and Development is expensed as incurred. Expenses of capital nature are capitalized and depreciation is provided thereon as per the policy stated above.

1.13 Expenditure on product registration

Expenditure incurred for registration of products for overseas markets and for product acquisitions are charged to the profit & loss account.

1.14 Borrowing costs

Borrowing costs consist of interest and other costs that the Group incurs in connection with the borrowing of funds and exchange differences arising from foreign currency borrowing to the extent that they are regarded as an adjustment to interest costs.

Borrowing costs that are attributable to acquisition / construction of qualifying assets are capitalized as part of cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are charged to the profit & loss account

1.15 Leases

Lease rentals in respect of assets taken on operating leases are charged to the profit and loss account on accrual and straight-line basis over the lease term.

1.16 Taxes on Income

<u>Indian Companies</u>

Current taxation

Current tax provision is determined on the basis of taxable income computed as per the provisions of the Income Tax Act, 1961.

Deferred taxation

Deferred tax is recognized for all timing differences that are capable of reversal in one or more subsequent periods, subject to consideration of prudence and by applying tax rates that have been enacted or substantively enacted as on the balance sheet date.

Foreign Companies

Foreign companies recognize tax liabilities and assets in accordance with the applicable local laws.

1.17 Provisions, Contingent Liabilities and Contingent Assets

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent liabilities are not recognized but are disclosed in the notes to the financial statements. Contingent assets are neither recognized nor disclosed in the financial statements.

Notes forming part of the Financial Statements

For the year ended on 31st December, 2012 (Rupees in Lacs)

	Notes	As at 31-12-2012	As at 31-12-2011
2. SHARE CAPITAL			
Authorised			
120,510,000 Equity Shares of Rs. 10 each		12,051.00	12,051.00
Issued, Subscribed, & Paid up :			
63,817,765 Equity Shares of Rs. 10 each fully paid-up	-	6,381.78	6,381.78
		6,381.78	**6,381.78**
(i) Reconciliation of number of equity shares outstanding at the beginning and at the end of the reporting year :			
As at beginning of the year	Nos.	63,817,765	63,817,765
Add: Issued during the year	Nos.	-	-
Outstading at the end of the year	Nos.	63,817,765	63,817,765

(ii) Rights preferences and restrictions attached to equity shares

The Company has one class of equity shares having a par value of Rs.10 per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

(iii) Shareholders holding more than 5% of total equity shares

		As at 31-12-2012	As at 31-12-2011
Sarjan Financial Private Limited	Nos.	23,780,172	23,780,172
	%	37.26	37.26
Arjun S. Handa	Nos.	7,800,507	7,800,507
	%	12.22	12.22
First Carlyle Ventures III	Nos.	7,111,095	7,111,095
	%	11.14	11.14
Medical Technologies Limited	Nos.	4,653,120	4,653,120
	%	7.29	7.29
Aditya S. Handa	Nos.	3,371,532	7,800,507
	%	5.28	12.22

(iv) Details of bonus shares issued during last five years

		As at 31-12-2012	As at 31-12-2011
Equity shares allotted as fully paid-up shares of Rs.10 each for a consideration other than cash pursuant to capitalisation of securities premium account	Nos.	17,061,763	17,061,763

Notes forming part of the Financial Statements

For the year ended on 31st December, 2012 (Rupees in Lacs)

Notes	As at 31-12-2012	As at 31-12-2011
3. RESERVES & SURPLUS		
Capital Redemption Reserve	500.00	500.00
Securities Premium Account	34,584.62	34,584.62
General Reserve		
Balance as per last balance sheet	4,702.70	4,177.70
Add : Transferred from Statement of Profit & Loss	565.00	525.00
	5,267.70	4,702.70
Foreign Currency Translation Reserve	3,448.93	2,681.21
Balance in statement of profit and loss		
Balance as per last balance sheet	56,360.96	45,738.90
Add : Net Profit for the year	10,391.12	12,625.54
Less : Appropriations		
Proposed Dividend (Rs. 2 per share)	1,276.35	1,276.35
Tax on Dividend	207.06	207.06
Tax on Dividend of earlier year reversed	-	(4.93)
Transferred To General Reserve	565.00	525.00
	64,703.67	56,360.96
	108,504.92	**98,829.49**
4. BORROWINGS		
Secured :-		
Long-term borrowings, non-current portion		
Term Loans from Banks		
External Commercial Borrowing-in Foreign Currency	19,173.00	3,728.90
Rupee term loans	9,282.15	14,398.63
Vehicle Loans	22.38	30.43
Loans from others		
Rupee term loan from a Finance Company	1,410.00	-
Vehicle Loan from Finance Companies	7.13	14.24
	29,894.66	18,172.20
Long-term borrowings, current portion		
Term Loans from Banks		
Rupee term loans	4,147.55	3,695.40
Vehicle Loans	32.16	28.74
Loans from others		
Rupee term loan from a Finance Company	90.00	-
Vehicle Loan from Finance Companies	7.41	18.74
	4,277.12	3,742.88
Short-term borrowings		
Cash Credit accounts	18,054.63	18,949.18
Buyers' Credit	1,983.04	-
	20,037.67	18,949.18
	54,209.45	**40,864.26**
5. DEFERRED TAX LIABILITIES (NET)		
Deferred tax liabilities		
Difference in depreciation & amortisation for accounting and tax purposes	7,917.97	6,678.21
Deferred tax assets		
Disallowance under section 43B of IT Act, 1961	455.64	347.24
Share issue expenses set off against share premium allowable under section 35D of IT Act, 1961 in Subsequent years	318.71	318.71
	774.35	665.95
	7,143.62	**6,012.26**

Notes forming part of the Financial Statements

For the year ended on 31st December, 2012 (Rupees in Lacs)

