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IN THE ENHANCEMENT OF MATERIALS.

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COMPOUND**

**YOUR
CREATIONS**



multibase

A Dow Corning Company

Multibase India Limited
21st Annual Report



Board of Directors

Mr. Simon Bernard
Ms. Diane Kelly
Mr. Harish Narendra Motiwalla
Mr. Ashok Chhabra
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

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NOTICE TO SHAREHOLDERS

NOTICE is hereby given that the 21st (Twenty - First) Annual General Meeting of the Company will be held at 11.30 a.m. on Tuesday, August 14, 2012, 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, 2012, 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. Simon Bernard, who retires by rotation, and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Mr. Harish Narendra Motiwalla, who retires by rotation, and being eligible offers himself for re-appointment.
4. To appoint Auditors to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting 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:

5. To consider and if thought fit, to pass with or without modification(s) the following resolution as an Ordinary Resolution:
"RESOLVED THAT Ms. Diane Kelly, 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 260 of the Companies Act, 1956 (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 257 of the Act, from a member proposing her 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."

For and on Behalf of the Board

Sd/-

(Amees Joshi)

Company Secretary

Registered Office:

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

Date : 29.05.2012

Place: Mumbai

NOTES:

1. The relative explanatory statement for the business set out under Item No. 5 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. 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.
3. The Register of Members and Share Transfer Books of the Company will remain closed from 8th August, 2012 to 14th August, 2012 (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 Registrars 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 facilitate 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. 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.
11. The Annual Report of your Company for the Financial Year 2011-12 is displayed on the website of the Company i.e. www.multibaseindia.com.

MEMBERS MAY PLEASE NOTE THAT NO GIFTS/ GIFT COUPONS SHALL BE DISTRIBUTED AT THE VENUE OF THE MEETING.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173 OF THE COMPANIES ACTS, 1956

Item No. 5.

Ms. Diane Kelly was appointed as an Additional Director of the Company with effect from 30th September, 2011. Pursuant to the provisions of Section 260 of the Companies Act, 1956 read with Article 137 of Articles of Association of Company she 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 Rs.500/- proposing the candidature of Ms. Diane Kelly for the office of Directorship pursuant to Section 257 of the Companies Act, 1956. Also, the Company has received the requisite Form 'DD-A' from Ms. Diane Kelly, in terms of Section 274(1)(g) of the Companies Act, 1956 read with The Companies (Disqualification of Directors) Rules, 2003, confirming her eligibility for such appointment.

The brief resume covering the details of her qualification and experience, as required pursuant to Clause 49(IV)(G) of the Listing Agreement, is annexed to this Notice. Considering her experience and expertise, the Board recommends the appointment of Ms. Diane Kelly as Director of the Company liable to retire by rotation.

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

None of the Directors, except Ms. Diane Kelly, are interested and / or concerned in passing of the resolution set forth under Item no. 5.

For and on Behalf of the Board

Sd/-

(Ameesh Joshi)

Company Secretary

Registered Office:

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

Date : 29.05.2012

Place: Mumbai

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

Name of Director	Simon Bernard	Harish Narendra Motiwalla	Diane Kelly
Type	Non-Executive Director	Independent Director	Non-Executive Director
Date of Birth	15/01/1965	24/03/1945	26/02/1958
Date of Appointment	29/05/2010	27/10/2009	30/09/2011
Qualification	PG in Civil Engineering	B.Com, LLB, FCA & DISA	Bachelor of Science Business Administration, Central Michigan University
No. of Equity Shares held	NIL	NIL	NIL
Expertise in Specific Functional area	Supply chain, operation and Business Development	Practising Professional	Marketing, New Business Development and Leadership
Directorships held in other Companies	Multibase SA	Excel Industries Ltd. Ashapura Minechem Ltd. LIC Nomura MF Trustee Co. Pvt. Ltd. Hi-Tech Plast Ltd. Gujarat Organics Ltd. Balkrishna Synthetics Ltd. Siyaram Silk Mills Ltd. Cabal Insurance Broking Services Pvt. Ltd.	Dow Corning India Pvt. Ltd.
Particulars of Committee Chairmanship / Membership held in other Companies	NIL	NIL	NIL
Relationship with other Directors inter-se	None	None	None

Note:

- Pursuant to Clause 49 of the Listing Agreement, only two Committees viz. Audit Committee and Shareholders' Grievance / Transfer Committee have been considered.

REPORT OF THE BOARD OF DIRECTORS FOR THE FINANCIAL YEAR ENDED MARCH 31, 2012

To
The Members,

Your Directors are pleased to present the 21st Annual Report together with Audited Financial Accounts of your Company for the Financial Year ended March 31, 2012.

(Rs. In Lac)

FINANCIAL RESULTS	Year ended 31st March, 2012	Year ended 31st March, 2011
Profit before Depreciation	378.69	476.45
Depreciation	43.68	37.19
Profit before Tax	335.01	439.26
Provision for tax	115.36	148.36
Profit after Tax	219.65	290.90
Balance brought forward from previous year	848.15	557.25
Balance carried forward to Balance Sheet	1067.80	848.15

OPERATIONS

During the FY 2011-12, the Company reported gross revenue from operations of Rs. 4307.63 lac as against Rs. 4113.79 lac during the FY 2010-11. For the year 2011-12, the Company recorded EBITDA, PBT and PAT of Rs. 388.16 lac, Rs. 335.01 lac and Rs. 219.65 lac respectively as against previous year of Rs. 486.86 lac, Rs. 439.26 lac and Rs. 290.90 lac.

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

Pursuant to Article 152 of Articles of Association, Mr. Simon Bernard and Mr. Harish Narendra Motiwalla, retire at the ensuing Annual General Meeting of the Company and being eligible, offer themselves for reappointment.

Ms. Diane Kelly, who was appointed as an Additional Director of the Company w.e.f. September 30, 2011, holds office as such upto the date of the ensuing Annual General Meeting of the Company pursuant to the provisions of Section 260 of the Companies Act, 1956 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 Ms. Diane Kelly for the office of Directorship pursuant to Section 257 of the Companies Act, 1956.

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 274(1)(g) of the Companies Act, 1956.

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

During the year 2011-12, Mr. Jean Paul Mollie and Mr. Ranjit Mathur resigned from the Directorship of the Company. Your Directors place on record their appreciation for the contribution and guidance rendered to the Company during their tenure and wish them all the luck for their 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 224(1B) of the Companies Act, 1956. 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 FY 2012-13.

AUDIT COMMITTEE

Your Directors have, in compliance with the provisions of Section 292A of the Companies Act, 1956 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. Simon Bernard.

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.

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 Rs. 5,00,000/- per month, if employed in part of the financial year, and more than or equal to Rs. 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/-

(Mr. H. N. Motiwalla)
Chairman

sd/-

(Mr. Deepak Dhanak)
Managing Director

Registered Office:

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

Date : 29.05.2012

Place: Mumbai

ANNEXURE “A” OF DIRECTORS’ REPORT:

INFORMATION 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.

(A) CONSERVATION OF ENERGY:

Power and fuel consumption in respect of the total energy consumption is given below:

(a) Purchased

	FY 2011-12	FY 2010-11
Units (KWH)	1,128,095	1,267,405
Total Amount (Rs.)	4,675,501	4,170,748
Rate per unit (Rs.)	4.14	3.29

(b) Furnace Oil / LSHS / LDO / HSD / DIESEL

	FY 2011-12	FY 2010-11
Quantity (KL)	6.900	9.297
Total Amount (Rs.)	294,680	375,897
Average Rate (Rs.)	42.71	40.43

(c) Consumption per unit of Production

	FY 2011-12	FY 2010-11
Electricity (KWH/Ton)	528.76	554.25
Furnace Oil/LSHS/LDO/HSQ/Diesel (KL/Ton)	3.23	4.06

Your Company continues to take measures to conserve energy through optimal consumption and reduced wastage. Regular energy audits are conducted to review the benchmarks and standards established. Employees are encouraged to give suggestions that will result in energy saving. Concurrent measures are adopted such as:

- Monitoring of high energy consuming equipment closely for better control.
- Regular monitoring of and checking of electrical load on all the motors and repair the defective ones.
- Maximizing use of daylight.

