Claris

A Leading
Sterile Injectables
Pharmaceutical Company of India

Annual Report 2011

Our endeavor to help preserve
earth's most precious resources...
Human Lives

Claris Lifesciences Limited

Content

Corporate Information

BOARD OF DIRECTORS

Dr. Pravin P. Shah
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. Amish Vyas
Whole Time Director

Mr. T.V.Ananthanarayanan
Independent Director

Mr. Surrinder Lal Kapur
Independent Director

Mr. Nikhil Mohta
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

Notice to Shareholders

Notice is hereby given that the 17th Annual General Meeting of the Members of **CLARIS LIFESCIENCES LIMITED** will be held on Monday the 30th April, 2012 at 12.00 Noon at Ahmedabad Management Association, H.T.Parekh Convention Centre, ATIRA Campus, Dr. Vikram Sarabhai Marg, Ahmedabad – 380015 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Balance Sheet as at December 31, 2011, the Profit & Loss Account for the year ended on that date and the reports of the Directors and Auditors thereon.

2. To declare dividend on the equity shares for the financial year ended 31st December, 2011.

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. Aditya S. Handa, 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 subject to the provisions of Sections 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956, read with Schedule XIII thereto, Mr. Amish Vyas, be appointed as a Whole Time Director of the Company, for a period of 3 years with effect from 3rd July, 2012 to 2nd July, 2015 upon the terms and conditions, including the remuneration to be paid as mentioned in the explanatory statement annexed."

"RESOLVED FURTHER THAT subject to the provisions of Section 198 and other applicable provisions, if any, of the Companies Act, 1956, the remuneration as set out in the explanatory statement be paid as minimum remuneration to Mr. Amish Vyas, notwithstanding that in any financial year of the Company during his tenure as Whole Time Director, the Company has made no profits or profits are inadequate."

"RESOLVED FURTHER THAT the Board of Directors (hereinafter called the "Board" which term shall be deemed to include any committee which the Board may have constituted or hereinafter constitute to exercise its powers including the powers conferred by this resolution) of the Company be and is hereby authorized to alter or vary the terms of appointment of the appointee including relating to remuneration, as it may at its discretion, deem fit from time to time provided the remuneration is within the limit laid down in the then subsisting respective provisions of the Companies Act, 1956."

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

"RESOLVED THAT subject to the provisions of Sections 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956, read with Schedule XIII thereto, Mr. Chandrasingh Purohit, be appointed as a Whole Time Director of the Company, for a period of 3 years with effect from 3rd July, 2012 to 2nd July, 2015 upon the terms and conditions, including the remuneration to be paid as mentioned in the explanatory statement annexed thereto."

"RESOLVED FURTHER THAT subject to the provisions of Section 198 and other applicable provisions, if any, of the Companies Act, 1956, the remuneration as set out in the explanatory statement be paid as minimum remuneration to Mr. Chandrasingh Purohit, notwithstanding that in any financial year of the Company during his tenure as Whole Time Director, the Company has made no profits or profits are inadequate."

"RESOLVED FURTHER THAT the Board of Directors (hereinafter called the "Board" which term shall be deemed to include any committee which the Board may have constituted or hereinafter constitute to exercise its powers including the powers conferred by this resolution) of the Company be and is hereby authorized to alter or vary the terms of appointment of the appointee including relating to remuneration, as it may at its discretion, deem fit from time to time provided the remuneration is within the limit laid down in the then subsisting respective provisions of the Companies Act, 1956."

Notice to Shareholders

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

"RESOLVED THAT in supersession of the earlier resolution passed by the shareholders at an Extra Ordinary General Meeting held on 1st July, 2008 and pursuant to Section 293(1)(d) and all other applicable provisions, if any, of the Companies Act, 1956, the consent of the members be and is hereby accorded to the Board of Directors for borrowing any sum or sums of money from time to time from any one or more Banks and/or from any one or more persons, firms, Bodies Corporate or Financial Institutions, Multilateral agencies, Foreign Institutional Investors, Foreign Financial Institutions and from any other persons or combination thereof whether by way of over draft, cash credit, guarantees, advance or deposits, loans, bills discounting or otherwise and whether unsecured or secured by mortgage, charge, hypothecation, lien or pledge of the Company's assets and properties, whether in full or in part, whether immovable, movable or stock in trade (including raw materials, stores, spare parts and components, in stock or in transit) current assets and work in process and all or any of the undertaking(s) of the Company, notwithstanding that the monies to be borrowed together with monies already borrowed by the Company (apart from temporary loans obtained from the Company's Bankers in the ordinary course of business) will or may exceed at any time the aggregate of the paid-up share capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose so that the total amounts of monies so borrowed at any time shall not exceed the sum of Rs 750 Crores (Rupees Seven Hundred Fifty Crores Only)."

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all such acts, deeds, matters and things that may be necessary, desirable or expedient for giving effect to the above resolution."

Place : Ahmedabad
Date : 29th February, 2012

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. Relevant explanatory statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of the special businesses 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 in their meeting held on 29th February, 2012 has recommended a dividend of Rs.2/- per equity share of Rs. 10/- each for the financial year ended 31st December 2011. Dividend, if declared, at the Annual General Meeting, will be paid by the Company on or before 15th May, 2012.

5. The Register of Members and Share Transfer Books will remain closed from 24th to 30th April, 2012 (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 e-mail 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' initiated 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 on 5th August, 2011 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 2011-2012 has been paid to BSE.

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 1027 Equity Shares of 13 investors in their demat account since IPO after complete verification. The aggregate number of the shareholders as at the year end whose shares were lying in demat suspense account was 3 for 222 Equity shares. The voting rights of the aforesaid shares have been frozen till the rightful owner of such shares claims the 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 BUSINESSES

ITEM NO. 6

Mr. Amish Vyas holds a Bachelor of Electronics and Communication degree and 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 the Company, he was an employee of Core Healthcare Ltd. Mr. Vyas is neither a Managing Director nor a Whole Time Director nor a Manager in any other Company. He is also not in whole time employment elsewhere. He is a citizen of India and also resident of India.

Keeping in view his experience in the pharmaceutical industry, the Board of Directors of the Company on recommendation of the Remuneration/ Compensation Committee and subject to the approval of the members and other approvals if any, re-appoints Mr. Amish Vyas as Whole Time Director of the Company for a further period of 3 years w.e.f. 3rd July, 2012 on the following terms and conditions:

Basic Salary **:** Rs. 297,500 per month.
Annual Increment **:** The Board will grant annual increments from time to time upto 40% of the last drawn salary to be decided by the Board of Directors and revise the Salary within the aforesaid range by granting one or more increments in the above scale, having regard to the merits and the Company's performance.

Perquisites:
Besides the above salary, Mr. Amish shall be entitled to the following perquisites:

(a) Perquisites like accommodation (furnished or otherwise) or house rent allowance in lieu thereof, house maintenance allowance, together with utilities such as gas, electricity, water furnishings and repairs; medical reimbursement, leave travel concession for himself and his family, club fees, medical insurance etc.; in accordance with the Rules of the Company or as may be agreed to by the Board of Directors and Mr. Amish. Such perquisites for each year not to exceed Rs. 600,000/-.

For the purpose of calculating the above ceiling, perquisites shall be evaluated as per Income-tax Rules, wherever applicable. In the absence of any such Rules, perquisites shall be evaluated at actual cost. Provision of the Company's car and telephone at residence for official duties shall not be included in the computation of perquisites for the purpose of calculating the said ceilings.

(b) Company's contribution to Provident Fund and Superannuation or Annuity Fund to the extent these either singly or taken together are not taxable under the Income tax Act, gratuity payable as per the Rules of the Company and encashment of leave at the end of his tenure as per the Rules of the Company applicable to senior executives and the same shall not be included in the computation of limits for the remuneration or perquisites aforesaid.

If, in any financial year, the Company has no profits or its profits are inadequate, then in such event, notwithstanding the provisions of Section II of Part II of Schedule XIII to the Companies Act, 1956 but subject to the approval of the Central Government as may be required, the remuneration as set out above in paragraphs I, II and III, will be paid as minimum remuneration.

Other terms :

a) Leave: On full pay and allowances, as per the Rules of the Company, but not exceeding one month's leave for every 11 months of service.
b) Reimbursement of entertainment and/or travelling, hotel and other expenses actually incurred by him in the performance of duties.
c) Mr. Amish Vyas shall not be entitled for sitting fees for attending meetings of the Board of Directors of the Company or Board Committees so long as he functions as the Executive Director of the Company.
d) Subject to the provisions of the Companies Act, 1956, Mr. Amish Vyas shall not, while he continues to hold office, be subject to retirement by rotation of Directors and they shall not be reckoned as a Director for the purpose of determining the rotation or retirement of Directors or in fixing the number of Directors to retire.
e) The re-appointment may be terminated by either party giving to the other party ninety days' notice in writing.
f) In the event of any dispute or difference arising at any time between Mr. Amish Vyas and the Company in respect of the Agreement or the construction thereof, the same will be submitted to and be decided by Arbitration in accordance with the provisions of the Arbitration and Conciliation Act, 1996."

None of the Director except Mr. Amish Vyas is deemed to be interested in the above resolution.

Your Directors recommend the resolution for your approval as an Ordinary Resolution.

ITEM NO. 7.

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. He was previously employed 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 Company, he was an employee of Core Heathcare Limited. He has been instrumental in setting up the Company's sales and marketing network across key international markets. Mr. Purohit is neither a Managing Director nor a Whole Time Director nor a Manager in any other Company. He is also not in whole time employment elsewhere. He is a citizen of India and also resident of India.

Keeping in view his experience in the pharmaceutical industry and more specially his vast knowledge of marketing and finance, the Board of Directors of the Company on recommendation of the Remuneration/ Compensation Committee and subject to the approval of the Members and other approvals if any, re-appoints Mr. Chandrasingh Purohit as Whole Time Director of the Company for a further period of 3 years w.e.f. 3rd July, 2012 on the following terms and conditions:

Basic Salary **:** Rs. 297,500/- per month.
Annual Increment **:** The Board will grant annual increments from time to time upto 40% of the last drawn salary to be decided by the Board of Directors and revise the Salary within the aforesaid range by granting one or more increments in the above scale, having regard to the merits and the Company's performance.

Perquisites:
Besides the above salary, Mr. Purohit shall be entitled to the following perquisites:

(a) Perquisites like accommodation (furnished or otherwise) or house rent allowance in lieu thereof, house maintenance allowance, together with utilities such as gas, electricity, water furnishings and repairs; medical reimbursement, leave travel concession for himself and his family, club fees, medical insurance etc.; in accordance with the Rules of the Company or as may be agreed to by the Board of Directors and Mr. Purohit. Such perquisites for each year not to exceed Rs. 600,000/-.

For the purpose of calculating the above ceiling, perquisites shall be evaluated as per Income-tax Rules, wherever applicable. In the absence of any such Rules, perquisites shall be evaluated at actual cost. Provision of the Company's car and telephone at residence for official duties shall not be included in the computation of perquisites for the purpose of calculating the said ceilings.

(b) Company's contribution to Provident Fund and Superannuation or Annuity Fund to the extent these either singly or taken together are not taxable under the Income tax Act, gratuity payable as per the Rules of the Company and encashment of leave at the end of his tenure as per the Rules of the Company applicable to senior executives and the same shall not be included in the computation of limits for the remuneration or perquisites aforesaid.

If, in any financial year, the Company has no profits or its profits are inadequate, then in such event, notwithstanding the provisions of Section II of Part II of Schedule XIII to the Companies Act, 1956 but subject to the approval of the Central Government as may be required, the remuneration as set out above in paragraphs I, II and III, will be paid as minimum remuneration.

Other terms :
a) Leave: On full pay and allowances, as per the Rules of the Company, but not exceeding one month's leave for every 11 months of service.
b) Reimbursement of entertainment and/or travelling, hotel and other expenses actually incurred by him in the performance of duties.
c) Mr. Purohit shall not be entitled for sitting fees for attending meetings of the Board of Directors of the Company or Board Committees so long as he functions as the Executive Director of the Company.
d) Subject to the provisions of the Companies Act, 1956, Mr. Purohit shall not, while he continues to hold office, be subject to retirement by rotation of Directors and they shall not be reckoned as a Director for the purpose of determining the rotation or retirement of Directors or in fixing the number of Directors to retire.
e) The re-appointment may be terminated by either party giving to the other party ninety days' notice in writing.
f) In the event of any dispute or difference arising at any time between Mr. Purohit and the Company in respect of the Agreement or the construction thereof, the same will be submitted to and be decided by Arbitration in accordance with the provisions of the Arbitration and Conciliation Act, 1996."

None of the Director except Mr. Chandrasingh Purohit is deemed to be interested in the above resolution.

Your Directors recommend the resolution for your approval as an Ordinary Resolution.

ITEM NO. 8.

At an extra ordinary general meeting of the company held on 1st July, 2008, the members had approved and empowered the board of Directors to borrow any sum or sums of money from time to time upto Rs.600 Crores (apart from temporary loans obtained from the company's banker in the ordinary course of business) from any one or more of the Banks and/or from any one or more persons, firms, Bodies Corporate or Financial Institutions, Multilateral agencies, Foreign Institutional Investors, Foreign Financial Institutions and from any other persons or combination thereof whether by way of over draft, cash credit, guarantees, advance or deposits, loans, bills discounting or otherwise.

In view of the proposed growth plan of the Company, there would be enhanced requirement of long-term financial assistance as well as working capital.

Notice to Shareholders

Under Section 293(1)(d) of the Companies Act, 1956, the Board of Directors cannot, except with the consent of the company in general meeting, borrow moneys (apart from temporary loans obtained from the company's banker in the ordinary course of business) in excess of the aggregate of the paid-up capital and free reserves, that is to say, reserves not set apart for any specific purpose. In such circumstance, approval of the shareholders is being requested to enable the Directors to borrow money to the extent of Rs.750 Crores (rupees seven hundred and fifty crores only) from lenders as stated above.

None of the Director is interested or concerned with the resolution. Your Directors recommend the resolution for your approval as an Ordinary Resolution.

Place : Ahmedabad
Date : 29th February, 2012.

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 17th Annual Report of the Company and audited accounts for the financial year ended 31st December, 2011.

Financial Results:

The financial highlights of the Company for the financial year 2011 as compared to the previous financial year 2010 on consolidated and standalone basis are as given below:

(Rupees in lacs)

Particulars	Consolidated		Standalone	
	2011	2010	2011	2010
Income	74,332.05	76,776.59	65,304.76	64,053.83
Profit before Interest, depreciation and tax	24,041.78	24,338.14	18,353.47	18,029.98
Interest	3,427.90	3,619.59	3,427.80	3,619.40
Depreciation	5,468.24	4,671.59	5,434.14	4,637.79
Provision for tax	2,520.10	1,902.91	2,516.20	1,870.36
Profit after tax	12,625.54	14,144.05	6,975.32	7,902.43
Balance brought forward from previous year	45,738.90	33,708.19	36,520.51	30,731.42
Balance available for Appropriation:				
Proposed Dividend	1,276.35	1,276.35	1,276.35	1,276.35
Corporate tax on dividend	207.06	211.99	207.06	211.99
Transferred to General Reserve	525.00	625.00	525.00	625.00
Tax on Dividend of earlier years reversed	(4.93)	-	(4.93)	-
Balance carried to Balance Sheet	56,360.96	45,738.90	41,492.36	36,520.51

Results of Operations:

Despite of no sales of its products in the US markets due to the import alert and the adverse situations for business in the Middle East and EU, the company has done well to deliver flattish revenue this year. During the financial year under review your company's income from net sales stood at Rs. 73,876.57 Lacs as against Rs 75,233.53 Lacs in the previous year which decreased marginally by 1.80% compared to previous year. Our revenues from international markets stood at Rs. 39,272.83 Lacs as compared to Rs. 43,725.33 Lacs in previous financial year representing 53% of the net revenues as compared to 58.12% of previous financial year.

EBITDA, PBT and PAT reached to Rs. 24,041.78 Lacs, Rs. 15,145.64 Lacs and Rs. 12,625.54 Lacs respectively as against Rs. 24,338.14 Lacs, Rs. 16,046.96 Lacs and Rs. 14,144.05 Lacs respectively, in the previous year. As a percentage of net sales, the EBITDA, PBT and PAT margins stood at 32.54%, 20.50% and 17.09% respectively in fiscal year 2011 compared to 32.35%, 21.33% and 18.80% 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.

Product Registrations

Marketing Authorization or Product Registration are an important factors to determine the potential of growth in the coming years. The company is working aggressively toward increasing its reach in newer markets. Your company now sells across 91 countries as compared to 76 in the previous year; and also increasing the product basket in existing markets. During the year the company has received 139 new Product Registrations across various countries, the company has also filed 174 dossiers for approval, this gives us a total approval basket of 1228; including 161 and 25 approvals in the EU and US respectively; and a pipeline of 357; including 93 and 14 in the EU and US respectively as on 31st December 2011.

IPO Update

Your company had raised Rs. 30000 Lacs from its initial public offering in December 2010; out of the proceeds received, as on 31st December, 2011 your company has utilized Rs. 22326.73 Lacs as per the shareholders approval and the remaining proceeds amounting to Rs. 7673.27 Lacs will be utilized as per the approval received from the shareholders.

Dividend

Your Directors are pleased to recommend a dividend of Rs. 2 per equity share of Rs. 10 each for the year ended December 31, 2011, subject to the approval of the members at the ensuing Annual General Meeting.

Transfer to Reserves

Your Company proposed to transfer Rs. 525.00 Lacs to the General Reserves. This would lead to an amount of Rs. 56,360.96 Lacs to be retained in the profit and loss account in form of accumulated reserves and surplus from previous years.

Subsidiaries:

Your Company has 13 International and 4 Indian Subsidiaries to market the products of the Company across the globe. These subsidiaries are well positioned and generating good revenue in 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 29th February, 2012 has consented for not attaching accounts of its subsidiaries for the financial year ended 31st December, 2011. However, the Company has presented a consolidated financial statement of holding company and all 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 in the head office of the holding company and of the subsidiary companies concerned.

FDA Update

During the year, the company has worked hard with the consultants toward implementing the Corrective And Preventive Action (CAPA) Plan. The Company has completed it's the entire CAPA plan which was decided post comments received from the FDA, this also include a complete up gradation of the quality policies and systems that the company follows.

The company has submitted its finals reply to the USFDA in the Q4CY11 and is expected a positive result post the FDA re-audit.

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' Report

Directors
Mr. Surrinder Lal Kapur and Mr. Aditya S. Handa retire by rotation at the conclusion of this Annual General Meeting and being eligible offer themselves for reappointment. 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 by the members at their meeting held on 12th May, 2011. Mr. Amish Vyas and Mr. Chandrasingh Purohit has been re-appointed as whole time director of the Company by the Board of Directors, subject to the approval of shareholders and other regulatory authority if any.