	Notes	As at 31-12-2012	As at 31-12-2011
6. OTHER LIABILITIES			
Other Long-term liabilities			
Advances from customers		133.53	341.88
Other Current liabilities			
Current maturities of long-term debt	4	4,277.12	3,742.88
Interest accrued and due		172.21	222.22
Interest accrued but not due		474.92	161.49
Trade advances		4,067.81	3,365.50
Trade deposits		3,852.31	3,713.13
Unclaimed Share Application Money		0.18	0.23
Unclaimed Dividend		1.92	0.97
Payables to statutory and other authorities		416.66	425.69
		13,263.13	11,632.12
		13,396.66	**11,974.00**
7. PROVISIONS			
Long-term provisions			
Provision for employee benefits			
Gratuity	28	443.32	366.37
Leave benefits	28	489.57	303.33
		932.89	669.70
Short-term provisions			
Provision for employee benefits			
Gratuity	28	28.50	47.29
Leave benefits	28	32.00	77.45
Taxation (Net of Payments)		467.18	898.22
Product Recall	34	-	115.40
Proposed Dividend		1,276.35	1,276.35
Tax on proposed Dividend		207.06	207.06
		2,011.09	2,621.77
		2,943.98	**3,291.47**
8. TRADE PAYABLES			
Sundry Creditors			
Micro & Small Enterprise		77.59	50.46
Others		10,635.09	7,922.30
For Capital Goods		1,212.75	1,477.92
		11,925.43	**9,450.68**

Notes forming part of the Financial Statements

For the year ended on 31st December, 2012

9. FIXED ASSETS

(Rupees in Lacs)

Sr. No.	Description of Assets	Gross Block (At Cost) As at 01-01-12	Additions during the year	Deductions during the year	As at 31-12-12	Depreciation / Amortisation Upto 01-01-12	For the Year	On Deduction during the year	Upto 31-12-12	Net Block As at 31-12-12	As at 31-12-11
A	**Tangible Assets**										
1	Freehold Land	1,530.78	-	-	1,530.78	-	-	-	-	1,530.78	1,530.78
2	Buildings	13,339.39	83.21	-	13,422.60	1,832.18	440.90	-	2,273.08	11,149.52	11,507.21
3	Improvement to leasehold property	267.92	0.15	-	268.07	254.68	13.39	-	268.07	-	13.24
4	Plant & Machinery	67,778.78	21,165.84	-	88,944.62	18,882.42	6,318.29	-	25,200.71	63,743.91	48,896.36
5	Electrical Installation	3,670.13	118.19	-	3,788.32	698.99	177.75	-	876.74	2,911.58	2,971.14
6	Furniture & Fixtures	873.14	64.44	-	937.58	293.05	60.74	-	353.79	583.79	580.09
7	Office Equipments	217.48	3.98	2.51	218.95	76.19	26.66	1.13	101.72	117.23	141.29
8	Vehicles	824.16	37.07	28.62	832.61	355.13	76.84	17.62	414.35	418.26	469.03
9	Data Processing Equipments	909.64	28.48	0.20	937.92	713.88	75.81	-	789.69	148.23	195.76
	Total (A)	**89,411.42**	**21,501.36**	**31.33**	**110,881.45**	**23,106.52**	**7,190.38**	**18.75**	**30,278.15**	**80,603.30**	**66,304.90**
	Previous Year	70,936.90	19,368.38	893.86	89,411.42	18,001.28	5,366.29	261.05	23,106.52	66,304.90	-
B	**Intangible Assets**										
	Facility Inspection Fees	51.70	-	51.70	-	51.70	-	51.70	-	-	-
	Computer Software	509.76	-	-	509.76	490.57	19.19	-	509.76	-	19.19
	Product Development	-	6,671.27	-	6,671.27	-	217.34	-	217.34	6,453.93	-
	Total (B)	**561.46**	**6,671.27**	**51.70**	**7,181.03**	**542.27**	**236.53**	**51.70**	**727.10**	**6,453.93**	19.19
	Previous Year	561.46	-	-	561.46	440.32	101.95	-	542.27	19.19	-
	TOTAL (A+B)	**89,972.88**	**28,172.63**	**83.03**	**118,062.48**	**23,648.79**	**7,426.91**	**70.45**	**31,005.25**	**87,057.23**	**66,324.09**
	Previous Year	71,498.36	19,368.38	893.86	89,972.88	18,441.60	5,468.24	261.05	23,648.79	66,324.09	-

(Rupees in Lacs)

	Notes	As at 31-12-2012	As at 31-12-2011
10. INVESTMENTS (AT COST)			
Non-current (Valued at cost) , Long term			
a) Non-Trade Investment			
(I) Indian Renal Foundation		1.94	1.94
19,400 Equity Shares of Rs. 10 each fully paid-up			
		1.94	1.94
11. LOANS AND ADVANCES			
[Unsecured and considered good, unless otherwise stated]			
Non-current loans and advances			
Capital advances		27,340.93	24,432.15
Security & Tender deposits		702.45	698.13
MAT Credit Entitlement		520.46	594.84
Balance with Government Authorities		118.19	111.64
Electricity and other deposits		170.07	360.82
		28,852.10	26,197.58
Current loans and advances			
Considered Good			
Loans and advances to related parties		32.66	33.16
Balance with Government Authorities		770.04	651.57
Advances to suppliers		11,743.12	14,449.15
Advances recoverable in cash or kind		1,025.34	851.84
		13,571.16	15,985.72
		42,423.26	42,183.30

Notes forming part of the Financial Statements

For the year ended on 31st December, 2012 (Rupees in Lacs)

