



CLARIS LIFESCIENCES LIMITED

Registered Office: Claris Corporate Headquarters, Near Parimal Railway Crossing,
Ellisbridge, Ahmedabad – 380 006, Gujarat

Tel.: 079-26563331; **Fax:** 079-26408053 / 26565879

Website: www.clarislifesciences.com, **E-mail:** investorservices.corp@clarislifesciences.com

NOTICE OF POSTAL BALLOT TO THE EQUITY SHAREHOLDERS

**(NOTICE ISSUED TO MEMBERS PURSUANT TO SECTION 192A OF
THE COMPANIES ACT, 1956)**

Dear Member(s),

Notice is hereby given, pursuant to section 192A of the Companies Act, 1956, as amended (the “**Companies Act**”) read with the Companies (Passing of the Resolution by Postal Ballot) Rules, 2011, as amended from time to time (the “**Postal Ballot Rules**”) that the resolutions set out below for the buyback of equity shares of Claris Lifesciences Limited (hereinafter referred to as the “**Company**”) is proposed to be passed as a special resolution by way of postal ballot.

Special resolution pursuant to the provisions of Sections 77A and 77B and all other applicable provisions, if any, of the Companies Act, Sections 69 and 70(1) and all other applicable provisions, if any, of the Companies Act, 2013 as amended (the “**New Companies Act**”) and in accordance with Article 12 of the Articles of Association of the Company seeking consent of the equity shareholders of the Company for buy back on a proportionate basis from the equity shareholders/beneficial owner of the equity shares of the Company as on the record date, upto 92,50,000 (Ninety Two Lakhs Fifty Thousand) equity shares of the face value of Rs. 10 each (representing 14.49 % of the total number of the equity share capital of the Company) at the price of Rs. 250 per equity share (“**Buy Back Price**”) aggregating to Rs. 231,25,00,000 (Rupees two hundred and thirty one crores and twenty five lakhs only) which is less than 25% of the aggregate of equity share capital and free reserves of the Company as per audited accounts of the Company for the financial year ended December 31, 2012 through tender offer route as prescribed under the Securities and Exchange Board of India (Buy-back of Securities) Regulations, 1998, as amended (“**Buyback Regulations**”).

The Company is desirous of seeking your consent for the aforesaid proposal as contained in the resolution appended below. An explanatory statement pursuant to Section 102 of the New Companies Act pertaining to the resolution setting out all material facts and the reasons therefore, along with the postal ballot form, is enclosed for your consideration.

The Company has appointed Mr. Ashish C. Doshi, practising company secretary to act as the scrutinizer for conducting the postal ballot process, in a fair and transparent manner. The members are requested to carefully read the instructions printed on the postal ballot form and return the Form duly completed in all respects in the enclosed self-addressed, postage pre-paid envelope, so as to reach the scrutinizer at the registered office of the Company on or before the close of working hours on March 14, 2014. The Company is pleased to offer E-Voting facility as an alternate for its equity shareholders to enable them to cast their votes electronically instead of dispatching postal ballot forms. The equity shareholders are requested to follow the procedure as stated in the notes and instructions for casting of votes by e-voting. The equity shareholders have two options of voting i.e. by e-voting or through postal ballot form. Kindly note that while exercising their vote, the equity shareholders can opt for only one of the two modes of voting i.e. either through postal ballot form or e-voting. If you are opting for e-voting, then do not vote through postal ballot form and vice versa.

The scrutinizer will submit his report to the Chairman or in his absence to the Managing Director authorized by him, after completion of the scrutiny of postal ballot forms in a fair and transparent manner. The results of the postal ballot will be announced on Tuesday, March 18, 2014 and will be displayed at the registered office as well as the corporate office of the Company and will also be published in newspapers and communicated to BSE Limited (“**BSE**”) where the equity shares of the Company are listed. The results of the postal ballot will also be displayed on the Company’s website: www.clarislifesciences.com.

