



WE  
COMPOUND

YOUR  
CREATIONS

Multibase India Limited  
23<sup>rd</sup> Annual Report 2013-14

CREATIVITY HAS NO FRONTIERS...  
IN THE ENHANCEMENT OF MATERIALS.



## Board of Directors

Mr. Peter Cartwright  
Mr. Harish Narendra Motiwalla  
Mr. Ashok Chhabra  
Mr. Krishna Joshi  
Mr. Deepak Dhanak

Managing Director

## Company Secretary

Ms. Ameer B. Joshi

## Auditors

M/s Deloitte Haskins & Sells, Vadodara  
(Firm Reg. No. 117364W)

## Bankers

Citi Bank  
HDFC Bank Limited  
State Bank of India

## Registered Office & Plant

74/5-6, Daman Industrial Estate  
Kadaiya Village, Nani Daman – 396210 (U.T)  
Tel. No.: (0260) 6614 400  
Fax No.: (0260) 2221 578

## Registrar & Transfer Agents

Link Intime India Private Limited  
C-13, Pannalal Silk Mills Compound  
L.B.S. Marg, Bhandup (W)  
Mumbai – 400078  
Tel. No.: (022) 2594 6970  
Fax No.: (022) 2594 6969  
E-mail: [rnt.helpdesk@linkintime.co.in](mailto:rnt.helpdesk@linkintime.co.in)

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## NOTICE TO SHAREHOLDERS

NOTICE is hereby given that the 23<sup>rd</sup> (Twenty - Third) Annual General Meeting of the Company will be held at 12 Noon on Wednesday, September 24, 2014, at 74/ 5-6, Daman Industrial Estate, Kadaiya Village, Nani Daman, Union Territory – Daman & Diu – 396210, to transact the following business as:

### ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as of 31st March, 2014, Profit and Loss Account and Cash Flow Statement for the year ended on that date together with the Auditors' Report and Directors' Report thereon.
2. To appoint a Director in place of Mr. Krishna Joshi (DIN 00339957), who retires by rotation, and being eligible offers himself for re-appointment.
3. To appoint Auditors to hold office from the conclusion of this Annual General Meeting till the conclusion of the fourth consecutive Annual General Meeting (AGM) (subject to ratification of reappointment by members at every AGM held after this AGM) and to authorize the Board to fix their remuneration. M/s Deloitte Haskins & Sells, Chartered Accountants, retiring Auditors being eligible, offer themselves for reappointment.

### SPECIAL BUSINESS:

4. To consider and if thought fit, to pass with or without modification(s) the following resolution as an Ordinary Resolution:  
"RESOLVED THAT Mr. Peter Cartwright (DIN 06797101), who was appointed as an Additional Director by the Board of Directors of the Company and who holds office as such upto the date of this Annual General Meeting pursuant to the provisions of Section 161 of the Companies Act, 2013 (hereinafter referred to as Act) read with Article 137 of Articles of Association of the Company and in respect of whom the Company has received a notice in writing under Section 160 of the Act, from a member proposing his candidature for the office of a Director and being eligible, be and is hereby appointed as a Director of the Company liable to retire by rotation."
5. To consider and if thought fit, to pass with or without modification(s) the following resolution as an Ordinary Resolution:  
"RESOLVED THAT pursuant to the provisions of Section 149, 150 and 152 read with Schedule IV and any other applicable provisions of the Companies Act, 2013 read with Companies (Appointment and Qualification of Directors) Rules, 2014 and Clause 49 of the Listing Agreement (including any statutory modification(s) or re-enactment thereof for the time being in force) and subject to such other approvals as may be required to be obtained, and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Independent Director and being eligible, the approval of the members be and is hereby accorded for the appointment of Mr. Harish Narendra Motiwala (DIN 00029835) as an Independent Director of the Company for a period of 5 years with effect from 1st April, 2014 and shall not be liable to retire by rotation."
6. To consider and if thought fit, to pass with or without modification(s) the following resolution as an Ordinary Resolution:  
"RESOLVED THAT pursuant to the provisions of Section 149, 150 and 152 read with Schedule IV and any other applicable provisions of the Companies Act, 2013 read with Companies (Appointment and Qualification of Directors) Rules, 2014 and Clause 49 of the Listing Agreement (including any statutory modification(s) or re-enactment thereof for the time being in force) and subject to such other approvals as may be required to be obtained, and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Independent Director and being eligible, the approval of the members be and is hereby accorded for the appointment of Mr. Ashok Chhabra (DIN 00059677) as an Independent Director of the Company for a period of 5 years with effect from 1st April, 2014 and shall not be liable to retire by rotation."
7. To consider and if thought fit, to pass with or without modification(s) the following resolution as an Special Resolution:  
"RESOLVED THAT pursuant to the provisions of Section 196, 197 read with Schedule V and any other applicable provisions of the Companies Act, 2013 and Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 ((including any statutory modification(s) or re-enactment thereof for the time being in force) and subject to such other approvals as may be required to be obtained, approval of the members be and is hereby accorded for re-appointment of Mr. Deepak Dhanak (DIN 03157491) as Managing Director of the Company for a period of 3 years with effect from March 2, 2014 on terms and condition as specified in the explanatory statement pursuant to Section 102(1) of the Companies Act, 2013 annexed to this Notice."

**Registered Office:**

74/5-6, Daman Industrial Estate,  
Kadaiya Village, Nani Daman,  
Daman and Diu, Union Territory,  
Pin – 396210.

Tel. : +91 260 6614400

Fax : +91 260 2221578

Email : [compliance.officer@multibaseindia.com](mailto:compliance.officer@multibaseindia.com)

Website : [www.multibaseindia.com](http://www.multibaseindia.com)

CIN : L01122DD1991PLC002959

**For and on Behalf of the Board**

sd/-

**(Ameesh Joshi)**

Company Secretary

Date : 05.08.2014

Place: Mumbai

**NOTES:**

1. The relative explanatory statement pursuant to Section 102 of the Companies Act, 2013 for the businesses set out under Item No. 4 to 7 of the Notice is annexed hereto.
2. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY OR PROXIES TO ATTEND AND VOTE THEREAT INSTEAD OF HIMSELF, ON A POLL. A PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXY FORMS IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY AT THE REGISTERED OFFICE AT LEAST 48 HOURS BEFORE THE MEETING. A PROXY / PROXIES SO APPOINTED SHALL HAVE NO RIGHT TO SPEAK AT THE MEETING. A person can act as a proxy on behalf of a member not exceeding 50 and holding in the aggregate not more than 10% of the total share capital of the Company carrying voting rights. A member holding more than 10% of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person / shareholder.**
3. The Register of Members and Share Transfer Books of the Company will remain closed from Thursday, 18<sup>th</sup> September, 2014 to Wednesday, 24<sup>th</sup> September, 2014 (Both Days Inclusive).
4. Members holding shares in physical form are requested to notify immediately change of address, transfer, demat request, E-mail id, if any, to the Registrar and Transfer Agents of the Company quoting their Folio Number and those holding shares in demat mode are requested to notify any change in address, Bank Details, E-mail id to their respective depository participants and make sure that such changes are recorded by them.
5. Members/proxies are requested to bring their copies of Annual Report & duly filled admission/attendance slips sent herewith along with the copies of annual report at the meeting and produce the same at the entrance where the Annual General Meeting is held.
6. Corporate Members are requested to send a certified copy of the Board Resolution / Power of Attorney authorizing their representative to attend and vote at the Annual General Meeting.
7. Members desirous of getting any information about the accounts and operations of the Company are requested to send their query to the Registered Office well in advance so that the same may reach the office at least seven days before the date of the meeting to enable the management to keep the information required readily available at the meeting.
8. Members who hold shares in electronic form are requested to write their DP Id and client Id numbers and those who hold shares in physical form are requested to write their folio number in the attendance slip for attending the Meeting to facilities identification of membership at the Meeting.
9. The detail of Directors seeking appointment / re-appointment at this Annual General Meeting as required under Clause 49 of the Listing Agreement is annexed hereto.
10. In terms of Section 149 and 152 read with Schedule IV of the Companies Act, 2013, Independent Directors are required to be appointed for a term upto five consecutive years and are not liable to retire by rotation. Accordingly, the resolutions proposing the appointment of Independent Directors are given at Item no. 5 and 6 of this Notice. Pursuant to the provisions of Companies Act, 2013 and amended Clause 49 of the Listing Agreement notified by SEBI on April 17, 2014 ("Amendment"), the Board of Directors have reviewed the declarations made by the Independent Directors stating that

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they meet the criteria of independence as provided under Section 149(6) of the Companies Act, 2013 and the Board is of the opinion that they fulfill the conditions specified in the said Act and the rules made thereunder and are independent of the management.

11. All documents referred to in the accompanying Notice are available for inspection at the Registered Office of the Company during office hours on all days except Saturday, Sunday and Public holidays, up to the date of the Annual General Meeting.
12. For the security and safety of the shareholders, no article/baggage including water bottles and tiffin boxes will be allowed at the venue of the meeting. The members / attendees are strictly requested not to bring any article / baggage, etc. at the venue of the meeting.
13. The Annual Report of your Company for the Financial Year 2013-14 is displayed on the website of the Company i.e. [www.multibaseindia.com](http://www.multibaseindia.com).
14. Members are requested to register / update their E-mail address with the Company / Link Intime India Pvt. Ltd. so as to receive Annual Report and other communication electronically.
15. Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014 and Clause 35B of the Listing Agreement, the Company is pleased to provide the members to exercise their right to vote at 23<sup>rd</sup> Annual General Meeting of the Company by electronic means through e-voting facility provided by National Securities Depository Limited (NSDL). Members who are holding shares in physical or dematerialized form as on August 8, 2014 shall exercise their vote by electronic means. The detailed instructions for e-voting is provided in the separate E-Voting Form sent alongwith the Annual Report.
16. In case of Members who are attending the Annual General Meeting and are entitled to vote but have not exercised their right to vote by electronic means, the Chairman of the Company will order a poll on his own motion for all businesses specified in the accompanying Notice. For clarity, please note that the Members who have exercised their right to vote by electronic means shall not vote by way of poll at the Meeting. The voting rights of the Members shall be in proportion to their shares of the paid-up equity share capital of the Company. The poll process shall be conducted and scrutinized and report thereon will be prepared in accordance with Section 109 of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014.
17. Mr. Dhrumil M. Shah, Practising Company Secretary (Membership No. ACS 22541, COP 8978) has been appointed as the Scrutinizer to scrutinize the e-voting process as well as the voting by way of Poll, to be conducted at the Annual General Meeting, in a fair and transparent manner.
18. The Scrutinizer shall within a period not exceeding three working days from the date of close of e-voting unblock the votes in the presence of atleast two witnesses, not in the employment of the Company and make Scrutinizer Report of the votes cast in favour of or against, if any, forthwith to the Chairman of the Company.
19. The results of e-voting and poll on resolutions shall be aggregated and these resolutions will be deemed to be passed on the Annual General Meeting date, subject to receipt of the requisite numbers of votes in favour of the said resolutions.
20. The results declared alongwith the Scrutinizer's report shall be communicated to BSE Limited and made available on the Company's website : [www.multibaseindia.com](http://www.multibaseindia.com) and on the website of NSDL : [www.evoting.nsdl.com](http://www.evoting.nsdl.com), within two days of passing of the resolutions at the Annual General Meeting of the Company.

|  |
|--|
| <b>MEMBERS MAY PLEASE NOTE THAT NO GIFTS/ GIFT COUPONS SHALL BE DISTRIBUTED AT THE VENUE OF THE MEETING.</b> |
|--|

### EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACTS, 2013

#### Item No. 4

Mr. Peter Cartwright was appointed as an Additional Director of the Company with effect from 10th February, 2014. Pursuant to the provisions of Section 161 of the Companies Act, 2013 read with Article 137 of Articles of Association of Company he holds office as such upto the date of this Annual General Meeting. The Company has received a notice in writing from one of its members along with a deposit of ₹1,00,000/- proposing the candidature of Mr. Peter Cartwright for the office of Directorship pursuant to Section 160 of the Companies Act, 2013. Also Company has received the requisite Form 'DIR 8' from Mr. Peter

Cartwright, in terms of Section 164 (2) of the Companies Act, 2013 read with The Companies (Appointment and Qualification of Directors) Rules, 2014, confirming his eligibility for such appointment.

The brief profile covering the details of his qualification and experience, as required pursuant to Clause 49(IV)(g) of the Listing Agreement, is annexed to this Notice. Considering his experience and expertise, the Board recommends the appointment of Mr. Peter Cartwright as Director of the Company liable to retire by rotation.

The Board recommends the passing of the resolution set forth under Item no. 4 as Ordinary Resolution.

None of the Directors, Key Managerial Personnel and / or their relatives, except Mr. Peter Cartwright and his relatives, are interested and / or concerned in passing of the resolution set forth under Item no. 4.

**Item No. 5 and 6**

In terms of the provisions of Section 149 of the Companies Act, 2013 which got notified w.e.f. April 1, 2014, every listed Company shall have at least 1/3rd of the total number of Directors as Independent Directors who shall not be liable to retire by rotation and who shall hold office for a term of 5 consecutive years.

As per the requirement of Clause 49 of the Listing Agreement, the Company had appointed Mr. Harish Narendra Motiwalla and Mr. Ashok Chhabra as Independent Directors of the Company, liable to retire by rotation pursuant to the provisions of Companies Act, 1956.

Consequent to notification of Section 149 of Companies Act, 2013, the Board recommends the appointment of Mr. Harish Narendra Motiwalla and Mr. Ashok Chhabra as Independent Directors of the Company for a term of 5 consecutive years commencing from April 1, 2014 and shall not be liable to retire by rotation.

The Company has received from these Independent Directors 1) Consent to act as Director in "DIR 2" pursuant to Rule 8 of Companies (Appointment and Qualification of Directors) Rules, 2014; 2) Declaration of Non-Disqualification in "DIR 8" pursuant to Section 164 of Companies Act, 2013 and 3) Declaration that they meet the criteria of independence as provided under Section 149(6) of the Companies Act, 2013.

In the opinion of the Board of Directors, these Independent Directors are independent of management and they fulfill the conditions specified in the said Act and the rules made thereunder. The copy of appointment letter of these Independent Directors is available for inspection at the Registered Office of the Company during office hours on all days except Saturday, Sunday and Public holidays.

The brief profile covering the details of their qualification and experience, as required pursuant to Clause 49(IV)(g) of the Listing Agreement, is annexed to this Notice.

The Board recommends the passing of the resolution set forth under Item no. 5 and 6 as Ordinary Resolutions.

None of Directors, Key Managerial Personnel and / or their relatives, except Mr. Harish Narendra Motiwalla and Mr. Ashok Chhabra and their relatives, are interested and / or concerned in passing of the resolutions set forth in Item No. 5 and 6.

**Item No. 7**

The tenure of appointment of Mr. Deepak Dhanak, Managing Director expired on March 1, 2014. Based on the recommendation of the Remuneration Committee, the Board of Directors by a resolution passed on February 10, 2014 has re-appointed Mr. Deepak Dhanak as Managing Director of the Company for a period of 3 years commencing from March 2, 2014 on the following terms and conditions subject to the relevant provisions of the Companies Act, 2013 (The Act) read with Schedule V to the Act and subject to the approval of the shareholders in Annual General Meeting:

**Term:** March 2, 2014 to March 1, 2017

**Remuneration:**

Basic Salary: ₹ 1,10,000/- (Rupees One Lac Ten Thousand only) per month with such revision as the Board may approve from time to time in the salary grade of ₹1,10,000/- to ₹1,85,000/- per month.

Bonus ; As per the Company's rules not exceeding 2 times of monthly remuneration.

**Perquisites:**

Housing: Mr. Deepak Dhanak will be paid House Rent Allowance at the rate of 50% of his salary.

Car: Company car under the Company's Scheme applicable for senior executive staff of the Company.

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Medical : Medi-Claim Insurance as per the rules of the Company.

Leave Travel Concession : As per applicable Rules of the Company.

Leave Encashment : As per applicable Rules of the Company.

Others : Cost of telephone at residence will be borne by the Company in accordance with the Rules of the Company. Personal Accident Insurance and other perquisites, which are applicable to senior executive staff of the Company, shall also apply to Mr. Deepak Dhanak.

Other Allowances : A special allowance and soft furnishing allowance of ₹ 48,235/- per month and ₹ 33,610/- per month respectively will be paid to Mr. Deepak Dhanak. In addition, other allowances may be paid as decided by the Board from time to time.

Retiral Benefits : Contribution to the Company's Provident Fund and Superannuation Fund and/or Annuity Fund in accordance with the Rules and Regulations governing the said funds. Gratuity will be payable in accordance with the Rules of the Company.