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 2011, 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 2011 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 proposed reappointment of M/s. Deloitte Haskins & Sells, Chartered Accountants, as Statutory Auditors of the Company for the financial year 2012, subject to 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 2011. 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
Managing Director & CEO

Chandrasingh Purohit
Whole Time Director

Place : Ahmedabad
Date : 29th February, 2012

Annexure-I to the Directors' Report

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

I. CONSERVATION OF ENERGY

Energy conservation is a way of life at Claris. The company has take may small and midsized initiatives toward conservation of energy and natural resources.

Bringing Employees together to work for a better tomorrow

There is a dedicated team that works on identifying measures that could lead to energy conservation at the manufacturing campus. In addition to this team the company has build a platform (SPARK) where all team members are encouraged to provide their suggestions on how to conserve energy and resources. A committee of decision makers evaluates the suggestions received, and feasible ideas are converted into action points and implemented.

Conserving Energy

The manufacturing campus, Clarion, is an example of corporate green consciousness, with natural lighting and ventilation that reduces the air conditioning and lighting loads to such an extent that the company saves good tons of CO2 emissions annually through this green architecture. The campus has a large landscaped garden with trees planted all around to reduce the carbon footprint of the company, and a miniature bamboo forest, which are again aimed at environmental protection. The company is working toward being carbon neutral.

Investment in reduction of Fossil Fuels

Energy requirements increase for every growing company. Your company took initiatives to ensure that the energy is not harming the planet. With this in mind, the company is increasing its 2 MW bio-mass plant to 4 MW bio-mass plant. Once installed, this will reduce the company's dependence on fossil fuel for energy requirements.

The company is also working towards setting up a 2 MW solar power plant under the Jawaharlal Nehru National Solar Mission in its existing campus for captive consumption. Once implemented, this will replace the non-renewable energy source with a renewable energy source.

Below is the cost of power and steam generation for the year ending on December 31, 2011 and that for the year ending on December 31, 2010.

Sr. No	Particulars	2011	2010
A	**Power and Fuel Consumption**		
	Electricity		
1	Purchased		
	Units (kwh)	25,653,410	24,292,680
	Total Amount (Rs.)	161,450,783	152,317,474
	Rate / Unit (Rs.)	6.29	6.27
2	Own generation[D G Set]		
	Through diesel generator		
	Units generated (kwh)	47,537	38,118
	Total Cost of Diesel (Rs.)	1,001,105	623,938
	Cost/Unit (Rs.)	21.06	16.37
3	Furnace Oil/		
	Quantity (Kgs)	300,501	270,079
	Total Amount (Rs.)	12,383,214	8,683,033
	Rate / Unit (Rs.)	41.21	32.15
B	**Co-generation (Power Plant)**		
1	**Power**		
	Unit generated (kwh)	5,354,650	6,445,000
	Total Amount (Rs.)	44,228,978	53,487,503
	Rate / Unit (Rs.)	8.26	8.30
2	**Steam**		
	Unit generated (kgs)	102,103,925	98,736,600
	Total Amount (Rs.)	158,486,087	161,523,557
	Rate / Unit (Rs.)	1.55	1.64

Annexure-I to the Directors' Report

II. RESEARCH AND DEVELOPMENT

There were certain key advances made in the development of new products and innovative delivery systems during the year 2011. These developments would benefit the company not only in the short term but also in the long term due to the nature of investment made in such development.

a. Main Area of Focus

New Drug Delivery System to improve selected anti fungal, anti infective and drug formulation and recombinant protein products.

Development of new products:

- The Company has launched the following new products i.e., Amipar, Onelife IV Set, Tamin, FVit, SuperAMP during the year.
- The Company has introduced two anti-infective brands viz., Ciprox and Metris in Non- PVC Unibags.

b. Benefits Derived

1. Advanced technologies to manufacture products.
2. Improvement in productivity and process efficiencies.
3. Commercial production of the new developed products.

c. Future Plan of Action

1. Expanding current infrastructure on R&D, New Products for International markets.
2. The development will also focus on introducing new innovative drug delivery systems thus generating significant IP.
3. The company will focus on filing some PCT for lipid emulsion delivery.

d. Expenditure on R & D

Total expenditures for our research and development ("R&D") activities relating to continuing operations, including product development costs, were Rs.163.25 Lacs and Rs.3,783.60 Lacs for the financial years ended December 31, 2011 and December 31, 2010 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

Earnings during the year amounted to Rs. 27,798.64 Lacs as compared to Rs. 29,919.14 Lacs in the previous year. Expenditure (gross) in foreign currency during the year amounted to Rs. 2,721.89 Lacs versus Rs. 2,205.68 Lacs in the previous year. Expenditure is on accrual basis.

For and on Behalf of Board

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

Place : Ahmedabad
Date : 29th February, 2012

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 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.

	Attendance Particulars		Number of other Directorships and Committee Memberships/ Chairmanships*		
Name of Director	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 Company, 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**

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, 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.
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 requirements.

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, HT Parekh Convention Centre, ATIRA Campus, Dr. Vikram Sarabhai Marg, Ahmedabad 380 015, Gujarat.
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 is 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 closing stock quotations at BSE **(Figure 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	20,509.09
As on 31/12/2011	105.75	15,454.92
% 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.

Report on Corporate Governance

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	18,290	94.55	1,666,154	2.61
501 – 1000	843	4.36	532,563	0.83
1001 – 2000	100	0.52	147,287	0.23
2001 – 3000	20	0.10	53,467	0.08
3001 – 4000	8	0.04	27,788	0.04
4001 – 5000	11	0.06	51,939	0.08
5001 – 10000	18	0.09	128,908	0.20
10000 and above	54	0.28	61,209,659	95.91
Total	**19,344**	**100.00**	**63,817,765**	**100.00**

Shareholding Pattern as on 31st December, 2011

Category	No. of shares held	% Shareholding
Company Promoter / Promoter Group	44,034,306	69.00
Mutual Funds / UTI	217,072	0.34
Financial Institutions / Banks	310,621	0.49
Foreign Institutional Investors	7,231,656	11.33
Non-Resident Indians	134,621	0.21
Non Resident Non- Repatriable	49,238	0.08
Foreign Company	7,111,095	11.14
Bodies Corporate	1,870,333	2.93
General Public	2,835,557	4.45
Clearing Members	23,266	0.04
Total	**63,817,765**	**100.00**

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

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, 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

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, 2011.

For Claris Lifesciences Limited

Place : Ahmedabad
Date : 29th February, 2012

Arjun S. Handa
Managing Director & CEO

Management Discussion & Analysis

The pharmaceutical market worldwide, after experiencing a slump during the past 2 years, is now in its recovery period, which will be followed by its growth. Decline in global pharma market was largely due to the economic slowdown, and further aggravated by patent expiry of key blockbusters, together with saturation in key pharma markets, such as the US and Western Europe. Meanwhile, pharma markets in some developing regions, like Asia and Latin America have been continuously witnessing robust growth rate for the last few years, on account of increasing prevalence of diseases, rising healthcare spending, and increasing affordability. Overall, these markets will enjoy good growth potential in coming few years.

The global pharma industry is projected to grow at a CAGR of around 6.5% during 2011-2013 and this growth will be driven by low cost factor, increasing prevalence of diseases worldwide, and rising per capita income of consumers. The sales of generic drugs will emerge as the most prominent segment of the pharma market during the forecast period, indicating large opportunities for generics manufacturers to tap.

During the year 2011, your company continued registering new products across regulated market, marked its presence into new territories, won several awards and accolades, improved margin in hospital care products by increase in pricing by pricing regulatory authority and a stable and affirmed credit rating metrics.

Following were the key highlights on the business and financial front in the year 2011:

- Appointed better quality of distributors in some emerging countries to improve market of products in those territories.
- Increase in Marketing Authorizations to 1228 products and 357 product registrations are under pipeline.
- Improved margin in some of the hospital care products of the company, by increase in selling prices of some of the products.
- We have also registered few of the anti infective products in Russia, which is another big Pharma market and also received approval to market the block buster drug Propofol in European Union.
- We have been ranked #1 in "Healthcare industry" and 9th among "Top 25 Best Companies To Wok For 2011" award from the Economic Times and Great Place to Work ® Institute, India.

Global Pharmaceutical Industry

IMS health forecasts global pharmaceutical market growth at 5-7 Percent during the year, reaching to the size of USD 880 Billion. The major reasons for the growth expected are:

- Increase in patent expiries and new wave of drug budget controls subdue growth among brands in developed markets,
- Pharmerging countries contribute nearly half of total growth and ,
- Innovative products poised to provide new treatment options

The robust growth in the pharmaceutical markets of emerging world economies has outpaced the overall growth of the global pharmaceutical market. The emerging markets are being driven by rapidly growing economies of these countries, increasing per capita income, increasing prevalence of lifestyle diseases due to rapid urbanization, and low-cost factors.

The pharmaceutical market in regulated segment has experienced exponential growth over the past decade but is now witnessing a slump. This slump is attributed to saturation in key markets such as United States and Western Europe, patent expiry of key drug formulations and a static economy. On the other hand, many growing economies in the developing regions of Asia and Latin America are witnessing a continuous high growth rate in the pharmaceutical sector. In the coming years, these markets are expected to continue their robust growth owing to various factors such as increasing prevalence of lifestyle diseases, rise in spending on healthcare and increased access and affordability to healthcare services. This seismic shift in the pharmaceutical markets of the world, away from the major developed powers of the U.S., Japan, France, Germany, Italy, United Kingdom, Spain and Canada, ready to a set a new, dynamic, fast-growing emerging economies of China, Brazil, Russia, India, Mexico, Turkey, and South Korea which has created new dynamics. These seven emerging markets of the pharmaceutical sector have been termed as 'pharmerging markets'. Apart from these E7 economies, many other emerging markets have been recognized as interesting destinations for the major global pharmaceutical players. Unlike the developed world, where health systems provide a more uniform coverage level, the emerging pharmaceutical markets have wide regional health expenditure differences within them. Moreover, recent major developments and global recession have driven disparate rates of evolution in each of these countries. Unlike the pharmaceutical market of United States and Western Europe, the emerging markets are characterized by diverse therapeutic segments, different and complex regulatory law and a fragmented market. The worldwide economic crisis has also added a new layer of complexity to the already challenging environment.

Thus, the need for action and informed direction has never been greater. Apart from the BRIC nations (Brazil, Russia, India and China), positive developments in other parts of the world are also reshaping the pharmaceutical sector. In regions such as Latin America and Asia, Eastern Europe and North Africa, a new set of emerging economies are now rapidly rising. A further 13 nations in these regions have now reached a threshold of economic development and volume of future growth that warrant close and immediate scrutiny. Collectively, the emerging markets undoubtedly offer high potential, with rising GDPs, expanding access to healthcare and an improving IP and regulatory environment in many cases. Nevertheless, these markets are fraught with uncertainty and hurdles. Local companies are strong and entrenched, domestic products are well-established, and generics dominate the market in a growing number of countries. Patients invariably bear the highest share of healthcare spend, making issues of willingness and ability to pay key in these low income countries.

Growth opportunities:

- Brazil, Russia, India, China and Mexico have shown substantial compound growth in between 2006 and 2011; well above the more established pharmaceutical markets.
- The forecasted growth in total health expenditure for the BRICM markets is exceptional. By 2016 the lowest percentage increase is anticipated to be 32% (Russia) with the highest 94.8% in (India).
- With a combined population of 2.9 billion these markets have the potential to drive double-digit domestic growth and suggest overall strong growth for pharma companies globally. By 2021 the combined population is forecasted to be 3.15 billion.

- Dynamic economic growth is fuelling increased expectations for access to affordable, quality healthcare, which governments have pledged to provide by expanding and improving the public health sector.

Government initiatives:
- Each government seeks to give the less affluent, wider access to better care and to bring rural and urban healthcare provision to the same higher standard; the burgeoning middle class increasingly demands higher standards of care.
- Governments also hope to develop or strengthen private insurance mechanisms, providing pharma with a shifting regulatory landscape.
- Each government policy initiative offers opportunities to pharmaceutical companies that design responsive strategies.

Healthcare opportunities:
- At present, acute care needs continue to dominate and remain the primary public healthcare priority, especially for Brazil, China, India, and Mexico.
- Populations are aging in these countries, with the associated expected increases in healthcare needs. Lifestyle diseases are becoming more prominent.
- Some governments, such as China, have responded to the potential consequences of this shift by increasing screening for precursor conditions such as; hypertension
- For pharmaceutical producers treating chronic ailments could provide steady revenue streams generally not available for acute therapies.

The major Emerging Markets - Brazil, Russia, India, China and Mexico (BRICM) – offer exciting opportunities for pharmaceutical companies. These markets have been a source of optimism for a number of years, but now collectively they exhibit the greatest prospects for growth by government initiatives and healthcare opportunities available. (Source – Pharma Emerging Market Report 2011-12, Emerging Pharmaceutical Markets 2012 and Global Pharmaceutical Market Forecast to 2012)

India Market and Growth Areas
The Indian pharmaceutical market is expected to touch USD 74 billion sales by 2020 from USD 12 billion now, according to a Pricewaterhouse Coopers (PwC) report. India's pharmaceutical market grew at 15.7 per cent during December 2011. India has every chance to capitalize the opportunity to become a pharmaceutical Superpower in 2020 and a hub for all pharmaceutical manufacturing & research needs. Fitch Ratings' outlook on the Indian pharmaceutical sector for 2012 is stable. The agency expects credit profiles to remain stable, should long-term earnings and profitability prospects remain intact, with moderate capex.

The sector will be guided by growing preferences for generics as well as opportunities provided by patent expiries in developed markets. According to IMS health, the global drug spending towards generics is expected to rise to 39% of total pharmaceutical spending in 2015 up from 20% in 2005 and 27% in 2010.

During 2011, according to Pharmaceutical Export Promotion Council, exports for the Indian Pharmaceutical sector are likely to register 17% to 20% growth touching USD 12bn. The long term growth and profitability would be driven by newer markets such as Japan and emerging markets including Russia, Brazil, China and Mexico as well as countries including South Africa, Turkey and Indonesia. The rapid growth in these markets will be driven by generic spends.

India's pharmaceutical sector is gaining a global leadership position and Indian generics today constitute nearly a fifth of global supplies. The pharmaceutical companies can be of immense value in providing affordable healthcare which is much needed globally. India has a vast pool of trained pharmaceutical scientists, doctors and researchers, which opens up avenues for joint collaborative research for new drug discoveries along with joint intellectual property rights (IPRs).

Generics will continue to dominate the market while patent-protected products are likely to constitute 10 per cent of the pie till 2015. Compared with USD 21bn that expired in 2011, global 2010 sales of drugs set to expire in the US in 2012 amount to massive USD 52bn. This offers significant market opportunity for lower priced generics and a clear visibility for profit and revenue growth for generic focused Indian Pharmaceutical companies. Despite the challenging price environment, due to intense competition, Indian Pharmaceutical companies are expected to do well due to generic experience and lower manufacturing cost.

It is expected that the growth momentum for Indian generics will sustain, as in the Non-US markets, Indian generics are better placed with higher exposure to emerging markets (EMs) and lower exposure to Europe. Indian firms are expected to be more successful in EMs given the strong branded generic experience in India. In the US market, volume share of Indian generics has quadrupled in the past five years to 17%, though their combined scale is still one-third of the top five peers. The current pipeline is strong and market share gains could continue for Indian generics. Indian generic players have a better mix of targeted markets with higher exposure to EMs and lower exposure to Europe.

The branded generic experience in India gives Indian companies a unique advantage over global generic players. Demand drivers in India and the business model are similar to most emerging markets; thus, Indian companies have a head start there over global peers. This also explains why Indian generics have a higher proportion of sales from emerging markets. Emerging markets such as India are more about creating brands and marketing skills; therefore it is expected that larger competition will be from global pharma in the EMs than the global generic peers.

Road Ahead and Challenges
Overall growth of the sector would be positively affected by the growth in domestic and emerging market, largely driven by economic growth, greater marketing in semi urban and rural areas, epidemiological changes, with rapid increase in chronic, age related disorders, the rapid expansion of the private hospital sector and increased government spending on improvement in healthcare infrastructure.

Management Discussion & Analysis

On back of a high middle-class population base, improvements in medical infrastructure and the establishment of intellectual property rights, the Indian pharma industry is estimated to grow manifolds.

With the focus of companies shifting to smaller deals catering to niche segments and markets, partnerships seems to be the new norm in the pharmaceutical sector. The strategic execution of maximizing on the available resources both human and financial will be the way forward for building capabilities through strategic partnerships.

Interestingly, the international drug-makers have introduced generic or low-priced version of popular medicines and have also decreased prices of their existing products - in order to increase their share in the globally important market - India. The Indian-makers business model is built around selling large volume of cheap generic medicines at lower margins in the country, to add to twin purpose of affordability and popularity.

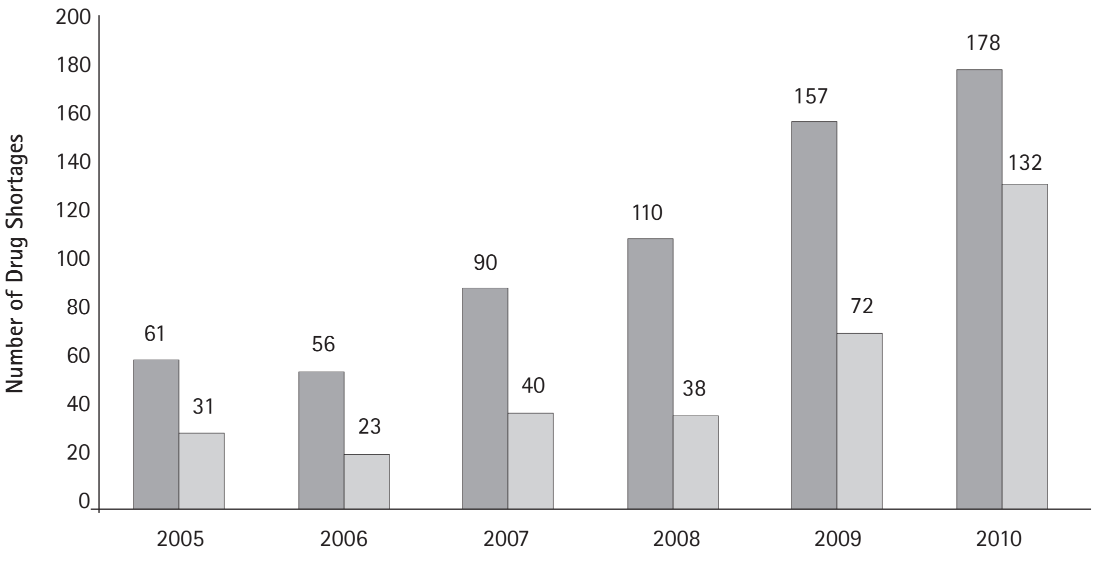
Governments around the world are grappling to arrive at solutions for health account deficits. Actions mainly address treatments for non lethal indications with large patient numbers, decreasing profit margins. Hence, pharma companies have adapted their strategies. Many pharma companies have altered their drug portfolios from primary care driven blockbusters towards specialties where the medical need is so high that prices are more easily accepted by the regulators.