The result of the voting by postal ballot will be announced in accordance with the provisions of section 192A of the Companies Act read with the Postal Ballot Rules on March 18, 2014 at the corporate office of the Company. Members who wish to be present at the venue at the time of declaration of the results are welcome to do so. The resolution shall be deemed to be passed on the date of declaration of the results of the postal ballot, if approved by the requisite majority. The members are requested to consider and, if thought fit, pass the following resolution:

Special Resolution:

Buyback of Equity Shares

To consider and, if thought fit, to pass the following resolution as a special resolution:

“**RESOLVED THAT** pursuant to the provisions of Sections 77A and 77B and all other applicable provisions, if any, of the Companies Act, 1956, as amended (the “**Companies Act**”), Sections 69 and 70(1) and all other applicable provisions, if any, of the Companies Act, 2013 as amended (the “**New Companies Act**”) and in accordance with Article 12 of the Articles of Association of the Company and subject to the provisions of the Securities and Exchange Board of India (Buy-Back of Securities) Regulations, 1998, as amended (“**Buyback Regulations**”), and such other approvals, permissions and exemptions as may be required from time to time from BSE Limited (“**BSE**”), where the equity shares of the Company are listed and from any other statutory and/or regulatory authority, as may be required and which may be agreed to by the Board of Directors of the Company (hereinafter referred to as the “**Board**” which term shall be deemed to include any committee which the Board may have constituted or hereinafter constitute to exercise the powers including the powers conferred hereunder); the consent of the equity shareholders of the Company be and is hereby accorded for the buy back on a proportionate basis from the equity shareholders/beneficial owner of the equity shares of the Company as on the record date, upto 92,50,000 (Ninety Two Lakhs Fifty Thousand) equity shares of the face value of Rs. 10 each (representing 14.49 % of the total number of the equity share capital of the Company) at the price of Rs. 250 per equity share (“**Buy Back Price**”) aggregating to Rs. 231,25,00,000 (Rupees two hundred and thirty one crores and twenty five lakhs only) which is less than 25% of the aggregate of equity share capital and free reserves of the Company as per audited accounts of the Company for the financial year ended December 31, 2012 through tender offer route as prescribed under the Buyback Regulations (hereinafter referred to as the “**Buyback**”).”

“**RESOLVED FURTHER THAT** the proposed Buyback be implemented from the equity shareholders (as on the record date) including the Promoters and Promoter Group (as defined under the Securities and Exchange Board of India (Issue of Capital and Disclosures Requirements) Regulations, 2009, as amended) out of current surplus and/or cash and cash equivalents and/ or internal accruals of the Company and/or such other sources or by such mechanisms as may be permitted by law, and on such terms and conditions as the Board may decide from time to time, and in the absolute discretion of the Board, as it may deem fit.”

“**RESOLVED FURTHER THAT** Buyback from the equity shareholders who are persons resident outside India including the Foreign Institutional Investors, Overseas Corporate Bodies, if any, shall be subject to such approvals, if any, and to the extent necessary or required including approvals from Reserve Bank of India under Foreign Exchange Management Act, 1999 and the rules and regulations framed there under, if any.”

“**RESOLVED FURTHER THAT** the Board be and is hereby authorized to delegate all or any of the power(s) conferred hereinabove as it may in its absolute discretion deem fit, to any Director(s) / Officer(s) / Authorised Representative(s) / Committee (“**Buyback Committee**”) of the Company in order to give effect

to the aforesaid resolutions, including but not limited to appointment of managers, bankers, solicitors, depository participants, advertising agencies and other advisors / consultants / intermediaries / agencies, as may be required, for the implementation of the Buyback; and to make applications to the appropriate authorities for their approvals including approvals as may be required from the Securities and Exchange Board of India, Reserve Bank of India under the Foreign Exchange Management Act, 1999 and the rules, regulations framed thereunder; and to initiate all necessary actions for preparation and issue of various documents, opening of accounts, entering into agreements, release of public announcement, filing of declaration of solvency, extinguishment of share certificates, and such other undertakings, agreements, papers, documents and correspondence, under the common seal of the Company, as may be required to be filed in connection with the Buyback with the Securities and Exchange Board of India, Reserve Bank of India, BSE, Registrar of Companies, depositories and / or other regulators and statutory authorities as may be required from time to time.”

“RESOLVED FURTHER THAT nothing contained herein shall confer any right on the part of any shareholder to offer and / or any obligation on the part of Company or the Board or the Buyback Committee to buyback any shares, and / or impair any power of the Company or the Board or the Buyback Committee to terminate any process in relation to such Buyback, if so permissible by law.”

“RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board be and is hereby authorized to accept and make any alteration(s), modification(s) to the terms and conditions as it may deem necessary, concerning any aspect of the Buyback, in accordance with the statutory requirements as well as to give such directions as may be necessary or desirable, to settle any questions, difficulties or doubts that may arise and generally, to do all acts, deeds, matters and things as it may, in absolute discretion deem necessary, expedient, usual or proper in relation to or in connection with or for matters consequential to the Buyback without seeking any further consent or approval of the members or otherwise to the end and intent that they shall be deemed to have given their approval thereto expressly by the authority of this resolution.”

