

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 9 directors as on 31st December, 2011.

Composition ,Category & Designation of Directors

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

Notes :

1) Mr. Nikhil Mohta has resigned as Nominee Director on 12th January,2011 and was appointed as an Additional Director on 24th February, 2011 . He was appointed as Non-Executive Director of the Company by the members at their meeting held on 12th May, 2011.

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	Committee Memberships	Committee Chairmanships
Dr. Pravin P. Shah	3	Yes	13	4	3
Mr. Arjun S. Handa	4	Yes	3	-----	-----
Mr. Aditya S. Handa	3	Yes	6**	-----	-----

Mr. Chetan S. Majmudar	1	No	2	----	----
Mr. Chandrasingh Purohit	4	Yes	7**	----	----
Mr. Amish Vyas	3	Yes	6**	----	----
Mr. T. V. Ananthanarayanan	2	No	3	----	----
Mr. Surrinder Lal Kapur	4	Yes	6		
Mr. Nikhil Mohta	2	No	----	----	----

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

** includes Directorship in Foreign Companies.

NUMBER OF BOARD MEETINGS HELD AND THE DATES ON WHICH HELD

Four meetings of Board of Directors were held during the year ended 31st December, 2011 on 24th February, 2011, 13th May, 2011, 5th August, 2011 and 4th November, 2011.

BRIEF RESUME OF THE DIRECTORS SEEKING APPOINTMENT / RE-APPOINTMENT

Mr. Surrinder Lal Kapur, an Independent Non - Executive Director

Mr. Kapur 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, 2011.

Mr. Aditya S. Handa, a Non-Executive Director

Mr. Aditya S. Handa holds a Master of Business Administration degree from Babson College, USA and holds a Bachelor of Commerce degree from the Gujarat University, Ahmedabad. He was appointed as a Director of the Company on June 13, 2006 and is a member of Promoter Group of the Company. He is holding 7800,507 shares of the Company as on 31st December, 2011.

Mr. Chandrasingh Purohit, an Executive Director

Mr. Chandrasingh Purohit holds a Master of Commerce degree from Maharaj Shivajirao University, Vadodara. Mr. Chandrasingh Purohit was appointed as an Executive Director of the Company with effect from July 3, 2009 for the period of three years. His term of appointment will be expiring on 2nd July, 2012. He was previously associated with the Company since April 1, 1999 under various designations including Head – International Operations and Vice-President – Finance. Mr. Chandrasingh Purohit has around 15 years of experience in the pharmaceutical industry. Prior to joining the Com-

pany, he was an employee of Core Healthcare Ltd. He has been instrumental in setting up the Company's sales and marketing network across key international markets. He is holding nil shares of the Company as on 31st December, 2011.

Mr. Amish Vyas, an Executive Director

Mr. Amish Vyas, holds a Bachelor of Electronics and Communication degree from Gujarat University, Ahmedabad and holds a Master of Business Administration degree from Gujarat University, Ahmedabad. He has been with the Company since February 1, 2003 and has about 16 years of experience in the pharmaceutical industry. He has been responsible for spearheading the Company's foray in the regulated markets such as North America, Europe, Australia, New Zealand and others. Since 2009 he has taken over the additional responsibility for the sales in Latin America. Over and above, he has been actively involved in corporate level strategic assignments. Prior to joining Company, he was an employee of Core Healthcare Ltd. He was appointed as an Executive Director of Company with effect from July 3, 2009 for the period of three years. His term of appointment will be expiring on 2nd July, 2012. He is holding nil shares of the Company as on 31st December, 2011.

CODE OF CONDUCT

The Board of Directors of the Company has laid down a code of conduct for all Board Members and Senior Management Group of the Company. The code of conduct is available on the website of the Company www.clarislifesciences.com. All Board members and senior management group 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 the 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 Audit Committee comprising four Directors namely Dr. Pravin P. Shah, Mr. Arjun S Handa, Mr. Surrinder Lal Kapur, Mr. T V Ananthanayanan. Dr. Pravin P. Shah is the Chairman of the Audit Committee. Except Mr. Arjun S. Handa all other members 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 Exchanges.