The product patents regime heralds an era of innovation and research resulting in the launch of new patented product launches. In the longer run, domestic companies would face fresh competition from MNCs, as they would make aggressive new launches. However, the latter would most likely be subject to price negotiation.

Drugs having estimated sales of over US$ 100 bn are expected to go off patent between CY10 and CY14. With the governments in the developed markets looking to cut down healthcare costs by facilitating a speedy introduction of generic drugs into the market, domestic pharma companies will stand to benefit. However, despite this huge promise, intense competition and consequent price erosion would continue to remain a cause for concern. (Source: Press Information Bureau (PIB), Media Reports, McKinsey Report, Pharmaceuticals Export Promotion Council, Fitch Outlook on Indian Pharmaceutical for 2012 and IMAP report 2011).

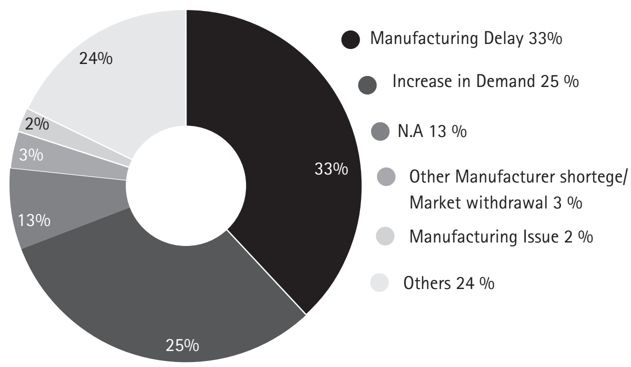
Opportunities for Injectable Segment

The number of drugs in short supply in the US has been increasing substantially in recent years, particularly for generic injectable drugs. The shortage has triggered strong public interest as many of the drugs (e.g. oncology, anesthesia) are crucial for the implementation and success of patient therapies and thus are highly relevant. In some cases, physicians are forced to prioritize patients, improvise standard therapy or even cut dosages.



Source: CDER Drug Shortage Program

While the number of drugs in short supply has increased overall, the number of injectable drugs in particular has risen strongly as depicted from the graph above. Back in 2005, only about half of the drugs in short supply were injectables, while there were only about 31 non-injectable drugs in short supply. In 2010, the percentage of injectable was close to three quarters; while about only 46 substances were non-injectable. Thus, there are huge opportunities available for the companies operating in the foray injectable segment.



There are many reasons behind the drug shortage. By far, most important explanations are issue involving manufacturing and the supply of quality active pharmaceutical ingredients (API).

Management Discussion & Analysis

The number of manufacturing problems in the generic injectable industry has been increasing given the long history some of the companies have with manufacturing delicate substances. Almost all major generic suppliers have either received warning letters or significant observations letters from the FDA during the last 2 years.

Overall, the injectable generics market is characterized by moderate volume growth, steady price erosion and relatively rationale competition. Important market drivers are:

- Original drug preparations going off patent;
- Healthcare reforms that encourage the use of low cost generics and faster market access, but may also create greater rebates to public payers and reduced hospital reimbursement;
- Price erosion of products already on the market.

Considering the manufacturing problems and the associated drug shortage situation, there may substantial share shifts will happen over time. In the short run, the limited number of suppliers for individual drugs makes the market situation sticky, but in more competitive supply situations share shifts are observable on IMS data. Over time and with enlarged manufacturing capacity becoming available, we would expect substantial more share shifts in favor of the companies executing flawlessly given the consequences of FDA actions on capacity available and manufacturing flexibility.

Source: Credit Suisse January 2012 report and FDA

Financial Highlights

Overview

The financial statements have been prepared in compliance with the requirements of the Companies Act, 1956, and Generally Accepted Accounting Principles (GAAP) in India.

Consolidated Profit and Loss account for the year ended December 31, 2011. (Rupees in Lacs)

		Year ended on 31st December, 2011	Year ended on 31st December, 2010	% Change
INCOME				
Gross Sales		74,801.82	75,598.58	-1%
Less : Excise Duty		925.25	365.05	153%
Net Sales		73,876.57	75,233.53	-2%
Other Income		455.48	1,543.06	-70%
	TOTAL	**74,332.05**	**76,776.59**	**-3%**
EXPENDITURE				
(Increase) in Stock of Finished and Process stock		(1,287.29)	(1,588.34)	-19%
Material Cost		28,398.97	25,197.15	13%
Employees' Cost		4,522.64	5,158.47	-12%
Operating & Other expenses		18,655.95	23,671.17	-21%
Interest and Finance Charges		3,427.90	3,619.59	-5%
Depreciation and Amortisation		5,468.24	4,671.59	17%
	TOTAL	**59,186.41**	**60,729.63**	**-3%**
Profit Before Taxation		**15,145.64**	**16,046.96**	**-6%**
Current Tax		2,153.66	2,033.55	6%
MAT Credit Entitlement		(594.84)	-	
Deferred Tax		800.38	367.34	118%
Short / (Excess) Provision of Tax in Earlier Years		160.90	(497.98)	-132%
		2,520.10	**1,902.91**	**32%**
Net Profit After Tax		**12,625.54**	**14,144.05**	**-11%**

Distribution of Revenues

The following table sets out the contribution of each of the above component in Claris' income expressed as percentage of Claris' total income for the year ended December 31, 2011 and December 31, 2010.

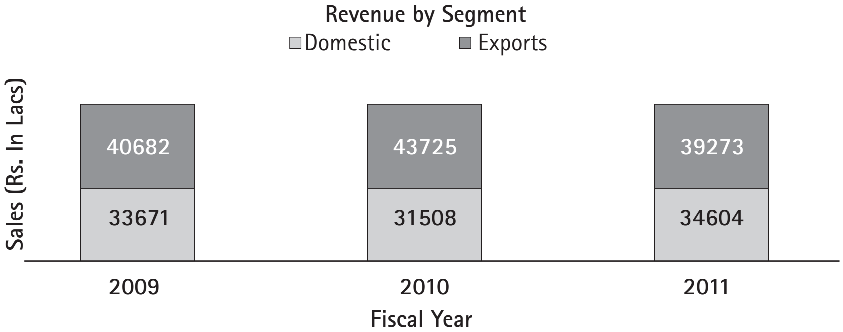
OPERATING INCOME & SHARE OF REVENUE

	2011	%	2010	%
Domestic Sales	34,603.74	46.84%	31,508.20	41.88%
Exports Sales	39,272.83	53.16%	43,725.33	58.12%
Net Sales	**73,876.57**	**100.00%**	**75,233.53**	**100.00%**
Other Income	455.48		1,543.06	
Total Income	**74,332.05**		**76,776.59**	

Management Discussion & Analysis

Your Company 's income from net sales in Domestic market has increased by Rs. 3095.54 Lacs, or 9.82% in the fiscal 2011 compared to that of 2010. This increase is primarily on account of the increase in efforts in sales of intravenous fluids with the revised pricing by regulatory authority and therefore improved margins.

The income from net sales in international market has reduced by Rs 4452.50 Lacs, or 10.18% in fiscal 2011 compared to fiscal 2010. The export revenue, as a percentage of net sales stood at 53.16% in fiscal 2011 compare to 58.12% in 2010. Even though we were faced with an import alert and warning letter imposed by the USFDA, we overcame the adversities by increasing the sales to countries other than the United States, thus ensuring that we are able to achieve targets in the exports market and maintain the same level. Sales Level has been flattish even after import ban by US .This shows the risk mitigating strategy of the company by ensuring equal penetration across all geographies and not to be dependent on the single country for generating revenues.



Other Income

The other income has reduced to 70.48%, to Rs. 455.48 Lacs from Rs. 1543.06 Lacs last year. Other income consists primarily of Foreign exchange rate difference of Rs. 112.93 Lacs as compared to Rs 816.08 Lacs in fiscal 2010. It also includes Sale of Voluntary Carbon Reduction Units of Rs. 147.82 Lacs and miscellaneous income and scrap sales of Rs. 194.73 Lacs.

OTHER FINANCIAL DATA

Material cost

The consumption of raw material has increased of one time cost of new product development materials worth Rs. 1783.56 lacs. As a percentage to sale it comes to 2.75%

Personnel cost

Personnel cost comprises of the Salaries, Wages, Bonus & Gratuity, Contribution to Provident and other funds and Staff Welfare. The personnel cost has reduced by 12.33% from Rs. 5158.47 Lacs in 2010 to Rs. 4522.64 Lacs in 2011. This reduction is due to changes being bought in the business model of the company. We have consolidated the teams to make the process more efficient, and each sales representative has more products in their basket, hence making him more efficient and relationship oriented.

Operating and other expenses

Operating and other expenses comprises of traveling; communication; professional charges; power and fuel; laboratory expenses; repairs and maintenance; selling expenses like freight outwards; sales promotion and commissions; research and development costs, provision for doubtful debts; exchange fluctuations and other general expenses etc. Operating and other expenses have decreased by 21.19% from Rs. 23671.17 Lacs for the year 2010 to Rs. 18655.95 Lacs for the year 2011 mainly on account of :-

a. 43.55% decrease in laboratory expenses from Rs 603.36 Lacs to Rs 340.61 Lacs.
b. There has been no provision of product recall from US in 2011, which was Rs. 743.48 Lacs in 2010.
c. The consultancy fee has reduced by 69.77%, from Rs. 4066.94 Lacs in 2010 to Rs. 1229.36 Lacs in 2011.
d. Marketing and Sales Promotion expenses has reduced by 33.51% from Rs. 3137.74 Lacs in 2010 to Rs. 2086.37 lacs in 2011

Interest and Finance charges

Interest and Finance charges include both interest expense and interest earned. The net interest expense has decreased by Rs. 191.69 Lacs from Rs. 3619.59 Lacs in fiscal 2010 to Rs. 3427.90 Lacs in fiscal 2011, mainly on account of regular repayment of debt and interest earned from the fixed deposits placed out of IPO funds during the year.

Depreciation

During the fiscal year 2011 depreciation has increased by Rs 796.65 Lacs, an increase of 17.05% over fiscal 2010 on account of additional capitalization of assets. Depreciation as a percentage of sales stood at 7.40% and 6.21% respectively for the fiscal year 2011 and 2010.

Provision for Taxes

The Provision for taxation has increased by Rs. 617.19 Lacs to Rs 2520.10 Lacs in the year ended December 31, 2011 as against Rs 1902.91 Lacs in the previous year 2010. This movement is largely on account of increase in deferred tax.

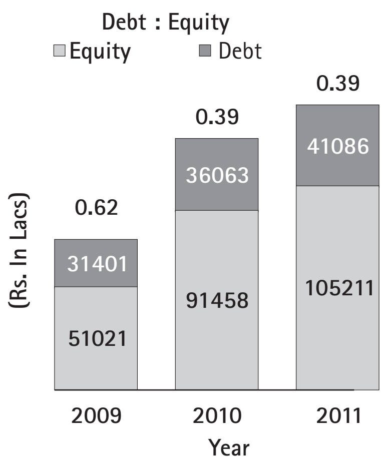
Net Profit

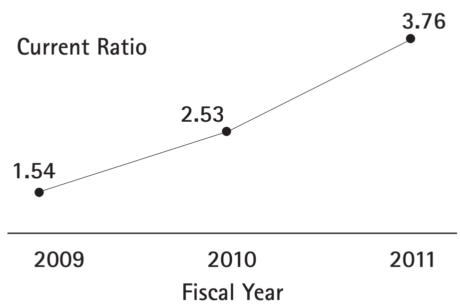
Net profit for fiscal year 2011 has reduced by 10.74% from Rs. 14144.05 Lacs in the fiscal 2010 to Rs 12625.54 Lacs in 2011, resulting in basic EPS of Rs 19.78 in the year 2011 compared to EPS of Rs. 27.34 in the year 2010. As a percentage to net sales, profit margin has changed from 18.80% in 2010 to 17.09% in 2011.

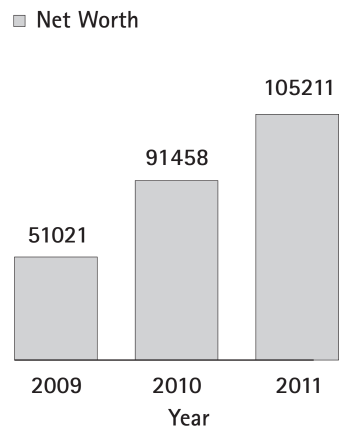
Management Discussion & Analysis

Abbreviated consolidated profit and loss statement (Rupees in Lacs)

	2011	2010
Net Sales	73,876.57	75,233.53
Other Income	455.48	1,543.06
Earning Before Interest, Tax, Depreciation and Amortization	24,041.78	24,338.14
EBITDA margin	32.54%	32.35%
Profit Before Tax	15,145.64	16,046.96
PBT margin	20.50%	21.33%
Profit after Tax	12,625.54	14,144.05
Net profit margin	17.09%	18.80%
Key Ratios		
Debt Equity ratio	0.39	0.39
Current Ratio	3.76	2.53
Return on Capital Employed	8.48%	11.07%
Return on Equity	12.00%	15.47%
Diluted EPS	19.78	27.34







Following is the summary of Cash Flow (Rupees in Lacs)

	2011	2010
Net Cash Generating from Operating activities (A)	**(748.29)**	**6,966.44**
Net Cash Used for:		
Net Cash used in investment activity (B)	**(24,292.20)**	**(19,185.80)**
Capital Expenditure	(25,620.20)	(19,313.73)
Interest Received	1,328.00	127.93
Cash from Financing Activities (C)	**1,413.20**	**28,085.76**
Issue of Equity Shares	-	1,263.25
Share Premium	-	26,640.45
Proceeds from borrowings (Net)	4,924.36	4,794.60
Interest paid	(4,787.51)	(3,588.84)
Dividend paid	1,276.35	(1,023.70)
Net Cash Equivalents (A+B+C)	**(23,627.29)**	**15,866.40**
Cash at Beginning of the year	39,560.95	23,694.55
Cash at End of the year	**15,933.66**	**39,560.95**

Management Discussion & Analysis

Risks and Concern
The company is exposed to certain risks such as 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.

Internal Control Systems and their adequacy
The company has had a system-based approach to risk management and a well-defined framework of checks and balances, to ensure effective internal controls. It has in place adequate systems of internal control, commensurate with its size and the nature of operations. Company also has well defined organizational structure, documented policy guidelines, predefined delegation of power with authority levels for approving revenue as well as capital expenditure.

Human Resource
Claris has leaped to 9th rank from last year's 37th rank in "Best Companies to Work for" study conducted by the Economic Times and Great Place to Work Institute, India. While maintaining the 1st position in 'Healthcare' industry, such a big jump to feature in Top 10 Best Workplaces in India is indeed a commendable achievement.

Recruitment
The company adopts various innovative methods to attract talent. The Company has already been running an online referral program - Autoquest. Whereas, this year, the company started a new initiative for workers -

Workers Ham Kadam
It is part of the referral programme specially designed for workers at manufacturing plant.

Learning & Development
Nurturing the members is nurturing the company. Across the year, the company conducted various training programmes by inviting external faculties and sending key members to premium management institutes. The company also conducted different informative seminars at the premises, for knowledge enhancement.

The company's new inspirational initiatives include -

Life Mantras – Stirring Stories
Story-telling is an effective way to elucidate values and ethics. Stories are easy to remember and relate to. The company has taken an initiative called "Life Mantras – Stirring Stories" through which a moral-story is shared every week. Life Mantras – Stirring Stories has received a very good response from members.

Inspiring through Visual Factory
"Visual Factory" is concept to inspire the members at Clarion with the aid of visually appealing posters, especially on Quality. From end to end in the plant, posters have been displayed, which emphasise on 'Quality' orientation. These posters not only invigorate a lively environment and Quality focused approach but also depict some of the real pictures of the company's members working on machines thereby giving them a sense of connectivity. This is now integral part of over all quality approach.

Employee Engagement & Members Involvement
Like every year, this year also members celebrated all the major festivals of the year - Uttarayan, Navratri, Deepawali, Dussehra, Independence Day, and Christmas with full enthusiasm. Similarly, the company also celebrated special days like - New Year Day, Women's Day, Mother's Day, Kargil Vijay diwas etc.

Sports
To maintain the sports-spirit in the environment, your company conducts many tournaments such as – Cricket, TT, Carrom etc. These tournaments are a different phenomenon at Claris – the enthusiasm goes at its level-peak. Last year, Claris added thrilling Volleyball Tournament in the sport series. The company also conducted special Cricket Matches and Volleyball Matches for girls.

All above initiatives are integrated with company's goals and objectives in order to improve business performance and build such culture which promotes innovation and growth. As on 31st December, 2011, total employees of the organization were 1383 excluding contract labours.

CAUTIONARY STATEMENT
Certain statements in the Management Discussion & Analysis Report 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, finish 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.

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, 2011, the Profit and Loss Account 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 Profit and Loss Account 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 Profit and Loss Account 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, 2011;
   (ii) in the case of the Profit and Loss Account, 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, 2011 and taken on record by the Board of Directors, none of the Directors is disqualified as on December 31, 2011 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 : 29th February, 2012

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 to its inventory :
   (a) According to the information and explanations given to us, inventories, excluding materials in transit and materials lying with third parties, 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. In respect of the loans, secured or unsecured, granted by the Company to companies, firms or other parties covered in the Register under section 301 of the Companies Act, 1956:
   (a) The Company has granted unsecured loans to two parties covered in the register maintained under section 301 of the Companies Act, 1956. At the year-end, the outstanding balances of such loans aggregated to Rs.11.10 lacs and the maximum amount involved during the year was Rs.11.10 lacs.
   (b) According to the information and explanations given to us, the aforesaid loans are interest free and the other terms and conditions are not, in our opinion, prima facie, prejudicial to the interest of the Company.
   (c) The aforesaid loans are repayable on demand and no repayment schedules have been stipulated. Under the circumstances, the question of regularity of the principal amounts does not arise.