(B) TECHNOLOGY ABSORPTION:

Multibase India Limited, since its inception have continuously been undergoing changes in its product

profile and targeted markets, keeping in line with the changing business environment in the country. Starting out with manufacturing filled PP compounds, the Company later on diversified into more value-added products such as Thermoplastic Elastomers and Siloxane Masterbatches finding application in the growing industries like automotive, optical fibre, consumer and industrial products.

The Company is continuously looking at introduction of new products and participation in new markets, while finding the most competitive way to serve the mature markets. With this business strategy, the Company expects growth in the coming years in the areas of automotive, consumer and industrial, wire & cable and packaging applications.

(C) FOREIGN EXCHANGE EARNINGS AND OUTGO:

(Rs. In Lac)

	FY 2011-12	FY 2010-11
Total Foreign Exchange earned	463.57	482.10
Total Foreign Exchange used	1,904.83	1,558.32

For and on Behalf of the Board

sd/-

(Mr. H. N. Motiwalla)
Chairman

sd/-

(Mr. Deepak Dhanak)
Managing Director

Registered Office:

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

Date : 29.05.2012

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 has started to increase presence in the Automotive and silicon based thermoplastics segment, which is a growing market in India. The Company has prioritized its focus on Silicon-enhanced products and targeted to find new markets for this product in India. Thermoplastic Elastomers sales in India continued to grow at a steady rate. We managed to hold our margins in an increasingly competitive market and during the global economy slowdown through innovative products.

OVERVIEW

It has been recognized world over that India is one of the fastest growing economies. The relevant markets for Multibase are growing at decent pace 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 etc. The Company is continuously doing research and development work at the modern R & D plant in Daman which yields a continuous flow of new generation products on a regular basis.

FINANCIAL REVIEW

The overall performance of the Company for the current financial year seems satisfactory 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 FY 2011-12, the Company reported gross revenue of operations of Rs. 4307.63 lac as against Rs. 4113.79 lac during the FY 2010-11. For the year 2011-12, the Company recorded EBITDA, PBT and PAT of Rs. 388.16 lac, Rs. 335.01 lac and Rs. 219.65 lac respectively as against previous year of Rs. 486.86 lac, Rs. 439.26 lac and Rs. 290.90 lac.

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, 2012:

Sr. No.	Name of the Director	Category	No. of Board Meeting during the tenure of Directors in FY 2011-12		Attendance at the last AGM held on 29.09.2011	Directorship in other public companies ¹	Committee position held in other public companies ²	
			Held	Attended			Chairman	Member
1	Mr. Simon Bernard	Non-Executive	5	-	No	-	-	-
2	Mr. Deepak Dhanak	Managing Director	5	5	Yes	-	-	-
3	Mr. Harish Narendra Motiwalla	Independent	5	5	Yes	6	-	-
4	Mr. Ashok Chhabra	Independent	5	5	Yes	-	-	-
5	Ms. Diane Kelly ³	Non-Executive	2	-	NA	-	-	-
6	Mr. Jean Paul Mollie ⁴	Non-Executive	3	-	No	-	-	-
7	Mr. Ranjit Mathur ⁵	Non-Executive	1	-	NA	-	-	-

¹ Directorship held in Private Companies, Section 25 Companies and Foreign Companies is not included.

² 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.

³ Appointed as Additional Director w.e.f. September 30, 2011.

⁴ Resigned from the Board w.e.f. September 30, 2011.

⁵ Appointed as Additional Director w.e.f. September 30, 2011 and resigned from the Board w.e.f. December 15, 2011.

⁶ Mr. Simon Bernard attended the Board Meeting held on 30/5/2011 through Tele conferencing.

Annual Report 2011-2012

- 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.
- iii) During the year 2011-12, the Board of Directors of your Company met 5 times on 30/5/2011, 11/8/2011, 29/9/2011, 10/11/2011 and 13/2/2012.

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 FY 2011-12. 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

III. Audit Committee

- i) Composition of the Audit Committee, particulars of meetings held and attended during the year 2011-12:

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. Simon Bernard	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 29th September, 2011.

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 2011-12:

During the year 2011-12, 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			
		30/5/2011	11/8/2011	10/11/2011	13/2/2012
1	Mr. Harish Narendra Motiwalla	Present	Present	Present	Present
2	Mr. Ashok Chhabra	Present	Present	Present	Present
3	Mr. Simon Bernard	Absent	Absent	Absent	Absent

Mr. Simon Bernard participated through Tele Conferencing at the Audit Committee meeting held on 30/5/2011.

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 also covers the matters specified under Section 292A of the Companies Act, 1956. 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 and credible.
- b) Review of quarterly, half yearly and annual financial statements 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 and Internal Auditors and the fixation of audit fees.
- e) 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.
- f) Review of reports of Statutory and Internal Auditors and replies of the management thereof.
- g) 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.
- h) 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 in terms of Clause (2AA) of Section 217 of the Companies Act, 1956.
 - 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.
- i) Review of management representation letters to be issued to the Statutory Auditors.
- j) 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.
- k) Reviewing compliances as regards the Company's Whistle Blower Policy.
- l) Approval of the appointment of the Chief Financial Officer (CFO) of the Company after assessing the qualifications, experience & background, etc. of the Candidate.

IV. Remuneration Committee

- i) Composition of the Remuneration Committee, particulars of meetings held and attended during the year 2011-12:

The Board has constituted Remuneration Committee for fixing and approving the remuneration / commission payable to Executive and Non-Executive Directors of the Company, however, subject to the approval of shareholders and Central Government, wherever necessary. The detail of composition of Remuneration Committee is as follows:

Name	Position Held	Category
Mr. Harish Narendra Motiwalla	Chairman	Non-Executive Independent Director
Mr. Ashok Chhabra	Member	Non-Executive Independent Director
Mr. Simon Bernard	Member	Non-Executive Director

The Company secretary acts as the secretary to the committee.

During the year 2011-12, no meeting of Remuneration Committee was held.

- ii) Terms of reference:

- To determine and set forth, in consultation with Board, the Remuneration package of Executive Directors of the Company;
- To determine and approve the remuneration and commission / incentive payable to the Managing Director of the Company for each financial year;
- To approve the sitting fees / commission payable to the Non-Executive Directors of the Company;
- 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 XIII of the Companies Act, 1956.

- 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 2011-12, Mr. Deepak Dhanak, Managing Director was paid Rs. 19.44 Lac as Salary, Rs. 2.44 Lac as Bonus and Rs. 0.29 Lac as Perquisites. He does not hold any equity shares in the Company as on March 31, 2012. 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 details of relationship between Directors inter-se, sitting fees paid to Non-Executive Directors during the year 2011-12 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 Rs.)	Number of Equity Shares held in MIL as on March 31, 2012
Mr. Simon Bernard	-	0	NIL
Mr. Jean Paul Mollie ¹	-	0	NA
Mr. Harish Narendra Motiwalla	-	2,10,000	NIL
Mr. Ashok Chhabra	-	2,10,000	NIL
Ms. Diane Kelly	-	0	NIL
Mr. Ranjit Mathur ²	-	0	NA

¹ Resigned w.e.f. September 30, 2011.