	Notes	As at 31-12-2012	As at 31-12-2011
12. OTHER ASSETS			
[Unsecured and considered good, unless otherwise stated]			
Other non-current assets			
Fixed Deposit Accounts {pledged with bank}		126.00	176.00
Other Current assets			
Interest accrued on loans and deposits		169.20	130.62
		295.20	**306.62**
13. INVENTORIES			
Raw Materials		1,631.86	1,440.09
Packing Materials		1,448.53	1,526.09
Work in process		1,469.76	1,203.96
Finished Goods		13,878.35	12,726.11
		18,428.50	**16,896.25**
14. TRADE RECEIVABLES			
Unsecured			
Exceeding Six Months from the date they became due			
Considered Good		5,762.00	6,413.68
Considered Doubtful		32.02	28.80
		5,794.02	6,442.48
Others			
Considered Good		17,061.17	20,982.90
		17,061.17	20,982.90
Less : Provision for Doubtful Debts		32.02	28.80
		22,823.17	**27,396.58**
15. CASH AND CASH EQUIVALENTS			
Cash on Hand		8.41	7.18
Cheques on Hand		84.00	944.80
Balances with scheduled Banks :			
Current Accounts		3,142.76	2,996.70
Margin Money Accounts		3,032.16	5,858.40
Fixed Deposit Accounts		5,500.00	5,949.38
Unclaimed share application money lying in escrow account		0.18	0.23
Unclaimed Dividend Account		1.92	0.97
		11,769.43	**15,757.66**

Notes forming part of the Financial Statements

For the year ended on 31st December, 2012

(Rupees in Lacs)

	Notes	For the year ended on 31-12-2012	For the year ended on 31-12-2011
16. REVENUE FROM OPERATION			
Sales			
Sales of Products		77,622.98	74,801.82
Less : Excise duties		1,350.64	925.25
		76,272.34	73,876.57
Operating Income			
Export Benefits		208.67	-
Sale of Scrap		255.69	171.68
		464.36	171.68
		76,736.70	**74,048.25**
17 OTHER INCOME			
Sale of Voluntary Carbon Reduction Units		215.31	147.82
Dividend Income from investment in Mutual Fund		-	16.73
Profit on sale of Fixed Asset		1.11	-
Provision for Product Recall no longer required written back		115.40	-
Interest Income			
On Fixed Deposits		419.54	1,259.98
On Margin Money accounts		242.80	148.49
On Others		18.17	17.50
Miscellaneous Income		17.16	6.32
		1,029.49	**1,596.84**
18 COST OF MATERIALS CONSUMED, PURCHASE OF STOCK IN TRADE			
Raw Materials Consumed		14,526.63	17,520.80
Packing Materials Consumed		7,253.58	5,344.75
		21,780.21	22,865.55
Purchase of goods traded-in		4,686.38	5,533.42
		26,466.59	**28,398.97**
19 CHANGES IN INVENTORIES OF FINISHED GOODS WORK-IN-PROGRESS			
Stocks at the beginning of the year			
Work-in Progress		1,203.95	635.09
Finished Goods		12,726.11	12,007.68
		13,930.06	12,642.77
Less : Stocks at the end of the year			
Work-in Progress		1,469.76	1,203.95
Finished Goods		13,878.35	12,726.11
		15,348.11	13,930.06
		(1,418.05)	**(1,287.29)**
20 EMPLOYEE BENEFITS EXPENSE			
Salaries, Wages, Bonus & Gratuity		4,931.88	4,264.40
Contribution to Provident and other funds		187.90	145.18
Staff Welfare		115.90	113.06
		5,235.68	**4,522.64**
21 FINANCE COSTS			
Interest Expense		5,107.55	4,173.98
Other borrowing cost		753.98	679.89
Bank Charges		643.73	688.82
		6,505.26	**5,542.69**

Notes forming part of the Financial Statements

For the year ended on 31st December, 2012

(Rupees in Lacs)

	Notes	For the year ended on 31-12-2012	For the year ended on 31-12-2011
22 OTHER EXPENSES			
Conversion charges		408.33	894.44
Stores & Spares Consumed		652.97	447.20
Contract Labour Charges		1,272.85	830.75
Power & Fuel		3,472.16	3,680.86
Insurance		145.99	80.98
Outward freight		4,462.77	3,409.06
Commission		690.15	790.47
Marketing and Sales Promotion Expenses		1,922.64	2,086.37
Laboratory expenses		504.31	340.61
Traveling expenses		1,533.91	1,256.98
Stationery & Printing		95.10	62.99
Communication Expenses		223.42	234.08
Rent		414.02	357.92
Rates and Taxes		68.77	21.09
Repairs to			
Building		85.78	90.60
Plant & Machinery		210.32	73.61
Others		380.88	266.47
Bad Debts written-off and recovered		73.65	-
Provision for doubtful debts and advances		-	264.77
Foreign Exchange Rate Difference (Net)		192.58	253.59
Excise Duty		63.29	43.51
Consultancy Fees		1,513.16	1,229.36
Legal Fees & Charges		276.36	54.28
Professional Charges		127.86	130.90
General Charges		1,169.46	880.73
Loss on sale of fixed assets		-	63.88
Donations		10.95	8.69
		19,971.68	**17,854.19**

23. Description of the Group

The following subsidiary companies are considered in the consolidated financial statements.

Name of the Company	Country of Incorporation	% of Holding either directly or indirectly or through subsidiary as at 31-12-2012	% of Holding either directly or indirectly or through subsidiary as at 31-12-2011
iCubix Infotech Limited	India	100	100
Claris Lifesciences International Limited	India	100	100
Ogen Nutrition Limited	India	100	100
Claris Infrastructure Limited	India	100	100
Claris Produtos Farmaceuticos do Brasil Ltda.	Brasil	100	100
PT. Claris Lifesciences Indonesia	Indonesia	100	100
Claris Lifesciences Colombia Ltda.	Colombia	100	100
Catalys Venture Cap Limited	Mauritius	100	100
Claris Lifesciences Venezuela C. A.	Venezuela	100	100
Claris Lifesciences Inc.	USA	100	100
Claris Lifesciences (UK) Limited	UK	100	100
Claris Lifesciences & Cia. Chile Limitada	Chile	100	100
Claris Lifesciences (Aust) Pty Limited	Australia	100	100
Claris Lifesciences de Mexico S.A. de C.V.	Mexico	100	100
Claris Lifesciences Philippines, INC.	Philippines	100	100
Claris SteriOne	Mauritius	100	100
Claris Pharmaservices	Mauritius	100	100
Claris Otsuka Limited	India	100	-