Meetings and attendance during the year

The Committee met four times on 24th February, 2011, 13th May, 2011, 5th August, 2011 and 4th November, 2011. Dr. Pravin P Shah was present in three meetings. Mr. Arjun S Handa and Mr. Surrinder Lal Kapur were present in all meetings. Mr. T V Ananthanarayanan was present in two meetings.

REMUNERATION/ COMPENSATION COMMITTEE:

Composition and other details

The Board has constituted Remuneration/ Compensation Committee comprising of three independent non-executive directors namely, Dr. Pravin P Shah, Mr. Surrinder Lal Kapur and Mr. T V Ananthanarayanan.

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 Group and look after the issues relating to major HR policies.

Attendance during the year

During the year there were two meetings held on 24th February, 2011 and 5th August, 2011. Dr. Pravin P Shah and Mr. Surrinder Lal Kapur were present in all meetings. Mr. T V Ananthanarayanan was present in one meeting.

The Remuneration Committee determines our Company's remuneration policy, having regard to performance standards and existing industry practice. Under the existing policies of our Company, the Remuneration Committee, inter alia, determines the remuneration payable to our 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 December, 31, 2011 are as follows:

Executive Directors	Salary (Rs.)	Other Allowances (Rs.)	Perks (Rs.)
Mr. Arjun S. Handa	1,50,00,000	50,000	-
Mr. Chetan S. Majmudar	37,62,290	50,000	30,000
Mr. Chandrasingh Purohit	33,20,060	50,000	30,000
Mr. Amish Vyas	32,80,060	50,000	30,000

Total :	2,53,62,410	2,00,000	90,000
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b) Non-Executive Directors

The sitting fees paid to Non-Executive Directors for attending meetings during the financial year ended December, 31, 2011 are as follows:

Non – Executive Directors	Amount in Rs.
Dr. Pravin P. Shah	15,000
Mr. Surrinder Lal Kapur	20,000
Mr. T. V. Ananthanarayanan	10,000
Total :	45,000

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: Dr. Pravin P Shah, Mr. Chandrasingh Purohit, Mr. Arjun S Handa and Mr. T V Ananthanarayanan. During the year there were five meetings held on 25th February, 2011, 31st March , 2011, 30th April, 2011, 5th August, 2011 and 4th November, 2011. Mr.Arjun S Handa and Mr. Chandrasingh Purohit were present in all meetings. Mr. T V Ananthanarayanan and Dr. Pravin P Shah were present in one meeting.

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 complaints** as on December 31, 2011.

In order to expedite the process of share transfers, the Board has delegated the powers to officers of the Company. The delegated authority is attending to share transfer formalities at least once a fortnight, as required.

Details of Complaints for the year 2011:

S.No	Nature of Complaints	Received	Disposed	Pending
1.	Non-receipt of IPO refund amount	9	9	Nil
2.	Non- receipt of demat credit	7	7	Nil
3.	SEBI (IPO related)	46	46	Nil

4.	Non- receipt of dividend warrant	2	2	Nil
5.	Non-receipt of Annual Report	1	1	Nil

GENERAL BODY MEETINGS

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

Year	Date / Time	Venue	Special Resolution
2010	12/05/2011 4.00 P.M.	Ahmedabad Management Association, H.T.parekh convention centre, ATIRC 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.
2008	30/09/2009 / 11.00 A.M.	Claris Corporate Headquarters, Near Parimal Crossing, Ellisbridge, Ahmedabad – 380 006	-----

DETAILS OF POSTAL BALLOT

During the year, one special resolution was passed by the shareholders by means of Postal ballot under section 61 of the companies act, 1956 for partially vary, modify, alter, add or delete the utilization of the proceeds of Initial Public offering (“IPO”) of equity shares made by the company apart from two ordinary resolutions for re-appointment of Managing Director & CEO Mr. Arjun S. Handa and Whole Time Director Mr. Chetan S. Majmudar. Mr.Ashish C.Doshi, Practicing Company Secretary, Ahmedabad, was appointed as the Scrutinizer. The results of the Postal Ballot as submitted to BSE and published in the newspapers are as follows:

Particulars	Total Number of Valid Votes Polled	Votes cast in favor of the resolution	% in favor of the resolution	Votes cast against the resolution	% against the resolution
Special Resolution No.1	44,297,208	44,294,923	99.99	2,285	0.01
Ordinary Resolution No.2	44,296,458	44,290,568	99.99	5,890	0.01
Ordinary Resolution No.3	44,296,373	44,291,508	99.99	4,865	0.01

DISCLOSURES

Disclosures on materially significant related party transactions, i.e. transactions of the Company of material nature, with its promoters, the Directors or the Management, their subsidiaries or relatives, etc., that may have potential conflict with the interest of the Company at large.