² Resigned w.e.f. December 15, 2011.

Except of Mr. Harish Narendra Motiwalla and Mr. Ashok Chhabra, none other Non-Executive Directors were paid any Sitting Fees during FY 2011-12 since they have voluntarily waived off the sitting fees payable to them.

V. Shareholders / Investors' Grievance cum Share Transfer Committee

The Shareholders / Investors' Grievance cum Share Transfer Committee of the Board has been constituted in line with the requirements of Clause 49 of the Listing Agreement.

i) The Committee as of March 31, 2012 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) The Name, Designation and Address of Compliance Officer:

Ms. Ameet B. Joshi
Company Secretary
301, Rutu Business Park, Off. L.B.S. Road
Majiwada, Thane (W) – 400 601

iii) Procedure for approval and details of meetings and attendance during the year 2011-12:

The power to approve the share transfer / transmission and dematerialization and / or rematerialisation has been delegated severally to Mr. Deepak Dhanak, Managing Director, Mr. Shibaji Chakraborty, Chief Financial Officer (resigned w.e.f. December 15, 2011) and Ms. Ameet B. Joshi, Company Secretary. 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 fortnight 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 for approval of Shareholders / Investors' Grievance cum Share Transfer Committee.

During the year 2011-12, three meetings were held and attended by the members as per the details given below:

Sr. No.	Name of Member	Meetings / Attendance		
		9/9/2011	10/11/2011	13/2/2012
1	Mr. Ashok Chhabra	Present	Present	Present
2	Mr. Harish Narendra Motiwalla	Present	Present	Present
3	Mr. Deepak Dhanak	Present	Present	Present

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 Secretarial 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 2011-12 is as follows:

Nature of Complaints	Number of Complaints Received	Number of Complaints Resolved
Non-receipt of Share Certificates	4	4
Non-receipt of Annual Reports	NIL	NIL
Shares not dematerialized / rematerialized	NIL	NIL
Others	3	3
Total	7	7

VI. General Body Meetings

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

Financial year	AGM No.	Day & Date	Venue	Time
2010-11	20th	Thursday, 29 th September, 2011	74/5-6, Daman Industrial Estate, Kadaiya, Nani Daman – 396210 (U.T)	11:30 a.m.
2009-10	19th	Saturday, 28 th August, 2010	74/5-6, Daman Industrial Estate, Kadaiya, Nani Daman – 396210 (U.T)	11:30 a.m.
2008-09	18th	Wednesday, 30 th September, 2009	74/5-6, Daman Industrial Estate, Kadaiya, Nani Daman – 396210 (U.T)	12:30 p.m.

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

AGM No.	No. of Special resolutions passed	Particulars of Special resolutions
20th	NIL	NA
19th	NIL	NA
18th	1	Re-appointment of Mr. Krishna H. Joshi as Managing Director of the Company for a period of 5 years commencing from 13 th August, 2009.

iii) Details of resolutions passed through Postal Ballot:

During the year 2011-12, Special resolution for appointment of and remuneration payable to Mr. Deepak Dhanak as Managing Director of the Company for a period of three years w.e.f. 2nd March, 2011 was 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 192A of the Companies Act, 1956 and The Companies (Passing of Resolutions through Postal Ballot) Rules, 2001.

VII. 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, 2012 are prepared in conformity with the Accounting Standards.

iii) Secretarial Audit:

A qualified Practising Company Secretary carried out secretarial 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 secretarial audit 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 "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 not 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, 2012, 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.

b) Other information

Important official news is also posted on the Company's website 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.

xii) CEO/CFO Certificate:

The CEO/CFO Certificate for the year ended March 31, 2012 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 29, 2012.

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, 2012 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 : Tuesday, August 14, 2012
Time : 11:30 a.m.
Venue : 74/5-6, Daman Industrial Estate,
Kadaiya Village, Nani Daman– 396210 U.T.

b) Financial year 2012-13 (tentative schedule)

Quarter Results
Ending on June 30, 2012 : Second week of August 2012
Ending on September 30, 2012 : Second week of November 2012
Ending on December 30, 2012 : Second week of February 2013
Year ended March 31, 2013 : In the month of May 2013
AGM is proposed to be held on September 2013.

c) Date of Book Closure : 8th August, 2012 to 14th August, 2012 (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 2011-12
is been fully paid.

f) Stock Code : 526169

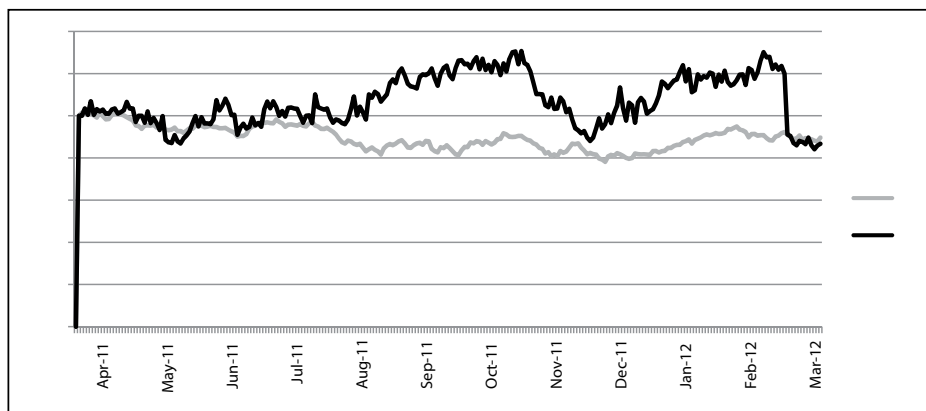
g) Corporate Identification Number (CIN) : L01122DD1991PLC002959

h) Stock Market Price Data :

Month & Year	Share Price of Multibase on BSE				BSE Sensex	
	Month's High (Rs.)	Month's Low (Rs.)	Month's Closing Price (Rs.)	Volume of shares traded (In no.)	Month's High (Index point)	Month's Low (Index point)
April 2011	32.80	26.50	30.00	20,679	19811.14	18976.19
May 2011	31.70	23.30	28.00	97,944	19253.87	17786.13
June 2011	33.00	25.50	27.70	1,04,373	18873.39	17314.38
July 2011	32.75	27.35	31.95	92,293	19131.70	18131.86
August 2011	33.85	26.00	32.00	1,31,421	18440.07	15765.53
September 2011	37.25	30.55	34.80	1,49,100	17211.80	15801.01
October 2011	37.90	33.30	36.00	68,322	17908.13	15745.43
November 2011	39.75	29.95	29.95	49,219	17702.26	15478.69
December 2011	32.75	25.50	29.20	26,696	17003.71	15135.86
January 2012	35.00	25.25	33.70	50,108	17258.97	15358.02
February 2012	38.25	31.60	33.70	61,839	18523.78	17061.55
March 2012	41.45	30.80	34.80	86,896	18040.69	16920.61

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

MIL Share Price and Sensex Movement (For FY 2011-12) 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

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 fortnight. The Share Certificates after effecting transfer are dispatched to the shareholders within 30 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.