24. Contingent Liabilities

(Rupees in Lacs)

	As at 31-12-2012	As at 31-12-2011
a. Claims against the Company not acknowledged as debts	2,235.90	912.31
b. Disputed demand under :		
(I) Income Tax	392.27	381.26
(ii) Sale tax	8.93	8.93
(iii) Excise Duty	87.78	68.59
(iv) Regulatory	10,400.00	-
c. Guarantees given by the bankers on behalf of the Company	509.59	132.09
d. Bills discounted	3,905.61	2,686.34
e. Letters of credit outstanding	851.10	9,332.56

Notes forming part of the Financial Statements

25. Commitments & Obligations

(Rupees in Lacs)

	As at 31-12-2012	As at 31-12-2011
a. Estimated amount of contracts remaining to be executed on capital account and not provided for (net of capital advances)	3,736.79	11,142.09
b. Outstanding obligation to export goods worth Rs. 36959.47 Lacs (Previous year Rs. 26,593.80 Lacs) within the stipulated period as per Export Promotional Capital Goods Scheme, failing which additional custom duty payable would amount to	7,622.07	5,638.32

26. Capital Work In Progress includes preoperative expenditure pending allocation to a project under implementation as under

(Rupees in Lacs)

Preoperative Expenses	As at 31-12-2012	As at 31-12-2011
Balance as per last balance sheet	820.81	1,405.98
Add: Interest and finance charges	788.49	924.53
Consultancy / Professional Fee	37.70	29.29
Material Consumed	504.32	485.13
Other Expenses	9.44	1.43
Less: Capitalized during the year	(793.35)	(2,025.55)
Total	**1,367.41**	**820.81**

Details of Preoperative expenses capitalized during the year:

(Rupees in Lacs)

Fixed Asset	For the Year ended on 31-12-2012	For the Year ended on 31-12-2011
Building	-	1.37
Plant & Machinery	793.35	2,021.43
Electrical Installation	-	2.75
Total	793.35	2,025.55

27. Pursuant to notification dated 29th December, 2011 issued by Central Government under Companies (Accounting Standard) Amendment Rules, 2009; with effect from April 1, 2011, the Company has exercised the option whereby, the exchange differences arising on settlement or on translation of long- term foreign currency monetary items, so far as they relate to the acquisition of a depreciable capital asset, are added to or deducted from the cost of the asset and are depreciated over the balance life of the asset.

(Rupees in Lacs)

	For the Year ended on 31-12-2012	For the Year ended on 31-12-2011
Amount added/(reduced) from capital assets	504.32	485.13
Amount remaining to be depreciated	958.95	485.13

28 . Employee Benefits

a. Defined Benefits Plans:

(Rupees in Lacs)

i. Expenses recognized in Profit & Loss Account for the year ended on 31st December	Gratuity		Leave Encashment	
	2012	2011	2012	2011
Short provision made in the books	1.12	-	0.47	-
Current service cost	83.79	76.34	64.03	102.38
Interest Cost	33.32	32.48	29.47	31.19
Expected return on plan assets	-	-	-	-
Net actuarial losses (gains)	(12.29)	3.02	121.44	(1.30)
Total Expenses	**105.94**	**111.84**	**215.41**	**132.27**

(Rupees in Lacs)

ii. Reconciliation of Closing balances of changes in present value of the Defined Benefit Obligation	Gratuity 2012	Gratuity 2011	Leave Encashment 2012	Leave Encashment 2011
Opening defined benefit obligation	414.29	380.82	384.21	365.56
Service Cost	83.79	76.34	64.03	102.38
Interest Cost	33.32	32.48	29.47	31.19
Actuarial losses (gains)	(12.29)	3.02	121.44	(1.30)
Losses (gains) on curtailments	–	–	–	–
Liabilities extinguished on settlements	–	–	–	–
Benefits paid	(47.29)	(78.37)	(77.58)	(113.62)
Closing defined benefit obligation	**471.82**	**414.29**	**521.57**	**384.21**

iii. Reconciliation of Opening and Closing balances of changes in fair value of plan assets				
Opening fair value of plan assets	–	–	–	–
Expected return on plan assets	–	–	–	–
Actuarial gains and (losses)	–	–	–	–
Assets distributed on settlements	–	–	–	–
Contributions by employer	–	–	–	–
Benefits paid	–	–	–	–
Closing balance of fair value of plan assets	–	–	–	–

iv. Net Liability recognized in the Balance sheet				
Defined Benefit Obligation	471.82	414.29	521.57	384.21
Fair value of plan assets	–	–	–	–
Present Value of unfunded obligation recognized as liability	471.82	414.29	521.57	384.21

v. Past four years data for define benefit obligation and fair value of plan assets are as under:	for the year ended 31st December, 2011	2010	2009	2008
Gratuity				
Defined Benefit Obligation	414.30	380.93	300.50	258.40
Fair value of plan assets				
Present Value of unfunded obligation recognized as liability	414.30	380.93	300.50	258.40
Leave Encashment				
Defined Benefit Obligation	384.20	365.50	247.60	265.40
Fair value of plan assets				
Present Value of unfunded obligation recognized as liability	384.20	365.50	247.60	265.40

vi. Actuarial Assumptions	31-12-2012	31-12- 2011
Discount Rate	8.00%	8.52%
Expected rate of salary increase	6.00%	6.00%
Mortality	LIC (1994-96) published table of mortality rates	LIC (1994-96) published table of mortality rates
Withdrawal Rates	3 % younger age reducing to 1 % old age	3 % younger age reducing to 1 % old age
Retirement Age	58 Years	58 Years
Actuarial Valuation Method	Projected Unit Credit Method	Projected Unit Credit Method

b. Defined Contribution Plans

Rs. 158.35 lacs (Previous Year Rs. 115.11 lacs) is recognized as an expense in respect of Defined Contribution Plans and is included in the Note. 20 forming part of Statement of Profit and Loss under the head "Contribution to Provident and other funds.