   The Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the Register 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. In respect of contracts or arrangements entered in the Register maintained in pursuance of Section 301 of the Companies Act, 1956, to the best of our knowledge and belief and according to the information and explanations given to us:
   (a) The particulars of contracts or arrangements that needed to be entered into the register have been so entered.
   (b) In our opinion, and according to the information and explanations given to us, having regard to the fact that the services received by the Company pursuant to the contracts or arrangements are of a specialized nature for which suitable alternative sources do not exist for obtaining comparative market prices prevailing at the relevant time, we are unable to comment as to whether these transactions were made at prices which are reasonable having regard to the prevailing market prices at the relevant time.

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 books of account and records maintained by the Company relating to manufacture of formulation and bulk drug products pursuant to the Order made by the Central Government for maintenance of cost records under section 209 (1)(d) of the Companies Act, 1956 and are of the opinion that prima facie the prescribed accounts and records have been made and maintained. We have, however, not made a detailed examination of the records with a view to determining whether they are accurate or complete. According to the information and explanations given to us, the Central Government has not prescribed maintenance of cost records for any other product of the Company.

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) There were no undisputed amounts payable in respect of the aforesaid statutory dues were outstanding, as at December 31, 2011 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, 2011 on account of disputes are given below :

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 lakhs*)
Income Tax Act, 1956	Income Tax	High Court of Gujarat	A.Y. 2000- 01	10.88
Income Tax Act, 1956	Income Tax	Income Tax Appellate Tribunal	A.Y. 2006-07	70.55
Income Tax Act, 1956	Income Tax	Income Tax Appellate Tribunal	A.Y. 2007-08	114.87
Income Tax Act, 1956	Income Tax	Income Tax Appellate Tribunal	A.Y. 2008-09	118.95
Andhra Pradesh VAT Act, 2005	Sales Tax	Sales Tax Appellate Tribunal	2006 – 2010	8.93
Central Excise Act, 1994	Excise Duty	Commissioner of Central Excise (Appeals)	2008 – 2009	68.59

* 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 by the audit and in 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 banks. The Company has not issued any debentures.

13. In our opinion and according to the explanations given to us, 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 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 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.3 of schedule – 18 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 : 29th February, 2012

Balance Sheet

as at 31st December, 2011

(Rupees in Lacs)

Particulars	Schedule	As at 31-12-2011	As at 31-12-2010
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	1	6,381.78	6,381.78
Reserves & Surplus	2	81,280.91	75,784.06
		87,662.69	82,165.84
Loan Funds			
Secured Loans	3	41,086.46	36,063.00
Deferred Tax Liability (Net)		6,024.45	5,224.30
(See note - 17 of Schedule - 18)			
	TOTAL	**134,773.60**	**123,453.14**
APPLICATION OF FUNDS:			
Fixed Assets	4		
Gross Block		89,596.09	71,164.24
Less : Accumulated depreciation and amortisation		23,442.02	18,299.39
Net Block		66,154.07	52,864.85
Capital work-in-progress		22,131.29	18,571.51
		88,285.36	**71,436.36**
Investments	5	1,705.72	1,705.72
Current Assets, Loans & Advances			
Interest accrued on deposits		130.62	32.65
Inventories	6	15,210.76	13,660.01
Sundry Debtors	7	24,385.63	25,334.32
Cash & Bank Balances	8	15,293.12	29,064.24
Loans & Advances	9	11,972.29	10,826.95
		66,992.42	78,918.17
Less : Current Liabilities & Provisions	10		
Current Liabilities		18,995.89	24,953.32
Provisions		3,214.01	3,653.79
		22,209.90	28,607.11
Net Current Assets		44,782.52	50,311.06
	TOTAL	**134,773.60**	**123,453.14**
Significant Accounting Policies	17		
Notes on Accounts	18		

The schedules referred to above form an integral part of the Balance Sheet

As per our report of even date

For Deloitte Haskins & Sells
Chartered Accountants

Gaurav J. Shah
Partner

Place : Ahmedabad
Date : 29th February, 2012

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 : 29th February, 2012

Profit & Loss Account

For the year ended on 31st December, 2011

(Rupees in Lacs)

Particulars	Schedule	For the Year ended on 31-12-2011	For the Year ended on 31-12-2010
INCOME			
Gross Sales		65,892.00	62,924.28
Less : Excise Duty		925.25	365.05
Net Sales		64,966.75	62,559.23
Other Income	11	338.01	1,494.60
	TOTAL	**65,304.76**	**64,053.83**
EXPENDITURE			
(Increase) in Stock of Finished and Process stock	12	(1,222.36)	(1,323.08)
Materials Cost	13	26,572.01	24,469.94
Employees' Cost	14	4,304.50	4,766.26
Operating & Other expenses	15	17,297.14	18,110.73
Interest and Finance Charges	16	3,427.80	3,619.40
Depreciation and Amortisation		5,434.14	4,637.79
	TOTAL	**55,813.23**	**54,281.04**
Profit Before Tax		**9,491.53**	**9,772.79**
Provision for Taxation :			
Current Tax		2,150.00	2,000.00
MAT Credit Entitlement		(594.84)	-
Deferred Tax		800.15	365.69
Short / (Excess) Provision of Tax in Earlier Years		160.89	(495.33)
		2,516.20	**1,870.36**
Net Profit after tax		**6,975.33**	**7,902.43**
Balance Brought Forward From Previous Year		36,520.51	30,731.42
Balance Available for Appropriations		**43,495.84**	**38,633.85**
Appropriations			
Transferred To General Reserve		525.00	625.00
Proposed Dividend		1276.35	1,276.35
Tax on Dividend		207.06	211.99
Tax on Dividend of earlier year reversed		(4.93)	-
Balance carried to Balance Sheet		41,492.36	36,520.51
	TOTAL	**43,495.84**	**38,633.85**
Basic & Diluted Earnings Per Share (In Rs.) [Face Value of Rs. 10 per share] (See note-16 of Schedule -18)		10.93	15.27
Significant Accounting Policies	17		
Notes on Accounts	18		

The schedules referred to above form an integral part of the Profit and Loss Account

As per our report of even date

For Deloitte Haskins & Sells
Chartered Accountants

Gaurav J. Shah
Partner

Place : Ahmedabad
Date : 29th February, 2012

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 : 29th February, 2012

Cash Flow Statement

For the year ended on 31st December, 2011

(Rupees in Lacs)

	Particulars	For the Year ended on 31-12-2011	For the Year ended on 31-12-2010
A.	**Cash Flow from Operating Activities**		
	Net Profit before taxation and extraordinary items	**9,491.53**	**9,772.79**
	Adjustments for :		
	Depreciation and Amortisation	5,434.14	4,637.79
	Loss on sale of fixed assets	63.88	48.36
	Provision for doubtful debts and advances	66.81	184.25
	Provision for Product Recall	-	743.52
	Unrealised foreign exchange rate difference (gain) / loss (Net)	(1,261.31)	(351.31)
	Interest income	(1,425.97)	(150.69)
	Interest and finance charges	4,853.77	3,770.09
	Operating Profit before Working Capital Changes	17,222.85	18,654.80
	Adjustments for :		
	Decrease / (Increase) in Trade and Other Receivables	515.10	(236.04)
	Decrease / (Increase) in Inventories	(1,550.75)	(1,496.50)
	(Decrease) / Increase in Trade and Other Payables	(4,108.27)	(3,681.60)
	Cash generated from Operations	12,078.93	13,240.66
	Direct Taxes Paid	(1,858.14)	(2,216.93)
	Net cash generated from Operating Activities	**10,220.79**	**11,023.73**
B.	**Cash Flow from Investing Activities**		
	Purchase of fixed assets	(22,885.53)	(14,892.86)
	Proceeds from sale of fixed assets	538.48	69.20
	(Decrease)/Increase in trade payables (for capital expenditure)	(1,553.97)	296.96
	Interest Received	1,328.00	127.92
	Net cash used in Investing Activities	**(22,573.02)**	**(14,398.78)**
C.	**Cash Flow from Financing Activities**		
	Issue of Equity Shares	-	1,263.25
	Share premium received (Net off Expenses in connection with issue of Equity Shares Written Off)	-	26,640.45
	Proceeds from borrowings (Net)	4,644.91	4,794.66
	Interest and finance charges paid	(4,787.45)	(3,588.61)
	Dividend paid	(1,276.35)	(1,023.71)
	Net cash generated from Financing Activities	**(1,418.89)**	**28,086.04**
	Net increase/(decrease) in Cash & Cash Equivalents (A+B+C)	**(13,771.12)**	**24,710.99**
	Cash & Cash Equivalents at the beginning of the Year	29,064.24	4,353.25
	Cash & Cash Equivalents at the end of the Year	**15,293.12**	**29,064.24**

Cash Flow Statement

For the year ended on 31st December, 2011

(Rupees in Lacs)

Particulars	For the Year ended on 31-12-2011	For the Year ended on 31-12-2010
Notes :		
1. **Components of Cash & Cash Equivalents**		
Cash on hand	6.06	3.08
Cheques on hand	944.80	2,667.31
Balances with banks		
- In Current Accounts	2,357.28	1,892.18
- In Margin Money	5,858.40	1,213.16
- In Fixed Deposit Account	6,125.38	23,247.73
- Unclaimed share application money lying in escrow account	0.23	40.78
- Unclaimed Dividend Account	0.97	-
	15,293.12	**29,064.24**
2. Cash and cash equivalents include amount not available for immediate use		
a) In Margin Money and Fixed Deposit Accounts	3,712.07	864.86
b) Unclaimed Share application money lying in escrow account	0.23	40.78
c) Unclaimed Dividend Account	0.97	-
3 Interest paid is exclusive of and purchase of fixed assets is inclusive of interest capitalised	924.53	1,469.94
4 The above cashflow 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.		

As per our report of even date

For Deloitte Haskins & Sells
Chartered Accountants

Gaurav J. Shah
Partner

Place : Ahmedabad
Date : 29th February, 2012

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 : 29th February, 2012

Schedules forming part of the Balance Sheet

(Rupees in Lacs)

Particulars	As at 31-12-2011	As at 31-12-2010
SCHEDULE 1		
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**

Notes:

Of the above Equity Shares :

a. 5,000,140 Equity Shares of Rs. 10 each were allotted as fully paid-up bonus shares by capitalisation of Surplus in Profit and Loss Account Rs. 500.01 Lacs, on 25th December, 2000.

b.17,916,416 Equity Shares of Rs. 10 each were allotted as fully paid-up bonus shares by capitalisation of Surplus in Profit and Loss Account Rs. 1,791.64 Lacs, on 22nd September, 2004.

c. 17,061,763 Equity Shares of Rs. 10 each were allotted as fully paid-up bonus shares by capitalisation of Securities Premium Account Rs. 1,706.18 Lacs, on 7th April, 2010.

Particulars	As at 31-12-2011	As at 31-12-2010
SCHEDULE 2		
RESERVES & SURPLUS		
Securities Premium Account		
Balance as per last balance sheet	34,584.61	9,650.35
Less : Capitalised by Issue of Bonus Shares	-	1,706.18
Add : Premium on Issue of Equity Shares (See Note -3 of Schedule - 18)	-	28,736.76
Less :Expenses in connection with issue of Equity Shares Written Off (Net of tax) (See Note -3 of Schedule - 18)	-	2,096.32
	34,584.61	34,584.61
Capital Redemption Reserve		
Balance as per last balance sheet	500.00	500.00
General Reserve		
Balance as per last balance sheet	4,178.94	3,553.94
Add : Transferred from Profit & Loss Account	525.00	625.00
	4,703.94	4,178.94
Surplus in Profit & Loss Account	41,492.36	36,520.51
	81,280.91	**75,784.06**
SCHEDULE ' 3		
SECURED LOANS		
From Banks		
Term Loans		
In Foreign Currency - External Commercial Borrowing	3,728.90	4,481.00
In Domestic Currency	18,094.01	13,701.37
Cash Credit accounts	18,949.18	17,584.25
Working Capital Loans		
Vehicle Loans	59.18	76.69
Interest accrued and due on above loans	222.22	164.69
From Others		
Vehicle Loan from Finance Companies	32.97	55.00
	41,086.46	**36,063.00**

Notes:

1. Refer Note no. 4 of Schedule - 18 for the disclosure of nature of security in respect of the above loans.
2. Out of the above loans, amount repayable within one year is Rs. 3,742.87 lacs (Previous year Rs. 7,290.05 lacs)

Schedules forming part of the Balance Sheet

~~SCHEDULE 4~~

FIXED ASSETS

(Rupees in Lacs)

Sr. No.	Description of Assets	Gross Block (At cost) As at 01-01-11	Additions during the year	Deductions during the year	As at 31-12-11	Depreciation and Amortisation Upto 01-01-11	For the Year	Deduction/ Adjustments during the year	Upto 31-12-11	Net Block As at 31-12-11	As at 31-12-10
A.	**Tangible Assets**										
1	Freehold Land	1,530.78	-	-	1,530.78	-	-	-	-	1,530.78	1,530.78
2	Buildings	13,178.36	161.53	0.01	13,339.88	1,398.15	434.46	-	1,832.61	11,507.27	11,780.21
3	Improvement to leasehold property	265.52	-	-	265.52	252.24	-	-	252.24	13.28	13.28
4	Plant & Machinery	49,896.61	18,467.13	784.01	67,579.73	14,498.51	4,488.88	209.27	18,778.12	48,801.61	35,398.10
5	Electrical Installation	3,065.65	604.26	-	3,669.91	549.03	149.76	-	698.79	2,971.12	2,516.62
6	Furniture & Fixtures	811.81	7.44	-	819.25	210.17	51.45	-	261.62	557.63	601.64
7	Office Equipments	167.11	16.43	18.78	164.76	53.18	27.67	13.70	67.15	97.61	113.93
8	Vehicles	771.69	56.61	27.02	801.28	270.58	74.14	10.08	334.64	466.64	501.11
9	Data Processing Equipments	915.23	12.32	64.05	863.52	627.21	105.83	58.46	674.58	188.94	288.04
B	**Intangible Assets**										
	Facility Inspection Fees	51.70	-	-	51.70	51.70	-	-	51.70	-	-
	Computer Software	509.76	-	-	509.76	388.62	101.95	-	490.57	19.19	121.14
	TOTAL	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	52,864.85
	Previous Year	62,738.95	8,644.26	218.97	71,164.24	13,763.02	4,637.79	101.42	18,299.39		
C	Capital Work in Progress									22,131.29	18,571.51
	TOTAL									88,285.36	71,436.38

Notes:

1. Additions during the year include interest of Rs. 1,934.97 lacs (Previous year Rs. 504.16 lacs) capitalised in respect of qualifying assets.
2. Vehicles include Rs.307.98 lacs (Previous year Rs. 275.08 lacs) being cost of vehicles purchased under loan agreements on which the Finance Company has lien.
3. Capital Work in Progress include advances for capital goods and expenditure on projects under implementation of Rs. 17,939.88 lacs (Previous year Rs. 8,089.59 lacs) and Pre - operative expenses of Rs.820.82 lacs (Previous year Rs. 1,405.98 lacs).
4. Additions to Plant and Machinery include Capital Expenditure of Rs. 10.00 Lacs (Previous Year Rs.292.04 lacs) incurred in respect of approved in house research and development facility

(Rupees in Lacs)

Particulars	As at 31-12-2011	As at 31-12-2010
SCHEDULE 5		
INVESTMENTS (AT COST)		
Long Term - Trade		
Shares (Unquoted)		
In Subsidiary Companies (Unquoted)		
(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
(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 International Limited 50,000 Equity Shares of Rs. 10/- each fully paid-up.	5.00	5.00
(xiv) OGEN Nutrition Limited (Formarly Known as Claris Biosciences 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
In Other Company		
(i) Indian Renal Foundation 19,400 Equity Shares of Rs. 10/- each fully paid	1.94	1.94
	1,705.72	1,705.72

Schedules forming part of the Balance Sheet

Note :
Details of current investments bought and sold during the year are as under :

Name of Mutual Fund Scheme		Purchased	Sold
Edelweiss Mutual Fund	Units	8,370,723	8,370,723
	Amount in Lacs	1,000.00	1,016.73

(Rupees in Lacs)

Particulars	As at 31-12-2011	As at 31-12-2010
SCHEDULE 6		
INVENTORIES		
Raw Materials	1,440.09	1,182.22
Packing Materials	1,526.09	1,455.57
Work in Process	1,218.41	635.09
Finished Goods	11,026.17	10,387.13
	15,210.76	**13,660.01**
SCHEDULE 7		
SUNDRY DEBTORS (Unsecured)		
Exceeding Six Months		
Considered Good*	6,389.15	8,413.93
Considered Doubtful	166.56	181.85
	6,555.71	8,595.78
Others		
Considered Good*	17,996.48	16,920.39
Considered Doubtful	10.48	165.94
	18,006.96	17,086.33
Less : Provision for Doubtful Debts	177.04	347.79
	24,385.63	**25,334.32**
*Include amounts due from Subsidiary Companies		
Claris Produtos Farmaceuticos do Brasil Ltda.	708.19	460.99
Catalys Venture Cap Limited	2,438.85	1,881.25
PT Claris Lifesciences Indonesia	324.37	205.05
Claris Lifesciences Philippines INC	188.88	215.75
Claris Lifesciences & CIA Chile Limitada	32.36	27.22
SCHEDULE 8		
CASH AND BANK BALANCES		
Cash on Hand	6.06	3.08
Cheques on Hand	944.80	2,667.31
Balances with scheduled Banks :		
Current Accounts	2,357.28	1,892.18
Margin Money Accounts	5,858.40	1,213.16
Fixed Deposit Accounts {Rs.176 Lacs (Previous year Rs.176 Lacs) pledged with bank as margin}	6,125.38	23,247.73
Unclaimed share application money lying in escrow account	0.23	40.78
Unclaimed Dividend Account	0.97	-
	15,293.12	**29,064.24**

Schedules forming part of the Balance Sheet

(Rupees in Lacs)

Particulars	As at 31-12-2011	As at 31-12-2010
SCHEDULE 9		
LOANS AND ADVANCES (Unsecured)		
Considered Good		
Loans to Subsidiary Companies	847.57	395.37
Advances recoverable in cash or in kind or for value to be received	1,432.49	1,297.99
Advances to suppliers	8,760.85	8,592.13
MAT Credit Entitlement	594.84	-
Balance with Government Authorities	9.35	235.14
Earnest Money Deposits & Tender Deposits	133.95	113.08
Electricity and other deposits	193.24	193.24
	11,972.29	10,826.95
Considered doubtful		
Loans to Subsidiary Companies	81.92	26.21
Less : Provision for doubtful advances	81.92	26.21
	11,972.29	**10,826.95**
SCHEDULE 10		
CURRENT LIABILITIES AND PROVISIONS		
Current Liabilities		
Sundry Creditors		
Micro & Small Enterprise	39.38	127.63
Others	7,694.81	12,120.76
For Capital Goods	1,477.92	3,031.90
Advances from Customers	3,707.39	3,927.82
Advances from Subsidiary Companies	2,200.57	2,007.42
Security Deposits	3,713.13	3,526.73
Investor Education and Protection Fund *		
Unclaimed Share Application Money	0.23	40.78
Unclaimed Dividend	0.97	-
Interest accrued but not due on loans	161.49	170.28
	18,995.89	24,953.32
* Note: There is no amount due and outstanding as at the balance sheet date to be credited to Investor Education and Protection Fund		
Provisions		
For Taxation (Net of Payments)	858.04	1,000.13
For Employees Benefits	757.16	706.63
For Product Recall	115.40	458.69
For Proposed Dividend	1,276.35	1,276.35
For Tax on Dividend	207.06	211.99
	3,214.01	3,653.79
	22,209.90	**28,607.11**

