

22nd Annual Report 2010-2011

Exploring Newer opportunities



We Can Do it.

Resonance Specialties Limited



NOTICE

NOTICE is hereby given that the Twenty Second Annual General Meeting of the Members of Resonance Specialties Limited will be held on Friday, 30th September 2011, at 11 A.M, at Raheja Classique Club Infinity Mall, New Link Road, Andheri (W), Mumbai - 400 058, to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Financial Statement including Audited Balance Sheet as at 31st March 2011 and the Profit and Loss Account for the year ended 31st March 2011 and the reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. B.P.Agrawal, who retires by rotation, and being eligible for re-appointment, offers himself for re-appointment.

SPECIAL BUSINESS :

Explanatory Statement Pursuant to Section 173 (2) of Companies Act, 1956:

3. To consider & if thought fit, to pass with or without modification (s), the following resolution as Ordinary Resolution:

"RESOLVED THAT pursuant to provisions of Section 224 & other applicable provisions, if any, of the Companies Act, 1956, M/s V.R. Bhabhra & Company, Chartered Accountants, Mumbai, be & are hereby appointed as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting to conclusion of next Annual General Meeting in place of M/s S. H. Bathiya & Company, Chartered Accountants, the retiring auditors of the Company & the Board is hereby authorised to fix the remuneration after due negotiations with M/s V. R. Bhabhra & Company, Chartered Accountants, Mumbai."

By Order of the Board of Directors
For RESONANCE SPECIALTIES LIMITED

Place: Mumbai
Date : 24th August, 2011

Sd/-
Dr. A. B. Gupta
Managing Director



NOTES:

- I. **A Member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote on a poll in his/her stead and such proxy need not be a member of the company. The instrument appointing proxies in order to be effective must be received by the Company at its Registered Office not less than 48 hours before the commencement of the Meeting. A blank proxy form is annexed to this Notice.**
- II. Corporate members intending to send their authorised representatives to attend the meeting are requested to send to the Company a certified copy of Board Resolution authorizing their representative to attend and vote on their behalf at the Meeting.
- III. The Explanatory Statement pursuant to section 173(2) of the Companies Act, 1956 pertaining to the special business contained in item No.3 as set above is annexed hereto as Annexure 1.
- IV. The relevant details in respect of Mr. B. P. Agrawal retiring by rotation and seeking reappointment under item no. 2 set above, pursuant to Clause 49 of the Listing Agreement entered into with the Stock Exchange, are furnished as Annexure 2 to the said Notice.
- V. The Register of Members and Share Transfer Books of the Company will remain closed from 24.09.2011 to 30.09.2011 (both days inclusive).
- VI. Members desirous of obtaining any information concerning the accounts and operations of the Company are requested to address their questions in writing to the Compliance Officer at least seven days before the date of the Meeting, so that the information required may be made available at the Meeting.
- VII. Members and proxies are requested to bring their attendance slip and copy of the Annual Report to the Meeting.
- VIII. In case of joint holders attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote.
- IX. Members holding shares in physical form are requested to notify/send the following to the Company's Registrar and Share Transfer Agent to facilitate better service:
 - (i) any change in their address/mandate/bank details.
 - (ii) Share certificates (held in multiple accounts in identical names or joint accounts in the same order of names for consolidation of such shareholdings into one account.
- X. Members are requested to quote their folio numbers/DPID and Client ID numbers in all correspondence with the Company and the Registrar and Share Transfer Agent.
- XI. The Ministry of Corporate Affairs in pursuance to Section 53 of the Companies Act, 1956 and vide its Circular nos. 17/2011 dated April 21, 2011 and 18/2011 dated April 29, 2011 has taken a "Green Initiative" by allowing paperless compliances by the companies to serve the requisite documents to its members vide e-mode, Accordingly, the Company shall be required to update its database by incorporating your designated e-mail ID in its records.



You are thus requested to kindly submit your e-mail ID vide the e-mail updation form attached in this Annual Report of the Company. The same could be done by filling up and signing at the appropriate place in the said form and by returning this letter by post.

The e-mail ID provided shall be updated subject to successful verification of your signatures as per record available with the RTA of the Company.

XII. M/s. Ajel Infotech Limited is the Registrar and Share Transfer Agent (R&T Agent) of the Company. All investor related communications may be addressed to M/s. Ajel Infotech Limited at the following address:

106, MHADA Commercial Complex, Oshiwara, New Link Road, Jogeshwari (West), Mumbai - 400 102. Tel. No.: 022-26303348 Fax No. 022-26349264.