29. Segment Information

(i) Primary Segment:
In accordance with the requirements of Accounting Standard –17 on Segment Reporting, the Group has determined its business segment as "Drugs and Pharmaceuticals". Since all of the Group's business is from "Drugs and Pharmaceuticals', there are no other primary reportable segments. Thus the segment revenue, segment result, total carrying amount of segment liabilities, total cost incurred to acquire segment assets, the total amount of charge for depreciation during the year are all reflected in the consolidated financial statements as at and for the year ended 31st December, 2012.

(ii) Secondary Segment (Geographical Segment)

(Rupees in Lacs)

	India	Outside India	Total
Revenue	35,601.11 (34,603.74)	40,671.23 (39,272.83)	76,272.34 (73,876.57)
Carrying amounts of segment asset	166,553.98 (1,45,260.25)	33,674.74 (27,800.81)	200,228.72 (1,73,061.06)
Capital expenditure	34,746.73 (12,991.92)	6,671.27 -	41,418.00 (12,991.92)

Note: Figures in brackets are in respect of previous year.

30. Related party disclosures as required by Accounting Standard 18, " Related Party Disclosures", issued by the Institute of Chartered Accountants of India are given below.

(A) Particulars of related parties and nature of relationships:

Name of the Related Parties

A. Companies in which Key Management Personnel or their relatives are able to exercise significant influence

Sarjan Financial Private Limited
Cygnus Laboratories Limited
Medical Technologies Limited
Prarabdh Financial Private Limited
Xcelris Labs Limited
Accelaries Technologies Limited
Enthrills Infotech Limited

B. Key Management Personnel

Mr. Arjun S. Handa
Mr. Chetan S. Majmudar
Mr. Amish Vyas (UpTo 04-12-2012)
Mr. Chandrasingh Purohit

C. Relatives of Key Management Personnel

Mr. Aditya S. Handa

Notes forming part of the Financial Statements

(Rupees in Lacs)

	For the Year ended on 31-12-2012	For the Year ended on 31-12-2011
B) Related party transactions		
a) Nature of Transactions		
1. Remuneration Paid		
To Key Management Personnel		
Mr. Arjun S. Handa	150.59	150.59
Mr. Chandrasingh Purohit	36.59	34.09
Mr. Amish Vyas	36.59	33.69
Mr. Chetan S. Majmudar	36.59	38.52
2. Dividend Paid		
To Key Management Personnel		
Mr. Arjun S. Handa	156.01	156.01
To Companies in which Key Management Personnel or their relatives are able to exercise significant influence	475.60	475.60
Sarjan Financial Private Limited	93.06	93.06
Medical Technologies Limited		
To Relative of Key Management Personnel	134.01	156.01
Mr. Aditya S. Handa		
3. Advances Received during the Year		
From Companies in which Key Management Personnel or their relatives are able to exercise significant influence		
Xcelris Labs Limited	-	335.38
4. Capital Advances Granted during the Year		
To Companies in which Key Management Personnel or their relatives are able to exercise significant influence		
Xcelris Labs Limited	-	703.99
b) Balance at the end of the year		
1. Outstanding Payables		
To Companies in which Key Management Personnel or their relatives are able to exercise significant influence		
Accelaries Technologies Limited	0.20	0.20
2. Advances Granted Outstanding		
From Companies in which Key Management Personnel or their relatives are able to exercise significant influence		
Accelaries Technologies Limited	17.32	17.32
Enthrills Infotech Limited	15.34	15.34
From Key Management Personnel		
Mr. Amish Vyas	1.74	2.41
Mr. Chetan S. Majmudar	7.21	6.64
Mr. Chandrasingh Purohit	4.98	0.83

Notes forming part of the Financial Statements

31. Disclosures for operating leases under Accounting Standard 19 – "Accounting for Leases"

The company has entered into agreements for taking on leave and license basis residential / office premises including furniture and fittings therein, as applicable, for a period ranging from 11 to 60 months. The specified disclosure in respect of these agreements is given below:

(Rupees in Lacs)

	For the Year ended on 31-12-2012	For the Year ended on 31-12-2011
1. Lease payments recognized in the profit and Loss account for the year	276.31	273.00
2. Minimum lease payments under the agreements are as follows.	285.09	215.37
a) Not later than one year	1,209.56	861.37
b) Later than one year but not later than 5 Year	1,052.77	188.55
c) Later than five year		

32. Computation of Earnings per Share (EPS):

(Rupees in lacs, except per share data)

	For the Year ended on 31-12-2012	For the Year ended on 31-12-2011
Basic & Diluted EPS		
Computation of Profit (Numerator)		
Net Profit for the year attributable to Equity Shareholders	10,391.12	12,625.54
Weighted Average Number of Shares (Denominator)	**Nos.**	Nos.
Weighted average number of Equity shares of Rs.10 each used for calculation of Basic Earning Per Share	63,817,765	63,817,765
Basic & Diluted EPS (in Rs.)	**16.28**	**19.78**
Face value per share (in Rs.)	10.00	10.00

33. Discontinuing operations

On December 7, 2012,the management of the Company has entered in to set of agreements with Otsuka Pharmaceutical Factory, Inc., Japan (Otsuka) and Mitsui & Co. Ltd., Japan (Mitsui) for transfer of its Infusion Business to Claris Otsuka Limited, a wholly owned subsidiary of the Company on 'slump sale' basis. The said infusion business includes identified products of Common Solutions, Anti Infective, Plasma Volume Expanders and Parenteral Nutrition in India and in Emerging markets (herein after referred to as 'the infusion business'). The transfer of the infusion business is subject to all necessary and applicable approvals of the regulatory authorities and subject to other closing formalities to be completed as may be agreed between the parties. Subject to such approvals and formalities, the Board of Directors of the Company, in its meeting held on December 7, 2012, has passed necessary resolutions approving the transfer of the infusion business to Claris Otsuka Limited. On 18th February,2013 the shareholders of the company, through postal ballot, have approved necessary resolution for the said transfer of infusion business. It is expected that completion of the transaction will take place in financial year 2013,upon getting necessary approvals from regulatory authorities.