**By order of the Board
For Claris Lifesciences Limited**

Date: February 1, 2014
Place: Ahmedabad

Sd/-
Kirit Kanjaria
VP – Company Secretary & Compliance Officer

NOTES:

1. Explanatory statement pursuant to applicable provisions of section 102 of the New Companies Act read with section 192A of the Companies Act setting out the material facts pertaining to the resolution are annexed hereto along with a postal ballot form for your consideration.
2. The postal ballot notice is being sent to all the members whose names would appear in the Register of Members as received from National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited on February 5, 2014.
3. The postal ballot form and self addressed, pre-paid postage envelopes, are enclosed for use of the equity shareholders and it bears the address to which the duly completed Postal Ballot Form is to be sent.
4. The equity shareholders are requested to read carefully the instructions printed on the reverse of the postal ballot form and return the duly completed and signed postal ballot form (original) in the attached self addressed, pre-paid postage envelopes so as to reach the scrutinizer **on or before the close of the business hours on March 14, 2014.**
5. The Board of Directors of the Company has appointed Mr. Ashish C. Doshi, practicing company secretary as the scrutinizer for conducting postal ballot process in a fair and transparent manner. After completion of his scrutiny of postal ballot forms, he will submit his report to the Chairman and in his absence to the Managing Director of the Company. The results of the postal ballot will be announced on Tuesday, March 18, 2014 and will be displayed at the registered office of the Company as well as the corporate office of the Company and will also be published in newspapers and communicated to BSE where the equity shares of the Company are listed. The results of the postal ballot will also be displayed on the Company's website: www.clarislifesciences.com
6. A copy of all the documents referred to in the accompanying explanatory statement are open for inspection at the registered office of the Company on all working days, except Saturdays, Sundays and holidays, between 10.00 am to 5.00 pm up to the date of declaration of the results of the postal ballot.

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

With an objective of rewarding the equity shareholders, through return of surplus cash, pursuant to sale of the Company's infusion business for India and emerging markets, the Board at its meeting held on January 7, 2014 has approved the proposal of recommending buyback of equity shares as contained in the resolution in the Notice. As per the requirements of Section 102 of the New Companies Act and other applicable provisions of the Companies Act and Buyback Regulations, the Explanatory Statement contains relevant and material information to enable the equity shareholders to consider and approve the special resolution on the Buyback.

Requisite details relating to the Buyback are given below:

(a) Rationale of Buyback:

Share buyback is the acquisition by a company of its own shares. The objective of the Buyback is to return surplus cash to the equity shareholders of the Company. The Buyback through Tender Offer route gives an option to all the equity shareholders, including the promoter shareholders, to receive the surplus cash by participating in the Buyback.

Subsequent to the sale of the Company's infusion business for India and emerging markets to Claris Otsuka Limited ("Joint Venture") wherein Otsuka Pharmaceutical Factory, Inc., Japan and Mitsui & Co. Limited, Japan and the Company are shareholders for 60%, 20% and 20%, respectively, the board at its meeting held on January 7, 2014 considered various alternatives for rewarding the equity shareholders. After considering several factors and benefits to the equity shareholders, the Board of Directors decided to recommend Buyback of up to 92,50,000 (Ninety Two Lakhs Fifty Thousand) equity shares of the face value of Rs. 10 each (representing 14.49 % of the total number of the equity share capital of the Company) at the price of Rs. 250 per equity share ("**Buy Back Price**") aggregating to Rs. 231,25,00,000 (Rupees two hundred and thirty one crores and twenty five lakhs only). Buyback is a more efficient form of distributing surplus cash to the equity shareholders compared to other alternatives including interim dividend, inter-alia, for the following reasons:

- (i) The Buyback gives an option to the equity shareholders, who can choose to participate and get cash in lieu of Equity Shares to be accepted under the Buyback Offer or they may choose not to participate thereby and enjoy a resultant increase in their percentage shareholding, post the Buyback Offer, without additional investment;
- (ii) Since the Buyback Offer proceeds will be taxed as capital gains, the Buyback Offer would enable the Company to distribute the entire amount so allocated to the equity shareholders in a more efficient manner as compared to dividend distribution which would involve payment of dividend distribution tax and thereby resulting in lower amount being distributed to the equity shareholders;
- (iii) The Buyback would help in improving certain key financial ratios of the Company;
- (iv) The Buyback, which is being implemented through the Tender Offer route as prescribed under the Buyback Regulations, would involve allocation of 15% of the outlay to small shareholders. The Company believes that this reservation of 15% for small shareholders would benefit a large number of public shareholders, who would get classified as "small shareholder";