Minimum Remuneration : In the event of loss or inadequacy of profits in any year during the tenure of his office, Mr. Deepak Dhanak shall be paid the remuneration as above as minimum remuneration subject to the provisions of Schedule XIII to the Companies Act, 1956, as amended from time to time.

Leave : Mr. Deepak Dhanak will be entitled to leave on full pay, perquisites and allowances as per applicable Rules of the Company.

Sitting Fees : Mr. Deepak Dhanak shall not be entitled to any Sitting Fees for attending the Meetings of the Board of Directors or Committees thereof.

The total Cost to Company (CTC) shall be approximately ₹ 40,00,000/- per annum from March 2, 2014 to March 31, 2015 inclusive of all perquisites and all statutory contributions to Provident Fund, Gratuity, etc as applicable.

Nature of Duties : Mr. Deepak Dhanak shall, subject to the superintendence, control and direction of the Board, perform such duties and exercise such powers which have been or may, from time to time, be entrusted to or vested in him by the Board.

The Board of Directors of your Company seeks your approval for the re-appointment of Mr. Deepak Dhanak and recommends the passing of resolution set out under Item No. 7 as Special Resolution.

None of the Directors, Key Managerial Personnel and / or their relatives, except Mr. Deepak Dhanak and his relatives, are interested and / or concerned in passing of the resolution set forth in Item no. 7.

An Abstract of terms of re-appointment of Mr. Deepak Dhanak as Managing Director of the Company and his Memorandum of Interest dated February 25, 2014, pursuant to Section 302 of the Companies Act, 1956 has already been circulated to the members of the Company.

The Statement containing information as required under Schedule V of the Companies Act, 2013 is enclosed herewith.

### Registered Office:

74/5-6, Daman Industrial Estate,  
Kadaiya Village, Nani Daman,  
Daman and Diu, Union Territory,  
Pin – 396210.

Tel. : +91 260 6614400

Fax : +91 260 2221578

Email : [compliance.officer@multibaseindia.com](mailto:compliance.officer@multibaseindia.com)

Website : [www.multibaseindia.com](http://www.multibaseindia.com)

CIN : L01122DD1991PLC002959

**For and on Behalf of the Board**

sd/-

**(Amees Joshi)**

Company Secretary

Date : 05.08.2014

Place: Mumbai

**Particulars of Directors seeking Appointment / Reappointment at the ensuing Annual General Meeting pursuant to Clause 49 of the Listing Agreement:**

| <b>Name of Director</b>  | <b>Krishna Joshi</b>   | <b>Peter Cartwright</b>  | <b>Harish Narendra Motiwalla</b>   | <b>Ashok Chhabra</b>            | <b>Deepak Dhanak</b>   |
|--|--|--|--|---------------------------------|--|
| Type   | Non-Executive Director   | Non-Executive Director   | Independent Director   | Independent Director            | Managing Director  |
| Date of Birth  | 20/05/1972   | 26/02/1958   | 24/03/1945   | 04/07/1952                      | 5/6/1972   |
| Date of Appointment  | 01/05/2013   | 10/02/2014   | 27/10/2009   | 27/10/2009                      | 29/06/2010   |
| Qualification  | BE (Polymer Science & Tech)                                      | PHD in Inorganic Chemicals   | B.Com, LLB, FCA & DISA   | FCS, LLB from Punjab University | Engineer Graduate from College of Engineering & Technology, Akola and Diploma holder in Chemical Engineering. MDBA from Symbiosis Institute of Management Studies, Pune. |
| No. of Equity Shares held  | NIL  | NIL  | NIL  | NIL                             | NIL  |
| Expertise in Specific Functional area                                      | Marketing, New Business Development, Leadership, Team Management | Commercial, Global Technical Leadership, Managing Large Manufacturing Plant, Environment, Health and Safety. | Practising Professional  | Practising Professional         | Supply Chain Management  |
| Directorships held in other Companies                                      | Dow Corning India Pvt. Ltd.                                      | Dow Corning India Pvt. Ltd.  | Excel Industries Ltd.<br>Ashapura Minechem Ltd.<br>LIC Nomura MF Trustee Co. Pvt. Ltd.<br>Hi-Tech Plast Ltd.<br>Gujarat Organics Ltd.<br>Balkrishna Synthetics Ltd.<br>Siyaram Silk Mills Ltd.<br>Cabal Insurance Broking Services Pvt. Ltd. | NIL                             | NIL  |
| Particulars of Committee Chairmanship / Membership held in other Companies | NIL  | NIL  | Audit Committee –<br><u>Chairman:</u><br>Excel Industries Ltd.<br>LIC Nomura MF Trustee Co. Pvt. Ltd.<br><u>Member:</u><br>Ashapura Minechem Ltd.<br>Hi-Tech Plast Ltd.<br>Siyaram Silk Mills Ltd.   | NIL                             | NIL  |
| Relationship with other Directors inter-se                                 | None   | None   | None   | None                            | None   |

**Note:**

- Pursuant to Clause 49 of the Listing Agreement, only two Committees viz. Audit Committee and Stakeholders Relationship Committee have been considered.

# Annual Report 2013-2014

## Statement in terms of Schedule V of the Companies Act, 2013 relating to remuneration payable to Mr. Deepak Dhanak, Managing Director

### I. GENERAL INFORMATION

**Nature of Industry:** Manufacture of Rubber and Plastic products

**Date or expected date of commencement of commercial production:**

N.A. The Company was incorporated in 1991 and has already commenced its commercial production.

**Financial performance based on given indicators:** As per the audited financial results for the year ended March 31, 2014 (₹ In Lac)

|                         | FY 2013-14 |
|-------------------------|------------|
| Total Revenue           | 5538.26    |
| Profit before tax       | 751.98     |
| Tax Expenses            | 244.09     |
| Profit/(Loss) after tax | 507.89     |

**Export performance and net foreign exchange earned for the year ended March 31, 2014:** (₹ In Lac)

|  | FY 2013-14 |
|--|------------|
| Export calculated on FOB basis   | 397.23     |
| Net foreign exchange earned (net of import and other expenses in Foreign exchange) | (1720.11)  |

**The Foreign investment or collaborations:**

Technical Collaboration with Dow Corning Corporation

### II. INFORMATION ABOUT THE APPOINTEE

|   |  |
|---|--|
| (1) <b>Background details</b>   | Mr. Deepak Dhanak is an Engineer Graduate from College of Engineering & Technology, Akola and Diploma holder in Chemical Engineering. He has also done Post graduation MBA from Symbiosis Institute of Management Studies, Pune.   |
| (2) <b>Past Remuneration</b>  | The remuneration paid during the year ended March 31, 2014 is ₹ 25.62 Lac.   |
| (3) <b>Job profile and his suitability</b>  | Responsible for the day to day management and administration of the Company with substantial powers of management, subject to the superintendence, control and director of the Board of Directors.   |
| (4) <b>Remuneration proposed</b>  | As detailed in Explanatory Statement for Item No.7 of the Notice.  |
| (5) <b>Comparative remuneration profile with respect to industry, size of the Company, profile of position and person (in case of expatriates the relevant details would be w.r.t. the country of origin)</b> | Mr. Deepak Dhanak's proposed remuneration matches his background, proven capabilities and vast experience in Industries. His remuneration is commensurate with the norms in the Industry having regard to the size, complexities of this Company and the job responsibilities. |
| (6) <b>Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any</b>  | None   |

### III. OTHER INFORMATION

|  |  |
|--|--|
| Reasons of loss or inadequate profits, steps taken or proposed to be taken for improvement and Expected increase in productivity and profits in measurable terms : | The Company has adequate profit in terms of Section 197 read with Schedule V of the Companies Act, 2013. |
|--|--|

### IV. DISCLOSURES

|  |   |
|--|---|
| The Shareholders of the Company shall be informed of the remuneration package of the managerial person   | Disclosed in Corporate Governance Report under Nomination and Remuneration Committee. |
| The Following disclosures shall be mentioned in the Board of Director's report under the heading "Corporate Governance", if any attached to the annual report :-<br>(i) All elements of the remuneration package such as salary, benefits, bonuses, stock options pensions etc. of all Directors<br>(ii) Details of fixed component and performance linked incentives along with the performance criteria.<br>(iii) Service contracts, notice period, severance fees;<br>(iv) Stock optioned details, if any and whether the same has been issued at a discount as well as the period over which accrued and over which exercisable. | Disclosed in Corporate Governance Report under Nomination and Remuneration Committee. |

## REPORT OF THE BOARD OF DIRECTORS FOR THE FINANCIAL YEAR ENDED MARCH 31, 2014

**To**  
**The Members,**

Your Directors are pleased to present the 23<sup>rd</sup> Annual Report together with Audited Financial Accounts of your Company for the Financial Year ended March 31, 2014.

(₹ In Lac)

| FINANCIAL RESULTS                               | Year ended<br>31st March,<br>2014 | Year ended<br>31st March,<br>2013 |
|---|-----------------------------------|-----------------------------------|
| <b>Profit before Depreciation</b>               | 799.20                            | 703.14                            |
| Depreciation                                    | 47.22                             | 49.27                             |
| <b>Profit before Tax</b>                        | 751.98                            | 653.87                            |
| Provision for tax                               | 244.09                            | 204.90                            |
| <b>Profit after Tax</b>                         | 507.89                            | 448.97                            |
| Balance brought forward from previous year      | 1516.78                           | 1067.81                           |
| <b>Balance carried forward to Balance Sheet</b> | 2024.67                           | 1516.78                           |

### OPERATIONS FY 2013-14

During the year under review, the Company reported gross revenue from operations of ₹ 6048.19 lac as against ₹ 4976.78 lac during the FY 2012-13. The Company reported Profit Before Tax of ₹ 751.98 Lac and Profit After Tax of ₹ 507.89 Lac as against ₹ 653.87 Lac and ₹ 448.97 Lac respectively for the previous Financial Year.

### DIVIDEND

To conserve resources for the long term needs of the Company, your Directors do not recommend payment of any dividend for the year.

### DIRECTORS

Mr. Krishna Joshi, retire at the ensuing Annual General Meeting of the Company and being eligible, offer himself for reappointment.

Mr. Peter Cartwright, who was appointed as Additional Director of the Company w.e.f. February 10, 2014, holds office as such upto the date of the ensuing Annual General Meeting of the Company pursuant to the provisions of Section 161 of the Companies Act, 2013 read with Article 137 of Articles of Association of Company. The Company has received a notice in writing from one of its members proposing the candidature of Mr. Peter Cartwright for the office of Directorship pursuant to Section 160 of the Companies Act, 2013.

The term of Mr. Deepak Dhanak, Managing Director expired on March 1, 2014. Mr. Deepak Dhanak was reappointed as Managing Director of the Company for a term of 3 years

commencing from March 2, 2014, by the Board of Directors at their meeting held on February 10, 2014, subject to the approval of the Shareholders at the Annual General Meeting. An Abstract of terms of his re-appointment and Memorandum of Interest was sent to all the members of the Company pursuant to Section 302 of the Companies Act, 1956.

Pursuant to the provisions of Section 149 of the Companies Act, 2013, which got notified w.e.f. April 1, 2014, every listed company shall have at least 1/3<sup>rd</sup> of the total number of Directors as Independent Directors who shall not be liable to retire by rotation and who shall hold office for a term of 5 consecutive years. Consequently, your Board recommends the appointment of Mr. Harish Narendra Motiwala and Mr. Ashok Chhabra as Independent Directors of the Company for a term of 5 consecutive years commencing from April 1, 2014 and shall not be liable to retire by rotation. In the opinion of the Board of Directors, these Independent Directors are independent of management and they fulfill the conditions specified in the said Act and the rules made thereunder.

None of Directors are disqualified from being appointed / re-appointed as Directors of the Company as per the disclosure received from them pursuant to Section 164(2) of the Companies Act, 2013.

Your Board recommends the appointment / reappointment of the above Directors at the ensuing Annual General Meeting.

Ms. Diane Kelly resigned from the Directorship of the Company w.e.f. February 10, 2014. Your Directors place on record their appreciation for the contribution and guidance rendered to the Company during her tenure and wish her all the luck for her future endeavours.

### AUDITORS

M/s Deloitte Haskins & Sells, Statutory Auditors of the Company retire at the conclusion of the ensuing Annual General Meeting of the Company. The Company has obtained a certificate from them stating that their appointment, if considered and approved, will be within the limits of Section 139 and 141 of the Companies Act, 2013 read with Rules made thereunder. The Company has also obtained a certificate from them stating that they have subjected themselves to the Peer Review Process of Institute of Chartered Accountants of India (ICAI). Being eligible, they offer themselves for re-appointment as Statutory Auditors for the period of 3 years from the conclusion of this Annual General Meeting till the conclusion of the fourth consecutive Annual General Meeting (AGM) (subject to ratification of reappointment by members at every AGM held after this AGM).

### AUDIT COMMITTEE

Your Directors have, in compliance with the provisions of Section 177 of the Companies Act, 2013 and Clause 49 of the Listing Agreement, constituted the Audit Committee of the

Board. As on date, the members of the Audit Committee are Mr. Harish Narendra Motiwalla, Mr. Ashok Chhabra and Mr. Krishna Joshi.

### DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the provisions of Section 217(2AA) of the Companies Act, 1956, the Board of Directors of your Company hereby confirms:

- 1) that in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departure, if any;
- 2) that the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the Profit and Loss of the Company for the period;
- 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 annual accounts on a going concern basis.

### MANAGEMENT DISCUSSION & ANALYSIS

A separate report on Management Discussion & Analysis is appended to this Annual Report and forms part of this Directors' Report.

### CORPORATE GOVERNANCE

In compliance with Clause 49 of the Listing Agreement, a detailed Report on Corporate Governance is enclosed as a part of this Annual Report. A certificate from a Practising Company Secretary regarding compliance of the conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement, is appended to this Annual Report and forms part of this Directors' Report.

### COST AUDIT

Pursuant to the Order no. F. No. 52/26/CAB-2010 dated January 24, 2012 of Ministry of Corporate Affairs, New Delhi, your Company is required to appoint Cost Auditor for doing Cost Audit of its Products.

Accordingly, your Company appointed B. F. Modi & Associates, Cost Accountants as Cost Auditor for the FY 2013-14. The Company is in process of filing the Cost Audit report in XBRL format with Ministry of Corporate Affairs. The due date of filing the Cost Audit report is 180 days from the end of FY 2013-14 i.e., 27<sup>th</sup> September, 2014.

### DEPOSITS

The Company has neither invited nor accepted any Fixed Deposits, within the meaning of Section 58-A of the Companies Act, 1956 read with Companies (Acceptance of Deposits) Rules, 1975 made there under.

### ADDITIONAL INFORMATION

The information relating to Conservation of Energy, Technical Absorption and Foreign Exchange Earnings and Outgo as required to be disclosed pursuant to Section 217(1)(e) of the Companies Act, 1956 read with The Companies (Disclosure of particulars in the report of Board of Directors) Rules, 1988, as amended, is appended to this Directors' Report as Annexure "A" and forms part of this Annual Report.

The requirement of the provisions of Section 217(2A) of the Companies Act, 1956, read with The Companies (Particulars of Employees) Rules, 1975, as amended, is not applicable to the Company as none of its employees draws more than or equal to ₹ 5,00,000/- per month, if employed in part of the financial year, and more than or equal to ₹ 60,00,000/- per annum, if employed throughout the financial year.

### INSURANCE

The properties, assets and inventories of your Company are adequately insured.

### INDUSTRIAL RELATION

The Company considers human resources as its most critical asset and is putting in place various practices to ensure healthy work environment. Industrial relations continued to be cordial and harmonious throughout the year.

### ACKNOWLEDGEMENT

Your Directors place on record their appreciation for the contributions made by the employees at all levels enabling the Company to achieve the performance during the year under review.

Your Directors thank the Central Government, Government of Diu & Daman Union Territory as also the Government agencies, bankers, local bodies, Registrar of Companies, Goa, stock exchanges, depositories, shareholders, customers, vendors, associates of the Company and other related organizations for their continuous co-operation and support in progress of the Company and also look forward to their continued confidence and trust in the Company.

### For and on Behalf of the Board

|                        |                      |
|------------------------|----------------------|
| sd/-                   | sd/-                 |
| <b>H. N. Motiwalla</b> | <b>Deepak Dhanak</b> |
| Chairman               | Managing Director    |

### Registered Office:

74/5-6, Daman Industrial Estate,  
Kadaiya Village, Nani Daman,  
Daman and Diu, Union Territory,  
Pin – 396210.

