

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		Other Directorships	Number of other Directorships and Committee Memberships / Chairmanships*		
	Board Meetings	Last AGM		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.

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 Exchanges.

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 December, 31, 2012 are as follows:

Executive Directors	Salary (Rs.)	Other Allowances (Rs.)	Perks (Rs.)
Mr. Arjun S. Handa	15000000	50000	--
Mr. Chetan S. Majmudar	3600000	50000	30000
Mr. Chandrasingh Purohit	3600000	50000	30000
Mr. Amish Vyas	3600000	50000	30000
Total :	25800000	200000	90000

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 as on December 31, 2012.

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	<ol style="list-style-type: none">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	<ol style="list-style-type: none"> 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 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.

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 requirments 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

(Fig. 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

Particulars	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	15190	92.18	1468311	2.30
501 – 1000	724	4.39	512458	0.80
1001 – 2000	236	1.43	363674	0.57
2001 – 3000	83	0.50	216460	0.34
3001 – 4000	46	0.28	164300	0.26
4001 – 5000	44	0.27	209496	0.33
5001 – 10000	61	0.37	441976	0.69
10000 and above	95	0.58	60441090	94.71
Total	16479	100.00	63817765	100.00

Shareholding Pattern as on 31st December, 2012

Category	No. of shares held	% Shareholding
Company Promoter / Promoter Group	39605331	62.06
Mutual Funds / UTI	178871	0.28
Financial Institutions / Banks	32421	0.05
Foreign Institutional Investors	6491218	10.17
Non-Resident Indians	150281	0.24
Non Resident Non- Repatriable	200785	0.32
Foreign Venture Capital Investors	7111095	11.14
Qualified Foreign Investors - Corporate	1700000	2.66
Bodies Corporate	3152560	4.94
General Public	4711294	7.38
Clearing Members	482643	0.76
Trusts	1266	0.00
Total	63817765	100.00

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

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.

Place : Ahmedabad

Date : 23rd February, 2013

Ashish C. Doshi

Practicing Company Secretary

C.O.P. No. : 2356