(b) Approval of the Board of Directors of the Company for the Buyback:

With the intent of distribution of surplus cash to the equity shareholders and also taking into account the factors set out in point(a) above, the Board at its meeting held on January 7, 2014 approved the proposal of recommending for the buy back on a proportionate basis from the equity shareholders/beneficial owner of the equity shares of the Company as on the record date, up to 92,50,000 (Ninety Two Lakhs Fifty Thousand) equity shares of the face value of Rs. 10 each (representing 14.49 % of the total number of the equity share capital of the Company) at the price of Rs. 250 per equity share ("**Buy Back Price**")

aggregating to Rs. 231,25,00,000 (Rupees two hundred and thirty one crores and twenty five lakhs only) which is less than 25% of the aggregate of equity share capital and free reserves of the Company as per audited accounts of the Company for the financial year ended December 31, 2012 through tender offer route as prescribed under the Buyback Regulations hereinafter referred to as the (“**Buyback**”) in accordance with the provisions of Articles 12 of the Articles of Association of the Company and subject to the provisions of pursuant to the provisions of Sections 77A and 77B and all other applicable provisions, if any, of the Companies Act, Sections 69 and 70(1) and all other applicable provisions, if any, of the New Companies Act.

(c) Method to be adopted for the Buyback:

The Buyback shall be on a proportionate basis from all the equity shareholders of the Company through the “Tender Offer” route, as prescribed under the Buyback Regulations.

As required under the Buyback Regulations, the Company will announce a record date (the “**Record Date**”) for determining the names of the equity shareholders who will be eligible to participate in the Buyback.

In due course, each equity shareholder as on the Record Date will receive a Letter of Offer along with a Tender / Offer Form indicating the entitlement of the equity shareholder for participating in the Buyback.

The equity shares to be bought back as a part of the Buyback is divided in two categories:

- (a) Reserved category for small shareholders; and
- (b) General category for all other shareholders.

As defined in the Buyback Regulations, a “small shareholder” is a shareholder who holds equity shares having market value, on the basis of closing price on BSE as on Record Date, of not more than Rs. 2,00,000 (Rupees Two Lakhs).

In accordance with Regulation 6 of the Buyback Regulations, 15% (fifteen percent) of the number of equity shares which the Company proposes to buyback or number of equity shares entitled as per the shareholding of small shareholders, whichever is higher, shall be reserved for the small shareholders as part of this Buyback. The Company believes that this reservation of 15% for small shareholders would benefit a large number of public shareholders, who would get classified as “small shareholder”.

On the Basis of the holding on the Record Date, the Company will determine the entitlement of each shareholder to tender their shares in the Buyback. This entitlement for each shareholder will be calculated based on the number of equity shares held by the respective shareholder as on the Record Date and the ratio of Buyback applicable in the category to which such shareholder belongs.

Equity shareholders’ participation in Buyback will be voluntary. Equity shareholders can choose to participate and get cash in lieu of shares to be accepted under the Buyback or they may choose to not participate and enjoy a resultant increase in their percentage shareholding, post Buyback, without additional investment. Equity shareholders may also accept a part of their entitlement. Equity shareholders also have the option of tendering additional shares (over and above their entitlement) and participate in the shortfall created due to non-participation of some other equity shareholders, if any.

The maximum tender under the Buyback by any equity shareholder cannot exceed the number of equity shares held by the equity shareholder as on the Record Date.

The equity shares tendered as per the entitlement by the equity shareholders as well as additional shares tendered, if any, will be accepted as per the procedure laid down in Buyback Regulations.

Detailed instructions for participation in the Buyback (tender of equity shares in the Buyback) as well as the relevant time table will be included in the Letter of Offer which will be sent in due course to the equity shareholders as on Record Date.

(d) Maximum amount required under the Buyback and the sources of funds from which the Buyback would be financed:

The maximum amount required under the Buyback will be Rs. 2,31,25,00,000 (Rupees two hundred and thirty one crores and twenty five lakhs only). The Buyback would be financed out of current surplus and/or cash and cash equivalents and/ or internal accruals of the Company. The Company shall transfer from its free reserves a sum equal to the nominal value of the equity shares bought back through the Buyback to the Capital Redemption Reserve Account and the details of such transfer shall be disclosed in its subsequent audited Balance Sheet.

The Company confirms that as required under Section 77A (2) (d) of the Companies Act, the ratio of the total debt owed by the Company shall not be more than twice the equity share capital and free reserves after the Buyback.