Tel.: +91 260 6614400

Fax: +91 260 2221578

Email: [compliance.officer@multibaseindia.com](mailto:compliance.officer@multibaseindia.com)

Website: [www.multibaseindia.com](http://www.multibaseindia.com)

CIN: L01122DD1991PLC002959

Date : 05.08.2014

Place: Mumbai



## MANAGEMENT DISCUSSION AND ANALYSIS

### CAVEAT

This section of the Annual Report has been included in adherence to the spirit enunciated in the Code of Corporate Governance approved by the Securities and Exchange Board of India. Shareholders and Readers are cautioned that in the case of data and information external to the Company, though the same are based on sources believed to be reliable, no representation is made on its accuracy or comprehensiveness. Further, utmost care has been taken to ensure that the opinion expressed therein contain its perceptions on most of the important trends having a material impact on the Company's operations.

The opinions expressed by the management may contain certain forward-looking statements in the current scenario, which is extremely dynamic and increasingly fraught with risk and uncertainties. The Company undertakes no obligation to publicly update or revise any of the opinions or forward-looking statements expressed in this report, consequent to new information, future events, or otherwise. Estimation and expectation made in the Report may differ from actual performance due to various Economic conditions, Government Policies and other related factors.

### BACKGROUND & INDUSTRY OUTLOOK

Year under review started with the backdrop of the markets recovering from the slow-down. The Company increased its presence in the Automotive (safety and non safety products) and Silicon based thermoplastics segment. The Company prioritized its focus on Silicon-enhanced products and identified new opportunities in Engineering polymer markets. Thermoplastic Elastomers sales in India continued to grow at a steady rate by converting some of the non TPE applications to TPE. The company managed to hold the margins in an increasingly competitive market and during the global economy slowdown through a mix of innovative products, selective price increase and qualifying alternate raw materials.

### OVERVIEW

It has been recognized world over that India is one of the fastest growing economies. The relevant markets for Multibase are growing steadily and we expect that the Company will benefit from this. The business prospects for the Company are good with increased volumes in these market segments. Increased competition and uncertainty in the world petrochemical markets could put some pressure on margins, since there could be the double effect of raw material price rises as well as pressure from competition. Company produces a range of both commodity and specialty products which are used in a wide range of applications in markets such as Automotive, Personal Care, Personal hygiene, Stationery, Telecommunications and Engineering Polymers etc. The Company continuously develops new generation products through its modern R & D plant in Daman to stay ahead of the competition. Global grades are now being produced in Daman to address the requirement of Automotive sector.

### FINANCIAL REVIEW

The overall performance of the Company for the current

financial year improved as compared to previous financial year in spite of various challenges faced during the year such as overall slow-down of economy, high inflation and increase of prices of imported raw materials and commodities globally. During the year under review, the Company reported gross revenue from operations of ₹ 6048.19 lac as against ₹ 4976.78 lac during the FY 2012-13. The Company reported Profit Before Tax of ₹ 751.98 Lac and Profit After Tax of ₹ 507.89 Lac as against ₹ 653.87 Lac and ₹ 448.97 Lac respectively for the previous Financial Year.

### RISKS AND CONCERNS

The threats faced by your Company in achieving its future targets may be due to pressure on pricing due to severe competition and aggressive posturing by competition; both domestic and international. This may affect the margins to an extent. In addition, the uncertainty in the global political, economic and stock market scenarios affected the cost of the raw materials used by the Company. We expect our eminent position as the number one supplier of these products due to our ability in identifying and meeting the customers' expectation in terms of quality, fast reaction time, new developments etc.

The Risk, which the Indian Plastics Industry foresees are possible slow down of Indian and global economy, myths and misconceptions about plastics and its impact on environment and increased competition from the foreign manufactures. The other risk which prevails in the industry are high fluctuations in the prices of raw materials, technology obsolescence and competition from the global players.

The Company being a part of Dow Corning Corporation, has always come out with positive mitigations against such risks and has been successful in maintaining its leadership position.

### HUMAN RESOURCES AND INDUSTRIAL RELATIONS

The Industrial relations with workmen during the year were normal. The Directors place on record their appreciation for the sincere and efficient services rendered by the executives, staff and workmen of the Company and are confident that they will continue to the Company's prosperity and growth.

### INTERNAL CONTROL SYSTEMS

The Company has put in place adequate system of internal control measures in all risk areas, implemented by the management towards achieving efficiency in operations, optimum utilization of resources and effective monitoring thereof and compliance with applicable laws.

These measures are in the form of procedures/ processes set by the management covering all critical and important areas. These controls are periodically updated and are subject to review by internal auditors. Internal audit function has been outsourced to independent firm of Chartered Accountants who submit quarterly reports to the Board. The Audit Committee of Directors reviews the report of the Internal Auditors and recommends steps to be taken to tighten up internal controls.

## REPORT ON CORPORATE GOVERNANCE

(Pursuant to Clause 49 of the Listing Agreement)

### I. Company's Philosophy

Continuous maintenance and enhancement of Stakeholders' value has always been at the helm of Company's objective. The vision of Multibase India Limited (MIL) is to strive continuously to give optimum returns to Stakeholders' and to uphold the core values of transparency, integrity, honesty, fairness and accountability, which are fundamental to the Company.

The Company endeavors and follows the best ethical and good corporate governance policy and thereby ensures the compliance with all applicable statutory and regulatory provisions of laws. It is firmly believed that good governance practices would ensure efficient conduct of the affairs of the Company and help the Company to achieve its goal of maximizing value for all its stakeholders.

Being part of the global Multibase group and Dow Corning Corporation, your Company is in addition guided by the Dow Corning policies related to Ethics, Code of Conduct and Compliance, which ensures practice of ethical business practices in normal course of operations.

### II. Board of Directors

The composition of the Board is in conformity with Clause 49 of the Listing Agreement entered into with Stock Exchange. The Board of Directors of your Company consists of 5 (Five) Directors, out of these 2 (Two) are Independent Directors. The Chairman of the Board is selected at every Board meeting by the Board amongst the Independent Directors of the Company.

- i) Details of Composition and Category of Board, their attendance at the Board Meetings and last Annual General Meeting, Directorship held in other Companies, Committee Chairmanship / Membership held in other Companies as at March 31, 2014:

| Sr. No. | Name of the Director                | Category      | No. of Board Meeting during the tenure of Directors in FY 2013-14 |          | Attendance at the last AGM held on 14.08.2013 | Directorship in other public companies <sup>1</sup> | Committee position held in other public companies <sup>2</sup> |        |
|---------|-------------------------------------|---------------|---|----------|---|---|--|--------|
|         |                                     |               | Held  | Attended |   |   | Chairman   | Member |
| 1       | Mr. Deepak Dhanak Managing Director | Executive     | 4   | 4        | Yes   | -   | -  | -      |
| 2       | Mr. Harish Narendra Motiwalla       | Independent   | 4   | 4        | Yes   | 6   | 1  | 3      |
| 3       | Mr. Ashok Chhabra                   | Independent   | 4   | 4        | Yes   | -   | -  | -      |
| 4       | Mr. Krishna Joshi                   | Non-Executive | 4   | 3        | Yes   | -   | -  | -      |
| 5       | Ms. Diane Kelly <sup>3</sup>        | Non-Executive | 4   | 2        | Yes   | -   | -  | -      |
| 6       | Mr. Peter Cartwright <sup>4</sup>   | Non-Executive | NIL   | NA       | NA  | -   | -  | -      |

<sup>1</sup> Directorship held in Private Companies, Section 25 Companies and Foreign Companies is not included.

<sup>2</sup> Only Audit Committee and Shareholders' Grievance Committee are taken into consideration as per the provisions of Clause 49 of Listing Agreement. None of the Directors of the Company is a member of more than 10 committees or acts as a Chairman of more than 5 committees across all the Companies wherein he is a director.

<sup>3</sup> Resigned from the Board w.e.f. February 10, 2014.

<sup>4</sup> Appointed as Additional Director w.e.f. February 10, 2014.

- ii) None of the Non-Executive Directors of the Company have any pecuniary relationship and / or transaction with the Company. The disclosure of fees / compensation, if any, paid to the Non-Executive Directors is done at appropriate place later in this Report on Corporate Governance.

## Annual Report 2013-2014 .....

- iii) During the year 2013-14, the Board of Directors of your Company met 4 times on 29/5/2013, 14/8/2013, 13/11/2013 and 10/2/2014.

The intervening period between any two meetings did not exceed more than 4 months as prescribed under Clause 49 of the Listing Agreement.

- iv) The compliance reports of all applicable laws are placed before the Board periodically. All the material and important items pertaining to the development and working of the Company is included with a detailed note in the Agenda and the same is circulated to the Board well in advance, so as to enable them to take strategic decisions. The information which could not be circulated to the Board, in advance, is placed at the table during the Board Meeting. The information as specified in Annexure IA of the Clause 49 of the Listing Agreement is provided to the Board as and when applicable and material.
- v) The Board has adopted "Code of Conduct for Board Members and Senior Management of the Company". All the Board Members and Senior Management have affirmed the compliance with the said Code of Conduct during the year 2013-14. A declaration to this effect signed by Managing Director is appended to this Report of Corporate Governance. The Code of Conduct is available on the website of the Company i.e., [www.multibaseindia.com](http://www.multibaseindia.com)

### III. Audit Committee

- i) Composition of the Audit Committee, particulars of meetings held and attended during the year 2013-14:

The composition of the Audit Committee is in conformity with Clause 49 of the Listing Agreement entered into with Stock Exchange. The Audit Committee of the Board comprises of following members:

| Name                          | Position Held | Category                           |
|-------------------------------|---------------|------------------------------------|
| Mr. Harish Narendra Motiwalla | Chairman      | Non-Executive Independent Director |
| Mr. Ashok Chhabra             | Member        | Non-Executive Independent Director |
| Mr. Krishna Joshi             | Member        | Non-Executive Director             |

All the members of the Audit Committee are financially literate and considering their professional background and experience, have acquired respective management, financial, accounting and legal expertise. The Chairman of the Audit Committee is a Non-Executive Independent Director. The Chairman of the Audit Committee was present at the previous Annual General Meeting held on 14<sup>th</sup> August, 2013.

The Chief Financial Officer of the Company, Statutory Auditors and Internal Auditors are invitees to the meetings of the Audit Committee. Ms. Ameer B. Joshi, Company Secretary acts as the Secretary to the Committee.

Meetings and Attendance during the year 2013-14:

During the year 2013-14, four meetings of the Audit Committee were held and attended by the members as per the details given below;

| Sr. No. | Name of Member                | Meetings / Attendance |           |            |           |
|---------|-------------------------------|-----------------------|-----------|------------|-----------|
|         |                               | 29/5/2013             | 14/8/2013 | 13/11/2013 | 10/2/2014 |
| 1       | Mr. Harish Narendra Motiwalla | Present               | Present   | Present    | Present   |
| 2       | Mr. Ashok Chhabra             | Present               | Present   | Present    | Present   |
| 3       | Mr. Krishna Joshi             | Present               | Present   | Absent     | Present   |

The minutes of Audit Committee Meeting are noted by the Board of Directors of the Company at the Board meeting after getting approved by the Audit Committee.

- ii) Terms of reference

The terms of reference of the Audit Committee includes the mandatory matters specified in Clause 49 of the Listing Agreement and enhanced terms as approved at the Board Meeting held on 31<sup>st</sup> May, 2014 to comply with provisions of Section 177 of the Companies Act, 2013. The terms of reference of the Audit Committee are broadly detailed as under:

- a) Overseeing the Company's financial reporting process to ensure disclosure of financial information as per the requirements of Stock Exchange and the Company Law requirements and to ensure that the financial statements are correct, sufficient and credible.
- b) Review and examination of quarterly, half yearly and annual financial statements and the auditors' report thereon before submission to the Board for approval.
- c) Review of Management Discussion & Analysis of financial condition and results of operations, statement of significant related party transactions.
- d) Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the Statutory Auditors, Internal Auditors and Cost Auditor and the fixation of audit fees and terms of appointment.
- e) Review and monitor the auditor's independence and performance and effectiveness of audit process.
- f) Approval or any subsequent modification of transactions of the company with related parties.
- g) Approval of payment to Statutory Auditors for any other services rendered by the Statutory Auditors.
- h) Review of adequacy of internal control systems, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure, coverage and frequency of internal audit and further recommending to the Internal Auditors the nature and scope of internal audit. Evaluation of risk management systems.
- i) Scrutiny of inter-corporate loans and investments.
- j) Valuation of undertakings or assets of the company, wherever it is necessary.
- k) Review of reports of Statutory and Internal Auditors and replies of the management thereof.
- l) Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer documents/prospectus/notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue and making appropriate recommendations to the Board to take up steps in this matter.
- m) Review of the findings of any internal investigations by the Internal Auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- n) Review of the annual financial statements with the management before submission to the Board for approval, with particular reference to :
  - Matters required to be included in the Directors' Responsibility Statement to be included in the Board's report.
  - Changes, if any, in accounting policies and practices and reasons for the same.
  - Major accounting entries involving estimates based on exercise of judgment of management.
  - Significant adjustments made in the financial statements arising out of audit findings.
  - Compliance with listing and other legal requirements relating to financial statements.
  - Disclosures of any related party transactions.
  - Qualifications in the draft audit report.
- o) Review of management representation letters to be issued to the Statutory Auditors.
- p) Looking into the reasons for substantial defaults in payments to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
- q) Reviewing compliances as regards the Company's Whistle Blower Policy.
- r) Approval of the appointment of the Chief Financial Officer (CFO) of the Company after assessing the qualifications, experience & background, etc. of the Candidate.
- s) Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

**IV. Nomination and Remuneration Committee (Earlier known as Remuneration Committee)**

The Board of Directors, at their meeting held on May 31, 2014, renamed the Committee as “Nomination and Remuneration Committee” and enhanced its terms of reference pursuant to the provisions of Section 178 of the Companies Act, 2013.

- i) Composition of the Nomination and Remuneration Committee, particulars of meetings held and attended during the year 2013-14:

The Board has constituted Nomination and Remuneration Committee with following members:

| <b>Name</b>                   | <b>Position Held</b> | <b>Category</b>                    |
|-------------------------------|----------------------|------------------------------------|
| Mr. Harish Narendra Motiwalla | Chairman             | Non-Executive Independent Director |
| Mr. Ashok Chhabra             | Member               | Non-Executive Independent Director |
| Mr. Krishna Joshi             | Member               | Non-Executive Director             |

The Company Secretary acts as the Secretary to the Committee.

During the year 2013-14, 1 meeting of Remuneration Committee was held on 10/2/2014 and was attended by all the members.

- ii) Terms of reference:

- a) To formulate the criteria for identifying persons qualified to become Directors and Key Managerial Personnel and evaluate their performance;
- b) To formulate the criteria for determining qualifications, positive attributes and independence of a Director;
- c) To set forth and recommend Board, a policy relating to the remuneration of Directors, Key Managerial Personnel and other employees;
- d) To determine and approve the remuneration and commission / incentive payable to the Managing Director of the Company for each financial year;
- e) To approve the sitting fees / commission payable to the Non-Executive Directors of the Company;
- f) To approve, in the event of loss or inadequacy of profits in any given financial year, the minimum remuneration payable to the Managing Director and Wholetime Directors within the limits as specified in Schedule V of the Companies Act, 2013.

- iii) Employee Stock Option Scheme:

The Company does not have any Employee Stock Option Scheme in place.

- iv) Remuneration Policy:

The Company’s remuneration policy is based on three P’s: Pay for responsibility, Pay for performance and Pay for growth. Through its Remuneration policy, the Company endeavors to attract, retain, develop and motivate a high performance workforce. The remuneration to the Directors is determined by the Board within the statutory limits based on the recommendation of Remuneration Committee and subject to the approval of shareholders and Central Government, if required.

During the year 2013-14, Mr. Deepak Dhanak, Managing Director was paid ₹ 24.65 Lac as Salary, ₹ 0.75 Lac as Bonus and ₹ 0.22 Lac as Perquisites. He does not hold any equity shares in the Company as on March 31, 2014. His tenure is of 3 years commencing from March 2, 2011 till March 1, 2014. The notice period is 1 month and no severance fees is payable to him.

The Board of Directors has, at their meeting held on February 10, 2014, re-appointed Mr. Deepak Dhanak as Managing Director of the Company for a period of 3 years effective from March 2, 2014, subject to the approval of Shareholders at the Annual General Meeting. The term and conditions of his reappointment is attached to the notice of Annual General Meeting.