Schedules forming part of the Profit & Loss Account

(Rupees in Lacs)

Particulars	For the Year ended on 31-12-2011	For the Year ended on 31-12-2010
SCHEDULE 11		
OTHER INCOME		
Foreign Exchange Rate Difference (Net)	-	774.28
Sale of Voluntary Carbon Reduction Units	147.82	-
Retainership Charges paid in earlier years recovered	-	460.00
Sales Tax Refund	-	146.96
Dividend Income from investment in Mutual Fund	16.73	-
Sale of Scrap	171.68	109.61
Miscellaneous Income	1.78	3.75
	338.01	**1,494.60**
SCHEDULE 12		
(INCREASE) IN STOCK OF FINISHED AND PROCESS STOCK		
Stocks at the beginning of the year		
Work-in Progress	635.09	912.07
Finished Goods	10,387.13	8,787.07
	11,022.22	9,699.14
Less : Stocks at the end 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
	(1,222.36)	**(1,323.08)**
SCHEDULE 13		
MATERIALS COST		
Raw Materials		
Opening Stock	1,182.22	1,389.66
Add : Purchase	17,778.67	13,999.67
Less : Stocks at close	1,440.09	1,182.22
	17,520.80	14,207.11
Packing Materials		
Opening Stock	1,455.57	1,074.71
Add : Purchase	5,415.27	7,487.40
Less : Stocks at close	1,526.09	1,455.57
	5,344.75	7,106.54
Purchase of Finished Goods	3,706.46	3,156.29
	26,572.01	**24,469.94**

Schedules forming part of the Profit & Loss Account

(Rupees in Lacs)

Particulars	For the Year ended on 31-12-2011	For the Year ended on 31-12-2010
SCHEDULE '14'		
EMPLOYEES COST		
Salaries, Wages, Bonus & Gratuity	4,052.60	4,478.99
Contribution to Provident and other funds	139.57	165.72
Staff Welfare	112.33	121.55
	4,304.50	**4,766.26**
SCHEDULE '15'		
OPERATING & OTHER EXPENSES		
Conversion charges	894.44	824.60
Stores & Spares Consumed	447.20	431.00
Contract Labour Charges	830.75	867.92
Power & Fuel	3,680.91	3,853.63
Insurance	60.89	47.57
Outward freight	3,389.82	3,273.72
Commission	777.14	697.04
Marketing and Sales Promotion Expenses	1,499.86	1,309.69
Laboratory expenses	337.20	603.36
Traveling	1,252.02	1,293.12
Stationery & Printing	61.20	73.01
Communication Expenses	225.82	251.58
Rent	318.07	431.37
Rates and Taxes	16.97	18.95
Repairs to		
Building	90.60	69.34
Plant & Machinery	73.61	112.11
Others	253.15	250.90
Bank Charges & Commission	676.11	892.39
Bad Debts written-off	-	-
[net of provision for doubtful debts made in earlier years Rs. 181.85 lacs (Previous Year Rs. 662.39 Lacs)]		
Provision for doubtful debts and advances	66.81	184.25
Product Recall Expense	-	743.52
Foreign Exchange Rate Difference (Net)	134.96	-
Excise Duty	43.51	69.58
Consultancy Fees	1,190.64	677.66
Legal Fees & Charges	25.90	60.06
Professional Charges	130.57	141.49
General Charges	746.42	873.95
Loss on sale of fixed assets (Net)	63.88	48.36
Donations	8.69	10.56
	17,297.14	**18,110.73**
SCHEDULE '16'		
INTEREST & FINANCE CHARGES		
On Fixed Loans	1,832.07	567.20
On Others	3,021.70	3,202.89
	4,853.77	3,770.09
Less: Interest (Gross) earned :		
On Fixed Deposits	1,259.98	40.59
On Margin Money accounts	148.49	67.61
On Others	17.50	42.49
	1,425.97	150.69
[Tax deducted at sources of Rs. 138.35 Lacs (Previous Year Rs. 10.69 lacs)]		
	3,427.80	**3,619.40**

Significant Accounting Policies

SCHEDULE '17'

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.

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.

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. Capital work-in-progress includes advances for capital goods and expenditure on projects under implementation.
   c. Depreciation on Fixed Assets is provided on the straight-line method at the rates prescribed under Schedule XIV of the Companies Act, 1956 or at the rates based on estimated useful life whichever is higher.
   d. Leasehold improvements are amortized over a period of 36 months.
   e. Intangible assets are stated at cost and are amortized equally over a period of five years from the year in which incurred.

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.

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 is determined on absorption costing method.

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.

7. **Export benefits**
   Export benefits arising on account of entitlement of duty free import under Duty Entitlement Pass Book Scheme are estimated and accounted in the year of exports if the same can be estimated with reasonable certainty.

8. **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 profit and loss account 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.

9. **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.

Significant Accounting Policies

10.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.

11. Expenditure on product registration

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

12.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.

13.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.

14.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.

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.

15.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 to the Financial Statements

SCHEDULE '18 '

1. Contingent Liabilities (Rupees in Lacs)

Particulars	As at 31-12-2011	As at 31-12-2010
a. Claims against the Company not acknowledged as debts in respect of		
(i) Sales Tax	8.93	20.94
(ii) Excise Duty	68.59	34.29
(iii) Other Matters	312.31	79.23
b. Disputed demand under Income tax	381.26	152.22
c. Guarantees given by the bankers on behalf of the Company	132.09	1,248.88
d. Bills discounted	2,686.34	2,514.00
e. Letters of credit outstanding	9,332.56	4,375.28

2. Commitments & Obligations (Rupees in Lacs)

Particulars	As at 31-12-2011	As at 31-12-2010
A. Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	11,142.09	908.01
b. Outstanding obligation to export goods worth Rs. 26,593.80 Lacs (Previous year Rs. 36,601.32 Lacs) within the stipulated period as per Export Promotional Capital Goods Scheme, failing which additional custom duty payable would amount to	5,638.32	4,599.26

3. Initial Public Offering (IPO):

During December 2010, the Company completed its Initial Public Offering (IPO) comprising of 12,632,477 Equity Shares of Rs.10 each, of which 1,843,003 Equity Shares were issued at a price of Rs.293 and 10,789,474 Equity Shares were issued at a price of Rs.228, aggregating to Rs. 30,000 Lacs. The Securities Premium amounting to Rs. 28,736.76 Lacs has been credited to Securities Premium Account. The expenses in connection with Issue of Equity Shares amounting to Rs. 2,096.31 (Net of Tax of Rs. 326.29) have been adjusted to Securities Premium Account.

The utilisation of Issue Proceeds from IPO is as follows : (Rupees in Lacs)

Particulars of Fund utilisation for	Amount to be utilised as per Prospectus / Shareholders Approval *				Amount utilized	
	Total	Year 2010	Year 2011	Year 2012	Upto 31st Dec 2010	Upto 31st Dec 2011
Setting up of a new project in existing facility	13,464.80	3,750.70	7,023.80	2,690.30	-	10,669.06
Towards Research and Development activities	1,450.00	663.60	786.40	-	-	1,450.00
Repayment of Term Loans	9,321.40	4,591.40	4,730.00	-	4,591.40	4,591.40
General Corporate Purposes	3,190.00	-	3,190.00	-	-	3,042.47
Issue Expenses	2,573.80	2,573.80	-	-	1,747.71	2,573.80
Total	**30,000.00**	**11,579.50**	**15,730.20**	**2,690.30**	**6,339.11**	**22,326.73**
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**

* The Shareholders on 24th September, 2011 have approved by 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.

4. Secured Loans as stated in Schedule-3 are secured by below stated nature of securities:

a. Term Loans in Foreign Currency and Domestic Currency are secured by first pari passu charge by hypothecation of specified moveable fixed assets, mortgage over immovable fixed assets and second pari passu charge over stocks, receivables and specified immovable properties in favor of the Banks.

b. Cash Credit Accounts 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.

5. Excise duty shown as deduction from Sales represents the amount of excise duty collected on sales. Excise duty expenses under Schedule-15, "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.

6. 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 31-12-2011	As at 31-12-2010
Opening balance	1,405.98	438.26
Add : Interest and finance charges	924.53	1,469.94
Consultancy / Professional Fee	29.29	1.94
Foreign Exchange Rate Difference	485.13	-
Other Expenses	1.43	-
Less: Capitalized during the year	(2,025.55)	(504.16)
Total	**820.81**	**1,405.98**

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

Fixed Asset	For the year ended on 31-12-2011	For the year ended on 31-12-2010
Building	1.37	-
Plant & Machinery	2,021.43	504.16
Electrical Installation	2.75	-
Total	**2,025.55**	**504.16**

7.Profit and Loss account includes: - (Rupees in Lacs)

Particulars	For the year ended on 31-12-2011	For the year ended on 31-12-2010
a) Managerial Remuneration Paid to Directors		
Salary	255.62	238.00
Contribution to Provident Fund	0.37	0.37
Perquisites	0.90	3.30
Sitting Fees paid to Non Executive Directors	0.45	0.45
Total	**257.34**	**242.12**
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	17.65	16.55
Certification and Other Services	15.66	17.80
In connection with the IPO (Included in expenses in connection with the issue of equity shares adjusted to Share Premium)	-	38.61
Total	**33.31**	**72.96**
Cost audit fees	2.77	2.77

8. 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 2011 and the provision required for the remaining nine months upto 31st December 2011, the ultimate tax liability of which has been estimated on the basis of the actual / projected figures for the period from 1st April 2011 to 31st March 2012.

9.Disclosures required by Micro, Small and Medium Enterprises Development Act, 2006 ("MSM Act") are as under: - (Rupees in Lacs)

Particulars	For the year ended on 31-12-2011	For the year ended on 31-12- 2010
- Principal amount remaining unpaid to any supplier as at the year end.	39.38	127.63
- Interest due on the above mentioned principal amount remaining unpaid to any supplier as at the year end	4.00	9.95
- 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	36.63	32.63

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

10. 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 2011 is as follows:

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

Particulars	No. of Contracts			Foreign Currency Amount		Reporting Currency Amount (INR)	
	2011	2010		2011	2010	2011	2010
- Forward cover for Export receivable	1	-	USD	50.00	-	2663.50	-
- Outstanding Currency Swap to hedge against fluctuation in exchange rate and interest rate change.	-	-	JPY	-	11,793.75	-	6,493.64

Unhedged Exposures (Foreign Currency and Reporting Currency in Lacs)

Particulars	Foreign Currency Amount		Reporting Currency Amount (INR)	
	2011	2010	2011	2010
Loan Outstanding				
USD	70.00	100.00	3,728.90	4,481.00
Receivable				
USD	498.97	451.94	26,580.24	20,251.39
EUR	33.14	23.47	2,283.13	1,403.67
GBP	8.27	4.37	678.66	302.84
CHF	119.71	-	6,939.32	-
AUD	6.78	11.01	374.26	509.70
NZD	0.51	0.51	21.43	17.87
SEK	0.99	0.99	7.84	6.66
JPY	105.92	41.89	72.74	23.07
CAD	0.80	0.80	42.99	36.65
Payable				
USD	290.38	237.25	15,468.53	10,631.26
EUR	73.12	65.94	5,038.16	3,944.06
GBP	7.27	3.07	596.99	212.43
AUD	11.17	12.83	616.36	593.97
CHF	99.13	0.68	5,746.75	32.94

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

11.Change in accounting policy :

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. Accordingly, for the year ended 31st December, 2011, foreign currency translation loss of Rs. 485.13 Lacs has been added to the cost of depreciable capital assets. Out of the said amount, the amount remaining to be depreciated as at 31st December, 2011 is Rs. 485.13 Lacs.

This has resulted in change in accounting policy adopted by the Company with respect to the exchange differences arising on settlement or on translation of long-term foreign currency monetary items. Consequently, for the year ended 31st December 2011, the net foreign exchange rate difference loss is lower and the net profit is higher by Rs. 485.13 Lacs.

12. Employee Benefits

a. Defined Benefit Plans (Rupees in Lacs)

i. Expenses recognized in Profit & Loss Account for the year ended on 31st December	Gratuity 2011	Gratuity 2010	Leave Encashment 2011	Leave Encashment 2010
Current service cost	72.97	79.78	102.17	70.18
Interest Cost	30.79	24.01	29.42	19.63
Expected return on plan assets	-	-	-	-
Net actuarial losses (gains)	6.97	(3.54)	(2.66)	128.57
Total Expenses	110.73	100.25	128.93	218.38

(Rupees in Lacs)

ii. Reconciliation of Closing balances of changes in present value of the Defined Benefit Obligation	Gratuity		Leave Encashment	
	2011	2010	2011	2010
Opening defined benefit obligation	361.38	285.80	345.25	233.63
Service Cost	72.97	79.78	102.17	70.18
Interest Cost	30.79	24.01	29.42	19.63
Actuarial losses (gains)	6.97	(3.54)	(2.66)	128.57
Losses (gains) on curtailments	-	-	-	-
Liabilities extinguished on settlements	-	-	-	-
Benefits paid	(78.37)	(24.67)	(110.76)	(106.75)
Closing defined benefit obligation	**393.74**	**361.38**	**363.42**	**345.26**
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	393.74	361.38	363.42	345.25
Fair value of plan assets	-	-	-	-
Present Value of unfunded obligation recognized as liability	393.74	361.38	363.42	345.25

v. Past four years data for define benefit obligation and fair value of plan assets are as under:	For the year ended 31st December			
	2010	2009	2008	2007
Gratuity				
Defined Benefit Obligation	361.38	285.80	244.88	167.56
Fair value of plan assets	–	–	–	–
Present Value of unfunded obligation recognized as liability	361.38	285.80	244.88	167.56
Leave Encashment				
Defined Benefit Obligation	345.26	233.63	252.14	175.15
Fair value of plan assets	–	–	–	–
Present Value of unfunded obligation recognized as liability	345.26	233.63	252.14	175.15

vi. Actuarial Assumptions	As at 31-12-2011	As at 31-12-2010
Discount Rate	8.52%	8.40%
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. 136.29 Lacs (Previous Year Rs. 165.72 Lacs) recognized as an expense and included in the Schedule 14 Profit and Loss Account under the head "Contribution to Provident and other funds".

13. 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, 2011.

ii. Secondary Segment (Geographical Segment)

(Rupees in Lacs)

Particulars	India	Outside India	Total
Revenue	34,603.74	30,363.01	64,966.75
	(31,508.20)	(31,051.03)	(62,559.23)
Carrying amounts of segment assets	1,44,657.37	12,326.12	1,56,983.49
	(1,38,345.49)	(13,714.74)	(1,52,060.23)
Capital expenditure	22,885.51	-	22,885.51
	(14,892.84)	(-)	(14,892.84)

Note: Figures in brackets are of previous year.

14. 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 (Formerly known as Claris International Limited)
- Claris Lifesciences Philippines Inc
- Claris Lifesciences De Mexico SA de CV
- Claris Lifesciences (UK) Limited
- Claris Lifesciences Inc.
- Claris Lifesciences & CIA Chile Limitada
- Claris Lifesciences (Aust) Pty Limited
- Claris Infrastructure Limited
- OGEN Nutrition Limited (Formarly known as Claris Biosciences Limited)
- Claris Pharmaservices
- Claris SteriOne

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
- Cygnus Laboratories Limited
- Medical Technologies Limited
- Abellon Agrisciences Limited (Formerly known as Olive Agrisciences Limited)
- Red Bricks Junior Education Limited
- Prarabdh Financial Private Limited
- Xcelris Labs Limited
- Accelaries Technologies Limited.