(e) Buyback Price and the basis of arriving at the Buyback Price:

The equity shares of the Company are proposed to be bought back at a price of Rs.250 per equity share (the “Buyback Offer Price”). The Buyback Offer Price has been arrived at after considering various factors, such as the average closing prices of the equity shares of the Company on BSE where the equity shares of the Company are listed, the net worth of the Company and the impact of the Buyback on the earnings per equity share of the Company. The Buyback price of Rs. 250 per equity share represents a premium of 39.61% over the average closing prices of the Company’s equity shares on BSE for 3 months preceding the date of intimation to the BSE for the Board Meeting to consider the proposal of the Buyback and 36.27% over the average closing prices of the Company’s equity shares on BSE for 2 weeks preceding the date of intimation to the BSE for the Board Meeting to consider the proposal of the Buyback.

(f) Number of shares that the Company proposes to buyback and the time limit for completing the Buyback:

The Company proposes to Buyback not exceeding 92,50,000 (Ninety Two Lakhs Fifty Thousand) equity shares of face value of Rs. 10 each of the Company. The Buyback is proposed to be completed within 12 months of the date of special resolution approving the proposed Buyback.

(g) Compliance with Section 77A(2)(c) of the Companies Act:

The aggregate paid-up share capital and free reserves as at December 31, 2012 is Rs. 931.21 crores. Under the provisions of the Companies Act, the funds deployed for the Buyback cannot exceed 25% of the total paid-up capital and free reserves of the Company i.e. Rs.232.80 crores. The maximum amount proposed to be utilized for the Buyback, is approximately Rs. 231,25,00,000 (Rupees two hundred and thirty one crores and twenty five lakhs only) and is therefore within the limit of 25% of the Company’s total paid-up equity capital and free reserves as per the audited Balance Sheet as at December 31, 2012.

Further, under the Companies Act, the number of equity shares that can be bought back in any financial year cannot exceed 25% of the total paid-up equity capital of the Company in that financial year. Accordingly, the maximum number of equity shares that can be bought back in the current financial year is 1,59,54,441 equity shares. Since the Company proposes to Buyback up to 92,50,000 (Ninety Two Lakhs Fifty Thousand) equity shares, the same is within the aforesaid 25% limit.

(h) The aggregate shareholding of the Promoters, the directors of the Promoter companies holding shares in the Company and of Persons who are in Control of the Company as on the date of this Notice:

- (i) Shareholding of the companies / entities forming part of the Promoter and Promoter Group and Persons in Control:

Sr. No.	Name	Equity Shares	% of Shareholding
1	Athanas Enterprise Private Limited (Promoter)	3,15,80,679	49.4857%
2	Abellon Energy Limited (Promoter Group)	68,44,532	10.7251%
Total		3,84,25,211	60.2108%

(ii) Shareholding of the Directors of the Promoter Group companies:

None of the Directors of the companies forming part of the Promoter Group hold any shares of the Company.

(iii) Shareholding of the Directors of the Company:

Sr. No.	Name of the Director	Equity Shares held	% of shareholding
1.	Mr. Chetan S Majmudar	78	0.00

(i) **Details of transactions - purchase / sale / transfer - undertaken by persons referred to in (h) above during the period of last six months preceding the date of the Board Meeting at which the Buyback was approved up to the date of this Notice:**

(i) Inter se transfers of equity shares between promoter and promoter group of the Company by Arjun Handa (one of the promoters of the Company) and Sarjan Financial Private Limited (one of the promoters of Company) to Athanas Enterprise Private Limited (in which Arjun Handa holds 99.9% equity shares).

Post the said inter se transfers, the entire shareholding of Arjun Handa and Sarjan Financial Private Limited in Claris Lifesciences Limited is solely held by Athanas Enterprise Private Limited, and as a result, Athanas Enterprise Private Limited has also become one of the promoters of Claris Lifesciences Limited.

Name of the entity	Date of transaction	Number of equity shares purchased	Number of equity shares sold	Mode of transaction	Rate (Rs.) per share
Athanas Enterprise Private Limited	December 30, 2013	3,15,80,679	-----	Inter – se transfer	208.26

(ii) Inter se transfers of equity shares amongst promoter group of the Company by Aditya S Handa and Medical Technologies Limited to Abellon Energy Limited (in which Aditya S Handa holds directly and indirectly 88.15% equity shares in aggregate).

Post the said inter se transfers, the entire shareholding of Aditya S Handa and Medical Technologies Limited in Claris Lifesciences Limited is solely held by Abellon Energy Limited.