XIII. Pursuant to Section 109A of the Companies Act, 1956, shareholders are entitled to make nominations in respect of shares held by them in physical form. Shareholders desirous of making nominations are requested to send their request in Form No. 2B in duplicate (which will be made available on request) to the R&T Agent.

Annexure -1

Explanatory Statement Pursuant to Section 173 (2) of Companies Act, 1956:

Item No. 3

The present Statutory Auditors of the Company, M/s S. H. Bathiya & Associates, Chartered Accountants, retiring at the ensuing Annual General Meeting and are eligible for re-appointment. However, they have expressed their unwillingness to be reappointed at the Annual General Meeting of the Company.

The Company had approached M/s V. R. Bhabhra & Company, Chartered Accountants, Mumbai, to accept the office of Statutory Auditors of the Company, for which they have expressed their willingness to act as Statutory Auditors of the Company in place of retiring auditors & also have stated that, if appointed, their appointment will be within the limits prescribed under Section 224(1B) of the Companies Act, 1956.

Consent of the members is therefore sought for appointing M/s V. R. Bhabhra & Company, Chartered Accountants, Mumbai as auditors of the Company in place of the retiring auditors M/s S.H. Bathiya & Associates, Chartered Accountants to hold office from conclusion of this Annual General Meeting until the conclusion of next Annual General Meeting.

None of the directors are concerned or interested in the resolution.

By Order of the Board of Directors
For RESONANCE SPECIALTIES LIMITED

Place: Mumbai
Date : 24th August, 2011

Sd/-
Dr. A. B. Gupta
Managing Director



Annexure 2 to the Notice**Information provided pursuant to Clause 49 of the Listing Agreement with the Stock Exchange in respect of Individuals proposed to be re-appointed as Director:****Mr. B.P. Agarwal**

Mr. B.P. Agrawal is a science graduate from Bhagalpur University. He has over 38 years of industrial experience. In his career, he had worked with various companies in India and abroad. Presently he is doing independent Consultancy in the field of Chemical, Plant Engineering and Environment. He is associated with the Company since last 3 years.

Directorship in other Companies : Nil

Membership of Board Committees: Nil

Mr. B.P. Agrawal holds Nil Equity Shares in the Company.

By Order of the Board of Directors
For RESONANCE SPECIALTIES LIMITED

Place: Mumbai
Date : 24th August, 2011

Sd/-
Dr. A. B. Gupta
Managing Director



DIRECTORS' REPORT

To the Members,

Your directors have pleasure in presenting the 22nd Annual Report and the Audited Statements of Accounts for the year ended 31st March, 2011, together with the Audited Report thereon:

Financial Results

The financial performance of the Company, for the year ended 31st March 2011 is summarised below:

	(₹ In Lakhs)	
	Current Year 2010-2011	Previous Year 2009-2010
Turnover	2862.71	3279.26
Other Income	24.33	18.48
Profit before Depreciation and Taxes	230.78	404.82
Depreciation	121.21	118.88
Profit/ (Losses) after taxes including deferred taxes	58.60	196.36
Prior period Adjustments + /(-)	(0.76)	(9.68)
Balance in P& L Account brought forward	267.93	81.25
Balance in the Profit and Loss Account carried forward to Balance Sheet	325.77	267.93

Results of Operations

The Company had reported turnover of Rs. 2862.71 Lacs for the year ended 31st March, 2011 as against Rs. 3279.26 lacs in the previous year, showing a decrease of 12.70%. The Company has generated a net profit of Rs. 58.60 Lacs as against net profit of Rs.196.36 lacs in the previous year, showing a net decrease of 70.16% over the previous year.

Dividend

Your directors feel that it is prudent to plough back the profits and conserve the resources for the future operations & growth of the Company & therefore, the Board of Directors do not recommend any dividend for the year 2010-2011.

Public Deposits

Your Company has not accepted any fixed deposits from public during the year under review.

Directors:

As per the provisions of the Companies Act, 1956 and Articles of Association of the Company, Mr. B.P. Agrawal is retiring by rotation and being eligible offers himself for reappointment. Your Directors recommend his reappointment for your approval at the ensuing Annual General Meeting.

Exports

FOB value of exports including deemed exports is Rs. 2231.22 lacs as against Rs. 1995.15 lacs in the previous year which is 11.83% higher as compared to previous year This is, a result of, company's commitment and sustained efforts to add value to the stakeholders of the company.

Future Prospects

In the case of some of the value added products of the company there are only few competitors in the world but the demand for product is limited. The company is making all the efforts to develop new applications of its products and is confident of substantially expanding the market in near future.