As per the terms of the agreements, the infusion business is valued as 1,31,300 lacs and the Company is to receive Rs. 1,05,000 lacs in cash over multiple agreements for the portion to be transferred in favor of Otsuka & Mitsui,who will subscribe Rs. 1,05,000 lacs towards equity share capital and towards securities premium of Claris Otsuka Limited, pursuant to which Otsuka, Mitsui and the Company will respectively hold 60 %, 20% and 20% of the equity share capital of Claris Otsuka Limited.

a. Necessary disclosures of the details pertaining to the discontinuing operations in respect of the infusion business and the reorganization of the business , as required under the Accounting Standard – 24 'Discontinuing Operations' (AS-24) as notified by the Government of India under Section 211(3C) of the Companies Act, 1956, are as under : -

(Rupees in Lacs)

Particular	For the year ended on 31st Dec 2012	For the year ended on 31st Dec 2011
Revenue	42,854.56	38,971.40
Expenditure	Refer note (b) below	Refer note (b) below
Profit Before tax	Refer note (b) below	Refer note (b) below
Profit after tax	Refer note (b) below	Refer note (b) below
Total Assets	73,630.10	63,460.91
Total Liabilities	5,845.03	2,487.71
Cash flow (used in)/from Operating activities	Refer note (b) below	Refer note (b) below
Cash flow (used in)/from Investing activities	(9,678.13)	(3,199.98)
Cash flow (used in)/from Financing activities	3,357.32	2,485.93

b. The Company operates under a single business segment i.e. 'Drugs & Pharmaceuticals' as per the requirements of Accounting Standard – 17 'Segment Reporting'. The transfer of the infusion business would involve transfer of assets and liabilities as are related to the infusion business and as the same are identified by the parties to the transaction. For this purpose, the products, employees, tangible and intangible assets, current assets, market territories, long term and short term borrowings, other liabilities etc. are being identified as are related to the infusion business. In view of common employees, marketing expenses, logistics and distribution arrangements and general corporate overheads, which are not separately identifiable for identified products of the infusion business being transferred, the Company is unable to determine the income, expenses, assets and liabilities clearly attributable to the discontinued operations. As per the practice followed by the Company for preparation of its financial statements for financial reporting purposes, its present system of maintenance of books of account and other relevant records do not provide clearly identifiable details of income and expenditure as are related to the infusion business. Under the circumstances, the Company is unable to disclose the above stated details as are pertaining to the discontinuing operations. Under the facts and circumstances the Company is unable to disclose separately the profit from the continuing and from discontinuing operations, tax expense of the discontinuing operations and profit from the discontinuing operations (after tax).

34. Provision for loss due to products recalled:

The Company had initiated a voluntary recall of certain products as a precautionary measure against possible contamination due to the packaging integrity of such recalled products. The provision for loss due to products recalled was based on estimates made by the management by applying principles laid down in Accounting Standard – 29 "Provisions, Contingent Liabilities and Contingent Assets". The company has reviewed the status as at the balance sheet date and considering no requirement of incurring such expenses, it has reversed the provision during the year, the movement in the provision during the year is as under: -

(Rupees in lacs)

For the year ended 31st December, 2012				
Balance as on 1st January 2012	Provision made	Utilized	Reversal	Balance as on 31st Dec 2012
115.40	-	-	115.40	-

35. The Revised Schedule VI has become effective from the current financial year for the preparation of financial statements. This has significantly impacted the disclosure and presentation made in the financial statement. Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

Gaurav J. Shah
Partner

Place : Ahmedabad
Date : 28th February, 2013

For and on behalf of Board of Directors

Arjun S. Handa
Managing Director

Chandrasingh Purohit
Whole Time Director

Rajesh Kumar Modi
GM – Compliance & Company Secretary

Place : Ahmedabad
Date : 23rd February, 2013

Information on the financials of the Subsidiary Companies

As per the exemption letter of the ministry of corporate affairs, Government of India