C. Key Management Personnel

- Mr. Arjun.S. Handa
- Mr. Chetan S. Majmudar
- Mr. Amish Vyas
- Mr. Chandrasingh Purohit

D. Relatives of Key Management Personnel

- Mr. Sushilkumar Handa
- Mr. Aditya S. Handa

(B) Related party transactions

(Rupees in Lacs)

Sr. No.	Particulars	For the Year ended on 31-12-2011	For the Year ended on 31-12-2010
(A)	**Nature of Transactions**		
1	Sales		
	To Subsidiary Companies		
	- Claris Produtos Farmaceuticos Do Brasil Limitada	589.81	1,293.24
	- Catalys Venture Cap Limited	6589.95	8,972.97
	- Others	745.08	1598.72
2	Services Purchased		
	From Subsidiary Companies		
	- iCubix Infotech Limited	49.64	239.35

Notes to the Financial Statements

(Rupees in Lacs)

Sr. No.	Particulars	For the Year ended on 31-12-2011	For the Year ended on 31-12-2010
3	Retainership Charges paid in earlier years recovered		
	From Relative of Key Management Personnel		
	- Mr.Sushilkumar Handa	-	460.00
4	Expense Reimbursed		
	To Subsidiary Companies		
	- Claris Lifesciences De Mexico SA de CV	-	100.82
	- Claris Lifesciences INC.	137.47	245.95
	- Claris Lifesciences Venezuela C.A	27.89	-
	- Others	8.62	20.52
5	Remuneration Paid		
	To Key Management Personnel		
	- Mr.Arjun.S. Handa	150.59	150.09
	- Mr.Chandrasingh Purohit	34.09	29.10
	- Mr.Amish Vyas	33.69	27.90
	- Mr.Chetan S. Majmudar	38.52	34.59
6	Dividend Paid		
	To Key Management Personnel		
	- Mr. Arjun.S. Handa	156.01	156.01
	To Companies over which Key Management Personnel and their relatives are able to exercise significant influence		
	- Sarjan Financial Private Limited	475.60	475.60
	- Medical Technologies Limited	93.06	90.06
	To Relative of Key Management Personnel		
	- Mr. Aditya .S. Handa	156.01	156.01
7	Provision for Doubtful Debts/Advances no longer required		
	Of Subsidiary Companies		
	- Claris Lifesciences International Limited	-	1.84
8	Doubtful debts/Advances Provided for the year		
	Of Subsidiary Companies		
	- OGEN Nutrition Limited	1.86	0.59
	- Pt.Claris Lifesciences – Indonesia	30.25	3.64
	- Claris Lifesciences Philippines Inc	34.07	-
	- Others	0.63	-
9	Inter Corporate Deposits taken / received back during the year		
	To Companies over which Key Management Personnel and their relatives are able to exercise significant influence		
	- Accelaries Technologies Limited	-	517.12
	- Cygnus Laboratories Limited	-	112.79
	- Prarabdh Financial Private Limited	-	532.97
	- Others	-	102.59
10	Inter Corporate Deposits repaid / granted during the year		
	To Companies over which Key Management Personnel and their relatives are able to exercise significant influence		
	- Accelaries Technologies Limited	-	459.35
	- Medical Technologies Limited	-	71.99

Notes to the Financial Statements

(Rupees in Lacs)

Sr. No.	Particulars	For the Year ended on 31-12-2011	For the Year ended on 31-12-2010
11	Advances Granted during the Year		
	To Subsidiary Companies		
	- Claris Produtos Farmaceuticos Do Brasil Limitada	221.84	528.60
	- Claris Lifesciences Inc.	315.80	186.70
	- Icubix Infotech Ltd	98.74	-
	- Claris Lifesciences De Mexico SA de CV	107.50	188.38
	- Others	26.88	7.46
12	Advances Received during the Year		
	From Subsidiary Companies		
	- Catalys Venture Cap Limited	5,637.32	5,213.94
	- Others	48.98	43.39
	To Companies over which Key Management Personnel and their relatives are able to exercise significant influence		
	- Xcelris Labs Limited	335.38	-
(B) Balances at the end of the Year			
1	Outstanding Payables		
	To Subsidiary Companies		
	- iCubix Infotech Limited	69.29	73.38
2	Outstanding Receivables		
	From Subsidiary Companies		
	- Claris Produtos Farmaceuticos Do Brasil Limitada	708.19	460.99
	- Catalys Venture Cap Limited	2,438.85	1,881.25
	- Others	545.61	448.02
3	Provision for Doubtful Debts		
	Of Subsidiary Companies		
	- Pt. Claris Lifesciences Indonesia	177.04	165.94
4	Advances Received Outstanding		
	To Subsidiary Companies		
	- Claris Lifesciences Colombia Limitada	169.87	194.92
	- Claris Lifesciences Inc	1,415.00	1,190.28
	- Claris Lifesciences Philippines Inc	110.99	87.41
	- Claris Lifesciences & CIA. Chile Limitada	66.38	62.02
	- Claris Lifesciences De Mexico SA de CV	249.16	312.79
	- Claris Lifesciences Venezuela C.A.	182.90	126.67
	- Others	6.27	33.32
5	Advances Granted Outstanding (Net of provision for Doubtful advances)		
	From Subsidiary Companies		
	- Claris Produtos Farmaceuticos Do Brasil Limitada.	719.79	392.42
	- Others	127.79	2.95
	From Key Management Personnel		
	- Mr. Amish Vyas	2.41	2.96
	- Mr. Chetan S. Majmudar	6.64	4.45
	- Mr. Chandrasingh Purohit	0.83	12.12
	To Companies over which Key Management Personnel and their relatives are able to exercise significant influence		
	- Xcelris Labs Limited	-	335.38

(Rupees in Lacs)

Sr. No.	Particulars	For the Year ended on 31-12-2011	For the Year ended on 31-12-2010
6	Provision for doubtful Advances		
	Of Subsidiary Companies		
	- Pt. Claris Lifesciences Indonesia	40.30	21.15
	- OGEN Nutrition Limited	5.07	3.21
	- Claris Lifesciences Philippines Inc.	34.07	-
	- Others	2.48	1.85
7	Investments Balance at the end of the period		
	From Subsidiary Companies		
	- Claris Produtos Farmaceuticos Do Brasil Limitada	935.03	935.03
	- Catalys Venture Cap Limited	504.93	504.93
	- Others	263.82	263.82

15. 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)

Particulars	For the Year ended on 31-12-2011	For the Year ended on 31-12-2010
Lease payments recognized in the profit and Loss account for the year	263.94	278.32
Minimum lease payments under the agreements are as follows.		
a. Not later than one year	215.37	281.29
b. Later than one year but not later than 5 Years	861.37	1,169.08
c. Later than five years	188.55	615.87

16. Computation of Earnings per Share (EPS):

(Rupees in Lacs, except per share data)

Particulars	For the Year ended on 31-12-2011	For the Year ended on 31-12-2010
Basic & Diluted EPS		
Computation of Profit (Numerator)		
Net Profit for the year attributable to Equity Shareholders	6,975.33	7,902.43
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	51,739,040
Basic & Diluted EPS (in Rs.)	10.93	15.27
Face value per share (in Rs.)	10.00	10.00

17. Break-up of opening and closing balances of net deferred tax liability into major components of Deferred Tax Assets and Deferred Tax Liabilities:

(Rupees in Lacs)

Particulars	As at 31-12-2011	AS at 31-12-2010
Deferred tax liability		
Timing difference on account of difference between book depreciation and depreciation under Income-tax Act, 1961 (IT Act)	(6,678.22)	(5,900.92)
Deferred tax asset		
Timing difference on account of disallowance of provisions / expenses	335.06	350.33
Timing difference on Share issue Expenses set off against share premium allowable u/s 35 – D of IT Act in Subsequent years	318.71	326.29
Net Deferred Tax Liability	**(6,024.45)**	**(5,224.30)**

Notes to the Financial Statements

18. 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 is based on estimates made by the management by applying principles laid down in Accounting Standard – 29 "Provisions, Contingent Liabilities and Contingent Assets". Further it is not possible to estimate the timing / uncertainty relating to the outflow. The movement in the provision during the period is as under: -

(Rupees in Lacs)

Balance as on 1st January, 2011	For the year ended 31st December, 2011 Provision made	Utilised	Reversal	Balance as on 31st December, 2011
458.69	-	343.29	-	115.40

19. a. Quantitative information in respect of capacities and actual production. (Units in Lacs)

Class of Goods	Units	Installed capacity As at 31-12-2011	Installed capacity As at 31-12-2010	Actual production For the year ended 31-12-2011	Actual production For the year ended 31-12-2010
Large Volume Parenterals	Nos.	1,952.65	1,958.33	1,750.09	1,472.57
Small Volume Parenterals	Nos.	1,134.68	778.78	358.30	279.07

Notes:

i. Installed capacities stated above are based on the product-mix and are as certified by the plant manager, but not verified by the auditors, being a technical matter.

ii. Actual production includes quantities produced in the factories and excludes quantities of LVP Nos. 1,353.66 Lacs (Previous Year Nos. 1,357.47 Lacs) produced in the factories of third parties on loan and license basis.

iii. Licensed capacity is not indicated as the Company's products are exempt from licensing requirement.

b. Quantitative details of Opening Stock, Purchases, Sales and Closing Stock of each class of goods (Figures in Lacs)

Class of Goods	Units	Opening Stock Qty.	Opening Stock Value	Production Qty.	Purchase Qty.	Purchase Value	Sales Qty	Sales Value	Closing Stock Qty	Closing Stock Value
Large Volume Parental	Nos	1,016.02	8,878.60	3,103.75	291.25	2,895.83	3,416.12	43,852.80	994.90	9,916.60
		(957.56)	(7,668.38)	(2,830.04)	(203.39)	(2,212.56)	(2,973.89)	(39,268.25)	(1016.02)	(8,878.60)
Small Volume Parental	Nos	63.84	939.44	358.30	22.77	359.02	339.37	11,232.71	105.54	752.94
		(27.63)	(567.40)	(279.07)	(11.57)	(765.29)	(254.43)	(10,917.76)	(63.84)	(939.44)
Others (Bulk Drugs, Chemicals, Dossiers and Marketing rights etc.)		-	569.09	-	-	451.63	-	10,806.49	-	356.63
		-	(551.29)	-	-	(178.44)	-	(12738.28)	-	(569.09)
Total			**10,387.13**	**3,462.05**		**3,706.48**		**65,892.00**		**11,026.17**
			(8,787.07)	**(3,109.11)**		**(3,156.29)**		**(62,924.29)**		**(10,387.13)**

Note:

i. Sales includes foreign exchange rate difference gain of Rs.1,406.49 Lacs (Previous year foreign exchange rate difference loss of Rs. (30.54) Lacs).

Ii. Figures in brackets are in respect of previous year.

20. a) Break-up of consumption of raw materials into imported and indigenous (Rupees in Lacs)

Particulars	For the Year ended on 31st Dec 2011 Value	Total Consumption %	For the Year ended on 31st Dec 2010 Value	Total Consumption %
Indigenous	11,361.29	64.84	9,207.99	64.81
Imported	6,159.51	35.16	4,999.12	35.19
Total	**17,520.80**	**100.00**	**14,207.11**	**100.00**

b. Quantity and value of consumption of raw materials

(Figure in Lacs)

		For the Year ended on 31st Dec 2011		For the Year ended on 31st Dec 2010	
Raw Materials	**Units**	**Qty**	**Value**	**Qty**	**Value**
Glass Bottle	Nos.	309.23	661.74	325.82	711.55
Amino Acid	Kgs.	0.16	206.71	0.25	349.63
Plastic Granules	Kgs.	91.39	9,263.93	81.56	7,806.98
Egg-Lecithin	Kgs.	0.05	546.36	0.04	460.51
Dextrose Anhydrous	Kgs.	39.42	1,941.78	38.70	1,823.68
Other		-	4,900.28	-	3,054.76
Total		**440.25**	**17,520.80**	**446.37**	**14,207.11**

21. C.I.F. Value of Imports:

(Rupees in Lacs)

Particulars	For the Year ended on 31-12-2011	For the Year ended on 31-12-2010
Purchase of goods traded-in	811.58	1,077.50
Raw Materials	4,576.02	3,554.96
Packing Material	860.42	1,783.93
Plant & Machinery	709.07	1,102.39
Stores and Spares	50.50	157.06

22.Expenditure in foreign currency:

(Rupees in Lacs)

Particulars	For the Year ended on 31-12-2011	For the Year ended on 31-12-2010
Consultancy Fees	279.47	204.65
Testing Charges	24.94	41.94
Legal Fees & Charges	4.69	10.95
Traveling	281.73	314.22
Freight	674.36	38.75
Commission	335.40	435.32
Interest & Finance charges	296.38	534.82
Others (Product Registration Fees, Sales Promotion Expenses, Advertisement - Marketing etc.)	824.92	625.03

23. Research and Development Expenditure :

(Rupees in Lacs)

Particulars	For the Year ended on 31-12-2011	For the Year ended on 31-12-2010
Expenditure on research and development charged to revenue	153.25	474.72

24. Earnings in foreign exchange:

(Rupees in Lacs)

Particulars	For the Year ended on 31-12-2011	For the Year ended on 31-12-2010
FOB value of Exports	27,650.82	29,919.14
Sales of Voluntary Carbon Reduction Units	147.82	-

25. Debtors & Loans and advances include:

a. Amount due from directors or other officers of the company Rs. 17.02 Lacs (Previous Year Dec-2010 is 23.67 Lacs.).Maximum amount Outstanding at any time during the year Rs .35.21 Lacs (Previous Year Dec-2010 16.17 Lacs)

Notes to the Financial Statements

b. Amounts due from the companies under the same management within the meaning of Sec. 370 (1B).

(Rupees in Lacs)

Particulars	As at 31-12-2011	Maximum Balance outstanding at any time during the year	As at 31-12-2010	Maximum Balance outstanding at any time during the year
A) Loan and Advances				
- Xcelris Laboratories Limited	-	335.38	335.38	451.14
- Cygnus Laboratories Limited	-	-	-	112.79
- OGEN Nutrition Limited	5.07	5.07	3.21	3.21
- Claris Lifesciences Colombia Limitada	-	2.53	-	-
- Pt. Claris Lifesciences Indonesia	40.30	40.30	21.15	24.27
- Claris Produtos Farmaceuticos Do Brasil Limitada	719.79	719.79	392.42	392.42
- Claris Lifesciences Inc	158.30	158.30	-	-
- Claris Lifesciences (Aust.) Pty.Limited	-	0.54	-	-
- Prarabdh Financial Private Limited	-	-	-	532.97
- Medical Technologies Limited	-	-	-	71.99
- Red Bricks Junior Education Limited	-	-	-	0.60
- Claris Lifesciences International Limited (Formerly known as Claris International Limited)	6.04	6.04	4.80	4.80
- Catalys Venture Cap Limited	-	-	-	3,045.71
- Accelaries Technologies Limited	-	-	-	387.70
- Abellon Agrisciences Limited (Formerly known Olive Agrisciences Limited.)	-	-	-	30.00
B) Debtors				
Claris Produtos Farmaceuticos Do Brasil Limitada	708.19	708.19	460.99	665.52
Claris Lifesciences Philippines Inc	188.88	309.65	215.75	270.41
Pt. Claris Lifesciences – Indonesia	324.37	343.55	205.05	471.60
Catalys Venture Caps Limited	2,438.85	2,438.85	1,881.25	4,236.60
Claris Lifesciences & CIA Chile Limitada	32.36	32.36	27.22	28.22

26. Current Asset, Loans and Advances as at 31st December 2011 have a value on realisation in the ordinary course of business at least equal to the amount at which they are stated.

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

Particulars	For the Year ended on 31-12-2011	For the Year ended on 31-12-2010
Number of non resident shareholders	298	1
Number of equity shares on which dividend was paid (Lacs)	145.27	47.40
Year ended to which the dividend related	2010	2009
Amount remitted (Rupees in Lacs)	290.53	142.03

28. Figures of the previous year have been regrouped, whenever necessary, so as to make them comparable.

Signature to Schedule 1 to 18

As per our attached report of even date

For Deloitte Haskins & Sells
Chartered Accountants

Gaurav J. Shah
Partner

Place : Ahmedabad
Date : 29th February, 2012

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 : 29th February, 2012

Balance Sheet abstract & Company's general business profile

1	**Registration Details**	
	Registration No.	022543
	State Code No.	04
	Balance Sheet Date	31st December 2011
2	**Capital raised during the Period**	(Rupees in Lacs)
	Public Issue through the prospectus	-
	Right Issue	-
	Bonus Issue	-
	Private Placement	-
3	**Position of Mobilisation and Deployment of Funds**	
	Total Liability	134,773.60
	Total Assets	134,773.60
	Sources of Funds	
	Paid up capital	6,381.78
	Reserves and Surplus	81,280.91
	Secured Loans	41,086.46
	Unsecured Loans	-
	Advance against capital contribution	-
	Application of Funds	
	Net Fixed Assets	88,285.36
	Investments	1,705.72
	Net Current Assets	44,782.52
	Miscellaneous Expenditure	0.00
	Accumulated Losses	0.00
4	**Performance of company**	
	Turnover	65,892.00
	Total Expenditure	55,813.23
	Profit / (Loss) before Tax	9,491.53
	Earning per Share (Rs.)	
	Basic	10.93
	Diluted	10.93
	Dividend Rate	20%
5	**Generic Name of Principal Products, Services of the Company**	
	Item Code ITC Code	300320
	Product Description	Injectables
	Item Code ITC Code	300320
	Product Description	Infusions

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 : 29th February, 2012

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, 2011, the Consolidated Profit and Loss Account 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. 21,636.43 lacs as at 31st December, 2011, total revenue of Rs. 16,914.97 Lacs and net cash outflows amounting to Rs. 9,853.60 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, 2011;
b) in the case of the Consolidated Profit and Loss Account, 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 : 29th February, 2012

Consolidated Balance Sheet

As at 31st December, 2011 (Rupees in Lacs)

Particulars	Schedule No.	As at 31-12-2011	As at 31-12-2010
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	1	6,381.78	6,381.78
Reserves and Surplus	2	98,829.49	85,075.99
		105,211.27	91,457.77
Loan Funds			
Secured Loans	3	41,086.46	36,063.00
Deferred Tax Liability (Net) (Refer note 14 of Schedule 18)		6,012.26	5,212.11
	TOTAL	152,309.99	132,732.88
APPLICATION OF FUNDS			
GOODWILL (on consolidation)		3.20	3.20
Fixed Assets	4		
Gross Block		89,972.88	71,498.36
Less : Accumulated depreciation and amortisation		23,648.79	18,441.60
Net Block		66,324.09	53,056.76
Capital work-in-progress		28,623.83	23,357.25
		94,947.92	76,414.01
Investments	5	1.94	1.94
Current Assets, Loans & Advances			
Interest accrued on deposits		130.62	32.64
Inventories	6	16,896.25	15,280.56
Sundry Debtors	7	27,396.58	24,638.88
Cash and Bank Balances	8	15,933.66	39,560.95
Loans and Advances	9	17,750.90	13,521.14
		78,108.01	93,034.17
Less : Current Liabilities & Provisions	10		
Current Liabilities		17,459.51	33,103.63
Provisions		3,291.57	3,616.81
		20,751.08	36,720.44
Net Current Assets		57,356.93	56,313.73
	TOTAL	152,309.99	132,732.88
Significant Accounting Policies	17		
Notes on Accounts	18		

The schedules referred to above form an integral part of the Consolidated Financial Statements.