I) Distribution of shareholding as on March 31, 2012:

Equity Shares held	No. of Shareholders	% of Shareholders	Number of Shares held	% of Shares held
1-500	4233	88.2979	623160	4.9379
501-1000	259	5.4026	210959	1.6716
1001-2000	134	2.7952	206432	1.6358
2001-3000	46	0.9595	117229	0.9289
3001-4000	15	0.3129	54591	0.4326
4001-5000	24	0.5006	116012	0.9193
5001-10000	34	0.7092	264592	2.0966
Above 10000	49	1.0221	11027025	87.3774
Total	4794	100	12620000	100

Shareholding pattern as on March 31, 2012:

	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	55	276428	2.19	-	-
	b. Indian Public	4527	2593675	20.55	-	-
	c. Any other					
	1. Clearing Member	12	17420	0.14	-	-
	2. Office Bearer	26	2600	0.02	-	-
	3. NRIs	14	25683	0.20	-	-
	4. NRN	146	219300	1.74	-	-
	5. Trust	1	6100	0.05	-	-
	6. Friends & Associate	12	13800	0.11	-	-
	Total (1+2+3)	4794	12620000	100.00	-	-

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, 2012, 64.91% 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
Compliance Officer
Ms. Ameer B. Joshi
Company Secretary
301, Rutu Business Park, Off LBS Road,
Majiwada, Thane (W) – 400601.
Tel No.: 022 61597201
Fax No.: 022 61597204
Email:compliance.officer@multibaseindia.com

For and on behalf of the Board

Mumbai, 29.05.2012

sd/-
H. N. Motiwalla
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. All the Board Members and Senior Management personnel have affirmed compliances with the code for the year ended March 31, 2012.

sd/-
Deepak Dhanak
Managing Director

Daman, 23.05.2012

CERTIFICATE ON CORPORATE GOVERNANCE

To,
The Members of
Multibase India Limited

We have examined relevant records of **Multibase India Limited** (the Company) for the purpose of certifying compliance of the conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement of the Stock Exchange in India for the Financial Year ended 31st March 2012.

The compliance of the conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to the procedure and implementation thereof, adopted by the Company for ensuring the Compliance conditions of Corporate Governance.

On the basis of our examination of the records produced, explanations and information furnished by the management of the Company, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

FOR DHRUMIL M. SHAH & CO.

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

Place: Mumbai

Date: 29.05.2012

AUDITORS' REPORT

TO THE MEMBERS OF MULTIBASE INDIA LIMITED

1. We have audited the attached Balance Sheet of MULTIBASE INDIA LIMITED ("the Company") as at 31st March, 2012, the Statement of Profit and Loss and the Cash Flow Statement of the Company for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (CARO) issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report as follows:
 - (a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - (c) the Balance Sheet, the 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 dealt with by this report are in compliance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956;
 - (e) in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2012;
 - (ii) in the case of the Statement of Profit and Loss, of the profit of the Company for the year ended on that date and
 - (iii) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.
5. On the basis of the written representations received from the Directors as on 31st March, 2012 taken on record by the Board of Directors, none of the Directors is disqualified as on 31st March, 2012 from being appointed as a director in terms of Section 274(1)(g) of the Companies Act, 1956.

For DELOITTE HASKINS & SELLS

Chartered Accountants
(Registration No. 117364W)

sd/-

Gaurav J. Shah
Partner

(Membership No. 35701)

Mumbai, 29th May, 2012

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph 3 of our report of even date)

- (i) In respect of its fixed assets:
 - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the 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 inventory:
 - (a) As explained to us, the inventories were physically verified by the Management as at year end.
 - (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the Management were reasonable and adequate in relation to the size of the Company and the nature of its business.
 - (c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories 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 listed 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 with regard to purchases of inventory and fixed assets and the sale of goods and services. During the course of our audit, we have not observed any major weakness in such internal control system.
- (v) In respect of contracts or arrangements entered in the Register maintained in pursuance of Section 301 of the Companies Act, 1956, to the best of our knowledge and belief and according to the information and explanations given to us:
 - (a) The particulars of contracts or arrangements referred to in Section 301 that needed to be entered in the Register maintained under the said Section have been so entered.
 - (b) No transactions have been made in pursuance of such contracts or arrangements during the year.
- (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 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, Investor Education and Protection Fund, Employees' State Insurance, Professional Tax, Service Tax, Income-Tax, Sales Tax, Wealth Tax, Custom Duty, Excise Duty, Cess and other material statutory dues applicable to it, with the appropriate authorities.
 - (b) There were no undisputed amounts payable in respect of Income-Tax, Sales Tax, Service Tax, Wealth Tax, Custom Duty, Excise Duty, Cess and other material statutory dues in arrears as at 31st March, 2012 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, Custom Duty, Excise Duty and Cess which have not been deposited as on 31st March, 2012 on account of disputes are given below:

Statute	Nature of Dues	Forum where dispute is pending	Period to which the amount relates	Amount involved (Rs.)
Income Tax Act, 1961	Income Tax	Commissioner of Income Tax - Appeals, Valsad	A.Y. 2005-06	16,35,147/-
Income Tax Act, 1961	Income Tax	Income Tax Appellate Tribunal, Ahmedabad	A.Y. 2006-07	10,78,880/-
Income Tax Act, 1961	Income Tax	Commissioner of Income Tax - Appeals, Valsad	A.Y. 2006-07	12,67,876/-
Central Sales Tax Act, 1956	Central Sales Tax	Asst. Commissioner - VAT Appellate Authority, Daman	F.Y. 2005-06	27,59,520/-

- (x) The Company does not have any accumulated losses as at the end of the financial year. Further the Company has not incurred cash losses either during the financial year covered by our audit or in the immediately preceding financial year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to banks and financial institutions.
- (xii) According to 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) In our opinion and according to the information and explanations given to us, the Company is not a chit fund/ nidhi/mutual benefit fund/society in terms of clause (xiii) of para 4 of the Companies (Auditor's Report) Order, 2003 and accordingly provisions of such special statutes are not applicable to the Company.
- (xiv) According to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments in terms of clause (xiv) of para 4 of the Companies (Auditor's Report) Order, 2003 and accordingly the provisions 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 bank or financial institution.
- (xvi) In our opinion and according to the information and explanations given to us, the term loans have been applied for the purposes for which they were obtained.
- (xvii) According to the information and explanations given to us and on an overall examination of the Balance Sheet and Cash Flow Statement of the Company, in our opinion, the funds raised on short-term basis have not been used for long- term purpose.
- (xviii) According to the information and explanations given to us, the Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under section 301 of the Act.
- (xix) According to the information and explanations given to us, the Company has not issued any debentures during the year.
- (xx) According to the information and explanations given to us, the Company has not raised any money by public issues during the year.
- (xxi) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no fraud on the Company has been noticed or reported during the year.

For DELOITTE HASKINS & SELLS

Chartered Accountants
(Registration No. 117364W)

sd/-

Gaurav J. Shah

Partner

(Membership No. 35701)

Mumbai, 29th May, 2012

BALANCE SHEET AS AT 31ST MARCH, 2012

Particulars	Note No.	Amount in Rupees	
		Figures as at 31-Mar-12	Figures as at 31-Mar-11
I. Equity and Liabilities			
(1) Shareholders' funds			
(a) Share capital	1	126,200,000	126,200,000
(b) Reserves and surplus	2	118,480,955	96,515,205
		<u>244,680,955</u>	<u>222,715,205</u>
(2) Non-current liabilities			
(a) Deferred tax liabilities (Net)	3	1,916,463	795,269
(b) Long term provisions	4	2,941,198	2,422,301
		<u>4,857,661</u>	<u>3,217,570</u>
(3) Current liabilities			
(a) Trade payables	5	74,140,524	50,152,267
(b) Other current liabilities	6	6,413,600	14,612,892
(c) Short-term provisions	7	9,984,396	13,262,740
		<u>90,538,520</u>	<u>78,027,899</u>
TOTAL		<u><u>340,077,136</u></u>	<u><u>303,960,674</u></u>
II. Assets			
Non-current assets			
(1) (a) Fixed assets	8		
(i) Tangible assets		43,316,892	41,152,670
(ii) Intangible assets		615,799	652,599
(iii) Capital work-in-progress		-	95,562
		<u>43,932,691</u>	<u>41,900,831</u>
(b) Long term loans and advances	9	-	1,445,670
		-	<u>1,445,670</u>
(2) Current assets			
(a) Inventories	10	81,582,518	64,151,650
(b) Trade receivables	11	68,607,930	59,963,045
(c) Cash and cash equivalents	12	89,351,813	79,934,426
(d) Short-term loans and advances	13	56,602,184	56,565,052
		<u>296,144,445</u>	<u>260,614,173</u>
TOTAL		<u><u>340,077,136</u></u>	<u><u>303,960,674</u></u>

See accompanying notes forming part of the financial statements

In terms of our report attached.