Name of the entity	Date of transaction	Number of equity shares purchased	Number of equity shares sold	Mode transaction	Rate (Rs.) per share
Abellon Energy Limited	December 30, 2013	68,44,532	-----	Inter – se transfer	209.31

The promoter and promoter group have expressed their intention to participate in the Buyback and offer up to an aggregate maximum of 92,50,000 (Ninety Two Lakhs Fifty Thousand) equity shares or such lower number of shares as required in compliance with the Buyback Regulations/terms of the Buyback. Each promoter and promoter group intends to offer up to their respective shareholding as on the Record Date, or such lower number of shares as required in compliance with the Buyback Regulations / terms of the Buyback.

(j) Details of the date and price of acquisition of the equity shares that promoter and promoter group intend to tender are set-out below:

(i) Athanas Enterprise Private Limited (Promoter)

Sr. No.	Date of Acquisition/ Disposal	No. of Equity Shares Acquired/ (Sold)	Cost of Acquisition (Rs. Lakhs)
1	December 30, 2013	3,15,80,679	Rs. 65768.92
Total Current Holding		3,15,80,679	Rs. 65768.92
Average Cost: Rs. 208.26 per share			

(ii) Abellon Energy Limited (Promoter group):

Sr. No.	Date of Acquisition/ Disposal	No. of Equity Shares Acquired/ (Sold)	Cost of Acquisition (Rs. Lakhs)
1	December 30, 2013	68,44,532	Rs. 14326.32
Total Current Holding		68,44,532	Rs. 14326.32
Average Cost: Rs. 209.31 per share			

(k) Confirmation that there are no defaults subsisting in the repayment of deposits, redemption of debentures or preference shares or repayment of term loans to any financial institutions or banks:

The Company confirms that there are no defaults subsisting in the repayment of deposits, redemption of debentures or preference shares or repayment of term loans to any financial institution or banks.

(l) Confirmation that the Board has made full enquiry into the affairs and prospects of the Company and that they have formed the opinion to the effect that the Company, after Buyback will continue to be able to meet its liabilities and will not be rendered insolvent:

Board has confirmed that it has made a full enquiry into the affairs and prospects of the Company and has formed the opinion:

- (i) That immediately following the date of the Board Meeting held on January 7, 2014 and the date on which the results of the postal ballot will be declared, there will be no grounds on which the Company can be found unable to pay its debts;
- (ii) That as regards the Company's prospects for the year immediately following the date of the board meeting as well as the year immediately following the date on which the results of the postal ballot will be declared, approving the Buyback and having regards to the Board's intentions with respect to the management of the Company's business during that year and to the amount and character of the financial resources, which will, in the Board's view, be available to the Company during that year, the Company will be able to meet its liabilities as and when they fall due and will not be rendered insolvent within a period of one year from the date of the board meeting approving the Buyback or within a period of one year from the date on which the results of the postal ballot will be declared, as the case may be;

(iii) In forming its opinion aforesaid, the Board has taken into account the liabilities as if the Company were being wound up under the provisions of the Companies Act (including prospective and contingent liabilities).

(m) Report addressed to the Board of Directors by the Company's Auditors on the permissible capital payment and the opinion formed by directors regarding insolvency:

Quote

REF: GJS/CLL/1-2013-14

Independent Auditors' Report pursuant to Securities and Exchange Board of India (Buy Back of Securities) Regulations, 1998

To,
The Board of Directors,
Claris Lifesciences Limited
Nr. Parimal Rly. Crossing
Ellisbridge, Ahmedabad 380 006

We are the statutory auditors of **Claris Lifesciences Limited** ("the Company") having its registered office at Claris Corporate Headquarters, Near Parimal Railway Crossing, Ellisbridge, Ahmedabad - 380006 and bearing CIN No. L85110GJ1994PLC022543. The Company vide its letter dated 7th January, 2014 has informed us that the Board of Directors of the Company in their meeting held on 7th January, 2014 have resolved to buy-back 92,50,000 (Ninety Two Lakhs Fifty Thousand) equity shares of the face value of Rs. 10 each (representing 14.49 % of the total number of the equity share capital of the Company) at the price of Rs. 250 per equity share aggregating to Rs. 231,25,00,000 (Rupees two hundred and thirty one crores and twenty five lakhs only)("proposed buyback") in accordance with the provisions of Section 77 A, 77AA and 77B of the Companies Act, 1956 ("the Act"), the provisions of Sections 69 and 70 (1) of the Companies Act, 2013 and as per requirements of Securities and Exchange Board of India (Buy Back of Securities) Regulations, 1998, as amended from time to time ("Buyback Regulations") and have requested us to issue a report as required under clause (xi) of part A of Schedule II of the Buyback Regulations.