Name of Subsidiary Company	Country	Reporting Currency	Exchange Rate	Capital	Reserves	Total Assets	Total Liabilities	Investments made by Subsidiary	Revenues (Turnover & Other Income)	Profit Before Taxation	Provisions for Taxation	Profit After Tax	Proposed Dividend
Claris Produtos Farmaceuticos do Brasil Ltda	Brazil	Real	26.69	212,626,929	(211,463,522)	282,102,645	287,347,758	-	47,313,195	(32,802,651)	-	(32,802,651)	-
Claris Lifesciences Colombia Ltda	Colombia	Col. Pesos	0.03	73,687,632	(32,101,555)	41,078,378	352,311	-	6,874,821	(3,885,159)	-	(3,885,159)	-
Claris Lifesciences de Mexico SA de CV	Mexico	Mex. Pesos	4.20	276,751,908	(78,391,514)	204,193,847	6,466,812	-	3,152,111	(5,050,113)	-	(5,050,113)	-
Claris Lifesciences & Cia. Chile Limitada	Chile	Chilean Pesos	0.11	4,183,104	142,954,762	151,529,521	4,391,654	-	-	(2,382,448)	-	(2,382,448)	-
Claris Lifesciences Venezuela C.A.	Venezuela	Bolivar Fuerte	12.73	12,730	4,771,548	19,179,607	14,395,323	-	2,283	(103,774)	-	(103,774)	-
Catalys Venture Cap Limited	Mauritius	US Dollars	54.78	62,478,988	2,414,866,182	2,880,102,489	402,757,318	661,452,986	456,274,641	350,942,478	-	350,942,478	-
Claris Pharmaservices	Mauritius	US Dollars	54.78	5,477,730	-	5,494,123	16,398	-	503,035	-	-	-	-
Claris SteriOne	Mauritius	US Dollars	54.78	5,477,730	(16,433)	80,578,863	75,117,544	-	499,024	-	-	-	-
PT Claris Lifesciences Indonesia	Indonesia	Rupiah	0.01	5,191,560	(36,307,982)	15,478,024	46,594,446	-	657,772	(10,118,503)	-	(10,118,503)	-
Claris Lifesciences Philippines, INC.	Philippines	Phil. Pesos	1.33	13,789,735	(15,811,655)	26,503,655	28,525,574	-	191,881,910	2,348,486	704,546	1,643,940	-
Claris Lifesciences Inc.	USA	US Dollars	54.78	238,292,210	(63,664,002)	233,741,733	60,242,758	-	69,744,986	4,416,349	-	4,416,349	-
Claris Lifesciences (UK) Limited	UK	Pound	88.51	8,851	-	26,553	17,702	-	-	-	-	-	-
Claris Lifesciences (Aust) pty Ltd	Australia	Aus. Dollars	56.72	5,672	3,006	23,141	37,433	-	110,400	(15,314)	-	(15,314)	-
Icubix Infotech Limited	India	Ind. Rupees	-	500,000	5,352,874	15,179,324	9,326,450	-	16,266,582	(597,116)	721,498	(880)	-
Claris Lifesciences International Limited	India	Ind. Rupees	-	500,600	(807,557)	427,955	734,912	427,355	-	(58,680)	-	(58,680)	-
OGEN Nutrition Limited	India	Ind. Rupees	-	500,000	(1,311,030)	3,292,725	4,103,755	-	7,957,388	(125,652)	-	(125,652)	-
Claris Infrastructure Limited	India	Ind. Rupees	-	500,000	(511,395)	82,332	93,727	-	-	(56,780)	-	(56,780)	-
Claris Otsuka Limited	India	Ind. Rupees	-	500,000	(56,180)	500,000	56,180	-	-	(56,180)	-	(56,180)	-

Note : Indian rupee equivalents of the figures given in foreign currencies in the accounts of the subsidiary companies, are based on the exchange rates as on 31-12-2012

Information on the financials of the Subsidiary Companies

Statement pursuant to section 212 of the Companies Act, 1956 Relating to Subsidiary Companies

Name of the Subsidiary Company	Claris Produtos Farmaceuticos Do Brasil Limitada	Claris Lifesciences Colombia Limitada	Claris Lifesciences de Mexico SA de CV	Claris Lifesciences & CIA Chile Limitada
Currency of Presentation	R$	COL Pesos	Mexican Pesos	Chilean Pesos
Financial year of the Subsidiary Company ended on	31-Dec-2012	31-Dec-2012	31-Dec-2012	31-Dec-2012
Holding Company's interest				
- No. of equity share	4,642,248.46 quotas of Real 1 each	271,661 Social Quotas of COL Pesos 1,000 each	50 shares of Mexican Pesos 1,000 each	100 % of Social Rights
- Percentage (%) of Holding.	[1]100%	[2]100%	[3]100%	[4]100%
The net aggregate amount of the Subsidiary's Profit / Loss so far as it concerns the members of the Holding Company not dealt within the Holding Company's Account				
- For the Current Financial year	(1,228,996)	(125,733,287)	(1,202,351)	(20,898,664)
- For the Previous Financial year since it became subsidiary.	(6,693,775)	(900,933,000)	(16,863,774)	1,272,768,369
The net aggregate amount of Profit / Loss of the Subsidiary which has been dealt within the account of the Holding Company				
- For the Current Financial year	NIL	NIL	NIL	NIL
- For the Previous Financial year since it became subsidiary.	NIL	NIL	NIL	NIL

1. 4,642,248.46 quotas of Real 1 each are held by Claris Lifesciences Limited and 3,324,111.54 quotas of Real 1 each are held by Catalys Venture Cap Limited.
2. 271,661 Social Quotas of COL Pesos 1,000 each are held by Claris Lifesciences Limited, 15,811 Social Quotas of COL Pesos 1,000 each are held by Claris Lifesciences International Limited and 2,100,000 Social Quotas of COL Pesos 1,000 each are held by Catalys Venture Cap Limited.
3. 50 Common registered Shares (Fixed Capital) of Mexican Pesos 1,000 each are held by Claris Lifesciences Ltd, and 68,000 Common registered Shares (Variable Capital) of Mexican Pesos 1,000 each at Par Value, are held by Catalys Venture Cap Limited.
4. 85,500,000 Chilean Pesos equivalent to 95.00% of Social Rights are held by Claris Lifesciences Limited and 4,500,000 Chilean Pesos

Information on the financials of the Subsidiary Companies

Statement pursuant to section 212 of the Companies Act, 1956 Relating to Subsidiary Companies

Name of the Subsidiary Company	Claris Lifesciences Venezuela C.A.	Catalys Venture Cap Limited	Claris Pharmaservices	Claris SteriOne
Currency of Presentation	Bolivar Fuerte(Bs.F)	USD	USD	USD
Financial year of the Subsidiary Company ended on	31-Dec-2012	31-Dec-2012	31-Dec-2012	31-Dec-2012
Holding Company's interest - No. of equity share	1,000 Common Shares of Bolivar Fuerte 1 each	11,40,600 Ordinary Shares of US $ 1 each	-	-
- Percentage (%) of Holding.	100%	100%	1st	2nd
The net aggregate amount of the Subsidiary's Profit / Loss so far as it concerns the members of the Holding Company not dealt within the Holding Company's Account - For the Current Financial year	(8,152)	6,406,714	-	-
- For the Previous Financial year since it became subsidiary.	382,991	37,678,449	-	(300)
The net aggregate amount of Profit / Loss of the Subsidiary which has been dealt within the account of the Holding Company - For the Current Financial year	NIL	NIL	NIL	NIL
- For the Previous Financial year since it became subsidiary.	NIL	NIL	NIL	NIL

1. 100,000 Shares of USD 1 each at par value are held by Catalys Venture Cap Limited.
2. 100,000 Shares of USD 1 each at par value are held by Catalys Venture Cap Limited.