For Deloitte Haskins & Sells,
Chartered Accountants

sd/-
Gaurav Shah
(Partner)

For Multibase India Limited

sd/-
H. N. Motiwala
(Director)

sd/-
Sanjay Goyal
(Chief Financial Officer)

sd/-
Deepak Dhanak
(Managing Director)

sd/-
Amees Joshi
(Company Secretary)

Place :- Mumbai
Date :- 29.5.2012

Place :- Mumbai
Date :- 29.5.2012

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2012

Amount in Rupees

Particulars	Note No.	Figures for the year ended 31-Mar-12	Figures for the year ended 31-Mar-11
I Revenue from operations (Gross)		430,763,299	411,379,439
Less : Excise duty		33,789,015	33,380,608
Revenue from operations (Net)	14	396,974,284	377,998,831
II. Other income	15	5,220,085	3,547,195
III. Total revenue (I + II)		402,194,369	381,546,026
IV. Expenses			
Cost of materials consumed	16	266,805,641	219,614,519
Purchase of stock-in-trade		17,156,024	10,195,341
Changes in inventories of finished goods, and stock-in-trade	17	(9,729,931)	14,383,358
Employee benefit expense	18	29,274,172	30,716,586
Finance costs	19	947,334	1,041,413
Depreciation and amortisation expense	8	4,367,571	3,719,486
Other expenses	20	59,872,161	57,950,277
Total expenses		368,692,972	337,620,980
V. Profit before exceptional and extraordinary items and tax (III - IV)		33,501,397	43,925,046
VI. Exceptional items		-	-
VII. Profit before extraordinary items and tax (V - VI)		33,501,397	43,925,046
VIII. Extraordinary items		-	-
IX. Profit before tax (VII - VIII)		33,501,397	43,925,046
X. Tax expense:			
(1) Current tax		9,770,926	12,223,237
(2) Short/(Excess) Provision For Earlier Years		643,527	-
(3) Deferred Tax		1,121,194	2,612,269
		11,535,647	14,835,506
XI. Profit for the period from continuing operations (IX - X)		21,965,750	29,089,540
XII. Profit for the period		21,965,750	29,089,540
XIII. Earnings per equity share: [Refer Note 29]			
(1) Basic		1.74	2.31
(2) Diluted		1.74	2.31

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)

sd/-
H. N. Motiwalla
(Director)

sd/-
Deepak Dhanak
(Managing Director)

sd/-
Sanjay Goyal
(Chief Financial Officer)

sd/-
Amees Joshi
(Company Secretary)

Place :- Mumbai
Date :- 29.5.2012

Place :- Mumbai
Date :- 29.5.2012

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012*Amount in Rupees*

	For the year ended		For the year ended	
	31-Mar-12	31-Mar-12	31-Mar-11	31-Mar-11
(A) Cash flow from operating activities				
Net profit before extraordinary items and tax		33,501,397		43,925,046
<u>Adjustments for:</u>				
Depreciation & amortisation	4,367,571		3,719,486	
(Profit)/ loss on sale of fixed assets (net)	390,023		(43,251)	
Finance cost	947,334		1,041,413	
Interest income	(3,505,033)		(1,220,643)	
Liabilities / provisions no longer required written back	(975,287)		(197,760)	
Provision for doubtful trade and other receivables, loans and advances	1,089,845		2,609,525	
Net unrealised exchange (gain) / loss	1,653,257	3,967,710	(442,379)	5,466,391
Operating profit before working capital changes		37,469,107		49,391,437
<u>Changes in working capital:</u>				
Adjustments for (increase) / decrease in operating assets:				
Inventories	(17,430,868)		19,917,197	
Trade receivables	(7,136,269)		(5,443,812)	
Short-term loans and advances	(4,297,291)	(28,864,428)	2,751,923	17,225,308
Adjustments for increase / (decrease) in operating liabilities:				
Trade payables	21,492,855		(13,147,967)	
Other current liabilities	1,539,836		(1,511,568)	
Short-term provisions	(826,033)		1,039,503	
Long-term provisions	518,897	22,725,555	(1,652,976)	(15,273,008)
Cash generated from operations		31,330,234		51,343,737
Net income tax (paid) / refunds		(9,387,634)		(14,721,841)
Net cash flow from / (used in) operating activities (A)		21,942,600		36,621,896
(B) Cash flows from investing activities				
Capital expenditure on fixed assets, including capital advances	(5,708,468)		(9,490,463)	
Proceeds from sale of fixed assets	364,684		248,444	
Interest received from others	3,505,033		1,220,643	
Net cash flow from / (used in) investing activities (B)		(1,838,751)		(8,021,376)
(C) Cash flows from financing activities				
Repayment/Changes in External Commercial Borrowings	(9,739,128)		(7,773)	
Finance cost	(947,334)		(1,041,413)	
Net cash flow from / (used in) financing activities (C)		(10,686,462)		(1,049,186)

Amount in Rupees

	For the year ended		For the year ended	
	31-Mar-12	31-Mar-12	31-Mar-11	31-Mar-11
Net increase / (decrease) in Cash and cash equivalents (A+B+C)		9,417,387		27,551,334
Cash and cash equivalents at the beginning of the year		79,934,426		52,383,092
Cash and cash equivalents at the end of the year		89,351,813		79,934,426
Notes :-		As at		As at
01. Cash and cash equivalents at the end of the year		31-Mar-12		31-Mar-11
Cash on hand		45,908		28,390
With banks -				
In current accounts		44,217,119		31,906,036
In deposit accounts		45,088,786		48,000,000
		89,351,813		79,934,426

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

For Multibase India Limited

sd/-
Gaurav Shah
(Partner)

sd/-
H. N. Motiwalla
(Director)

sd/-
Deepak Dhanak
(Managing Director)

sd/-
Sanjay Goyal
(Chief Financial Officer)

sd/-
Amees Joshi
(Company Secretary)

Place :- Mumbai
Date :- 29.5.2012

Place :- Mumbai
Date :- 29.5.2012

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Amount in Rupees

Particulars	Figures as at 31-Mar-12	Figures as at 31-Mar-11
1 Share capital		
Authorised		
13,000,000 (Previous year: 13,000,000) equity shares of Rs.10/- each	<u>130,000,000</u>	<u>130,000,000</u>
Issued, subscribed and fully paidup		
12,620,000 (Previous year: 12,620,000) equity shares of Rs. 10/- each	<u>126,200,000</u>	<u>126,200,000</u>
Note		
(1) 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)		
(2) Except for above, no other shareholder holds more than 5% of the equity shares of the Company.		
2 Reserves and surplus		
(a) Securities premium account		
As per last balance sheet	11,700,000	11,700,000
(On 1,800,000 equity shares of Rs. 10/- each issued at a premium of Rs. 6.50/- per share)		
(b) Surplus in statement of Profit and loss		
Opening balance	84,815,205	55,725,665
Add: Profit for the year	<u>21,965,750</u>	<u>29,089,540</u>
Closing balance	<u>106,780,955</u>	<u>84,815,205</u>
	<u>118,480,955</u>	<u>96,515,205</u>
3 Deferred tax liabilities (Net)		
Deferred tax liabilities		
Depreciation	3,395,352	2,900,865
Gross deferred tax liabilities	<u>3,395,352</u>	<u>2,900,865</u>
Deferred tax assets		
Gratuity and leave encashment	1,023,532	1,149,925
Provision for doubtful debts	455,357	955,671
Gross deferred tax assets	<u>1,478,889</u>	<u>2,105,596</u>
Deferred tax liabilities (Net)	<u>1,916,463</u>	<u>795,269</u>
4 Long term provisions		
Provision for employee benefits		
Provision for gratuity [Refer Note 28]	2,121,322	1,381,913
Provision for leave encashment	819,876	1,040,388
	<u>2,941,198</u>	<u>2,422,301</u>
5 Trade payables		
Due to		
(a) Micro, small and medium enterprises	145,303	-
(b) Others	73,995,221	50,152,267
	<u>74,140,524</u>	<u>50,152,267</u>