Nutraceuticals market is growing rapidly worldwide and in particular within India and other third world countries.

Research and Development

The Research and Development is an integral component for the commercial exploitation of products and processes. Your company is a knowledge based entity with focus on the customer needs. The strengths of Resonance commence at its R & D centre where products and processes are created to meet regulatory standards and to address the needs of the consumer at large. The company is making major investments in its R & D facilities at Tarapur which is approved by the DSIR of India to improve upon the competitiveness of our manufacturing products and processes. The company continues to conduct R & D work related to the:-

1. Development of improved catalysts for better yields of products;
2. Technology for the production of 2,6-Lutidine and 2,4,6-Collidine;
3. Improvement in technology for 3- and 4-cyanopyridines;
4. Development of high efficiency extraction techniques.

Total R&D expenditure during the year was Rs.92.20 lakhs. The corresponding previous year spends were Rs. 131.94 lakhs.

Energy Conservation and Technology Absorption and Foreign Exchange Earnings and Outgo

The particulars prescribed in the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988, are furnished in the Annexure - I to this report.

Corporate Governance:

The Company is committed to maintain good standard of Corporate Governance and adhere to the Corporate Governance requirements set out in the Listing Agreement entered into with the Stock Exchange. The Company has also implemented several best corporate governance practices as prevalent worldwide.

The Board of Directors support the Broad Principles of Corporate Governance in addition to the basic governance issues; the Board lays strong emphasis on transparency accountability and integrity.

Further separate Management Discussion and Analysis Report covering wide range of activities such as outlook, performance of the Company etc is also enclosed herewith.

Certificate from Managing Director as required under Clause 49 of the Listing Agreement entered into with the Stock Exchange and a declaration by Managing Director in compliance with the Code of Conduct and ethics is enclosed.

The Report on Corporate Governance as stipulated under Clause 49 of the Listing Agreement entered into with the Stock Exchange forms part of the Annual Report.

The requisite Certificate from the Auditors of the Company confirming compliance with the conditions of Corporate Governance as stipulated under the aforesaid Clause 49 is attached to this Report.

Personnel

Your Directors are pleased to record their sincere appreciation of the contribution by the workmen, staff and managers at all levels. The relations between the management and employees continue to be satisfactory. There is no employee covered under section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975.



Statutory Auditors

M/s. S.H. Bathiya & Associates, Chartered Accountants, retire at the ensuing Annual General Meeting and & have expressed their unwillingness to continue as Statutory Auditors.

M/s. V.H. Bhabhra & Co., Chartered Accountants, have expressed their willingness to be appointed as Statutory Auditors of the Company from conclusion of this Annual General Meeting until the conclusion of next Annual General Meeting. The appointment, if approved, by the shareholders in the general body meeting would be within the limits laid in S. 224 (1B) of The Companies Act, 1956. As per the undertaking taken from them by the Company.

Auditors Report

With regard to the qualifications contained in the Auditors' Report, Clause (ix) (a) of the Annexure to the Auditor's Report Board of Directors will immediately take the necessary steps to deposit the said amounts into Investor Education and Protection Fund.

Directors Responsibility Statement

The Board of Directors confirm that:

- 1 The financial statements are prepared in accordance with the Accounting Standards issued by the Institute of Chartered Accountants of India and the requirements of the Companies Act, 1956 to the extent applicable to us and guidelines issued by SEBI on the historical cost convention as a going concern and accrual basis. There are no material departures from prescribed Accounting Standards in the adoption of the Accounting Standards;
- 2 The Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit/loss of the company for the financial year;
- 3 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 safe guarding the assets of the Company and for preventing and detecting fraud and other irregularities;

Acknowledgement

Your Company has hugely benefited by the support and patronage of its large number of customers and is deeply indebted to them for their encouragement. Your Directors also wish to place on record their appreciation and acknowledge with gratitude the support and co-operation extended by vendors, banks, financial institutions, government agencies, shareholders and customers and looks forward to having the same support in all the future endeavors.

By Order of the Board of Directors
For RESONANCE SPECIALTIES LIMITED

Sd/-

Dr. A. B. Gupta
Managing Director

Place: Mumbai
Date : 24th August, 2010



ANNEXURE 1

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

A. Conservation of Energy

a) ENERGY CONSERVATION MEASURES.