Information on the financials of the Subsidiary Companies

Statement pursuant to section 212 of the Companies Act, 1956 Relating to Subsidiary Companies

Name of the Subsidiary Company	PT. Claris Lifesciences Indonesia	Claris Lifesciences Philippines, INC.	Claris Lifesciences Inc.	Claris Lifesciences (UK) Limited	Claris Lifesciences (Aust) Pty Ltd
Currency of Presentation	Indonesia Rupiah	Philippines Pesos	USD	GBP	AUD
Financial year of the Subsidiary Company ended on	31-Dec-2012	31-Dec-2012	31-Dec-2012	31-Dec-2012	31-Dec-2012
Holding Company's interest - No. of equity share	100,000 Shares of Indonesia Rupiah 9108 per share	102,000 Shares of Philippine Pesos 100 each	200 Shares of USD 1 each	100 Ordinary Shares of GBP 1 each	100 Ordinary Shares of AUD 1 each
- Percentage (%) of Holding.	100%	100%	[1] 100%	100%	100%
The net aggregate amount of the Subsidiary's Profit / Loss so far as it concerns the members of the Holding Company not dealt within the Holding Company's Account - For the Current Financial year	(1,775,175,982)	1,236,324	80,624	-	(270)
- For the Previous Financial year since it became subsidiary.	(4,594,645,440)	(13,127,468)	(1,242,857)	-	323
The net aggregate amount of Profit / Loss of the Subsidiary which has been dealt within the account of the Holding Company - For the Current Financial year	NIL	NIL	NIL	NIL	NIL
- For the Previous Financial year since it became subsidiary.	NIL	NIL	NIL	NIL	NIL

1. 200 Shares of USD 1 each at Par Value are held by Claris Lifesciences Ltd, and 4,350,000 Shares of USD 1 each at Par Value are held by Catalys Venture Cap Limited.

Information on the financials of the Subsidiary Companies

Statement pursuant to section 212 of the Companies Act, 1956 Relating to Subsidiary Companies

Name of the Subsidiary Company	Icubix Infotech Limited	Claris Lifesciences International Limited	Ogen Nutrition Limited	Claris Infrastructure Limited	Claris Otsuka Limited
Currency of Presentation	INR	INR	INR	INR	INR
Financial year of the Subsidiary Company ended on	31-Dec-2012	31-Dec-2012	31-Dec-2012	31-Dec-2012	31-Dec-2012
Holding Company's interest - No. of equity share	50,000 Equity Shares of Rs. 10 each	50,060 Equity Shares of Rs. 10 each	50,000 Equity Shares of Rs. 10 each	50,000 Equity Shares of Rs. 10 each	50,000 Equity Shares of Rs. 10 each
- Percentage (%) of Holding.	100%	100%	100%	100%	100%
The net aggregate amount of the Subsidiary's Profit / Loss so far as it concerns the members of the Holding Company not dealt within the Holding Company's Account					
- For the Current Financial year	(880)	(58,680)	(125,652)	(56,780)	(56,180)
- For the Previous Financial year since it became subsidiary.	5,353,754	(748,877)	(1,185,378)	(454,615)	-
The net aggregate amount of Profit / Loss of the Subsidiary which has been dealt within the account of the Holding Company					
- For the Current Financial year	NIL	NIL	NIL	NIL	NIL
- For the Previous Financial year since it became subsidiary.	NIL	NIL	NIL	NIL	NIL

Notes

Notes

Notes

ATTENDANCE SLIP

Claris Lifesciences Limited
Registered Office : Claris Corporate Headquarters, Nr. Parimal Rly. Crossing, Ellisbridge, Ahmedabad-380006, India.

Please fill the Attendance Slip and hand it over at the entrance of the meeting venue
joint shareholders may obtain additional Attendance Slip request

DP. Id*			**Regd. Folio No.**	
Client Id*			**No. of Share(s) held**	

Name and Address of the Shareholder

I/We hereby record my/our presence at the 18th Annual General Meeting of Claris lifesciences Limited held on Friday, the 12th April, 2013 at 12.00 Noon or soon thereafter as the AGM of Claris Lifesciences Limited convened for the same day shall be over at Ahmedabad Management Association, J.B Auditorium, ATIRA Campus, Dr. Vikram Sarabhai Marg, Ahmedabad 380 015, Gujarat.

Signature of the shareholder or proxy
*Applicable for investors holding shares in electronic form.

--TEAR HERE--

PROXY FORM

Claris Lifesciences Limited
Registered Office : Claris Corporate Headquarters, Nr. Parimal Rly. Crossing, Ellisbridge, Ahmedabad-380006, India.

Please fill the Attendance Slip and hand it over at the entrance of the meeting venue
joint shareholders may obtain additional Attendance Slip request

DP. Id*			**Regd. Folio No.**	
Client Id*			**No. of Share(s) held**	

I/We______________________________of ____________________
being a member/members of Claris Lifesciences Limited hereby appoint____________________of
____________________________or failing him____________________of
__________________________as my/our proxy to vote for me/us and on my/our behalf at the 18th Annual General Meeting of Claris Lifesciences Limited held on Friday, the 12th April, 2013 at 12.00 Noon or soon thereafter as the AGM of Claris Lifesciences Limited convened for the same day shall be over at Ahmedabad Management Association, J.B Auditorium, ATIRA Campus, Dr. Vikram Sarabhai Marg, Ahmedabad 380 015, Gujarat.

Signed this__________________day of________________2013.

*Applicable for investors holding shares in electronic form.

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revenue
stamp

Note
(1) The proxy in order to be effective should be duly stamped, completed and signed and must be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the aforesaid meeting. The Proxy need not be a member of the Company.
(2) Members holding shares under more than one folio may use photocopy of this proxy form for other folios the company shall provide additional forms on request

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