The details of relationship between Directors inter-se, sitting fees paid to Non-Executive Directors during the year 2013-14 and the number of equity shares held by them is as follows:

| Name                              | Relationship between Directors inter-se | Sitting fees paid for Board Meetings and Committee Meetings (In ₹ ) | Number of Equity Shares held in MIL as on March 31, 2014 |
|-----------------------------------|---|---|--|
| Mr. Harish Narendra Motiwalla     | -                                       | 2,30,000  | NIL  |
| Mr. Ashok Chhabra                 | -                                       | 2,30,000  | NIL  |
| Ms. Diane Kelly <sup>1</sup>      | -                                       | 0   | NIL  |
| Mr. Krishna Joshi                 | -                                       | 0   | NIL  |
| Mr. Peter Cartwright <sup>2</sup> | -                                       | 0   | NIL  |

<sup>1</sup> Resigned w.e.f. February 10, 2014.

<sup>2</sup> Appointed as Additional Director w.e.f. February 10, 2014.

Except of Mr. Harish Narendra Motiwalla and Mr. Ashok Chhabra, none other Non-Executive Directors were paid any Sitting Fees during FY 2013-14 since they have voluntarily waived off the sitting fees payable to them.

**V. Stakeholders Relationship Committee (Earlier known as Shareholders / Investors' Grievance cum Share Transfer Committee)**

The Board of Directors, at their meeting held on May 31, 2014, renamed the Committee as "Stakeholders Relationship Committee" and enhanced its terms of reference pursuant to the provisions of Section 178 of the Companies Act, 2013.

i) The Committee as of March 31, 2014 comprises of following members:

| Name                          | Position Held | Category                           |
|-------------------------------|---------------|------------------------------------|
| Mr. Ashok Chhabra             | Chairman      | Non-Executive Independent Director |
| Mr. Harish Narendra Motiwalla | Member        | Non-Executive Independent Director |
| Mr. Deepak Dhanak             | Member        | Managing Director                  |

The Company Secretary acts as the Secretary to the Committee.

ii) Name, Designation and Address of Compliance Officer:

Ms. Ameet B. Joshi  
Company Secretary  
5th Floor, SCORPIO HOUSE, Opposite Galleria  
Hiranandani Business Park, Powai, Mumbai – 400 076

iii) Procedure for approval and details of meetings and attendance during the year 2013-14:

The power to approve the share transfer / transmission and dematerialization and / or rematerialisation has been delegated to Link Intime India Pvt. Ltd., Registrar & Transfer Agents w.e.f. August 14, 2012 provided a prior written intimation of such requests is sent to the Company Secretary for confirmation before processing the requests. The request for share transfer/transmission, dematerialization/rematerialisation and issue of new share certificates in lieu of old/worn-out/lost/defaced/split/consolidation, etc., is processed and attended atleast once in a week in co-ordination with Link Intime India Pvt. Ltd., Registrar & Transfer Agents of the Company.

All the above requests processed during a quarter are then taken into record during quarterly meetings of Shareholders / Investors' Grievance cum Share Transfer Committee.

During the year 2013-14, four meetings were held and attended by the members as per the details given below:

| Sr. No. | Name of Member                | Meetings / Attendance |           |            |           |
|---------|-------------------------------|-----------------------|-----------|------------|-----------|
|         |                               | 29/5/2013             | 14/8/2013 | 13/11/2013 | 10/2/2014 |
| 1       | Mr. Ashok Chhabra             | Present               | Present   | Present    | Present   |
| 2       | Mr. Harish Narendra Motiwalla | Present               | Present   | Present    | Present   |
| 3       | Mr. Deepak Dhanak             | Present               | Present   | Present    | Present   |

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### iv) Terms of reference:

- a) To look into the redressal of shareholders and investors complaints like non-receipt of notices / annual reports, non-receipt of declared dividends, non-receipt of share certificates, etc;
- b) To approve and register share transfer and transmission;
- c) To expedite the process of dematerialization and / or rematerialisation of shares;
- d) To take on record the Certificate taken under Clause 47 (c) of the Listing Agreement from Practising Company Secretary;
- e) To take on record the Reconciliation of Share Capital Audit Report submitted by Practising Company Secretary every quarter.

### v) Details of Investors' Complaints/Grievance and their status:

The details of Investors' Complaints received and redressed by the Company and Link Intime India Pvt. Ltd. during the year 2013-14 is as follows:

| Nature of Complaints                       | Number of Complaints Received | Number of Complaints Resolved |
|--|-------------------------------|-------------------------------|
| Non-receipt of Share Certificates          | NIL                           | NIL                           |
| Non-receipt of Annual Reports              | 1                             | 1                             |
| Shares not dematerialized / rematerialized | NIL                           | NIL                           |
| Others                                     | NIL                           | NIL                           |
| <b>Total</b>                               | <b>1</b>                      | <b>1</b>                      |

## VI. Corporate Social Responsibility Committee

The Board of Directors, at their meeting held on May 31, 2014, constituted "Corporate Social Responsibility Committee" pursuant to the provisions of Section 135 of the Companies Act, 2013.

| Name                          | Position Held | Category                           |
|-------------------------------|---------------|------------------------------------|
| Mr. Harish Narendra Motiwalla | Chairman      | Non-Executive Independent Director |
| Mr. Ashok Chhabra             | Member        | Non-Executive Independent Director |
| Mr. Deepak Dhanak             | Member        | Managing Director                  |

The Company Secretary acts as the Secretary to the Committee.

### Terms of Reference:

- 1) Formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the Company as specified in Schedule VII of Companies Act, 2013;
- 2) Recommend the amount of expenditure to be incurred on the activities referred to in clause (1); and
- 3) Monitor the Corporate Social Responsibility Policy of the Company from time to time.

## VII. General Body Meetings

### i) Details of last three Annual General Meetings (AGM):

| Financial year | AGM No.          | Day & Date                                    | Venue  | Time       |
|----------------|------------------|---|--|------------|
| 2012-13        | 22 <sup>nd</sup> | Wednesday,<br>14 <sup>th</sup> August, 2013   | 74/5-6, Daman Industrial Estate, Kadaiya,<br>Nani Daman – 396210 (U.T) | 12 Noon    |
| 2011-12        | 21 <sup>st</sup> | Tuesday,<br>14 <sup>th</sup> August, 2012     | 74/5-6, Daman Industrial Estate, Kadaiya,<br>Nani Daman – 396210 (U.T) | 11:30 a.m. |
| 2010-11        | 20 <sup>th</sup> | Thursday,<br>29 <sup>th</sup> September, 2011 | 74/5-6, Daman Industrial Estate, Kadaiya,<br>Nani Daman – 396210 (U.T) | 11:30 a.m. |

Details of Special resolutions passed in last three Annual General Meetings (AGM):

| <b>AGM No.</b>   | <b>No. of Special resolutions passed</b> | <b>Particulars of Special resolutions</b> |
|------------------|--|---|
| 22 <sup>nd</sup> | NIL                                      | NA  |
| 21 <sup>st</sup> | NIL                                      | NA  |
| 20 <sup>th</sup> | NIL                                      | NA  |

ii) Details of resolutions passed through Postal Ballot:

During the year 2013-14, none of the resolutions were passed through Postal Ballot. As on date of this Report, none of the resolutions are proposed to be passed through Postal Ballot. As and when required, the Postal Ballot shall be conducted in accordance with the provisions of Section 110 of the Companies Act, 2013 and Companies (Management and Administration) Rules, 2014.

### VIII. Disclosures

**i) Related party transactions:**

Related party transactions have been disclosed under Note 27 of Significant accounting policies & notes forming part of the financial statements of Audited Accounts in accordance with "Accounting Standard 18". A statement in summary form of transactions with related parties in the ordinary course of business is periodically placed before the Audit Committee for review and recommendation to the Board for their approval.

No material transactions are entered with related parties in conflict with the interest of the Company's business. All the transactions with related parties are entered at arm's length price. The Disclosure of interest in any of transaction is made to the Board every year by the Directors and as and when they become interested. Further, interested Directors neither participate nor vote in the transaction wherein they have potential interest.

**ii) Disclosure of Accounting treatment:**

The financial statements of the Company for the year ended March 31, 2014 are prepared in conformity with the Accounting Standards.

**iii) Reconciliation of Share Capital Audit:**

A qualified Practising Company Secretary carried out Reconciliation of Share Capital Audit to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. The report confirms that the total issued / paid up capital is in agreement with the total number of shares in physical form and the total number of dematerialized shares held with NSDL/ CDSL.

**iv) Risk Assessment:**

The Company has an effective and efficient Risk Assessment and Management System to track, analyze and mitigate the risks associated with the Company. The Board of Directors periodically reviews the procedure of Risk Assessment and Management and thereby frame a properly defined network with help of which executive management can control risks. The details of risks associated with the Company and the ways to mitigate those risks are discussed in Management Discussion & Analysis Report annexed to the Directors' Report.

**v) Proceeds from public issues, rights issues, preferential issues, etc.:**

During the year under review, the Company has not raised any proceeds through public issues, rights issues, preferential issues, etc.

**vi) Remuneration of Directors:**

Already disclosed in Clause IV "Nomination and Remuneration committee" section.

**vii) Subsidiary Company:**

In terms of Clause 49 (III) of the Listing Agreement, your Company does not have any subsidiary company and hence the requirement of the said clause does apply to the Company.

**viii) Management:**

- a) Management Discussion & Analysis report is attached to Directors' Report.
- b) There were no material financial and commercial transactions by Senior Management as defined in Clause 49 of the Listing Agreement where they have personal interest that may have a potential conflict with the interests of the Company at large.

**ix) Shareholders:**

The brief profile and other information pertaining to Directorship held in other Companies, shareholding, etc, of the Directors proposed to be appointed / re-appointed at the ensuing Annual General Meeting of the Company is attached to the Notice of Annual General Meeting.

**x) Compliances:**

- a) During the last three years ending on March 31, 2014, there were no non-compliances, penalties, strictures imposed on the Company by Stock Exchange, SEBI or any other statutory authority, on any matter related to capital markets.
- b) The Company has fully complied with all the statutory requirements of Listing Agreement entered into with Stock Exchange including mandatory requirements of Clause 49.
- c) The details of compliance with non-mandatory requirements of Clause 49 of the Listing Agreement is as follows;
  - i) The Board has set up a Remuneration Committee to determine competitive remuneration package of Executive Directors of the Company. The details of Remuneration Committee are given earlier in this report.
  - ii) Whistle Blower Policy:

The Company has established a mechanism for employees to report to the management about the unethical behaviour, fraud or violation of Company's code of conduct. The mechanism provides for adequate safeguard to the victimized employees and spreads the way to curb those practices being followed in the office premises. None of the personnel of the Company has been denied access to the Audit Committee.

**xi) Means of Communication:**

- a) Financial results

The quarterly, half yearly and annual results of the Company in the format prescribed under Clause 41 of the Listing Agreement are published in prominent dailies such as Financial Express and Daman Ganga and also posted on the website of the Company i.e., [www.multibaseindia.com](http://www.multibaseindia.com)

- b) Other information

Important official news is also posted on the Company's website [www.multibaseindia.com](http://www.multibaseindia.com), as and when released.

The Company has also designated exclusive e-mail id for the use of investors in accordance with Clause 49 of the Listing Agreement which is [compliance.officer@multibaseindia.com](mailto:compliance.officer@multibaseindia.com)

**xii) CEO/CFO Certificate:**

The CEO/CFO Certificate for the year ended March 31, 2014 as required under Clause 49(V) of the Listing Agreement, was placed and taken on record at the Board Meeting of the Company held on May 31, 2014.

**xiii) Certificate of compliance:**

The Certificate of Practising Company Secretary confirming compliance with all requirement of the Clause 49 of the Listing Agreement for the year ended March 31, 2014 is appended to this Report on Corporate Governance.

**xiv) Insider Trading Code:**

The Company has adopted Code of Conduct for Prevention of Insider Trading in line with "Model Code of Conduct for Insider Trading" given in Schedule I of SEBI (Prohibition of Insider Trading) Regulations, 1992, as amended till date. The Code of Conduct elaborates ways and measures to deal with unpublished price sensitive information and restricts the insider trading by any of the Directors and Senior Management personnel of the Company.

**xv) General Shareholders Information:**

**a) Annual General Meeting**

Date : Wednesday, September 24, 2014  
 Time : 12 Noon  
 Venue : 74/5-6, Daman Industrial Estate,  
 Kadaiya Village, Nani Daman– 396210 U.T.

**b) Financial year 2014-15 (tentative schedule)**

Quarter Results

Ending on June 30, 2014 : Second week of August 2014  
 Ending on September 30, 2014 : Second week of November 2014  
 Ending on December 31, 2014 : Second week of February 2015  
 Year ended March 31, 2015 : In the month of May 2015

AGM is proposed to be held on September 2015.

**c) Date of Book Closure** : Thursday, September 18, 2014 to Wednesday, September 24, 2014  
 (Both days inclusive)

**d) Dividend Payment date** : No Dividend is recommended by Board

**e) Listing on Stock Exchange** : The Bombay Stock Exchange Ltd. (BSE), Mumbai  
 The Annual Listing fees for the year 2014-15 is been fully paid within stipulated time.

**f) Stock Code** : 526169

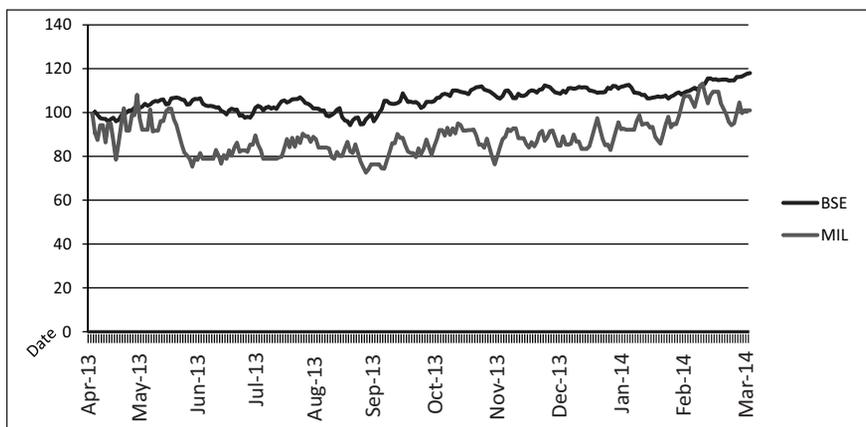
**g) Corporate Identification Number (CIN)** : L01122DD1991PLC002959

**h) Stock Market Price Data** :

| Month & Year   | Share Price of Multibase on BSE |                 |                           |                                  | BSE Sensex                 |                           |
|----------------|---------------------------------|-----------------|---------------------------|----------------------------------|----------------------------|---------------------------|
|                | Month's High (₹)                | Month's Low (₹) | Month's Closing Price (₹) | Volume of shares traded (In no.) | Month's High (Index point) | Month's Low (Index point) |
| April 2013     | 42.35                           | 30.00           | 36.15                     | 7357                             | 19622.68                   | 18144.22                  |
| May 2013       | 39.90                           | 29.40           | 31.00                     | 18473                            | 20443.62                   | 19451.26                  |
| June 2013      | 35.40                           | 29.35           | 35.15                     | 23641                            | 19860.19                   | 18467.16                  |
| July 2013      | 36.95                           | 30.35           | 34.50                     | 23476                            | 20351.06                   | 19126.82                  |
| August 2013    | 34.65                           | 28.55           | 29.10                     | 17739                            | 19569.20                   | 17448.71                  |
| September 2013 | 37.00                           | 29.05           | 31.80                     | 25421                            | 20739.69                   | 18166.17                  |
| October 2013   | 38.00                           | 31.70           | 35.10                     | 26404                            | 21205.44                   | 19264.72                  |
| November 2013  | 36.40                           | 30.00           | 33.00                     | 14449                            | 21321.53                   | 20137.67                  |
| December 2013  | 36.90                           | 32.75           | 32.75                     | 13587                            | 21483.74                   | 20568.70                  |
| January 2014   | 40.10                           | 32.20           | 37.20                     | 17520                            | 21409.66                   | 20343.78                  |
| February 2014  | 44.20                           | 33.70           | 40.20                     | 26530                            | 21140.51                   | 19963.12                  |
| March 2014     | 46.00                           | 36.95           | 39.60                     | 54497                            | 22467.21                   | 20920.98                  |

**i) Performance of share price of the Company in comparison to BSE Sensex:**

MIL Share Price and Sensex Movement (For FY 2013-14) Taken 100 as Base Point



**j) Registrar and Transfer Agents**

: Link Intime India Pvt. Ltd.

C-13, Pannalal Silk Mills Compound, LBS Road,  
Bhandup (W), Mumbai – 400 078

Tel No. : +91 22 25946970

Fax No. : +91 22 25946969

Email : [rnt.helpdesk@linkintime.co.in](mailto:rnt.helpdesk@linkintime.co.in)

**k) Share Transfer System:**

The physical transfer of shares is processed and approved by the Company in co-ordination with Link Intime India Pvt. Ltd., atleast once in every week. Pursuant to the latest amendment to Listing Agreement, the Share Certificates after effecting transfer are dispatched to the shareholders within 15 days from the date of receipt of transfer request, if the transfer documents are found technically in order and complete in all respects. The transfer of shares held in Demat mode is processed electronically by Link Intime India Pvt. Ltd. within 21 days from the date of receipt of the request.