The Board of Directors of the Company is responsible for (i) properly determining the amount of capital payment for the buyback; and (ii) making full inquiry into the affairs and prospects of the Company and forming the opinion that the Company will not be rendered insolvent within a period of one year from the date on which the results of the postal ballot for buyback will be declared.

Pursuant to the requirement of the Buyback Regulations, our responsibility is to report that (i) whether we have inquired into the state of affairs of the Company, (ii) whether the amount of capital payment for the buyback is within the permissible limit computed in accordance with the provisions of Section 77A of the Act; and (iii) whether the Board of directors have formed an opinion, as specified in clause (x) of schedule II of the Buyback Regulations, on reasonable grounds that the Company having regards to its state of affairs will not be rendered insolvent within a period of one year from the date on which the results of the postal ballot for buyback will be declared.

We conducted our procedures in accordance with the Guidance Note on Audit Reports and Certificates for Special Purposes issued by the Institute of Chartered Accountants of India and by application of generally accepted auditing practices.

In terms of the requirement of Clause (xi) of Part A of Schedule II of Buyback Regulations, and based on the informations and explanations given to us and on the basis of verification of relevant records, we report that:

- (i) We have inquired into the state of affairs of the Company in relation to its audited financial statements for the year ended 31st December, 2012 which were approved by the Board of Directors at their meeting held on 23rd February, 2013 and adopted by the members of the Company at the Annual General Meeting held on 12th April, 2013
- (ii) The amount of the permissible capital payment for the securities in question is, in our view, properly determined and is less than twenty five percent of the total paid up capital and free reserves of the Company as per the audited financial statements for the year ended on 31stDecember 2012as ascertained below:

(Rs. in Lakhs)

	As at 31 st December, 2012
Share Capital -Subscribed and Paid up	6,381.78
Free Reserves	
-Share Premium Account	34,584.62
- General Reserves	5,268.94
- Profit and Loss Account	46,885.57
Total	93,120.91
Maximum amount permissible for buyback. i.e 25% of the total paid up capital and free reserves	23,280.23

- (iii) The Board of Directors of the Company, in their meeting held on 7th January, 2014 have formed their opinion as specified in clause (x) of Part A of Schedule II of Buyback Regulations, on reasonable ground that having regard to its present state of affairs, the Company would not be rendered insolvent within a period of one year from the date on which the results of the postal ballot for buyback will be declared.

This report is issued at the specific request of the Company in pursuance of the Buyback Regulations in connection with the proposed buyback and not be used for any other purpose without our prior written consent.

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

Ahmedabad
7th January, 2014

Gaurav J. Shah
Partner
Membership No. 35701

Unquote

(n) As per the provisions of the Buyback Regulations and the Companies Act:

- (i) The Company shall not issue any equity shares or other securities (including by way of bonus) till the date of closure of the Buyback;
- (ii) The Company shall not raise further capital for a period of one year from the closure of Buy-back Offer, except in discharge of its subsisting obligations. or such period as may be applicable under extant regulations (as per the provisions of the Companies Act, issue of shares by way of bonus shares or in the discharge of subsisting obligations into equity shares are not covered by this restriction);

- (iii) The special resolution approving the Buyback will be valid for a maximum period of twelve months from the date of passing the said special resolution (or such extended period as may be permitted under the Companies Act or the Buyback Regulations or by the appropriate authorities). The exact time table for the Buyback shall be decided by the Board (or its duly constituted Committee) within the above time limits;
- (iv) The equity shares bought back by the Company will be compulsorily cancelled and will not be held for re-issuance;
- (v) The Company shall not withdraw the Buyback Offer after the draft letter of offer is filed with SEBI or public announcement of the Buyback Offer is made; and
- (vi) The Company shall not buyback locked-in equity shares and non-transferable equity shares till the pendency of the lock-in or till the equity shares become transferable.

For any clarifications related to the Buyback process, the equity shareholders may contact any one of the following:

1. Company: Mr. Kirit Kanjaria, VP – Company Secretary & Compliance Officer,
Tel: +91-79-26563331; Email: investorservices.corp@clarislifesciences.com
2. Axis Capital Limited (Manager to the Buyback): Mr. Hitesh Mandot, Senior Vice President,
Tel: +91-22-4325 3131; Ms. Simran Gadh, Asst. Vice President, Tel: +91-22-4325 3139;
Email: clarisbuyback@axiscap.in

All the material documents referred to in the Explanatory Statement such as the Memorandum and Articles of Association of the Company, relevant Board resolution for the Buyback, the Auditors Report dated 28 February, 2013 and the audited accounts for the period from January 1, 2012 to December 31, 2012 are available for inspection by the members of the Company at its registered office on any working day between 10 am and 5 pm up to the last date of receipt of postal ballot form specified in the accompanying Notice.