- 1) Enhancement of capacitor bank to improve power factor from .98 to .999.
- 2) Replacement of motor to optimize load capacity to reduce power consumption.
- 3) Revamping of condensate recovery system to get higher boiler efficiency.
- 4) Hot condensate recycle system to conserve energy.
- 5) Adduct Plant energy audit carried by us in house to improve energy saving. (Internal Audit).
- 6) Fly ash recycle to the system to recover energy.
- 7) Regular observation and maintenance of steam traps to reduce steam losses in plant.
- 8) Leakage steam lines changed with new one to reduce and conserve steam energy in plant.
- 9) Ammonia preheater installed in line with hot condensate to reduce steam load.
- 10) Formalin preheater installed in line with hot condensate to reduce steam load.

b) ADDITIONAL INVESTMENTS AND PROPOSALS FOR REDUCTION OF CONSUMPTION OF ENERGY:-

- 1) Replacement of old low efficiency of reciprocating chiller with screw chiller.
- 2) To procure new capacitor bank to maintain power factor at .9999
- 3) Replacement of old steam strap with new improved one.
- 4) Improvement of equipment insulation & piping insulation.
- 5) Change of steam ejector system to Water ejector system

c) IMPACT OF THE ABOVE MEASURES.

- 1) Energy conservation by reducing the time cycle.
- 2) Reduction in the cost of production by lower power consumption in relation to the cost of output.

d) TOTAL ENERGY CONSUMPTION AND ENERGY CONSUMPTION PER UNIT OF PRODUCTION (FORM-A ENCLOSED).

B. TECHNOLOGY ABSORPTION

Efforts made in Technology Absorption (FORM - B ENCLOSED)

C. FOREIGN EXCHANGE EARNING AND OUTGO

a) ACTIVITIES RELATAING TO EXPORTS ACTIVITIES TAKEN TO INCREASE EXPORTS, DEVELOPMENTS OF NEW EXPORT MARKETS FOR PRODUCT AND EXPORT PLANS.



The Company is exploring new markets for its value added products through third party exports. The company's exports (including Deemed Exports) are Rs. 2231.22 Lacs as against Rs. 1995.15 Lacs in the international market during the previous year.

Foreign exchange earned and out-go during the year ended March 31, 2011.

	₹ In Lakhs	
	2010-2011	2009-2010
Foreign Exchanged Earned		
Exports (FOB)	617.67	11.91
Technical Assistance	NIL	18.65
Total	617.67	30.57
Foreign Exchange Outgo		
CIF Value of Imports	691.15	717.25
Research and Development Equipments	NIL	8.49
Travelling Expenses	0.96	Nil
Total	692.11	725.75

FORM – A

Form for Disclosure of particulars with respect of conservation of energy

Particulars	2010-2011	2009-2010
1. Conservation of Energy		
Total Energy Consumption		
A. Electricity		
(a) Purchased Units (Nos.)	2456780	2148230
Total amount ₹ (lacs)	146.38	115.21
Average rate (₹)/Unit	5.96	5.36
(b) Own Generation		
1) Through diesel generation unit (Nos.)	152533	73246
Units per litre of diesel	3.03	3.4
Average cost (₹)/Unit	13.42	10.35
B. Coal (Quantity - MT)		
Total Amount (₹In Lacs)	3297	2081
Average Rate (₹)/KG	118.55	89.53
	3.60	4.3



Form B for Disclosure of Particulars With Respect To Technology Absorption

A. RESEARCH AND DEVELOPMENT.

I) Specific areas in which R & D carried out by the company.

- a. Development of Catalytic Manufacturing process for Alpha/Gamma Picolines.
- b. Development of Manufacturing process for 2,3-Lutidine.
- c. Catalysts Development for 2,6-Lutidine and 2,4,6-Collidine.
- d. Process development of continuous regeneration of Catalyst for pyridine.
- e. Process optimization for the oxidation of Picolines and Lutidines.

II) Benefits derived as a result of above.

- a. Cost Reduction
- b. Better efficiency in product formation/process development
- c. Newer products/process development

III) Future Plan of Action.

- a) Development of improved catalysts
- b) Synthesis of new molecules
- c) Development of efficient processes

IV) Expenses on R & D

- a) Capital Rs. 5.79 lakhs
- b) Recurring Rs. 86.42 lakhs

Total R & D Expenditure as a percentage of the total turnover is 3.22% (P.Y.4.02 %)

B. TECHNOLOGY ABSORPTION / ADOPTION AND INNOVATION.

I) Efforts in brief made towards technology absorption/adoption:

On-going Technology was entirely developed in-house.

II) Benefits derived as a result of the above efforts:

Improvement in cost effectiveness in terms of usage of raw materials and energy efficiency in commercial production while being competitive.



MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Annexure II to the Board Report

1. INTRODUCTION

The Company is one of the few manufacturers of Pyridine and its derivatives in the world. The pyridines have wide range of applications in the industrial segments like Pharmaceuticals, Agrochemicals, Dyes, and Textiles etc. There are only few companies in the world that manufacture Pyridine and its derivatives.