As per our attached report of even date

For Deloitte Haskins & Sells
Chartered Accountants

Gaurav J. Shah
Partner

Place : Ahmedabad
Date : 29th February, 2012

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 : 29th February, 2012

Consolidated Profit & Loss Account

For the year ended on 31st December, 2011 (Rupees in Lacs)

Particulars	Schedule No.	Year ended on 31-12-2011	Year ended on 31-12-2010
INCOME			
Gross Sales		74,801.82	75,598.58
Less : Excise Duty		925.25	365.05
Net Sales		73,876.57	75,233.53
Other Income	11	455.48	1,543.06
TOTAL		**74,332.05**	**76,776.59**
EXPENDITURE			
(Increase) in Stock of Finished & Processed stock	12	(1,287.29)	(1,588.34)
Material Cost	13	28,398.97	25,197.15
Employee's Cost	14	4,522.64	5,158.47
Operating and Other expenses	15	18,655.95	23,671.17
Interest and Finance charges	16	3,427.90	3,619.59
Depreciation and Amortisation		5,468.24	4,671.59
TOTAL		**59,186.41**	**60,729.63**
Profit Before Taxation		**15,145.64**	**16,046.96**
Provision for Taxation			
Current Tax		2,153.66	2,033.55
MAT Credit entitlement		(594.84)	-
Deferred Tax		800.38	367.34
Short / (Excess) Provision of Tax in Earlier Years		160.90	(497.98)
		2,520.10	1,902.91
Net Profit After Taxation		**12,625.54**	**14,144.05**
Balance brought forward from Previous Year		45,738.90	33,708.19
Balance Available for Appropriations		**58,364.44**	**47,852.24**
Appropriations			
Transferred To General Reserve		525.00	625.00
Proposed Dividend		1,276.35	1,276.35
Tax on Dividend		207.06	211.99
Tax on Dividend of earlier year reversed		(4.93)	-
Balance carried to Balance Sheet		56,360.96	45,738.90
TOTAL		**58,364.44**	**47,852.24**
Basic & Diluted Earnings Per Share (In Rs.) [Face Value of Rs. 10 per share] (See note-13 of Schedule-18)		19.78	27.34
Significant Accounting Policies	17		
Notes on Accounts	18		

The schedules referred to above form a integral part of the Consolidated Financial Statements

As per our attached report of even date

For Deloitte Haskins & Sells
Chartered Accountants

Gaurav J. Shah
Partner

Place : Ahmedabad
Date : 29th February, 2012

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 : 29th February, 2012

Claris Lifesciences Limited and its Subsidiaries

Consolidated Cash Flow Statement

For the year ended on 31st December, 2011

(Rupees in Lacs)

Particulars	For the Year Ended 31-12-2011	For the Year ended on 31-12-2010
A. Cash Flow from Operating Activities		
Net Profit before taxation and after exeptional items	15,145.64	16,047.01
Adjustments for :		
Depreciation and Amortisation	5,468.24	4,671.59
Loss on sale of fixed assets	63.88	48.36
Provision for doubtful debts and advances	264.77	181.88
Provision for Product Recall	-	743.48
Unrealised exchange loss/ (gain)	2,534.92	(690.54)
Exchange (gain) / loss on restatement of foreign currency loans	41.57	(247.77)
Interest income	(1,425.97)	(150.69)
Interest and finance charges	4,853.87	3,770.28
	11,801.28	**8,326.59**
Operating Profit before Working Capital Changes	26,946.92	24,373.60
Adjustments for :		
Decrease / (Increase) in Trade and Other Receivables	(7,775.74)	(941.12)
Decrease / (Increase) in Inventories	(1,615.66)	(1,761.80)
(Decrease) / Increase in Trade and Other Payables	(14,021.01)	(12,452.44)
	(23,412.41)	**(15,155.36)**
Cash Generated from Operations	3,534.51	9,218.24
Direct Taxes Paid	(1,730.16)	(2,251.80)
Net cash generated from Operating Activities	**1,804.35**	**6,966.44**
B. Cash Flow from Investing Activities		
Purchase of fixed assets	(24,604.33)	(19,679.88)
Proceeds from sale of fixed assets	538.45	69.19
(Decrease)/Increase in trade payables (for capital expenditure)	(1,554.32)	296.96
Interest Received	1,328.00	127.93
Net cash used in Investing Activities	(24,292.20)	(19,185.80)
C. Cash Flow from Financing Activities		
Issue of Equity Shares	-	1,263.25
Share Premium Received (Net off Expenses in connection with issue of Equity Shares Written Off)	-	26,640.45
Proceeds from borrowings (Net)	4,924.36	4,794.60
Interest paid	(4,787.51)	(3,588.84)
Dividend paid	(1,276.35)	(1,023.70)
Net cash generated from/(used in) Financing Activities	**(1,139.50)**	**28,085.76**
Net increase/(decrease) in Cash & Cash Equivalents (A+B+C)	**(23,627.29)**	**15,866.40**
Cash & Cash Equivalent at the beginning of the year	39,560.95	23,694.55
Cash & Cash Equivalent at the end of the year	15,933.66	39,560.95

Consolidated Cash Flow Statement

For the year ended on 31st December, 2011

(Rupees in Lacs)

Particulars	For the Year Ended 31-12-2011	For the Year ended on 31-12-2010
Notes :		
1. Components of Cash & Cash Equivalents		
Cash on hand	7.18	3.95
Cheques on Hand	944.80	2,667.31
Balances with banks		
- In Current Accounts	2,996.70	12,388.02
- In Margin Money Accounts	5,858.40	1,213.16
- In Fixed Deposit Accounts	6,125.38	23,247.73
- Unclaimed Share application money lying in escrow account	0.23	40.78
- Unclaimed Dividend lying in Dividend account	0.97	-
	15,933.66	**39,560.95**
2. Cash and cash equivalents include amount not available for immediate use		
a. In Margin Money and Fixed Deposit Accounts.	3,712.07	864.86
b. Unclaimed Share application money lying in escrow account	0.23	40.80
c. Unclaimed Dividend Account	0.97	-
3. Interest paid is exclusive of and purchase of fixed assets is inclusive of interest capitalised.	924.50	1,469.90
4. The above cashflow 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.		

As per our attached report of even date

For Deloitte Haskins & Sells
Chartered Accountants

Gaurav J. Shah
Partner

Place : Ahmedabad
Date : 29th February, 2012

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 : 29th February, 2012

Schedules forming part of the Consolidated Financial Statements

(Rupees in Lacs)

Particulars	As at 31-12-2011	As at 31-12-2010
SCHEDULE 1		
SHARE CAPITAL		
Authorised :		
120,510,000 Equity Shares of Rs. 10 each	12,051.00	12,051.00
Nil (Previous Year 603,360) Cumulative Preference Shares of Rs. 1,000 each	-	-
	12,051.00	**12,051.00**
Issued, Subscribed and Paid - up :		
63,817,765 Equity Shares of Rs. 10/- each fully paid - up (See Note -4 of Schedule -18)	6,381.78	6,381.78
	6,381.78	**6,381.78**
Notes:		
Of the above Equity Shares :		
A. 5,000,140 Equity Shares of Rs. 10 each were allotted as fully paid-up bonus shares by capitalisation of Surplus in Profit and Loss Account Rs. 500.01 Lacs, on 25th December, 2000.		
B. 17,916,416 Equity Shares of Rs. 10 each were allotted as fully paid-up bonus shares by capitalisation of Surplus in Profit and Loss Account Rs. 1,791.64 Lacs, on 22nd September, 2004.		
C. 17,061,763 Equity Shares of Rs. 10 each were allotted as fully paid-up bonus shares by capitalisation of Securities Premium Account Rs. 1,706.18 Lacs, on 7th April, 2010.		
SCHEDULE 2		
RESERVES & SURPLUS		
Securities Premium Account		
Balance as per last balance sheet	34,584.56	9,650.29
Less : Capitalised by Issue of bonus shares	-	1,706.18
Add : Premium on Issue of Equity Shares (See Note -4 of Schedule -18)	-	28,736.76
Less: Expenses in connection with issue of Equity Shares Written Off (Net of tax) (See Note -4 of Schedule -18)	-	2,096.31
	34,584.56	34,584.56
Capital Redemption Reserve		
Balance as per last balance sheet	500.00	500.00
General Reserve		
Balance as per last balance sheet	4,177.70	3,552.70
Add: Transferred from Profit & Loss Account	525.00	625.00
	4,702.70	4,177.70
Foreign Currency Translation Reserve	2,681.27	74.83
Surplus in Profit & Loss Account	56,360.96	45,738.90
	98,829.49	**85,075.99**

Schedules forming part of the Consolidated Financial Statements

(Rupees in Lacs)

Particulars	As at 31-12-2011	As at 31-12-2010
SCHEDULE 3		
SECURED LOANS		
From Banks		
Term Loans		
In Foreign Currency : External Commercial Borrowing	3,728.90	4,481.00
In Domestic Currency	18,094.01	13,701.37
Cash Credit accounts	18,949.18	17,584.25
Vehicle Loans	59.18	76.69
Interest accrued and due on above loans	222.22	164.69
From Others		
Vehicle Loan from Finance Companies	32.97	55.00
	41,086.46	36,063.00

Notes:-

1. Refer Note no. 5 of Schedule - 18 for the disclosure of nature of security in respect of the above loans.
2. Out of the above loans, amount repayable within one year is Rs. 3,742.87 lacs (Previous year Rs. 7,290.05 lacs)

SCHEDULE 4

FIXED ASSET

(Rupees in Lacs)

Sr. No.	Description of Assets	Gross Block (At cost) As at 01-01-11	Gross Block (At cost) Additions during the year	Gross Block (At cost) Deductions during the year	Gross Block (At cost) As at 31-12-11	Depreciation Upto 01-01-10	Depreciation For the Year	Depreciation On Deduction during the year	Depreciation Upto 31-12-11	Net Block As at 31-12-11	Net Block As at 31-12-10
	Fixed Assets:-										
A	**Tangible Assets**										
	Freehold Land	1,530.78	-	-	1,530.78	-	-	-	-	1,530.78	1,530.78
	Buildings	13,177.86	161.53	-	13,339.39	1,397.72	434.46	-	1,832.18	11,507.21	11,780.14
	Improvement to leasehold	267.92	-	-	267.92	254.68	-	-	254.68	13.24	13.24
	property	-	-	-	-	-	-	-	-		
	Plant & Machinery	50,066.56	18,496.23	784.01	67,778.78	14,559.88	4,507.21	184.67	18,882.42	48,896.36	35,506.68
	Electrical Installation	3,065.87	604.26	-	3,670.13	549.20	149.79	-	698.99	2,971.14	2,516.67
	Furniture & Fixtures	859.49	13.65	-	873.14	234.43	58.62	-	293.05	580.09	625.06
	Office Equipments	218.67	17.59	18.78	217.48	59.65	29.52	12.98	76.19	141.29	159.02
	Vehicles	791.71	59.47	27.02	824.16	285.44	77.43	7.74	355.13	469.03	506.27
	Data Processing Equipments	958.04	15.65	64.05	909.64	660.28	109.26	55.66	713.88	195.76	297.76
B	**Intangible Assets**										
	Facility Inspection Fees	51.70	-	-	51.70	51.70	-	-	51.70	-	-
	Computer Software	509.76	-	-	509.76	388.62	101.95	-	490.57	19.19	121.14
	Total	**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**	**53,056.76**
	Previous Year	63,071.75	8,645.63	218.97	71,498.36	13,871.40	4,671.60	101.43	18,441.60		
C	**Capital Work in Progress**									28,623.83	23,357.25
	Total									**94,947.92**	**76,414.01**

Notes:-

1. Additions during the year include interest of Rs. 1,934.97 lacs (Previous year Rs. 504.16 lacs) capitalised in respect of qualifying assets.
2. Vehicles include Rs. 307.98 lacs (Previous year Rs. 275.08 lacs) being cost of vehicles purchased under loan agreements on which the Finance Company has lien.
3. Capital Work in Progress include advances for capital goods and expenditure on projects under implementation of Rs. 17,939.88 lacs (Previous year Rs. 8,089.59 lacs) and Pre - operative expenses of Rs. 820.82 lacs (Previous year Rs. 1,405.98 lacs).
4. Additions during the year include Capital Expenditure of Rs. 10.00 Lacs (Previous Year Rs. 292.04 lacs) incurred in respect of approved in house research and development facility

Schedules forming part of the Consolidated Financial Statements

(Rupees in Lacs)

Particulars		As at 31st Dec 2011	As at 31st Dec 2010
SCHEDULE 5			
INVESTMENTS (AT COST)			
Long Term – Trade			
Shares (Unquoted)			
Indian Renal Foundation 19,400 Equity Shares of Rs. 10 each fully paid		1.94	1.94
		1.94	**1.94**
Note :			
Details of current investments bought and sold during the year are as under :			
Name of Mutual Fund Scheme		**Purchased**	**Sold**
Edelweiss Mutual Fund	Units	8,370,723	8,370,723
	Amount in Lacs	1,000.00	1,016.73
SCHEDULE 6			
INVENTORIES			
Raw Materials		1,440.09	1,182.22
Packing Materials		1,526.09	1,455.57
Work in process		1,203.96	635.09
Finished Goods		12,726.11	12,007.68
		16,896.25	**15,280.56**
SCHEDULE 7			
SUNDRY DEBTORS (Unsecured)			
Exceeding Six months :			
Considered Good		6,413.68	9,380.65
Considered Doubtful		28.80	198.84
		6,442.48	9,579.49
Others			
Considered Good		20,982.90	15,258.23
		20,982.90	15,258.23
Less : Provision for doubtful debts		28.80	198.84
		27,396.58	**24,638.88**
SCHEDULE 8			
CASH AND BANK BALANCES			
Cash on Hand		7.18	3.95
Cheques on Hand		944.80	2,667.31
Balances with Banks:			
Current Accounts		2,996.70	12,388.02
Margin Money Accounts		5,858.40	1,213.16
Fixed Deposit Accounts {Rs. 176.00 Lacs (Previous year Rs. 176.00 Lacs) pledged with bank as margin}		6,125.38	23,247.73
Unclaimed share application money lying in escrow account		0.23	40.78
Unclaimed Dividend Account		0.97	-
		15,933.66	**39,560.95**

Schedules forming part of the Consolidated Financial Statements

(Rupees in Lacs)

Particulars	As at 31-12-2011	As at 31-12-2010
SCHEDULE 9:		
LOANS AND ADVANCES (Unsecured)		
Considered Good		
Advances recoverable in cash or in kind or for value to be received	5,991.13	3,175.25
Advances to Suppliers	10,282.18	9,263.63
MAT Credit Entitlement	594.84	-
Balance with Government Authorities	387.98	553.18
Earnest Money Deposits & Tender Deposits	133.95	113.08
Electricity and other deposits	360.82	416.00
	17,750.90	**13,521.14**
SCHEDULE 10:		
CURRENT LIABILITIES AND PROVISIONS		
Current Liabilities		
Sundry Creditors		
Micro & Small Enterprise	50.46	127.63
Others	8,342.54	13,278.14
For Capital Goods	1,477.92	3,031.90
Advances from Customers	3,707.39	12,923.12
Security Deposits	3,713.13	3,526.73
Interest accrued but not due on loans	161.49	170.28
Investor Education and Protection Fund *		
- Unclaimed Share Application Money	0.23	40.78
- Unclaimed Dividend	0.97	-
Book Overdraft	5.38	5.05
	17,459.51	33,103.63
*Note: There is no amount due and outstanding as at the balance sheet date to be credited to Investor Education and Protection Fund		
Provisions		
For Taxation (Net of Payments)	898.22	908.66
For Employees Benefits	794.54	761.12
For Product Recall	115.40	458.69
For Proposed Dividend	1,276.35	1,276.35
For Tax on Dividend	207.06	211.99
	3,291.57	3,616.81
	20,751.08	**36,720.44**
SCHEDULE 11:		
Foreign Exchange Rate Difference (Net)	112.93	816.08
Retainership Charges paid in earlier years recovered	-	460.00
Sale of Voluntary Carbon Reduction Units	147.82	-
Sales Tax Refund	-	146.96
Miscellaneous Income	6.32	120.02
Scrap Sales	171.68	-
Dividend Income from investment in Mutual Fund	16.73	-
	455.48	**1,543.06**
SCHEDULE 12:		
Stocks at the beginning of the year		
Work-in Progress	635.09	912.07
Finished Goods	12,007.68	10,142.36
	12,642.77	11,054.43
Less : Stocks at the end 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
	(1,287.29)	**(1,588.34)**

Schedules forming part of the Consolidated Financial Statements

(Rupees in Lacs)

Particulars	For the Year ended 31-12-2011	For the Year ended 31-12-2010
SCHEDULE 13		
MATERIAL COST		
Raw Materials	17,520.80	14,207.11
Packing Materials	5,344.75	7,106.54
Purchase of Finished Goods	5,533.42	3,883.50
	28,398.97	**25,197.15**
SCHEDULE 14		
EMPLOYEE COST		
Salaries, Wages, Bonus & Gratuity	4,264.40	4,853.05
Contribution to Provident and other funds	145.18	177.91
Staff Welfare	113.06	127.51
	4,522.64	**5,158.47**
SCHEDULE 15		
OPERATING & OTHER EXPENSES		
Conversion charges	894.44	824.60
Stores & Spares Consumed	447.20	431.00
Contract Labour Charges	830.75	867.92
Laboratory expenses	340.61	603.36
Power & Fuel	3,680.86	3,853.63
Insurance	80.98	88.93
Outward freight	3,409.06	3,438.03
Commission	790.47	697.04
Marketing and Sales Promotion Expenses	2,086.37	3,137.74
Travelling	1,256.98	1,299.25
Stationery & Printing	62.99	75.24
Communication Expenses	234.08	264.05
Rent	357.92	497.91
Rates and Taxes	21.09	18.95
Repairs to	-	-
Building	90.60	69.34
Plant & Machinery	73.61	112.11
Others	266.47	268.80
Bank Charges & Commission	688.82	905.32
Provision for doubtful debts and advances	264.77	181.88
Provision for Product Recall	-	743.48
Foreign Exchange Rate Difference (Net)	366.53	-
Excise Duty	43.51	69.58
Consultancy Fees	1,229.36	4,066.94
Legal Fees & Charges	54.28	80.96
Professional Charges	130.90	150.66
General Charges	880.73	865.53
Loss on sale of fixed assets (Net)	63.88	48.36
Donations	8.69	10.56
	18,655.95	**23,671.17**
SCHEDULE 16		
INTEREST & FINANCE CHARGES		
On Fixed Deposits		
On Fixed Loans	1,832.07	567.20
On Others	3,021.80	3,203.08
	4,853.87	3,770.28
Less: Interest earned (Gross)		
On Fixed Deposits	1,259.98	40.59
On Margin Money accounts	148.49	67.61
On Others	17.50	42.49
	1,425.97	150.69
[Tax deducted at sources of Rs. 138.35 Lacs (Previous Year Rs. 10.69 Lacs)]		
	3,427.90	**3,619.59**

Schedules to the Consolidated Financial Statements

SCHEDULE 17

SIGNIFICANT ACCOUNTING POLICIES

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.

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 No. 1 of Schedule-19 (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.

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.

4. Fixed assets

i) 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.

ii) Capital work-in-progress includes advances for capital goods and expenditure on projects under implementation.

5. Depreciation

Indian Companies

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.

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.

Foreign Companies

Depreciation 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.

6. Goodwill

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

7. Investments

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

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 Moving 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.

9. Revenue recognition

i) 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.

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

10. Exports Benefits

Export benefits arising on account of entitlement of duty free import under Duty Entitlement Pass Book Scheme are estimated and accounted in the year of exports if the same can be estimated with reasonable certainty.

11. Employee benefits

Contributions to provident and other funds accruing during the accounting period are charged to the profit and loss account. 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.

12. 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.

13. 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.

14. Expenditure on product registration

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

15. 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

16. 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.

Schedules to the Consolidated Financial Statements

17. Taxes on Income

Indian Companies

Current taxation

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

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.