Note

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 31-Mar-12	Figures as at 31-Mar-11
6 Other current liabilities		
Current maturities of long term borrowings (Unsecured)		
- ECB from holding Company i.e. M/s Multibase S.A., France	-	9,617,456
- Interest accrued but not due on borrowings	-	121,672
Statutory dues	6,313,600	4,773,764
Security deposits	100,000	100,000
	6,413,600	14,612,892
Note		
Rate of interest on external commercial borrowings is LIBOR + 2%		
7 Short-term provisions		
(a) Provision for employee benefits		
Provision for gratuity [Refer Note 28]	89,063	638,366
Provision for leave encashment	124,407	401,137
(b) Others		
Provision for current tax (net of prepaid taxes)	9,770,926	12,223,237
	9,984,396	13,262,740

8 Fixed assets

Amount in Rupees

Particulars	GROSS BLOCK (At Cost)				DEPRECIATION				Net Block	
	As On 01-Apr-11	Addition	Deduction	As On 31-Mar-12	As on 01-Apr-11	Provided During The Year	Deduction	As on 31-Mar-12	As on 31-Mar-12	As on 31-Mar-11
Tangible assets										
Land & site development	2,841,552	-	-	2,841,552	-	-	-	-	2,841,552	2,841,552
Factory building	15,825,281	75,600	-	15,900,881	8,857,068	530,829	-	9,387,897	6,512,984	6,968,213
Office building	114,475	-	-	114,475	42,786	1,866	-	44,652	69,823	71,689
Leashold improvements [Refer Note 22 (d)]	-	2,346,908	-	2,346,908	-	391,151	-	391,151	1,955,757	-
Plant & machinery	92,850,716	3,090,301	397,065	95,543,952	75,069,842	1,274,824	336,432	76,008,234	19,535,718	17,780,874
Laboratory equipment	4,301,547	330,021	-	4,631,568	29,100	213,937	-	243,037	4,388,531	4,272,447
Office equipments	1,708,602	209,751	324,516	1,593,837	540,872	107,887	70,206	578,553	1,015,284	1,167,730
Air conditioner	363,490	-	-	363,490	105,676	17,267	-	122,943	240,547	257,814
Furniture & fixture	5,153,200	-	-	5,153,200	2,111,940	301,844	-	2,413,784	2,739,416	3,041,260
Computers	11,058,446	1,197,119	-	12,255,565	6,832,218	1,448,911	-	8,281,129	3,974,436	4,226,228
Vehicles	2,214,187	-	1,800,711	413,476	1,689,324	42,255	1,360,947	370,632	42,844	524,863
Total (A)	136,431,496	7,249,700	2,522,292	141,158,904	95,278,826	4,330,771	1,767,585	97,842,012	43,316,892	41,152,670
Previous year	129,679,200	8,345,531	1,593,235	136,431,496	92,984,182	3,682,686	1,388,042	95,278,826	41,152,670	36,695,018
Intangible assets										
Computer software	754,658	-	-	754,658	102,059	36,800	-	138,859	615,799	652,599
Total (B)	754,658	-	-	754,658	102,059	36,800	-	138,859	615,799	652,599
Previous year	3,907,058	-	3,152,400	754,658	3,217,659	36,800	3,152,400	102,059	652,599	689,399

Amount in Rupees

Particulars	Figures as at 31-Mar-12	Figures as at 31-Mar-11
9 Long-term loans and advances (Unsecured, Considered good)		
Capital advances	-	1,445,670
	<u>-</u>	<u>1,445,670</u>
10 Inventories (Raw materials are valued at cost on moving average basis and Finished goods are valued at lower of cost and net realizable value)		
Raw materials and components (including stock in transit)	45,228,125	36,513,333
Finished goods (including stock in transit)	36,354,393	27,638,317
	<u>81,582,518</u>	<u>64,151,650</u>
Note		
(1) Raw materials include goods in transit Rs. 4,194,783 (Previous year: Rs. 2,393,422).		
(2) Finished goods include goods in transit (traded) Rs. 2,063,818 (Previous year: Nil) and inventory of traded goods Rs. 3,638,400 (Previous year: Rs. 2,870,333)		
11 Trade receivables (Unsecured)		
- Over six months from due date	259,537	3,094,537
- Others	<u>68,686,772</u>	<u>59,745,518</u>
	68,946,309	62,840,055
Less: Provision for doubtful debts	338,379	2,877,010
	<u>68,607,930</u>	<u>59,963,045</u>
Considered good	68,607,930	59,963,045
Considered doubtful	338,379	2,877,010
	<u>68,946,309</u>	<u>62,840,055</u>
12 Cash and cash equivalents		
(a) Balances with banks		
In current accounts	44,217,119	31,906,036
In deposit accounts (maturing within twelve months)	45,088,786	48,000,000
(b) Cash on hand	45,908	28,390
	<u>89,351,813</u>	<u>79,934,426</u>

Amount in Rupees

Particulars	Figures as at 31-Mar-12	Figures as at 31-Mar-11
13 Short-term loans and advances		
(Unsecured)		
(a) Security Deposits		
Unsecured, considered good	748,930	908,000
Doubtful	10,000	-
	758,930	908,000
Less: Provision for doubtful deposits	10,000	-
	748,930	908,000
(b) Employee advances [Refer Note 25]		
Unsecured, considered good	66,309	69,947
	66,309	69,947
(c) Prepaid Expenses		
Unsecured, considered good	500,901	368,604
	500,901	368,604
(d) Balances with government authorities		
Unsecured, considered good		
(i) CENVAT credit receivable	27,992,397	25,515,621
(ii) VAT credit receivable	9,299	59,226
(iii) Service Tax credit receivable	1,239,993	165,517
	29,241,689	25,740,364
(e) Advance tax and tax deducted at source (Net of provisions)	18,438,328	21,917,458
	18,438,328	21,917,458
(f) Others		
- Export Incentive Receivable		
Unsecured, considered good	2,752,475	3,288,286
Doubtful	810,760	-
	3,563,235	3,288,286
Less: Provision for doubtful loans and advances	810,760	-
	2,752,475	3,288,286
- Advances recoverable in cash or kind or for value to be received		
Unsecured, considered good	4,853,552	4,272,393
Doubtful	244,334	-
	5,097,886	4,272,393
Less: Provision for doubtful loans and advances	244,334	-
	4,853,552	4,272,393
	56,602,184	56,565,052