We have disclosed the related party transactions and others in Notes to Accounts.

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.

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

All the mandatory requirements has been adopted.

Details of Compliance with Non-Mandatory requirements of this clause

The Company has not adopted the Non-Manadatory requirments.

Means of Communication

Results

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

General Information for Shareholders

Date, Time and Venue of Annual General Meeting : 30/04/2012 at 12.00 Noon at Ahmedabad Management Association, H.T. Parekh Convention Centre, ATIRA Campus, Dr. Vikram Sarabhai Marg, Ahmedabad -380015.

Financial Year of the Company : 31st December, 2011.

Financial Year Calendar for 2012 (tentative)

Annual General Meeting : May- June 2013

Results for the quarter ended 31st March 2012 : Second week of May 2012

Results for the quarter ended 30th June 2012 : Second week of August 2012

Results for the quarter ended 30th September 2012 : Second week of November 2012

Results for the last quarter Ended 31st December 2012 : Second week of February 2013

Book Closure dates

From 24/04/2012 to 30/04/2012 (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 15th May, 2012.

Listing on Stock Exchanges

The Company's Shares are listed with The Bombay Stock Exchange Limited. The listing fee for the year 2011-12 has been paid to the above stock exchange. The Listing fee for the year 2012-13 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**(Fig. In Rs.)**

Month	BSE	
	High	Low
Januray 2011	216	160.40
February 2011	205	152
March 2011	194	160
April 2011	199.45	168
May 2011	189	159.10
June 2011	192.65	155.10
July 2011	176	150
August 2011	167	99
September 2011	129.90	108
October 2011	123.80	111.70
November 2011	144	116.05
December 2011	124.60	98.10

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

Particulars	Share Price v/s. BSE	
	Share Price (Rs.)	BSE Sensex
As on 01/01/2011	213.75	20509.09
As on 31/12/2011	105.75	15454.92
% Change	(50.53)	(24.64)

Total Equity of the Company as on 31.12.2011 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, 2011

No. of Equity Shares	No.of Shareholders	% of total shareholders	No. of Shares	% to total Capital
Less than 500	18290	94.55	1666154	2.61
501 – 1000	843	4.36	532563	0.83
1001 – 2000	100	0.52	147287	0.23
2001 – 3000	20	0.10	53467	0.08
3001 – 4000	8	0.04	27788	0.04
4001 – 5000	11	0.06	51939	0.08
5001 – 10000	18	0.09	128908	0.20
10000 and above	54	0.28	61209659	95.91
Total	19344	100.00	63817765	100.00

Shareholding Pattern as on 31st December, 2011

Category	No. of shares held	% Shareholding
Company Promoter / Promoter Group	44034306	69.00
Mutual Funds / UTI	217072	0.34
Financial Institutions / Banks	310621	0.49
Foreign Institutional Investors	7231656	11.33
Non-Resident Indians	134621	0.21
Non Resident Non- Repatriable	49238	0.08
Foreign Company	7111095	11.14
Bodies Corporate	1870333	2.93
General Public	2835557	4.45
Clearing Members	23266	0.04
TOTAL	63817765	100

Dematerialisation of shares

The equity of the Company is in demat form as on 31st December 2011 except 2 shares. Trading in Equity Shares of the Company is permitted only in dematerialised form w.e.f. 28th August 2000, as per notification issued by the Securities and Exchange Board of India (SEBI).

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

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, 2011, 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.

Place : Ahmedabad

Date : 29th February, 2012

Ashish C. Doshi

Practicing Company Secretary

C.O.P. No. : 2356