The Shares of the Company are compulsorily traded in dematerialized form.

**l) Distribution of shareholding as on March 31, 2014:**

| Equity Shares held | No. of Shareholders | % of Shareholders | Number of Shares held | % of Shares held |
|--------------------|---------------------|-------------------|-----------------------|------------------|
| 1-500              | 4175                | 88.0616           | 612243                | 4.8514           |
| 501-1000           | 260                 | 5.4841            | 207927                | 1.6476           |
| 1001-2000          | 128                 | 2.6999            | 195298                | 1.5475           |
| 2001-3000          | 53                  | 1.1179            | 134134                | 1.0629           |
| 3001-4000          | 17                  | 0.3586            | 61124                 | 0.4843           |
| 4001-5000          | 26                  | 0.5484            | 122295                | 0.9691           |
| 5001-10000         | 38                  | 0.8015            | 282967                | 2.2422           |
| Above 10000        | 44                  | 0.9281            | 11004012              | 87.1950          |
| <b>Total</b>       | <b>4741</b>         | <b>100.0000</b>   | <b>12620000</b>       | <b>100.0000</b>  |

Shareholding pattern as on March 31, 2014:

|   |   | Category                    | No. of Shareholders | No. of Shares held | Percentage of Shareholding | No. Shares Pledged or otherwise encumbered | Percentage of Shares Pledged |
|---|---|-----------------------------|---------------------|--------------------|----------------------------|--|------------------------------|
| A |   | Promoters' Holding          |                     |                    |                            |  |                              |
|   | 1 | Promoters                   |                     |                    |                            |  |                              |
|   |   | Indian                      | -                   | -                  | -                          | -  | -                            |
|   |   | Foreign                     | 1                   | 9464994            | 75.00                      | -  | -                            |
| B |   | Public Shareholding         |                     |                    |                            |  |                              |
|   | 2 | Institutional Investors     | -                   | -                  | -                          | -  | -                            |
|   | 3 | Non Institutional Investors |                     |                    |                            |  |                              |
|   |   | a. Bodies Corporate         | 54                  | 245138             | 1.94                       | -  | -                            |
|   |   | b. Indian Public            | 4471                | 2642708            | 20.94                      | -  | -                            |
|   |   | c. Any other                |                     |                    |                            |  |                              |
|   |   | 1. Clearing Member          | 15                  | 4444               | 0.04                       | -  | -                            |
|   |   | 2. Office Bearer            | 26                  | 2600               | 0.02                       | -  | -                            |
|   |   | 3. NRIs                     | 15                  | 27066              | 0.21                       | -  | -                            |
|   |   | 4. NRN                      | 147                 | 219250             | 1.74                       | -  | -                            |
|   |   | 5. Trust                    | -                   | -                  | -                          | -  | -                            |
|   |   | 6. Friends & Associate      | 12                  | 13800              | 0.11                       | -  | -                            |
|   |   | <b>Total (1+2+3)</b>        | <b>4741</b>         | <b>12620000</b>    | <b>100.00</b>              | -  | -                            |

**m) Dematerialization of shares and liquidity:**

The Company's Shares are traded in Stock Exchange in dematerialized form and are available for trading in both the Depositories i.e., National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). As on March 31, 2014, 94.66% of outstanding Equity shares of the Company are held in dematerialized form.

ISIN No. of the Company's Equity Shares is: INE678F01014

**n) Outstanding GDRs /ADRs /Warrants or any Convertible instruments, conversion date and likely impact on equity** : NIL

**o) Plant Location** : Multibase India Limited  
74/5-6, Daman Industrial Estate,  
Kadaiya Village, Nani Daman – 396210 (U.T.).

**p) Address for Correspondence** : Registered Office  
74/5-6, Daman Industrial Estate,  
Kadaiya Village, Nani Daman – 396210 (U.T.).  
Tel No. : 0260 6614400  
Fax No. : 0260 2221578  
Email : [compliance.officer@multibaseindia.com](mailto:compliance.officer@multibaseindia.com)

Compliance Officer  
Ms. Ameet B. Joshi  
Company Secretary  
5<sup>th</sup> Floor, SCORPIO HOUSE, Opp. Galleria  
Hiranandani Business Park, Powai, Mumbai – 400 076  
Tel No.: 022 66946860  
Fax No.: 022 66946848  
Email : [compliance.officer@multibaseindia.com](mailto:compliance.officer@multibaseindia.com)

For and on behalf of the Board

Mumbai, August 5, 2014

sd/-  
**H. N. Motiwala**  
Chairman

sd/-  
**Deepak Dhanak**  
Managing Director

## Declaration of compliance with Code of Conduct

I, Mr. Deepak Dhanak, Managing Director of the Company do hereby give this declaration pursuant to Clause 49(I)(D) of the Listing Agreement;

The Board has laid down code of conduct for all Board Members and Senior Management of the Company and the same is posted on the website of the Company i.e., [www.multibaseindia.com](http://www.multibaseindia.com). All the Board Members and Senior Management personnel have affirmed compliances with the code for the year ended March 31, 2014.

sd/-  
**Deepak Dhanak**  
Managing Director

Daman, May 23, 2014

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## CERTIFICATE ON CORPORATE GOVERNANCE

To,  
The Members of  
**Multibase India Limited**

We have examined the compliance of conditions of Corporate Governance by MULTIBASE INIDA LIMITED for the year ended March 31, 2014 as stipulated in Clause 49 of the Listing Agreement of the Stock Exchanges.

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

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the 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.

**FOR DHRUMIL M. SHAH & CO**

Place: Mumbai  
Date: August 5, 2014

sd/-  
**DHRUMIL M. SHAH**  
Company Secretary  
ACS 22541, CP 8978

## INDEPENDENT AUDITORS' REPORT

### TO THE MEMBERS OF MULTIBASE INDIA LIMITED

We have audited the accompanying financial statements of **MULTIBASE INDIA LIMITED** ("the Company"), which comprise the Balance Sheet as at 31<sup>st</sup> March, 2014, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards notified under the Companies Act, 1956 ("the Act") (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated 13<sup>th</sup> September, 2013 of the Ministry of Corporate Affairs) and in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2014;
- (b) in the case of the Statement of Profit and Loss, of the profit of the Company for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government in terms of Section 227(4A) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by Section 227(3) of the Act, we report that:
  - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - (d) In our opinion, the Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards notified under the Act (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated 13<sup>th</sup> September, 2013 of the Ministry of Corporate Affairs).
  - (e) On the basis of the written representations received from the directors as on 31<sup>st</sup> March, 2014 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2014 from being appointed as a director in terms of Section 274(1)(g) of the Act.

**For DELOITTE HASKINS & SELLS**

Chartered Accountants

(Firm's Registration No. 117364W)

sd/-

(Gaurav J. Shah)

(Partner)

(Membership No. 35701)

MUMBAI, 31<sup>ST</sup> MAY, 2014

## ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date on the accounts of Multibase India Limited for the year ended on 31<sup>st</sup> March, 2014)

- (i) 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 fixed assets were physically verified by the Management in accordance with a regular programme of verification which, in our opinion provides for physical verification of all the fixed assets at reasonable intervals. 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.
- (ii) In respect of its inventories:
- (a) As explained to us, the inventories were physically verified during the year by the Management at regular intervals.
- (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 inventory and no material discrepancies were noticed on physical verification.
- (iii) The Company has neither granted nor taken any loans, secured or unsecured to/from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services and during the course of our audit we have not observed any continuing failure to correct major weaknesses in such internal control system.
- (v) To the best of our knowledge and belief and according to the information and explanations given to us, there are no contracts or arrangements that needed to be entered in the Register maintained in pursuance of Section 301 of the Companies Act, 1956.
- (vi) According to the information and explanations given to us, the Company has not accepted any deposit from the public during the year.
- (vii) In our opinion, the internal audit functions carried out during the year by a firm of Chartered Accountants appointed by the Management have been commensurate with the size of the Company and the nature of its business.
- (viii) We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government under Section 209(1)(d) of the Companies Act, 1956 and are of the opinion that, prima facie, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (ix) According to the information and explanations given to us, in respect of statutory dues:
- (a) The Company has generally been regular in depositing undisputed dues, including provident fund, income tax, sales tax, wealth tax, service tax, custom duty, excise duty and other material statutory dues applicable to it with appropriate authorities.
- (b) There were no undisputed amounts payable in respect of provident fund, income tax, sales tax, wealth tax, service tax, customs duty, excise duty and other material statutory dues in arrears, as at 31<sup>st</sup> March, 2014 for a period of more than six months from the date they became payable.
- (c) Details of dues of income tax, sales tax, wealth tax, service tax, customs duty, excise duty and cess which have not been deposited as on 31<sup>st</sup> March, 2014 on account of any dispute are given below:

| Name of Statute      | Nature of Dues | Forum where dispute is pending | Period for which the amount relates | Amount involved (Rs.) |
|----------------------|----------------|--------------------------------|-------------------------------------|-----------------------|
| Income tax Act, 1961 | Income Tax     | C.I.T. Appeals                 | A.Y. 2005-06 & A.Y. 2006-07         | 2,903,023/-           |
|                      |                | I.T.A.T.                       | A.Y. 2006-07                        | 1,078,880/-           |

- (x) The Company does not have accumulated losses at the end of the financial year and the Company has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has not taken any loan from bank or financial institution. The Company has not issued any debentures.
- (xii) Based on our examination of records and the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) According to the information and explanations given to us, the Company is not a chit fund or a nidhi / mutual benefit fund/society. Accordingly to the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- (xiv) According to the information and explanations given to us, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- (xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks and financial institutions.
- (xvi) According to the information and explanations given to us, the Company has neither obtained nor utilized any term loans during the year.
- (xvii) In our opinion and according to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that the funds raised on short-term basis have, prima facie, not been used for long-term investment.
- (xviii) During the year the Company has not made any preferential allotment of shares to the parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956.
- (xix) According to the information and explanations given to us, during the period covered by our audit report, the Company has not issued any debentures.
- (xx) According to the information and explanations given to us, during the period covered by our audit report, the Company has not raised any money by way of public issues.
- (xxi) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.

**For DELOITTE HASKINS & SELLS**  
Chartered Accountants  
(Firm's Registration No. 117364W)

sd/-  
(Gaurav J. Shah)  
(Partner)  
(Membership No. 35701)

**MUMBAI, 31<sup>ST</sup> MAY, 2014**

**BALANCE SHEET AS AT 31ST MARCH, 2014**

| Particulars                             | Note No. | Amount in Rupees        |                         |
|---|----------|-------------------------|-------------------------|
|   |          | Figures as at 31-Mar-14 | Figures as at 31-Mar-13 |
| <b>I. Equity and Liabilities</b>        |          |                         |                         |
| <b>(1) Shareholders' funds</b>          |          |                         |                         |
| (a) Share capital                       | 1        | 126,200,000             | 126,200,000             |
| (b) Reserves and surplus                | 2        | 214,167,189             | 163,378,477             |
|   |          | <b>340,367,189</b>      | <b>289,578,477</b>      |
| <b>(2) Non-current liabilities</b>      |          |                         |                         |
| (a) Deferred tax liabilities (Net)      | 3        | 2,346,420               | 2,093,303               |
| (b) Long term provisions                | 4        | 2,796,502               | 2,871,690               |
|   |          | <b>5,142,922</b>        | <b>4,964,993</b>        |
| <b>(3) Current liabilities</b>          |          |                         |                         |
| (a) Trade payables                      | 5        | 55,632,772              | 62,767,345              |
| (b) Other current liabilities           | 6        | 5,778,204               | 5,967,060               |
| (c) Short-term provisions               | 7        | 131,323                 | 118,664                 |
|   |          | <b>61,542,299</b>       | <b>68,853,069</b>       |
| <b>TOTAL</b>                            |          | <b>407,052,410</b>      | <b>363,396,539</b>      |
| <b>II. Assets</b>                       |          |                         |                         |
| <b>(1) Non Current assets</b>           |          |                         |                         |
| <b>(a) Fixed assets:</b>                |          |                         |                         |
| (i) Tangible assets                     | 8        | 49,556,033              | 45,087,766              |
| (ii) Intangible assets                  | 8        | 43,079                  | 165,409                 |
| (iii) Capital work-in-progress          |          | 754,125                 | 209,999                 |
|   |          | <b>50,353,237</b>       | <b>45,463,174</b>       |
| <b>(b) Long term loans and advances</b> | 9        | -                       | 315,001                 |
|   |          | -                       | 315,001                 |
| <b>(2) Current assets</b>               |          |                         |                         |
| (a) Inventories                         | 10       | 111,423,667             | 103,359,397             |
| (b) Trade receivables                   | 11       | 106,142,194             | 93,715,651              |
| (c) Cash and bank balances              | 12       | 106,692,443             | 83,335,605              |
| (d) Short-term loans and advances       | 13       | 32,440,869              | 37,207,711              |
|   |          | <b>356,699,173</b>      | <b>317,618,364</b>      |
| <b>TOTAL</b>                            |          | <b>407,052,410</b>      | <b>363,396,539</b>      |

See accompanying notes forming part of the financial statements

In terms of our report attached.  
**For Deloitte Haskins & Sells,**  
Chartered Accountants

**For Multibase India Limited**

sd/-  
**Gaurav Shah**  
(Partner)  
(Membership No. 35701)

sd/-  
**H. N. Motiwalla**  
(Director)  
(DIN 00029835)

sd/-  
**Deepak Dhanak**  
(Managing Director)  
(DIN 03157491)

sd/-  
**Dharmesh Painter**  
(Chief Financial Officer)

sd/-  
**Ameesh Joshi**  
(Company Secretary)

Place :- Mumbai  
Date :- May 31, 2014

Place :- Mumbai  
Date :- May 31, 2014

## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2014

Amount in Rupees

| Particulars  | Note No. | Figures for the year ended 31-Mar-14 | Figures for the year ended 31-Mar-13 |
|--|----------|--------------------------------------|--------------------------------------|
| <b>I Revenue from operations (Gross)</b>                               |          | <b>604,819,170</b>                   | 497,677,889                          |
| Less : Excise duty   |          | <b>59,178,638</b>                    | 46,213,605                           |
| <b>Revenue from operations (Net)</b>                                   | 14       | <b>545,640,532</b>                   | 451,464,284                          |
| <b>II. Other income</b>  | 15       | 8,185,844                            | 8,230,061                            |
| <b>III. Total revenue (I + II)</b>                                     |          | <b>553,826,376</b>                   | <b>459,694,345</b>                   |
| <b>IV. Expenses</b>  |          |                                      |                                      |
| Cost of materials consumed   | 16       | <b>342,992,828</b>                   | 276,213,244                          |
| Purchase of stock-in-trade   |          | <b>40,171,440</b>                    | 35,007,706                           |
| Changes in inventories of finished goods, and stock-in-trade           | 17       | <b>3,897,471</b>                     | (12,127,031)                         |
| Employee benefits expense  | 18       | <b>27,968,985</b>                    | 29,749,436                           |
| Finance costs  | 19       | <b>714,861</b>                       | 944,806                              |
| Depreciation and amortisation expense                                  | 8        | <b>4,722,018</b>                     | 4,927,100                            |
| Other expenses   | 20       | <b>58,160,508</b>                    | 59,591,865                           |
| <b>Total expenses</b>  |          | <b>478,628,111</b>                   | <b>394,307,126</b>                   |
| <b>V. Profit before tax (III - IV)</b>                                 |          | <b>75,198,265</b>                    | <b>65,387,219</b>                    |
| <b>VI. Tax expense:</b>  |          |                                      |                                      |
| (1) Current tax  |          | <b>24,179,956</b>                    | <b>20,312,857</b>                    |
| (2) Short/(Excess) Provision For Earlier Years                         |          | <b>(23,520)</b>                      | -                                    |
| (3) Deferred Tax   |          | <b>253,117</b>                       | <b>176,840</b>                       |
|  |          | <b>24,409,553</b>                    | <b>20,489,697</b>                    |
| <b>VII. Profit for the year from continuing operations (V - VI)</b>    |          | <b>50,788,712</b>                    | <b>44,897,522</b>                    |
| <b>VIII. Profit for the year</b>                                       |          | <b>50,788,712</b>                    | <b>44,897,522</b>                    |
| <b>IX. Earnings per equity share: [Refer Note 29]</b>                  |          |                                      |                                      |
| (1) Basic  |          | <b>4.02</b>                          | <b>3.56</b>                          |
| (2) Diluted  |          | <b>4.02</b>                          | <b>3.56</b>                          |
| <b>See accompanying notes forming part of the financial statements</b> |          |                                      |                                      |