Amount in Rupees

Particulars	Figures as at 31-Mar-12	Figures as at 31-Mar-11
14 Revenue from operations (Net)		
(a) Sale of products		
Major class of products		
Thermo plastic elastomers	304,246,969	276,658,574
Silicon masterbatch	78,014,015	77,386,800
Polypropelene compounds	7,456,750	7,941,081
Synthetic resin masterbatch	-	7,278,456
Manufacturing scrap	592,314	1,313,655
	390,310,048	370,578,566
Out of above		
- Manufacturing	369,301,362	354,960,886
- Trading sales	21,008,686	15,617,680
	390,310,048	370,578,566
(b) Sale of services	5,450,445	6,135,214
(c) Other operating revenues		
Export incentive	564,126	1,285,051
DEPB income	649,665	-
	1,213,791	1,285,051
	396,974,284	377,998,831
15 Other income		
Interest from bank deposits	3,505,033	1,220,643
Interest on income tax refund	-	307,333
Profit on sale of fixed assets (Net)	-	43,251
Miscellaneous income	1,715,052	1,975,968
	5,220,085	3,547,195
16 Cost of materials consumed		
Raw material consumed [Refer Note 34]	266,805,641	219,614,519
	266,805,641	219,614,519
Major class of materials consumed		
Gum	19,414,034	14,064,957
Oil	51,664,471	30,296,238
Polypropelene	30,075,497	29,718,490
SEBS	93,052,317	64,730,286
Others	72,599,322	80,804,548
	266,805,641	219,614,519

Amount in Rupees

Particulars	Figures as at 31-Mar-12	Figures as at 31-Mar-11
17 Changes in inventories of finished goods, and stock-in-trade		
Inventories as at year end		
- Finished goods	<u>36,354,393</u>	<u>27,638,317</u>
	<u>36,354,393</u>	<u>27,638,317</u>
Inventories as at year beginning		
- Finished goods	<u>27,638,317</u>	<u>42,072,820</u>
	<u>27,638,317</u>	<u>42,072,820</u>
Increase / (Decrease) in excise duty	<u>1,013,855</u>	<u>51,145</u>
	<u>9,729,931</u>	<u>(14,383,358)</u>
18 Employee benefit expense		
Salaries, wages and bonus	<u>26,414,275</u>	<u>27,137,567</u>
Contribution to provident fund	<u>1,133,988</u>	<u>1,078,719</u>
Gratuity expenses [Refer Note 28]	<u>828,472</u>	<u>1,197,791</u>
Staff welfare expenses	<u>897,437</u>	<u>1,302,509</u>
	<u>29,274,172</u>	<u>30,716,586</u>
19 Finance cost		
Interest expense		
- To banks	-	-
- To holding Company (M/s Multibase S.A France) for external commercial borrowing	<u>113,609</u>	<u>218,335</u>
Bank charges	<u>832,062</u>	<u>819,916</u>
Net (gain) / loss on foreign currency transactions and translation (considered as finance cost)	<u>1,663</u>	<u>3,162</u>
	<u>947,334</u>	<u>1,041,413</u>

Amount in Rupees

Particulars	Figures as at 31-Mar-12	Figures as at 31-Mar-11
20 Other expenses		
Stores and spares consumed [Refer Note 35]	3,783,714	3,386,216
Power, fuel and utilities	5,332,748	4,557,310
Service charges	3,313,776	3,374,216
Repair & maintenance		
- Building	251,096	380,702
- Machineries	1,174,240	1,187,697
- Others	1,079,363	1,274,188
Legal, professional & other contractual charges	8,593,471	7,273,001
Printing, stationery and communication charges	1,964,470	1,557,751
Rent expense	1,706,530	920,756
Travelling and conveyance	5,683,777	6,686,151
Insurance expenses	890,780	893,511
Royalty charges	3,259,661	3,245,730
Support charges	4,771,119	5,060,676
Director's sitting fees	420,000	500,000
Freight outward	4,776,681	5,644,915
Commission on sales	2,701,939	2,350,974
Discount and miscellaneous balances written off	214,798	509,742
Bad debts written off	-	713,684
Provision for doubtful debts and balance (Net)	114,558	2,411,765
Loss on sale of fixed assets (Net)	390,023	-
Net loss on foreign currency transactions and translation (other than considered as finance cost)	6,879,236	3,856,076
Miscellaneous expenses	2,570,181	2,165,216
	59,872,161	57,950,277
Note		
(1) Auditor's remuneration		
Audit fees	500,000	500,000
Tax audit fees	120,000	120,000
Certification	-	25,000
Tax services	620,000	505,000
Out of pocket expenses	-	15,934
	1,240,000	1,165,934

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 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

- (i) Short term employees benefits (benefits which are payable within twelve months after the end of the period in which the employees render service) are measured at cost.
- (ii) Long term employees benefits (benefits which are payable after the end of twelve months from the end of the period in which the employees render service) and post employment benefits (benefits which are payable after completion of employment) are measured on a discounted basis by the Projected Unit Credit Method on the basis of annual third party actuarial valuation.

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 and claims against the Company not acknowledged as debt

	<i>Amount in Rupees</i>	
	2011-12	2010-11
a) Contingent Liabilities		
- Letters of credit and bank guarantee	11,088,879	1,347,100
- Towards C-forms pending collection	6,970,685	5,736,105
- 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	2,940,401	-
b) Claims against the Company not acknowledged as debt		
- Income tax demand	4,520,453	3,252,577
- Central sales tax demand	2,759,520	-

24. Capital commitments

Estimated amount of contracts remaining to be executed on capital account and not provided for Rs. 918,300 (Previous Year Rs. 1,082,127).

25. 'Employee Advances' includes due from Managing Director (against expenses) Rs. Nil (Previous Year Rs. Nil). Maximum amount outstanding thereagainst at any time during the year is Rs. 7,000/- (Previous Year Rs. 14,668/-)

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 are attracted.

27. Related party disclosure

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

*Amount in Rupees
Debit/(Credit)*

	Nature of Relationship Name of the Party	Nature of Transaction	Transaction During		Outstanding Balance as at	
			2011-12	2010-11	31-Mar-12	31-Mar-11
A	Holding Company Multibase S.A, France	Participation in equity share capital including share premium	-	-	(106,349,940)	(106,349,940)
		Purchase of goods	15,593,297	9,944,944	(3,093,614)	(1,153,881)
		Interest on ECB loan	113,609	218,335	-	(121,672)
		Advance received/(refunded)	(1,935,871)	1,935,871	-	(1,935,871)
		Income from shared services operations	4,240,478	4,619,434	2,011,014	1,516,762
		ECB loan repaid	9,970,548	-	-	(9,617,456)
		Others	-	24,672	-	-
B	Subsidiary of Ultimate holding Co.					
	DC (SH) Management Co. Ltd.	Sale of goods	-	297,251	-	320,993
	DC China Holding Co. Ltd.	Sale of goods	151,278	-	151,278	-
	DC Multibase ZJG Co., Ltd.	Purchase of goods	548,412	-	-	-
	DC Multibase ZJG Co., Ltd.	Reimbursement of costs	-	349,158	-	-
	DC Multibase ZJG Co., Ltd.	Sale of goods	-	97,769	7,062	7,062
	DC New Zealand (Auckland)	Sale of goods	-	960,581	-	-
	Dow Corning (Barry HQ) Limited	Purchase of goods	21,769,934	19,482,456	(13,231,399)	(7,376,954)
	Dow Corning (Hongknog HQ) Asia	Sale of goods	-	-	186,724	186,724
	Dow Corning Co. - Korea	Sale of goods	22,938,570	5,602,607	4,472,723	1,447,702
	Dow Corning India Pvt. Ltd.	Write back of misc payables	49,128	-	-	(49,128)
	Dow Corning Singapore Pte Ltd.	Purchase of goods	462,788	-	(462,788)	-
	Dow Corning Singapore Pte Ltd.	Sale of goods	6,241,952	6,162,361	2,152,378	833,941
	Dow Corning Thailand Ltd.	Sale of goods	5,070,891	5,578,770	1,221,930	3,104,209
	Multibase Inc. Copley	Income from shared services operations	1,209,967	1,515,780	621,349	467,426
	Multibase Inc. Copley	Purchase of goods	247,580	661,855	(247,580)	(395,047)
C	Ultimate Holding Company Dow Corning Corporation	Purchase of goods	278,277	638,947	(91,284)	(334,675)
		Support charges & testing fees	4,771,119	5,060,676	(17,802,340)	(13,646,665)
		Royalty	3,259,661	3,245,730	(3,757,401)	(5,736,911)
D	Key Management Personnel					
	Mr. Deepak Dhanak	Salary & perquisites *	2,217,259	1,489,525	-	-
	Mr. Krishna Joshi	Salary & perquisites *	-	2,543,339	-	-