In the opinion of the Board, the proposal for Buyback is in the interest of the Company and its equity shareholders. The Directors, therefore, recommend passing of the special resolution as set out in the accompanying Notice.

None of the Directors of the Company is, in anyway, concerned or interested, either directly or indirectly in passing of the said resolution, save and except to the extent of their shareholding in the Company.

**By order of the Board
For Claris Lifesciences Limited**

Date: February 1, 2014
Place: Ahmedabad

Sd/-
Kirit Kanjaria
VP – Company Secretary & Compliance Officer

NOTES AND INSTRUCTIONS:

1. Pursuant to Circular No. CIR/CFD/DIL/6/2012 dated July 13, 2012, of the Securities and Exchange Board of India, the Company is pleased to offer the option of E-Voting facility to all the members of the Company. For this purpose, the Company has entered into an agreement with National Securities Depository Limited (NSDL) for facilitating e-voting. E-voting is optional for members. The members who wish to vote by postal ballot form (instead of e-voting) can use the enclosed postal ballot form or download it from <http://www.evoting.nsdl.com>

A. Casting of Vote in Electronic Form (E-Voting):

The instructions for e-voting are as under:

- i. Open internet browser by typing the URL: <http://www.evoting.nsdl.com>
- ii. Click on "Shareholders Login".
- iii. Enter your User ID and Initial Password.

User ID and Password are assigned to all the members in the following manner:

- a) For Members whose e-mail address has been registered with their Depository Participant / Registrar:
An email message will be sent by NSDL to all such Members. Members are requested to open the email and the PDF file titled "Clarislifesciences_EVoting" attached in the email which contains your "User ID" and "Password" for e-voting. Your Client ID (in case you are holding shares in demat mode) or Folio No. (in case you are holding shares in physical mode) is the default password*.
- b) For Members who have not registered their email address with their Depository Participant / Registrar: Please refer to the User ID and Password printed on the postal ballot form*.
- c) Members who are already registered with NSDL E-Voting platform: Please use your existing User ID and Password for casting their vote.

*Please note that the Password is an Initial Password and has to be changed at the first login.

- iv. Enter the Verification Code as appearing on the screen. Tick on the box to accept the conditions and then click "Login".
- v. When the Password Change Menu appears, change the password with the new password of your choice with minimum 8 digits/ characters or combination thereof.
- vi. Please note your new password. We strongly recommend that you do not share your new password and take utmost care to keep your password confidential.
- vii. The Home page of "e-voting" will thereafter open. Click on "e-voting-Active Voting Cycles".
- viii. Select "EVEN" (E-Voting Event Number) of Claris Lifesciences Limited.
- ix. Cast your vote by selecting appropriate option and click "Submit" and also "Confirm" when prompted. Upon confirmation, the message, "Vote cast successfully" will be displayed. Kindly note that vote once cast cannot be modified.
- x. **Kindly note that the members can opt for only one mode for voting i.e. either by physical Ballot or e-voting. If you are opting for e-voting, then do not vote by Physical Ballot and vice versa. However, in case member(s) cast their vote both via Physical Ballot and e-voting, then voting done through Physical Ballot shall prevail and voting done by e-voting will be treated as invalid/ ignored.**
- xi. Institutional Members (i.e. other than Individuals, HUF, NRI, etc.) are also required to send scanned copy (PDF/JPG format) of the relevant board resolution / authority letter, etc. together with attested specimen signature of the duly authorised signatory(ies) who are authorized to vote, to the scrutinizer through email at csdoshiac@yahoo.com on or before Friday, March 14, 2014 with a copy marked to evoting@nsdl.co.in.
- xii. The e-voting period commences on Wednesday, February 12, 2014 and ends on Friday, March 14, 2014 (5 pm).
- xiii. The e-voting module will be disabled by NSDL for voting thereafter.

- xiv. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-Voting User Manual for Shareholders available at the “Downloads” section of www.evoting.nsdl.com
 - xv. You can also update your mobile number and e-mail address in the user profile details of the folio which may be used for sending future communication(s).
2. Members can download the postal ballot form from the link <http://www.evoting.nsdl.com> or seek duplicate postal ballot form from Link Intime India Private Limited, the Registrar and Share Transfer Agents from their office at C – 13, Pannalal Silk mills Compound, L B S Marg, Bhandup (W), Mumbai – 400 078, fill in the details and send the same to the scrutinizer.