In terms of our report attached.  
**For Deloitte Haskins & Sells,**  
Chartered Accountants

sd/-  
**Gaurav Shah**  
(Partner)  
(Membership No. 35701)

**For Multibase India Limited**

sd/-  
**H. N. Motiwalla**  
(Director)  
(DIN 00029835)

sd/-  
**Dharmesh Painter**  
(Chief Financial Officer)

sd/-  
**Deepak Dhanak**  
(Managing Director)  
(DIN 03157491)

sd/-  
**Ameesh Joshi**  
(Company Secretary)

Place :- Mumbai  
Date :- May 31, 2014

Place :- Mumbai  
Date :- May 31, 2014

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2014**

Amount in Rupees

|  | For the year ended  |                     | For the year ended |                     |
|--|---------------------|---------------------|--------------------|---------------------|
|  | 31-Mar-14           | 31-Mar-14           | 31-Mar-13          | 31-Mar-13           |
| <b>(A) Cash flow from operating activities</b>                         |                     |                     |                    |                     |
| <b>Net profit before extraordinary items and tax</b>                   |                     | <b>75,198,265</b>   |                    | 65,387,219          |
| <i>Adjustments for:</i>  |                     |                     |                    |                     |
| Depreciation & amortisation  | <b>4,722,018</b>    |                     | 4,927,100          |                     |
| (Profit)/ loss on sale of fixed assets (net)                           | <b>1,072,759</b>    |                     | (17,807)           |                     |
| Finance cost   | <b>714,861</b>      |                     | 944,806            |                     |
| Interest income  | <b>(6,645,675)</b>  |                     | (5,812,505)        |                     |
| Interest on income tax refund  | -                   |                     | (647,181)          |                     |
| Liabilities / provisions no longer required written back               | -                   |                     | (582,713)          |                     |
| Provision for doubtful trade and other receivables, loans and advances | -                   |                     | 91,674             |                     |
| Net unrealised exchange (gain) / loss                                  | <b>(573,227)</b>    | <b>(709,264)</b>    | <u>486,212</u>     | <u>(610,414)</u>    |
| <b>Operating profit before working capital changes</b>                 |                     | <b>74,489,001</b>   |                    | 64,776,805          |
| <i>Changes in working capital:</i>                                     |                     |                     |                    |                     |
| Adjustments for (increase) / decrease in operating assets:             |                     |                     |                    |                     |
| Inventories  | <b>(8,064,270)</b>  |                     | (21,776,879)       |                     |
| Trade receivables  | <b>(12,785,040)</b> |                     | (24,501,539)       |                     |
| Short-term loans and advances  | <b>4,879,949</b>    | <b>(15,969,361)</b> | <u>10,405,270</u>  | (35,873,148)        |
| Adjustments for increase / (decrease) in operating liabilities:        |                     |                     |                    |                     |
| Trade payables   | <b>(6,150,054)</b>  |                     | (11,981,244)       |                     |
| Other current liabilities  | <b>(188,856)</b>    |                     | (446,540)          |                     |
| Short-term provisions  | <b>12,659</b>       |                     | (94,806)           |                     |
| Long-term provisions   | <b>(75,188)</b>     | <b>(6,401,439)</b>  | <u>(69,508)</u>    | (12,592,098)        |
| Cash generated from operations   |                     | <b>52,118,201</b>   |                    | 16,311,559          |
| Net income tax (paid) / refunds  |                     | <b>(22,668,863)</b> |                    | <u>(20,102,706)</u> |
| <b>Net cash flow from / (used in) operating activities (A)</b>         |                     | <b>29,449,338</b>   |                    | (3,791,147)         |
| <b>(B) Cash flows from investing activities</b>                        |                     |                     |                    |                     |
| Capital expenditure on fixed assets, including capital advances        | <b>(10,533,838)</b> |                     | (6,808,110)        |                     |
| Proceeds from sale of fixed assets                                     | <b>164,000</b>      |                     | 53,333             |                     |
| Net Proceeds/ Repayment from Fixed deposits in banks                   | <b>11,339,981</b>   |                     | (21,751,195)       |                     |
| Interest on income tax refund  | -                   |                     | 647,181            |                     |
| Interest received from others  | <b>4,992,198</b>    |                     | <u>4,827,340</u>   |                     |
| <b>Net cash flow from / (used in) investing activities (B)</b>         |                     | <b>5,962,342</b>    |                    | (23,031,451)        |

Amount in Rupees

|   | For the year ended |                   | For the year ended |                   |
|---|--------------------|-------------------|--------------------|-------------------|
|   | 31-Mar-14          | 31-Mar-14         | 31-Mar-13          | 31-Mar-13         |
| <b>(C) Cash flows from financing activities</b>                       |                    |                   |                    |                   |
| Finance cost  | (714,861)          |                   | (944,806)          |                   |
| <b>Net cash flow from / (used in) financing activities (C)</b>        |                    | (714,861)         |                    | (944,806)         |
| <b>Net increase / (decrease) in Cash and cash equivalents (A+B+C)</b> |                    | 34,696,819        |                    | (27,767,403)      |
| <b>Cash and cash equivalents at the beginning of the year</b>         |                    | 26,495,624        |                    | 54,263,027        |
| <b>Cash and cash equivalents at the end of the year</b>               |                    | <u>61,192,443</u> |                    | <u>26,495,624</u> |

**Notes :-**

01. Refer Note 12 for cash and cash equivalents components.
02. The Cash Flow statement has been prepared under the indirect method as set out in Accounting Standard -3 ("AS-3") on Cash flow statement notified by the Companies (Accounting Standards) Rules, 2006.
03. Previous year's figures have been regrouped wherever necessary to correspond with the current year's presentation.

In terms of our report attached.  
**For Deloitte Haskins & Sells,**  
Chartered Accountants

sd/-  
**Gaurav Shah**  
(Partner)  
(Membership No. 35701)

Place :- Mumbai  
Date :- May 31, 2014

**For Multibase India Limited**

sd/-  
**H. N. Motiwalla**  
(Director)  
(DIN 00029835)

sd/-  
**Dharmesh Painter**  
(Chief Financial Officer)

Place :- Mumbai  
Date :- May 31, 2014

sd/-  
**Deepak Dhanak**  
(Managing Director)  
(DIN 03157491)

sd/-  
**Ameesh Joshi**  
(Company Secretary)

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Amount in Rupees

| Particulars   | Figures as at<br>31-Mar-14 | Figures as at<br>31-Mar-13 |
|---|----------------------------|----------------------------|
| <b>1 Share capital</b>  |                            |                            |
| <b>Authorised</b>   |                            |                            |
| 13,000,000 (Previous year: 13,000,000) equity shares of Rs.10/- each  | <u>130,000,000</u>         | <u>130,000,000</u>         |
| <b>Issued, subscribed and fully paid up</b>   |                            |                            |
| 12,620,000 (Previous year: 12,620,000) equity shares of Rs. 10/- each   | <u>126,200,000</u>         | <u>126,200,000</u>         |
| <b>Note</b>   |                            |                            |
| (1) The Company has one class of equity shares having a par value of Rs. 10 each. Each shareholder is eligible for one vote per share held. If any, dividend proposed by Board of Directors is subject to approval of shareholders in the ensuing Annual General Meeting. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding. |                            |                            |
| (2) Out of the above equity shares 9,464,994 shares i.e. 75% (Previous year 9,464,994 shares i.e. 75%) are held by M/s. Multibase S.A, France, the Holding Company (of which Dow Corning Corporation, USA is the ultimate Holding Company).   |                            |                            |
| (3) Except for above, no other shareholder holds more than 5% of the equity shares of the Company.  |                            |                            |
| <b>2 Reserves and surplus</b>   |                            |                            |
| <b>(a) Securities premium account</b>   |                            |                            |
| Per last balance sheet  | 11,700,000                 | 11,700,000                 |
| <b>(b) Surplus in the Statement of Profit and loss</b>  |                            |                            |
| Opening balance   | 151,678,477                | 106,780,955                |
| Add: Profit for the year  | <u>50,788,712</u>          | <u>44,897,522</u>          |
| Closing balance   | <u>202,467,189</u>         | <u>151,678,477</u>         |
|   | <u>214,167,189</u>         | <u>163,378,477</u>         |
| <b>3 Deferred tax liabilities (Net)</b>   |                            |                            |
| <b>Deferred tax liabilities</b>   |                            |                            |
| Depreciation  | 4,056,608                  | 3,754,443                  |
| <b>Gross deferred tax liabilities</b>   | <u>4,056,608</u>           | <u>3,754,443</u>           |
| <b>Deferred tax assets</b>  |                            |                            |
| Gratuity and leave encashment   | 949,933                    | 970,220                    |
| Provision for doubtful debts  | -                          | 29,744                     |
| Other disallowances   | <u>760,255</u>             | <u>661,176</u>             |
| <b>Gross deferred tax assets</b>  | <u>1,710,188</u>           | <u>1,661,140</u>           |
| <b>Deferred tax liabilities (Net)</b>   | <u>2,346,420</u>           | <u>2,093,303</u>           |
| <b>4 Long term provisions</b>   |                            |                            |
| <b>Provision for employee benefits</b>  |                            |                            |
| Provision for gratuity [Refer Note 28]  | 2,221,409                  | 2,173,457                  |
| Provision for leave encashment  | <u>575,093</u>             | <u>698,233</u>             |
|   | <u>2,796,502</u>           | <u>2,871,690</u>           |
| <b>5 Trade payables</b>   |                            |                            |
| Due to  |                            |                            |
| (a) Micro, small and medium enterprises   | 394,512                    | 556,887                    |
| (b) Others  | <u>55,238,260</u>          | <u>62,210,458</u>          |
|   | <u>55,632,772</u>          | <u>62,767,345</u>          |
| <b>Note</b>   |                            |                            |
| The amount due to Micro, small and medium enterprises is determined on the basis of intimation received by the Company from the suppliers.  |                            |                            |

Amount in Rupees

| Particulars                            | Figures as at<br>31-Mar-14 | Figures as at<br>31-Mar-13 |
|--|----------------------------|----------------------------|
| <b>6 Other current liabilities</b>     |                            |                            |
| Other Payables                         |                            |                            |
| (i) Statutory remittances              | 5,678,204                  | 5,867,060                  |
| (ii) Security deposits received        | 100,000                    | 100,000                    |
|  | <u>5,778,204</u>           | <u>5,967,060</u>           |
| <b>7 Short-term provisions</b>         |                            |                            |
| <b>Provision for employee benefits</b> |                            |                            |
| Provision for gratuity [Refer Note 28] | 86,150                     | 70,708                     |
| Provision for leave encashment         | 45,173                     | 47,956                     |
|  | <u>131,323</u>             | <u>118,664</u>             |

**8 Fixed assets**

Amount in Rupees

| Particulars                                   | GROSS BLOCK (At Cost) |                       |                        |                    | DEPRECIATION       |                                |                        |                    | NET BLOCK          |                    |
|---|-----------------------|-----------------------|------------------------|--------------------|--------------------|--------------------------------|------------------------|--------------------|--------------------|--------------------|
|   | As On<br>01-Apr-13    | Addition/<br>Transfer | Deduction/<br>Transfer | As On<br>31-Mar-14 | As On<br>01-Apr-13 | Provided<br>During The<br>Year | Deduction/<br>Transfer | As On<br>31-Mar-14 | As On<br>31-Mar-14 | As On<br>31-Mar-13 |
| <b>Tangible assets</b>                        |                       |                       |                        |                    |                    |                                |                        |                    |                    |                    |
| Land & site development                       | 2,841,552             | -                     | -                      | 2,841,552          | -                  | -                              | -                      | -                  | 2,841,552          | 2,841,552          |
| Factory building                              | 18,232,370            | 721,362               | -                      | 18,953,732         | 9,923,249          | 625,086                        | -                      | 10,548,335         | 8,405,397          | 8,309,121          |
| Office building                               | 114,475               | -                     | -                      | 114,475            | 46,518             | 1,866                          | -                      | 48,384             | 66,091             | 67,957             |
| Leasehold improvements<br>[Refer Note 22 (d)] | 2,113,768             | -                     | 2,113,768              | -                  | 775,048            | 366,244                        | 1,141,292              | -                  | -                  | 1,338,720          |
| Plant & machinery                             | 97,633,052            | 8,361,050             | -                      | 105,994,102        | 77,313,833         | 1,414,494                      | -                      | 78,728,327         | 27,265,775         | 20,319,219         |
| Laboratory equipment                          | 4,721,328             | -                     | -                      | 4,721,328          | 466,962            | 224,264                        | -                      | 691,226            | 4,030,102          | 4,254,366          |
| Office equipments                             | 1,966,714             | 247,412               | 68,250                 | 2,145,876          | 655,755            | 103,278                        | 8,509                  | 750,524            | 1,395,352          | 1,310,959          |
| Air conditioner                               | 531,708               | -                     | -                      | 531,708            | 201,890            | 50,911                         | -                      | 252,801            | 278,907            | 329,818            |
| Furniture & fixture                           | 5,208,891             | 7,130                 | -                      | 5,216,021          | 2,730,202          | 321,959                        | -                      | 3,052,161          | 2,163,860          | 2,478,689          |
| Computers                                     | 10,781,436            | 967,759               | 3,416,812              | 8,332,383          | 6,944,071          | 1,491,586                      | 3,212,271              | 5,223,386          | 3,108,997          | 3,837,365          |
| <b>Total (A)</b>                              | <b>144,145,294</b>    | <b>10,304,713</b>     | <b>5,598,830</b>       | <b>148,851,177</b> | <b>99,057,528</b>  | <b>4,599,688</b>               | <b>4,362,072</b>       | <b>99,295,144</b>  | <b>49,556,033</b>  | <b>45,087,766</b>  |
| <b>Previous year</b>                          | <b>141,158,904</b>    | <b>6,283,110</b>      | <b>3,296,720</b>       | <b>144,145,294</b> | <b>97,842,012</b>  | <b>4,476,710</b>               | <b>3,261,194</b>       | <b>99,057,528</b>  | <b>45,087,765</b>  | <b>43,316,892</b>  |
| <b>Intangible assets</b>                      |                       |                       |                        |                    |                    |                                |                        |                    |                    |                    |
| <b>Others</b>                                 |                       |                       |                        |                    |                    |                                |                        |                    |                    |                    |
| Computer software                             | 754,658               | -                     | -                      | 754,658            | 589,249            | 122,330                        | -                      | 711,579            | 43,079             | 165,409            |
| <b>Total (B)</b>                              | <b>754,658</b>        | <b>-</b>              | <b>-</b>               | <b>754,658</b>     | <b>589,249</b>     | <b>122,330</b>                 | <b>-</b>               | <b>711,579</b>     | <b>43,079</b>      | <b>165,409</b>     |
| <b>Previous year</b>                          | <b>754,658</b>        | <b>-</b>              | <b>-</b>               | <b>754,658</b>     | <b>138,859</b>     | <b>450,390</b>                 | <b>-</b>               | <b>589,249</b>     | <b>165,409</b>     | <b>615,799</b>     |

Amount in Rupees

| Particulars   | Figures as at<br>31-Mar-14 | Figures as at<br>31-Mar-13 |
|---|----------------------------|----------------------------|
| <b>9 Long-term loans and advances</b>   |                            |                            |
| <b>(Unsecured, Considered good)</b>   |                            |                            |
| Capital advances  | -                          | 315,001                    |
|   | -                          | <b>315,001</b>             |
| <b>10 Inventories</b>   |                            |                            |
| <b>(Raw materials are valued at cost on moving average basis and Finished goods are valued at lower of cost and net realizable value)</b> |                            |                            |
| Raw materials and components  | 53,320,809                 | 45,877,725                 |
| Raw materials in transit  | 14,607,438                 | 10,088,780                 |
| Finished goods  | 30,055,468                 | 34,621,188                 |
| Finished goods in transit   | 8,138,094                  | 6,202,076                  |
| Stock in trade  | 5,301,858                  | 6,569,628                  |
|   | <b>111,423,667</b>         | <b>103,359,397</b>         |
| <b>11 Trade receivables</b>   |                            |                            |
| <b>Trade receivables outstanding for a period exceeding six months from the date they were due for payment</b>                            |                            |                            |
| Unsecured, considered good  | -                          | 432,987                    |
| Doubtful  | -                          | 91,674                     |
|   | -                          | 524,661                    |
| Less : Provision for doubtful trade receivables   | -                          | 91,674                     |
|   | -                          | 432,987                    |
| Other Trade receivables   |                            |                            |
| Unsecured, considered good  | 106,142,194                | 93,715,651                 |
|   | <b>106,142,194</b>         | 93,715,651                 |
|   | <b>106,142,194</b>         | <b>93,715,651</b>          |
| <b>12 Cash and bank balances</b>  |                            |                            |
| <b>A. Cash and cash equivalents</b>   |                            |                            |
| (a) Cash on hand  | 23,436                     | 26,647                     |
| (b) In current accounts   | 14,169,007                 | 17,468,977                 |
| (c) In other deposit accounts   | 47,000,000                 | 9,000,000                  |
| - original maturity of 3 months or less   |                            |                            |
| <b>Total</b>  | <b>61,192,443</b>          | <b>26,495,624</b>          |
| <b>B. Other bank balances</b>   |                            |                            |
| In other deposit accounts   | 45,500,000                 | 56,839,981                 |
| - original maturity more than 3 months but less than 12 months  |                            |                            |
|   | <b>106,692,443</b>         | <b>83,335,605</b>          |