* 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 2012 and in accordance with the Accounting Standard-15 (Revised) on 'Employee Benefits' issued under the Companies (Accounting Standards) Rules 2006.

a) Net employee benefit expense (recognized in Employee Cost)	<i>Amount in Rupees</i>	
	2011-12	2010-11
Current service cost	360,366	338,491
Interest cost on benefit obligation	171,724	257,331
Expected return on plan assets	-	-
Net actuarial (gain) / loss recognised in the year	(202,079)	601,969
Past service cost	498,461	-
Net expense	<u>828,472</u>	<u>1,197,791</u>
b) Details of provision for Gratuity	<i>Amount in Rupees</i>	
	2011-12	2010-11
Defined benefit obligation	2,210,385	2,020,279
Fair value of plan assets	-	-
	<u>2,210,385</u>	<u>2,020,279</u>
Less: Unrecognised past service cost	-	-
	<u>2,210,385</u>	<u>2,020,279</u>
c) Changes in the present value of the defined benefit obligation are as follows:	<i>Amount in Rupees</i>	
	2011-12	2010-11
Opening defined benefit obligation	2,020,279	3,119,155
Interest cost on benefit obligation	171,724	257,331
Current service cost	360,366	338,491
Benefits paid	(638,366)	(2,296,667)
Net actuarial (gain) / loss recognised in the year	(202,079)	601,969
Past service cost	498,461	-
Closing defined benefit obligation	<u>2,210,385</u>	<u>2,020,279</u>
d) Principal actuarial assumptions	<i>Amount in Rupees</i>	
	2011-12	2010-11
	%	%
Discount rate as at 31st March (Refer Note 1)	8.50	8.50
Expected increase in salary costs (Refer Note 2)	7.00	7.00
Employee turnover	<u>0.19</u>	<u>0.18</u>
e) Experience adjustments	<i>Amount in Rupees</i>	
	2011-12	2010-11
- On Plan commitments	(202,079)	766,745
- On Plan assets	-	-
	<u>(202,079)</u>	<u>766,745</u>

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

	2011-12	2010-11
Profit after tax attributable to equity share holders (Rs.)	21,965,750	29,089,540
Weighted average number of shares outstanding during the year (Nos.)	12,620,000	12,620,000
Earning per share (Basic/Diluted) (Rs.)	1.74	2.31
Nominal value per share (Rs.)	10	10

30. 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.

Amount in Rupees

Particulars	Currency	Amount in foreign currency		Equivalent amount in INR	
		2011-12	2010-11	2011-12	2010-11
Sundry creditors	USD	1,048,768	711,680	53,922,591	31,903,652
Sundry creditors	EURO	-	23,616	-	1,602,160
Sundry debtors	USD	231,188	237,737	12,346,443	10,834,599
Advance from customer	EURO	-	31,158	-	1,935,871
Advance to supplier	USD	58,628	142,324	3,151,946	6,434,446
Advance to supplier	GBP	-	-	-	-
ECB loan	EURO	-	150,000	-	9,617,456

Amount in Rupees

	2011-12	2010-11
31. Expenditure in foreign currency (accrual basis)		
Foreign travelling	790,689	1,386,266
Support charges	4,771,119	5,060,676
Interest	113,609	218,335
	<u>5,675,417</u>	<u>6,665,277</u>
32. Value of Import calculated on CIF basis		
Raw material	183,974,736	145,922,218
Capital goods	806,750	3,244,997
Others	25,931	-
	<u>184,807,417</u>	<u>149,167,214</u>
33. Earnings in foreign currency (Accrual basis)		
Exports at F.O.B. value	40,906,064	42,075,353
Income from Shared services operations	5,450,445	6,135,214
	<u>46,356,509</u>	<u>48,210,567</u>

34. Imported and indigenous raw materials consumed

	% of total consumption		Amount in Rupees	
	2011-12	2010-11	2011-12	2010-11
Imported	72	61	190,876,458	133,359,997
Indigenous	28	39	75,929,183	86,254,522
	100	100	266,805,641	219,614,519

35. Stores and Spare Consumed

Indigenous	3,757,783	3,386,216
Imported	25,931	-
	3,783,714	3,386,216

36. Previous Year Comparatives

The Company prepares and presents its financial statements as per Schedule VI to the Companies Act, 1956, as applicable to it from time to time. In view of revision to the Schedule VI as per a notification issued during the year by the Central Government, the financial statements for the financial year ended 31st March, 2012 have been prepared as per the requirements of the Revised Schedule VI to the Companies Act, 1956. 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)

sd/-
Deepak Dhanak
 (Managing Director)

sd/-
Sanjay Goyal
 (Chief Financial Officer)

sd/-
Amees Joshi
 (Company Secretary)

Place :- Mumbai
 Date :- 29.05.2012



MULTIBASE INDIA LIMITED

Regd. Office : 74/5-6, Daman Industrial Estate, Kadaiya Village, Nani Daman – 396210 (U.T).

ATTENDANCE SLIP

Folio No. *Client ID No. *DP ID No.

I hereby record my presence at the TWENTY-FIRST ANNUAL GENERAL MEETING of the Company on Tuesday, August 14, 2012 at 11:30 a.m. 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)

NOTES :

1. Shareholder/Proxy wishing to attend the meeting must bring the Attendance Slip to the meeting and hand over at the entrance duly signed.
2. Shareholder/Proxy desiring to attend the meeting should bring his/her copy of the Annual Report for reference at the meeting.

* Applicable in case shares are held in demat mode.



MULTIBASE INDIA LIMITED

Regd. Office : 74/5-6, Daman Industrial Estate, Kadaiya Village, Nani Daman – 396210 (U.T).

PROXY FORM

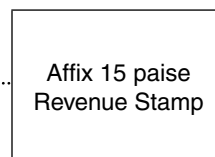
I/We
of in the district of
being a Member/Members of the above named Company, hereby appoint of
..... in the district of or failing him of
..... in the district of as my/our proxy to attend and
vote for me/us and on my/our behalf at the TWENTY-FIRST ANNUAL GENERAL MEETING of the Company to be held
on Tuesday, August 14, 2012 at 11:30 a.m. at 74/5-6, Daman Industrial Estate, Kadaiya Village, Nani Daman – 396210
(U.T) and at any adjournment thereof.

Signed this day of 2012.

Folio No. *Client ID No. *DP ID No.

* Applicable in case shares are held in demat mode.

Signature Affix 15 paise
Revenue Stamp



Note: The proxy form must be returned so as to reach the Registered Office of the Company at 74/5-6, Daman Industrial Estate, Kadaiya Village, Nani Daman – 396210 (U.T) not less than FORTY-EIGHT HOURS before the time for holding the aforesaid meeting.

BOOK POST

If undelivered, please return to:

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LBS Road, Bhandup (W),
Mumbai - 400 078.
Tel. No. +91 22 25946970