18. 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 to the Consolidated Financial Statements

SCHEDULE 18

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. 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/ indirectly or through subsidiary as at 31-12-2011	% of Holding either directly/ indirectly or through subsidiary as at 31-12-2010
iCubix Infotech Limited	India	100	100
Claris Lifesciences International Limited	India	100	100
Ogen Nutrition Limited (Formerly known as Claris Biosciences 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

2. Contingent Liabilities

(Rupees in Lacs)

Particulars	As at 31-12-2011	As at 31-12-2010
Claims against the Company not acknowledged as debts in respect of		
(i) Sales Tax	8.93	20.94
(ii) Excise Duty	68.59	34.29
(iii) Other Matters	912.31	783.04
Disputed demand under Income tax	381.26	152.22
Guarantees given by the bankers on behalf of the Company	132.09	1,248.88
Bills discounted	2,686.34	2,514.00
Letters of credit outstanding	9,332.56	4375.28

Notes to the Consolidated Financial Statements

3. Commitments & Obligations (Rupees in Lacs)

Particulars	As at 31-12-2011	As at 31-12-2010
Estimated amount of contracts remaining to be executed on capital account and not provided for	11,142.09	908.01
Outstanding obligation to export goods worth Rs. 26,593.80 Lacs (previous year Rs. 36,601.32 Lacs) within the stipulated period as per Export Promotional Capital Goods Scheme, failing which additional custom duty payable would amount to	5,638.32	4,599.26

4. Initial Public Offering (IPO):

During December 2010, the Parent Company completed its Initial Public Offering (IPO) comprising of 12,632,477 Equity Shares of Rs.10 each, of which 1,843,003 Equity Shares were issued at a price of Rs.293 and 10,789,474 Equity Shares were issued at a price of Rs.228, aggregating to Rs. 30,000 Lacs. The Share Premium amounting to Rs. 28,736.76 Lacs has been credited to Share Premium Account. The expenses in connection with Issue of Equity Shares amounting to Rs. 2,096.31 (Net of Tax of Rs. 326.29) have been adjusted to Share Premium Account.

The utilisation of issue proceeds from IPO is as follows (Rs. In Lacs)

	Amount to be utilised as per Prospectus / Shareholders Approval *				Amount utilized	
Particulars of Fund utilisation for	Total	Year 2010	Year 2011	Year 2012	Upto 31st Dec 2010	Upto 31st Dec 2011
Setting up of a new project in existing facility	13,464.80	3,750.70	7,023.80	2,690.30	-	10,669.06
Towards Research and Development activities	1,450.00	663.60	786.40	-	-	1,450.00
Repayment of Term Loans	9,321.40	4,591.40	4,730.00	-	4,591.40	4,591.40
General Corporate Purposes	3,190.00	-	3,190.00	-	-	3,042.47
Issue Expenses	2,573.80	2,573.80	-	-	1,747.71	2,573.80
Total	**30,000.00**	**11,579.50**	**15,730.20**	**2,690.30**	**6,339.11**	**22,326.73**
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**

* The Shareholders on 24th September, 2011 have approved one 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.

5. Secured Loans as stated in Schedule-3 are secured by below stated nature of securities.

a. Term Loans in Foreign Currency and Domestic Currency are secured by first pari passu charge by hypothecation of specified moveable fixed assets, mortgage over immovable fixed assets and second pari passu charge over stocks, receivables and specified immovable properties in favor of the Banks.

b. Cash Credit Accounts 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.

6. Excise duty shown as deduction from Sales represents the amount of excise duty collected on sales. Excise duty expenses under Schedule-16, "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.

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

(Rupees in Lacs)

Preoperative Expenses	As at 31-12-2011	As at 31-12-2010
Opening balance	**1,405.98**	**438.26**
Add: Interest and finance charges	924.53	1,469.94
Consultancy / Professional Fee	29.29	1.96
Material Consumed	485.13	-
Other Expenses	1.43	-
Less: Capitalised during the year	(2,025.55)	(504.16)
Closing balance	**820.81**	**1,405.98**

Notes to the Consolidated Financial Statements

Details of Preoperative expenses capitalised during the year: (Rupees in Lacs)

Fixed Asset	For the year ended on 31-12-2011	For the year ended on 31-12-2010
Building	1.37	-
Plant & Machinery	2,021.43	504.16
Electrical Installation	2.75	-
Total	**2,025.55**	**504.16**

8. Change in accounting policy :

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 Group 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. Accordingly, for the year ended 31st December, 2011, foreign currency translation loss of Rs. 485.13 Lacs has been added to the cost of depreciable capital assets. Out of the said amount, the amount remaining to be depreciated as at 31st December, 2011 is Rs. 485.13 Lacs

This has resulted in change in accounting policy adopted by the Company with respect to the exchange differences arising on settlement or on translation of long-term foreign currency monetary items. Consequently, for the year ended 31st December 2011, the net foreign exchange rate difference loss is lower and the net profit is higher by Rs. 485.13 Lacs.

9. 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, 2011.

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

Particulars	India	Outside India	Total
Revenue	34,603.74	39,272.83	73,876.57
	(31,508.20)	(43,725.33)	(75,233.53)
Carrying amounts of segment asset	1,45,342.48	27,715.11	1,73,057.58
	(1,38,850.80)	(30,599.40)	(1,69,450.01)
Capital expenditure	22,885.52	6,492.27	29,377.79
	(14,892.83)	(4,785.71)	(19,678.54)

Note : Figures in brackets are in respect of previous year

10. 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	
	2011	2010	2011	2010
Current service cost	76.34	82.95	102.38	74.70
Interest Cost	32.48	25.25	31.19	20.81
Expected return on plan assets	-	-	-	-
Net actuarial losses (gains)	3.02	(0.99)	(1.30)	131.22
Total Expenses	**111.85**	**107.20**	**132.26**	**226.72**
ii. Reconciliation of Closing balances of changes in present value of the Defined Benefit Obligation				
Opening defined benefit obligation	380.82	300.53	365.56	247.61
Service Cost	76.34	82.95	102.38	74.70
Interest Cost	32.48	25.25	31.19	20.81
Actuarial losses (gains)	3.02	(0.99)	(1.30)	131.22
Losses (gains) on curtailments	-	-	-	-
Liabilities extinguished on settlements	-	-	-	-
Benefits paid	(78.37)	(26.79)	(113.62)	(108.76)
Closing defined benefit obligation	**414.30**	**380.93**	**384.20**	**365.57**

(Rupees in Lacs)

iii. Reconciliation of Opening and Closing balances of changes in fair value of plan assets	Gratuity		Leave Encashment	
	2011	2010	2011	2010
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	414.30	380.93	384.20	365.57
Fair value of plan assets	–	–	–	–
Present Value of unfunded obligation recognized as liability	414.30	380.93	384.20	365.57

v. Past four years data for define benefit obligation and fair value of plan assets are as under:	for the year ended 31st December,			
	2010	2009	2008	2007
Gratuity				
Defined Benefit Obligation	380.93	300.50	258.40	184.70
Fair value of plan assets				
Present Value of unfunded obligation recognized as liability	380.93	300.50	258.40	184.70
Leave Encashment				
Defined Benefit Obligation	365.50	247.60	265.40	196.60
Fair value of plan assets				
Present Value of unfunded obligation recognized as liability	365.50	247.60	265.40	196.60

vi. Actuarial Assumptions	31-12-2011	31-12- 2010
Discount Rate	8.52%	8.40%
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. 141.90 lacs (Previous Year Rs. 177.91 lacs) is recognized as an expense in respect of Defined Contribution Plans and is included in the Schedule 14 of Profit and Loss Account under the head "Contribution to Provident and other funds.

11. 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	Name of the Related Parties
A. Companies in which Key Management Personnel or their relatives are able to exercise significant influence	**B. Key Management Personnel**
Sarjan Financial Private Limited	Mr. Arjun S. Handa
Cygnus Laboratories Limited	Mr. Chetan S. Majmudar
Medical Technologies Limited	Mr. Amish Vyas
Prarabdh Financial Private Limited	Mr. Chandrasingh Purohit
Xcelris Labs Limited	**C. Relatives of Key Management Personnel**
Accelaries Technologies Limited	Mr. Sushilkumar Handa
Enthrills Infotech Limited	Mr. Aditya S. Handa

Notes to the Consolidated Financial Statements

(B) Related party transactions (Rupees in Lacs)

Sr. No.	Particulars	For the Year ended on 31-12-2011	For the Year ended on 31-12-2010
A.	**Nature of Transactions**		
1	Retainership Charges paid in earlier years recovered		
	From Relative of Key Management Personnel		
	- Mr.Sushilkumar Handa	-	460.00
2	Remuneration Paid		
	To Key Management Personnel		
	- Mr. Arjun S. Handa	150.59	150.09
	- Mr. Chandrasingh Purohit	34.09	29.10
	- Mr. Amish Vyas	33.69	27.90
	- Mr. Chetan S. Majmudar	38.52	34.59
3	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		
	- Sarjan Financial Private Limited	475.60	475.60
	- Medical Technologies Limited	93.06	90.06
	To Relative of Key Management Personnel		
	- Mr. Aditya S. Handa	156.01	156.01
4	Inter Corporate Deposits taken / received back during the year		
	From Companies in which Key Management Personnel or their relatives are able to exercise significant influence	-	517.12
	- Accelaries Technologies Limited	-	112.79
	- Cygnus Laboratories Limited	-	532.97
	- Prarabdh Financial Private Limited	-	102.59
	- Others		
5	Inter Corporate Deposits repaid / granted during the year		
	To Companies in which Key Management Personnel or their relatives are able to exercise significant influence		
	- Accelaries Technologies Limited	-	459.35
	- Medical Technologies Limited	-	71.99
6	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	
7	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	678.90

Notes to the Consolidated Financial Statements

(Rupees in Lacs)

Sr. No.	Particulars	For the Year ended on 31-12-2011	For the Year ended on 31-12-2010
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		
	- Accelaris 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		
	- Xcelris Labs Limited	-	335.38
	- Others	35.91	35.91
	From Key Management Personnel		
	- Mr. Amish Vyas	2.41	2.96
	- Mr. Chetan S. Majmudar	6.64	4.45
	- Mr. Chandrasingh Purohit	0.83	12.12
3	Capital Advances Granted Outstanding		
	From Companies in which Key Management Personnel or their relatives are able to exercise significant influence		
	- Xcelris Labs Limited	-	1.10

12. 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)

Particulars	For the Year ended on 31-12-2011	For the Year ended on 31-12-2010
Lease payments recognized in the profit and Loss account for the year	263.94	278.32
Minimum lease payments under the agreements are as follows.		
a)Not later than one year	215.37	281.29
b)Later than one year but not later than 5 Year	861.37	1,169.08
c)Later than five year	188.55	615.87

13. Computation of Earnings per Share (EPS):

(Rupees in lacs, except per share data)

Particulars	For the Year ended on 31-12-2011	For the Year ended on 31-12-2010
Basic & Diluted EPS		
Computation of Profit (Numerator)		
Net Profit for the year attributable to Equity Shareholders	12,625.54	14,144.05
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	51,739,040
Basic & Diluted EPS (in Rs.)	19.78	27.34
Face value per share (in Rs.)	10.00	10.00

Notes to the Consolidated Financial Statements

14. Break-up of opening and closing balances of net deferred tax liability into major components of Deferred Tax Assets and Deferred Tax Liabilities:

(Rupees in Lacs)

Particulars	As at 31-12-2011	As at 31-12-2010
Deferred Tax Liability		
Timing difference on account of difference between book depreciation and depreciation under Income-tax Act, 1961	(6,678.22)	(5,900.92)
Deferred Tax Asset		
Timing difference on account of disallowance of provisions / expenses	347.26	362.52
Timing difference on Share issue Expenses set off against share premium allowable u/s 35 - D of Income Tax Act in subsequent years	318.71	326.29
Net Deferred Tax Liability	**(6,012.26)**	**(5,212.11)**

15. 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 is based on estimates made by the management by applying principles laid down in Accounting Standard – 29 "Provisions, Contingent Liabilities and Contingent Assets". Further it is not possible to estimate The timing / uncertainty relating to the outflow. The movement in the provision during the period is as under: -

(Rupees in lacs)

For the year ended 31st December, 2011				
Balance as on 1st January 2011	Provision made	Utilized	Reversal	Balance as on 31st Dec 2011
458.69	-	343.29	-	115.40

16. Figures of the previous year have been regrouped, whenever necessary, so as to make them comparable.

Signatures to Schedules 1 to 18

As per our attached report of even date

For Deloitte Haskins & Sells
Chartered Accountants

Gaurav J. Shah
Partner

Place : Ahmedabad
Date : 29th February, 2012

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 : 29th February, 2012

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	29.08	231,659,360	(166,087,805)	289,505,425	252,499,034	-	133,469,745	(28,565,164)	-	(28,565,164)	-
Claris Lifesciences Colombia Ltda	Colombia	Col. Pesos	0.03	66,371,722	(25,045,937)	42,071,686	745,902	-	12,155,578	434,600	-	434,600	-
Claris Lifesciences de Mexico SA de CV	Mexico	Mex. Pesos	3.88	255,477,839	(65,384,225)	195,041,693	4,948,079	-	8,718,601	(195,644)	-	(195,644)	-
Claris Lifesciences & Cia. Chile Limitada	Chile	Chilian Pesos	0.10	4,087,039	132,749,741	141,205,751	4,368,971	-	83,374,027	16,168	-	16,168	-
Claris Lifesciences Venezuela C.A.	Venezuela	Bolivar Fuerte	10.89	10,889	4,170,412	16,486,835	12,305,534	-	2,912,333	(53,367)	-	(53,367)	-
Catalys Venture Cap Limited	Mauritius	US Dollars	53.27	60,755,200	2,006,980,264	1,713,063,270	288,531,375	643,203,569	1,464,815,000	675,904,792	-	675,904,792	-
Claris Pharmaservices	Mauritius	US Dollars	53.27	5,326,600	-	5,356,695	30,095	-	299,568	-	-	-	-
Claris SteriOne	Mauritius	US Dollars	53.27	5,326,600	(15,980)	78,855,945	73,545,325	-	339,653	-	-	-	-
PT Claris Lifesciences Indonesia	Indonesia	Rupiah	0.01	5,373,720	(27,108,408)	29,687,228	51,421,916	-	29,276,632	190,903	420,373	(229,470)	-
Claris Lifesciences Philippines, INC.	Philippines	Phil. Pesos	1.24	12,814,902	(16,221,613)	18,228,653	21,635,363	-	91,754,925	40,508	12,153	28,355	-
Claris Lifesciences Inc.	USA	US Dollars	53.27	231,717,753	(66,202,021)	201,844,636	36,328,903	-	90,950,630	20,028	-	20,028	-
Claris Lifesciences (UK) Limited	UK	Pound	82.10	8,210	-	43,512	35,303	-	-	-	-	-	-
Claris Lifesciences (Aust) pty Ltd	Australia	Aus. Dollars	55.23	5,523	17,840	22,535	36,454	-	121,125	(32,422)	-	(32,422)	-
Icubix Infotech Limited	India	Ind. Rupees	0.00	500,000	5,520,726	12,921,610	6,900,883	-	4,953,282	(785,552)	-	(785,552)	-
Claris Lifesciences International Limited	India	Ind. Rupees	0.00	500,600	(748,877)	600	676,232	427,355	-	(63,379)	-	(63,379)	-
Ogen Nutritions Limited (earlier known as Claris Biosciences Limited)	India	Ind. Rupees	0.00	500,000	(1,185,378)	2,379,603	3,064,981	-	-	(239,281)	-	(239,281)	-
Claris Infrastructure Limited	India	Ind. Rupees	0.00	500,000	(454,615)	124,552	79,167	-	-	(64,112)	-	(64,112)	-

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 31-12-2011

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	Chilian Pesos
Financial year of the Subsidiary Company ended on	31-Dec-2011	31-Dec-2011	31-Dec-2011	31-Dec-2011
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%	[3]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	(982,306)	15,633,110	(50,460)	155,016
- For the Previous Financial year since it became subsidiary.	(5,711,469)	(916,566,110)	(16,813,314)	1,272,613,353
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 Quotes of COL Pesos 1,000 each are held by Claris Lifesciences Limited, 15,811 Social Quotes of COL Pesos 1,000 each are held by Claris Lifesciences International Limited and 2,100,000 Social Quotes 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 Capitat) 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 Right by Claris Lifesciences Limited and 4,500,000 Chilean Pesos equivalent to 5% of Social Right by Claris Lifesciences International 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	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-2011	31-Dec-2011	31-Dec-2011	31-Dec-2011
Holding Company's interest - No. of equity share	1,000 Common Share of Bolivar Fuerte 1 each	1,140,600 Ordinary Shares of US $ 1 each	100,000 Ordinary Shares of US $ 1 each	100,000 Ordinary Shares of US $ 1 each
- Percentage (%) of Holding.	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	(4,901)	12,689,235	-	-
- For the Previous Financial year since it became subsidiary.	387,892	24,989,214	-	(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. 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 Quotes of COL Pesos 1,000 each are held by Claris Lifesciences Limited, 15,811 Social Quotes of COL Pesos 1,000 each are held by Claris Lifesciences International Limited and 2,100,000 Social Quotes 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 Capitat) 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 Right by Claris Lifesciences Limited and 4,500,000 Chilean Pesos equivalent to 5% of Social Right by Claris Lifesciences International 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	Claris Lifesciences Indonesia, PT	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-2011	31-Dec-2011	31-Dec-2011	31-Dec-2011	31-Dec-2011
Holding Company's interest - No. of equity share	100,000 Share of Indonesia Rupiah 9108 per share	102,000 Shares of Philippine Pesos 100 each	200 Shares of US $ 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	(38,893,163)	22,947	376	-	(587)
- For the Previous Financial year since it became subsidiary.	(4,555,752,277)	(13,150,415)	(1,243,233)	-	910
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 heldby 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	Claris Biosciences Limited	Claris Infrastructure Limited
Currency of Presentation	INR	INR	INR	INR
Financial year of the Subsidiary Company ended on	31-Dec-2011	31-Dec-2011	31-Dec-2011	31-Dec-2011
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
- Percentage (%) of Holding.	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	(785,551)	(63,379)	(239,281)	(64,112)
- For the Previous Financial year since it became subsidiary.	6,306,277	(685,498)	(946,097)	(390,503)
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

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 17th Annual General Meeting of Claris lifesciences Limited held on Monday, the 30th April, 2012 at 12.00 Noon or soon thereafter as the AGM of Claris Lifesciences Limited convened for the same day shall be over at H T Parekh Convention Centre, 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 17th Annual General Meeting of Claris Lifesciences Limited held on Monday, the 30th April, 2012 at 12.00 Noon or soon thereafter as the AGM of Claris Lifesciences Limited convened for the same day shall be over at H T Parekh Convention Centre, ATIRA Campus, Dr. Vikram Sarabhai Marg, Ahmedabad 380 015, Gujarat.

Signed this______________day of______________2012.

*Applicable for investors holding shares in electronic form.

Affix Re.1 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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