*Amount in Rupees*

| <b>Particulars</b>   | <b>Figures as at<br/>31-Mar-14</b> | Figures as at<br>31-Mar-13 |
|--|------------------------------------|----------------------------|
| <b>13 Short-term loans and advances</b>  |                                    |                            |
| <b>(Unsecured)</b>   |                                    |                            |
| (a) Security Deposits  |                                    |                            |
| Unsecured, considered good   | <b>1,287,730</b>                   | 1,636,030                  |
| Doubtful   | -                                  | -                          |
|  | <b>1,287,730</b>                   | 1,636,030                  |
| Less : Provision for doubtful deposits   | -                                  | -                          |
|  | <b>1,287,730</b>                   | 1,636,030                  |
| (b) Employee advances [Refer Note 25]  |                                    |                            |
| Unsecured, considered good   | <b>104,175</b>                     | 10,755                     |
|  | <b>104,175</b>                     | 10,755                     |
| (c) Prepaid Expenses   |                                    |                            |
| Unsecured, considered good   | <b>663,351</b>                     | 317,075                    |
|  | <b>663,351</b>                     | 317,075                    |
| (d) Balances with government authorities   |                                    |                            |
| Unsecured, considered good   |                                    |                            |
| (i) CENVAT credit receivable   | <b>16,853,119</b>                  | 22,792,879                 |
| (ii) VAT credit receivable   | <b>487,399</b>                     | 33,761                     |
| (iii) Service Tax credit receivable  | <b>4,542</b>                       | 5,131                      |
|  | <b>17,345,060</b>                  | 22,831,771                 |
| Doubtful   |                                    |                            |
| (i) CENVAT credit receivable   | -                                  | -                          |
|  | <b>17,345,060</b>                  | 22,831,771                 |
| Less : Provision for doubtful deposits   | -                                  | -                          |
|  | <b>17,345,060</b>                  | 22,831,771                 |
| (e) Advance income tax and tax deducted at source<br>[Net of provisions Rs. 24,409,553/- (As At 31 March, 2013<br>Rs. 20,489,697/-)] | <b>6,969,677</b>                   | 8,457,251                  |
|  | <b>6,969,677</b>                   | 8,457,251                  |
| (f) Others:  |                                    |                            |
| - Export Incentive Receivable  |                                    |                            |
| Unsecured, considered good   | <b>2,018,635</b>                   | 2,294,379                  |
| Doubtful   | -                                  | -                          |
|  | <b>2,018,635</b>                   | 2,294,379                  |
| Less : Provision for doubtful loans and advances   | -                                  | -                          |
|  | <b>2,018,635</b>                   | 2,294,379                  |
| - Advances recoverable in cash or kind or for value to be received   |                                    |                            |
| Unsecured, considered good   | <b>4,052,241</b>                   | 1,660,450                  |
| Doubtful   | -                                  | -                          |
|  | <b>4,052,241</b>                   | 1,660,450                  |
| Less : Provision for doubtful loans and advances   | -                                  | -                          |
|  | <b>4,052,241</b>                   | 1,660,450                  |
|  | <b>32,440,869</b>                  | <b>37,207,711</b>          |

*Amount in Rupees*

| Particulars                              | Figures as at<br>31-Mar-14 | Figures as at<br>31-Mar-13 |
|--|----------------------------|----------------------------|
| <b>14 Revenue from operations (Net)</b>  |                            |                            |
| <b>(a) Sale of products</b>              |                            |                            |
| <b>Major class of products</b>           |                            |                            |
| Thermo plastic elastomers                | 401,831,494                | 326,061,005                |
| Silicon masterbatch                      | 124,815,077                | 105,187,620                |
| Polypropelene compounds                  | 12,663,518                 | 12,866,139                 |
| Synthetic resin masterbatch              | -                          | 1,233,580                  |
| Manufacturing scrap                      | 363,701                    | 822,366                    |
|  | <b>539,673,790</b>         | <b>446,170,710</b>         |
| <b>Out of above</b>                      |                            |                            |
| - Manufacturing                          | 496,952,476                | 407,561,833                |
| - Trading sales                          | 42,721,314                 | 38,608,877                 |
|  | <b>539,673,790</b>         | <b>446,170,710</b>         |
| <b>(b) Sale of services</b>              | <b>5,966,742</b>           | <b>5,036,158</b>           |
| <b>(c) Other operating revenues</b>      |                            |                            |
| Export incentive                         | -                          | 222,185                    |
| DEPB income                              | -                          | 35,231                     |
|  | <b>-</b>                   | <b>257,416</b>             |
|  | <b>545,640,532</b>         | <b>451,464,284</b>         |
| <b>15 Other income</b>                   |                            |                            |
| Interest from bank deposits              | 6,645,675                  | 5,812,505                  |
| Interest on income tax refund            | -                          | 647,181                    |
| Profit on sale of fixed assets (Net)     | -                          | 17,807                     |
| Other non-operating income               | 1,540,169                  | 1,752,568                  |
|  | <b>8,185,844</b>           | <b>8,230,061</b>           |
| <b>16 Cost of materials consumed</b>     |                            |                            |
| Raw material consumed [Refer Note 34]    | 342,992,828                | 276,213,244                |
|  | <b>342,992,828</b>         | <b>276,213,244</b>         |
| <b>Major class of materials consumed</b> |                            |                            |
| Gum                                      | 61,525,302                 | 49,310,827                 |
| Oil                                      | 59,398,427                 | 48,791,198                 |
| Polypropelene                            | 67,710,477                 | 46,958,060                 |
| SEBS                                     | 116,078,360                | 100,937,822                |
| Others                                   | 38,280,262                 | 30,215,336                 |
|  | <b>342,992,828</b>         | <b>276,213,244</b>         |

*Amount in Rupees*

| <b>Particulars</b>   | <b>Figures as at<br/>31-Mar-14</b> | Figures as at<br>31-Mar-13 |
|--|------------------------------------|----------------------------|
| <b>17 Changes in inventories of finished goods, and stock-in-trade</b> |                                    |                            |
| Inventories as at year end   |                                    |                            |
| - Finished goods   | <b>43,495,420</b>                  | 47,392,892                 |
|  | <u><b>43,495,420</b></u>           | <u>47,392,892</u>          |
| Inventories as at year beginning                                       |                                    |                            |
| - Finished goods   | <b>47,392,892</b>                  | 35,265,861                 |
|  | <u><b>47,392,892</b></u>           | <u>35,265,861</u>          |
| Total  | <u><b>(3,897,471)</b></u>          | <u>12,127,031</u>          |
| <br><b>18 Employee benefits expense</b>                                |                                    |                            |
| Salaries, wages and bonus  | <b>24,967,153</b>                  | 26,390,470                 |
| Contribution to provident fund   | <b>1,319,846</b>                   | 1,259,352                  |
| Gratuity expenses [Refer Note 28]                                      | <b>303,247</b>                     | 688,011                    |
| Staff welfare expenses   | <b>1,378,739</b>                   | 1,411,603                  |
|  | <u><b>27,968,985</b></u>           | <u>29,749,436</u>          |
| <br><b>19 Finance cost</b>   |                                    |                            |
| (a) Interest expense   |                                    |                            |
| - on Deposit   | -                                  | 11,289                     |
| (b) Other borrowing costs  |                                    |                            |
| Bank charges   | <b>714,861</b>                     | 933,517                    |
|  | <u><b>714,861</b></u>              | <u>944,806</u>             |

Amount in Rupees

| Particulars   | Figures as at<br>31-Mar-14 | Figures as at<br>31-Mar-13 |
|---|----------------------------|----------------------------|
| <b>20 Other expenses</b>  |                            |                            |
| Stores and spares consumed [Refer Note 34]  | 3,326,378                  | 2,623,819                  |
| Power, fuel and utilities   | 7,349,716                  | 6,051,550                  |
| Service charges   | 3,691,418                  | 2,835,443                  |
| Repair & maintenance  |                            |                            |
| - Building  | 242,174                    | 533,885                    |
| - Machineries   | 3,161,986                  | 1,625,925                  |
| - Others  | 1,685,050                  | 1,359,550                  |
| Legal, professional & other contractual charges   | 6,422,530                  | 6,686,101                  |
| Payments to auditors (Refer Note (i) below)   | 1,047,192                  | 1,057,637                  |
| Printing, stationery and communication charges  | 1,318,987                  | 1,960,519                  |
| Rent, rates and taxes   | 3,365,450                  | 3,969,851                  |
| Travelling and conveyance   | 6,082,286                  | 5,264,215                  |
| Insurance expenses  | 795,987                    | 1,094,735                  |
| Royalty charges   | 2,392,501                  | 3,832,718                  |
| Support charges   | 1,168,299                  | 5,800,988                  |
| Director's sitting fees   | 460,000                    | 400,000                    |
| Freight outward   | 8,252,152                  | 5,785,612                  |
| Commission on sales   | 4,389,345                  | 2,792,077                  |
| Discount, Bad debts and miscellaneous balances written off  | 4,279                      | 68,881                     |
| Provision for doubtful trade receivables and balance (Net)  | -                          | 91,674                     |
| Loss on sale of fixed assets (Net)  | 1,072,759                  | -                          |
| Net loss on foreign currency transactions and translation (other than considered as finance cost) | 905,239                    | 3,263,694                  |
| Advertisement, subscription and membership fees   | 221,106                    | 476,107                    |
| Miscellaneous expenses  | 805,674                    | 2,016,884                  |
|   | <b>58,160,508</b>          | <b>59,591,865</b>          |

**Note**

(i) **Payments to the auditors comprise (net of service tax input credit, where applicable):**

(a) To statutory auditors

|                           |                |                |
|---------------------------|----------------|----------------|
| For audit                 | 445,000        | 445,000        |
| For taxation matters      | 375,000        | 340,000        |
| For other services        | 135,000        | 135,000        |
| Reimbursement of expenses | 17,192         | 62,637         |
|                           | <b>972,192</b> | <b>982,637</b> |

(b) To cost auditors for cost audit

|  |               |               |
|--|---------------|---------------|
|  | <b>75,000</b> | <b>75,000</b> |
|  | <b>75,000</b> | <b>75,000</b> |

## SIGNIFICANT ACCOUNTING POLICIES & NOTES FORMING PART OF THE FINANCIAL STATEMENTS

### 21. Nature of operations

Multibase India Limited is engaged in manufacturing and selling of Polypropylene Compound, Thermoplastic Elastomer, Silicon Master Batch and Thermoplastic Master Batch.

### 22. Significant accounting policies

(a) The financial statements have been prepared to comply in all material respects with the accounting standard notified under the Companies (Accounting Standards) Rules, 2006 “(as amended)” and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention on an accrual basis. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.

#### (b) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period end. Although these estimates are based upon management’s best knowledge of current events and actions, actual results could differ from these estimates.

#### (c) Fixed assets

Fixed assets are shown at cost of acquisition including direct materials, labour and overheads and incidental expenses related to acquisition, and installation, all pre-operative expenditure incurred up to the date of commercial production and borrowings cost till commissioning of assets. All fixed assets are valued at cost less depreciation.

#### (d) Depreciation

Except for Leasehold Improvements which are depreciated using Straight line method over a period of five years, Depreciation is provided using the Straight line method at the rates and in the manner specified in Schedule XIV of the Companies Act, 1956.

Depreciation is provided at 100% on items of Fixed Assets costing less than Rs. 5,000/-.

#### (e) Inventory

Inventories are valued as follows:

Raw materials are valued at Cost on Moving average basis.

Finished goods are valued at lower of cost and net realizable value. Cost includes material cost, cost of conversion and appropriate share of overheads allocated on Moving Average basis. Cost includes excise duty.

#### (f) Foreign currency transactions

Liabilities and Assets arising due to transactions in foreign currency are recorded at the average rates of exchange in force for the month in which the transactions are effected. Exchange differences arising on realisation of/ payment against the Assets and Liabilities denominated in foreign currency is accounted for as income/expenditure at the rate of exchange prevailing on the date of settlement. At the year end, monetary items denominated in foreign currency are reported using the closing rates of exchange. Exchange differences arising on such restatement are accounted as income/expenditure.

#### (g) Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

##### Sale of goods

Revenue is recognised when the significant risks and rewards of ownership of the goods have been passed to the buyer.

Gross Sales includes excise duty recovered on domestic sales and excludes trade discounts.

Export incentives are accounted for export of goods if entitlements can be estimated with reasonable accuracy and conditions precedent to claim are fulfilled

##### Interest

Revenue is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

**(h) Employee benefits**

Employee benefits include provident fund, gratuity fund and compensated absences.

**(i) Defined contribution plans**

The Company's contribution to provident fund are considered as defined contribution plans and are charged as an expense based on the amount of contribution required to be made and when services are rendered by the employees.

**(ii) Defined benefit plans**

For defined benefit plans in the form of gratuity fund, the cost of providing benefits is determined using the Projected Unit Credit method, with actuarial valuations being carried out at each balance sheet date. Actuarial gains and losses are recognised in the Statement of Profit and Loss in the period in which they occur. Past service cost is recognised immediately to the extent that the benefits are already vested and otherwise is amortised on a straight-line basis over the average period until the benefits become vested. The retirement benefit obligation recognised in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost, as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the schemes.

**(iii) Long-term employee benefits**

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related service are recognised as a liability at the present value of the defined benefit obligation as at the balance sheet date less the fair value of the plan assets out of which the obligations are expected to be settled.

**(i) Income taxes**

Tax expenses comprises of both current tax and deferred tax at the applicable enacted / substantively enacted rates as of the Balance sheet date. Current tax represents the amount of income tax payable in respect of the taxable income for the reporting period. Deferred tax represents the effect of timing differences between taxable income and accounting income for the reporting period that originate in one period and are capable of reversal in one or more subsequent periods. Assets on account of unabsorbed loss/depreciation are recognised only if virtual certainty as regards absorption thereof exists.

**(j) Provisions, contingent liabilities and contingent assets**

Provisions involving substantial degree of estimation in measurement are recognised 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 recognised but are disclosed in notes. Contingent assets are neither recognised nor disclosed in the financial statements.

**(k) Impairment of assets**

The carrying amounts of assets are reviewed at each balance sheet date for any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.

**(l) VAT credit**

Credit available on the materials is adjusted against Purchases. Credit on capital goods is accounted on booking the capital goods, net of duty/ tax. Credit not recouped in payment of excise duty/ sales tax is shown under "Short Term Loans and Advances".

**(m) Prior period items**

All identifiable items of income and expenditure pertaining to prior period of accrual (except those not exceeding Rs.50,000/- in each case) are accounted as "Prior Period Items".

**23. Contingent liabilities against the Company not acknowledged as debt**

|   | Amount in Rupees  |                |
|---|-------------------|----------------|
| <b>Claims against the Company not acknowledged as debt</b>  | <b>2013-14</b>    | <b>2012-13</b> |
| -Towards C-forms pending collection   | <b>11,224,530</b> | 8,444,389      |
| -The Company has made duty free imports of specific raw material under Advance Licence scheme with a condition to fulfill the related export obligation. The export obligation remaining to be fulfilled in this regard as at year end is | <b>365,575</b>    | 22,311,063     |
| -Income tax demand  | <b>4,520,453</b>  | 4,520,453      |

Future cashflows in respect of the above matters are determinable only on receipts of judgement/decisions pending at various forums/authorities.

**24. Capital commitments**

Estimated amount of contracts remaining to be executed on capital account and not provided for Rs. 209,999/- (Previous Year Rs. 524,995/-).

**25. Employee Advances'** includes due from Managing Director (against expenses) Rs. 47,909/- (Previous Year Rs. Nil). Maximum amount outstanding there against at any time during the year is Rs. 50,375/- (Previous Year Rs. 160,000/-)

**26. Segment reporting**

The Company operates in a single business segment of "Thermoplastic Compounds". Hence, being a single segment Company, no additional reporting requirements under Accounting Standard-17 issued by the Companies (Accounting Standards) Rules, 2006 "(as amended)" are attracted.

**27. Related party disclosure**

As per Accounting Standard-18 on `Related Party Disclosures', issued by the Companies (Accounting Standards) Rules,2006 "(as amended)"; the nature of relationship and nature of transactions with related parties are as below

| Amount in Rupees                             |   |   |                    |            |                           |               |
|--|---|---|--------------------|------------|---------------------------|---------------|
| Debit/(Credit)                               |   |   |                    |            |                           |               |
|  | Nature of Relationship<br>Name of the Party   | Nature of Transaction   | Transaction During |            | Outstanding Balance as at |               |
|  |   |   | 2013-14            | 2012-13    | 31-Mar-14                 | 31-Mar-13     |
| <b>A. Holding Company</b>                    | Multibase S.A, France   | Participation in equity share capital including share premium | -                  | -          | (106,349,940)             | (106,349,940) |
|  |   | Purchase of goods   | 28,542,602         | 25,805,147 | (8,255,754)               | (10,428,944)  |
|  |   | Sale of goods   | -                  | 1,449,315  | -                         | 1,449,315     |
|  |   | Advance received/ (refunded)                                  | -                  | -          | -                         | -             |
|  |   | Income from shared services operations                        | 3,975,671          | 3,398,589  | 1,707,111                 | 1,733,839     |
|  |   | Others  | 47,798             | 39,421     | -                         | -             |
| <b>B. Subsidiary of Ultimate holding Co.</b> | DC China Holding Co Ltd<br>DC Multibase ZJG Co., Ltd<br>DC Multibase ZJG Co., Ltd<br>Dow Corning (Barry HQ) Limited<br>Dow Corning (Barry HQ) Limited | Sale of goods   | -                  | 655,123    | -                         | -             |
|  |   | Purchase of goods   | 3,023,518          | -          | -                         | -             |
|  |   | Write back of misc payables                                   | -                  | 7,062      | -                         | -             |
|  |   | Purchase of goods   | 55,523,213         | 48,443,761 | (13,867,181)              | (20,226,274)  |
|  |   | Reimbursement of Cost   | -                  | 23,420     | -                         | 23,420        |

Amount in Rupees  
Debit/(Credit)

|           | Nature of Relationship<br>Name of the Party | Nature of Transaction                           | Transaction During |            | Outstanding Balance as at |             |
|-----------|---|---|--------------------|------------|---------------------------|-------------|
|           |   |   | 2013-14            | 2012-13    | 31-Mar-14                 | 31-Mar-13   |
|           | Dow Corning (Hongkong HQ) Asia              | Write back of misc payables                     | -                  | 186,724    | -                         | -           |
|           | Dow Corning Co. - Korea                     | Sale of goods                                   | 13,656,239         | 18,236,676 | 2,768,766                 | 5,677,116   |
|           | Dow Corning India Pvt. Ltd                  | Purchase of Assets                              | 2,432,006          | -          | -                         | -           |
|           | Dow Corning India Pvt. Ltd                  | Sale of Assets                                  | 164,000            | -          | -                         | -           |
|           | Dow Corning India Pvt. Ltd                  | Rent Paid                                       | 240,000            | -          | -                         | -           |
|           | Dow Corning India Pvt. Ltd                  | Transfer of retirement Benefit of Krishna Joshi | 2,312,099          | -          | (2,312,099)               | -           |
|           | Dow Corning Singapore Pte Ltd.              | Sale of goods                                   | 14,874,913         | 14,092,005 | 4,507,438                 | 3,072,844   |
|           | Dow Corning Singapore Pte Ltd.              | Reimbursement of Cost                           | -                  | 10,627     | -                         | -           |
|           | Dow Corning Thailand Ltd                    | Sale of goods                                   | 9,880,868          | 13,664,340 | 873,971                   | 2,661,589   |
|           | Multibase Inc. Copley                       | Income from shared services operations          | 1,991,072          | 1,637,569  | 906,244                   | 1,181,439   |
|           | Multibase Inc. Copley                       | Purchase of goods                               | 1,223,198          | 4,689,515  | (166,236)                 | (2,321,495) |
| <b>C.</b> | <b>Ultimate Holding Company</b>             |   |                    |            |                           |             |
|           | Dow Corning Corporation                     | Purchase of goods                               | 336,061            | -          | (110,656)                 | -           |
|           |   | Support charges & testing fees                  | 1,168,299          | 5,800,988  | 702,987                   | (1,280,504) |
|           |   | Royalty   | 2,392,501          | 3,832,718  | (3,132,118)               | (978,867)   |
|           |   | Reimbursement of Cost                           | 347,599            | -          | (349,931)                 | -           |
|           |   | Others  | -                  | 14,948     | -                         | 14,948      |
| <b>D.</b> | <b>Key Management Personnel</b>             |   |                    |            |                           |             |
|           | Mr. Deepak Dhanak                           | Salary & perquisites*                           | 2,561,555          | 2,613,163  | -                         | -           |

\* Does not include provision for Leave Encashment/Gratuity, contribution to Provident fund.

**28. Defined benefit plan being Gratuity (Unfunded)**

As per Actuarial valuations as on 31st March 2014 and in accordance with the Accounting Standard-15 (Revised) on 'Employee Benefits' issued under the Companies (Accounting Standards) Rules 2006 "(as amended)".

|   | Amount in Rupees  |  |
|---|---|--|
| a) Net employee benefit expense (recognized in Employee Cost)                     | <b>2013-14</b>  | 2012-13  |
| Current service cost  | <b>305,223</b>  | 365,481  |
| Interest cost on benefit obligation   | <b>174,188</b>  | 160,078  |
| Expected return on plan assets  | -   | -  |
| Net actuarial (gain) / loss recognised in the year                                | <b>(176,164)</b>  | 162,452  |
| Past service cost   | -   | -  |
| Net expense   | <b>303,247</b>  | 688,011  |
|   |   | Amount in Rupees                                       |
| b) Details of provision for Gratuity  | <b>2013-14</b>  | 2012-13  |
| Defined benefit obligation  | <b>2,307,559</b>  | 2,244,165  |
| Fair value of plan assets   | -   | -  |
|   | <b>2,307,559</b>  | 2,244,165  |
| Less: Unrecognised past service cost  | -   | -  |
|   | <b>2,307,559</b>  | 2,244,165  |
|   |   | Amount in Rupees                                       |
| c) Changes in the present value of the defined benefit obligation are as follows: | <b>2013-14</b>  | 2012-13  |
| Opening defined benefit obligation  | <b>2,244,165</b>  | 2,210,385  |
| Interest cost on benefit obligation   | <b>174,188</b>  | 160,078  |
| Current service cost  | <b>305,223</b>  | 365,481  |
| Benefits paid   | <b>(239,853)</b>  | (654,231)  |
| Net actuarial (gain) / loss recognised in the year                                | <b>(176,164)</b>  | 162,452  |
| Past service cost   | -   | -  |
| Closing defined benefit obligation  | <b>2,307,559</b>  | 2,244,165  |
| d) Principal actuarial assumptions  | <b>2013-14</b>  | 2012-13  |
|   | %   | %  |
| Discount rate as at 31st March (Refer Note 1)                                     | <b>9.10</b>   | 8.20   |
| Expected increase in salary costs (Refer Note 2)                                  | <b>7.00</b>   | 7.00   |
| Employee attrition Rate   | <b>11.76</b>  | 25.00  |
| Mortality Rate  | <b>India Assured<br/>Lives Mortality<br/>(2006-08)ult</b> | LIC (1994-96)<br>published table of<br>mortality rates |
|   |   | Amount in Rupees                                       |
| e) Experience adjustments and assumptions   | <b>2013-14</b>  | 2012-13  |
| - On Plan commitments   | <b>(176,164)</b>  | 162,452  |
| - On Plan assets  | -   | -  |
|   | <b>(176,164)</b>  | 162,452  |

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f) Amounts recognised in current year and previous four years

| Particular of Gratuity                   | Amount in Rupees |             |             |             |             |
|--|------------------|-------------|-------------|-------------|-------------|
|  | 2013-14          | 2012-13     | 2011-12     | 2010-11     | 2009-10     |
| Defined benefit obligation               | 2,307,559        | 2,244,165   | 2,210,385   | 2,020,279   | 3,119,155   |
| Fair value of plan assets                | -                | -           | -           | -           | -           |
| Surplus/(Deficit) in the plan            | (2,307,559)      | (2,244,165) | (2,210,385) | (2,020,279) | (3,119,155) |
| Actuarial (gain)/loss on plan obligation | (176,164)        | 162,452     | (202,079)   | 766,745     | (362,114)   |
| Actuarial (gain)/loss on plan assets     | -                | -           | -           | -           | -           |

### Note:

- Discount rate is determined by reference to market yields at the Balance Sheet date on Govt. Bonds, where the currency and terms of the Govt. Bonds are consistent with the currency and estimated terms for the benefit obligation.
- The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

### 29. Basic & Diluted earnings per share

|  | 2013-14    | 2012-13    |
|--|------------|------------|
| Profit after tax attributable to equity share holders (Rs)           | 50,788,712 | 44,897,522 |
| Weighted average number of shares outstanding during the year (Nos.) | 12,620,000 | 12,620,000 |
| Earning per share (Basic/Diluted) (Rs)                               | 4.02       | 3.56       |
| Nominal value per share (Rs)   | 10         | 10         |

- The Company has not taken/entered into any derivative instrument during the year and there is no derivative instrument outstanding as at the year end. The foreign currency exposures that are not hedged by a derivative instrument or otherwise are as follows.

| Particulars         | Currency | Amount in Rupees           |         |                          |            |
|---------------------|----------|----------------------------|---------|--------------------------|------------|
|                     |          | Amount in foreign currency |         | Equivalent amount in INR |            |
|                     |          | 2013-14                    | 2012-13 | 2013-14                  | 2012-13    |
| Trade Payables      | USD      | 383,907                    | 683,783 | 23,072,710               | 37,190,405 |
| Trade Payables      | EURO     | 99,599                     | 63,389  | 8,255,754                | 4,423,697  |
| Trade Receivables   | USD      | 150,690                    | 277,823 | 9,056,419                | 15,110,566 |
| Trade Receivables   | EURO     | 20,595                     | 11,737  | 1,707,111                | 819,088    |
| Payable to Customer | USD      | -                          | 5,016   | -                        | 272,816    |
| Advance to supplier | USD      | 30,857                     | 10,900  | 1,854,517                | 592,842    |

|  |  | Amount in Rupees   |                    |
|--|--|--------------------|--------------------|
|  |  | 2013-14            | 2012-13            |
| <b>31. Expenditure in foreign currency (accrual basis)</b> |  |                    |                    |
| Foreign travelling   |  | 1,504,846          | 1,037,604          |
| Support charges  |  | 1,168,299          | 5,800,988          |
| Other Services   |  | 465,234            | -                  |
|  |  | <b>3,138,379</b>   | <b>6,838,592</b>   |
| <b>32. Value of Import calculated on CIF basis</b>         |  |                    |                    |
| Raw material   |  | 212,293,067        | 184,090,514        |
| Capital goods  |  | 5,343,806          | -                  |
| Others   |  | 64,152             | -                  |
|  |  | <b>217,701,025</b> | <b>184,090,514</b> |
| <b>33. Earnings in foreign currency (Accrual basis)</b>    |  |                    |                    |
| Exports at F.O.B. value                                    |  | 39,723,330         | 52,793,448         |
| Income from Shared services operations                     |  | 5,966,742          | 5,036,158          |
|  |  | <b>45,690,072</b>  | <b>57,829,606</b>  |

**34. Details of consumption of imported and indigenous items**

|                  | % of total consumption |         | Amount in Rupees   |             |
|------------------|------------------------|---------|--------------------|-------------|
|                  | 2013-14                | 2012-13 | 2013-14            | 2012-13     |
| Imported:        |                        |         |                    |             |
| Raw materials    | 57                     | 62      | 194,770,293        | 172,460,834 |
| Stores and Spare | 0                      | -       | 64,152             | -           |
|                  |                        |         | <b>194,834,445</b> | 172,460,834 |
| Indigenous:      |                        |         |                    |             |
| Raw materials    | 43                     | 38      | 148,222,535        | 103,752,410 |
| Stores and Spare | 98                     | 100     | 3,326,378          | 2,623,819   |
|                  |                        |         | <b>151,548,913</b> | 106,376,229 |

**35. Previous Year Comparatives**

The previous year figures have been accordingly regrouped / re-classified to conform to the current year's classification.

**For Multibase India Limited**

sd/-  
**H. N. Motiwalla**  
(Director)  
(DIN 00029835)

sd/-  
**Deepak Dhanak**  
(Managing Director)  
(DIN 03157491)

sd/-  
**Dharmesh Painter**  
(Chief Financial Officer)

sd/-  
**Ameesh Joshi**  
(Company Secretary)

Place :- Mumbai  
Date :- May 31, 2014





# MULTIBASE INDIA LIMITED

Registered Office: 74/5-6, Daman Industrial Estate, Kadaiya Village, Nani Daman – 396 210 (U.T)

CIN: L01122DD1991PLC002959, Tel.: +91 260 6614400, Fax: +91 260 2221578

Email: [compliance.officer@multibaseindia.com](mailto:compliance.officer@multibaseindia.com), Website: [www.multibaseindia.com](http://www.multibaseindia.com)

## ATTENDANCE SLIP

Folio No.: \_\_\_\_\_

\*Client ID No.: \_\_\_\_\_

\*DP ID No.: \_\_\_\_\_

I hereby record my presence at the TWENTY-THIRD ANNUAL GENERAL MEETING of the Company on Wednesday, September 24, 2014 at 12:00 Noon at 74/5-6, Daman Industrial Estate, Kadaiya Village, Nani Daman – 396210 (U.T).

\_\_\_\_\_  
Name of attending Member/Proxy

\_\_\_\_\_  
Member's/Proxy's Signature  
(To be signed at the time of handing over this slip)

### NOTE :

Shareholder/Proxy wishing to attend the meeting must bring the Attendance Slip to the meeting and hand over at the entrance duly signed.

\* Applicable in case shares are held in demat mode.

----- (TEAR HERE) -----



# MULTIBASE INDIA LIMITED

Registered Office: 74/5-6, Daman Industrial Estate, Kadaiya Village, Nani Daman – 396 210 (U.T)

CIN: L01122DD1991PLC002959, Tel.: +91 260 6614400, Fax: +91 260 2221578

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## PROXY FORM

Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

### 23<sup>rd</sup> Annual General Meeting

|                         |                                |
|-------------------------|--------------------------------|
| Name of the Member (s): | Folio No/<br>DP ID- Client Id: |
| Registered Address:     |                                |
| No. of Shares held:     | Email ID                       |

I/We, being the member (s) of .....shares of the above named company, hereby appoint

|                |            |  |            |  |
|----------------|------------|--|------------|--|
| 1.             | Name:      |  | Signature: |  |
|                | Address:   |  |            |  |
|                | E-mail Id: |  |            |  |
| or failing him |            |  |            |  |
| 2.             | Name:      |  | Signature: |  |
|                | Address:   |  |            |  |
|                | E-mail Id: |  |            |  |
| or failing him |            |  |            |  |
| 3.             | Name:      |  | Signature: |  |
|                | Address:   |  |            |  |
|                | E-mail Id: |  |            |  |

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the TWENTY-THIRD ANNUAL GENERAL MEETING of the Company to be held on Wednesday, September 24, 2014 at 12 Noon at 74/5-6, Daman Industrial Estate, Kadaiya Village, Nani Daman – 396210 (U.T) and at any adjournment thereof in respect of following resolutions:

### No. Resolution

- Adoption of Financial Statements for the year ended March 31, 2014.
- Re-appointment of Mr. Krishna Joshi, who retires by rotation.
- Re-appointment of M/s Deloitte Haskins & Sells, Chartered Accountants, as Auditors and fixing their remuneration.
- Appointment of Mr. Peter Cartwright as a Director of the Company.
- Appointment of Mr. Harish Narendra Motiwala as an Independent Director up to March 31, 2019.
- Appointment of Mr. Ashok Chhabra as an Independent Director up to March 31, 2019.
- Re-appointment of Mr. Deepak Dhanak as a Managing Director for a period of 3 years w.e.f. March 2, 2014.

Affix  
Revenue  
Stamp  
Re.1

Signed this \_\_\_\_\_ day of \_\_\_\_\_, 2014

\_\_\_\_\_  
Signature of member

\_\_\_\_\_  
Signature of Proxy holder(s)

### Note:

- This form of proxy in order to be effective should be duly completed and 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 of the Company.