2. INDUSTRY STRUCTURE AND DEVELOPMENT

The Company's main product 3,5,- Lutidine which is a raw material for Omeprazole, a major anti ulcer drug. The other product i.e Pyridine is the raw material for the manufacture of Agrochemicals like paraquat etc. besides being used as a solvent in the manufacture of some of Active Pharmaceutical ingredients like Norfloxacin and Sulphamathaxazole. It is also used as a solvent in the dye-stuff and as a denaturant in the alcohol industry.

The other products are:

- Beta-picoline and 3-cyanopyridine are used in the manufacture of Niacin and Niacinamide which have wide applications in vitamin preparations and are also used extensively as food supplement and animal feed additives.
- Gamma Picoline is used in the manufacture of Isoniazid, an Anti TB drug.
- Alpha Picoline is used in the manufacture of wide variety of agro chemicals and 2 vinyl pyridine finds extensive application in the tyre industry.

3. Company Overviews

The manufacturing plant of the company is located at MIDC Tarapur (Boisar) in close vicinity of city of Mumbai. The plant is being continuously upgraded and also plant capacity utilization is being improved to efficiently manufacture value added products i.e Lutidines, Collidines, Cyanopyridines, Nutraceuticals etc.

The company in the current year has substantially improved the business of value added Cyanopyridines, Lutidines, Collidines which have significantly contributed to the profitability of the Company and created a distinct market position worldwide. Further the Company has substantially improved its exports of Nutraceuticals.



4. RESEARCH AND DEVELOPMENT

The company takes pride in bringing innovations and excellence to develop newer processes and products. The company is making major investments in its Government of India recognized R & D to improve the competitiveness of our manufacturing processes. The Company has undertaken major R&D projects to develop the alternate processes for manufacturing of the products using different catalysts and newer product mix in the pyridine / Picoline plant. The development of the continuous regeneration in the R & D shall certainly prove a breakthrough to the production of pyridine derivatives.

5. OPPORTUNITIES AND THREATS

In the case of some of the value added products of the company there are only few competitors in the world but the demand for product is limited. The company is making all the efforts to develop new applications of its products and is confident of substantially expanding the market in near future. Nutraceuticals market is growing rapidly worldwide and in particular within India and other third world countries.

During the year the company has experienced large fluctuations in foreign exchange rates and import prices. However, due to, total backward integration and limited imports, company did not face any major setback in the performance. Further inbuilt flexibility in the plant helped in changing product mix to face the challenges due to adverse market situation during the year.

6. EXPORT

Export including deemed export are at ₹. 2231.22 Lacs which are more in value terms as compared to the previous years of ₹. 1995.15 Lacs which is 11.83% higher as compared to last year. The Company has exported its product to USA, Europe, China, Australia etc. The Company has major emphasis and is committed to serving its clients and speedy growth of export business.

7. OUTLOOK

Given the various development measures adopted by the Company, it is now optimistic about its growth prospects for the current financial year.

8. RISK AND CONCERNS THE MANAGEMENT PERCEPTION

Even though there was economic slow down the company was able to increase its sales of its value added products and nutraceuticals. However recent crisis in Europe and large fluctuations in Euro, currency rates may affect the exports to some extent. But the Company has made substantial progress in identifying newer markets and is confident that it will be able to maintain its profitability despite economic problems persisting in Europe.



9. INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY

Resonance Specialties Limited has a proper and adequate system of internal controls to ensure that all assets are safe-guarded and protected against loss from unauthorized use or disposition and those transactions are authorized, recorded and reported correctly.

An extensive programme of internal audits/energy audit, reviewed by the management and documented policies, guidelines and procedures, supplements the internal control systems. The internal control systems are designed to ensure that the financial and other records are reliable, for preparing the financial statements and other data and for maintaining accountability of assets.

The Company has independent internal audit systems covering all operations and services spanning all functions.

The Management and the Audit Committee of the Board review the internal audit findings and recommendations. The Audit Committee is empowered by the Board with the authority to investigate any matter relating to the internal control systems and to review the scope of internal audit. The Committee also reviews the quarterly, half yearly and annual financial statements before these are submitted to the Board and ensures compliance of internal control systems.

10. FINANCIAL REVIEW

The following statements cover financial performance review which is attached to this report.

Financial position at glance: See Annexure

Financial Summary and Distribution of Income: See Annexure

11. MATERIAL DEVELOPMENT IN HUMAN RESOURCES, INDUSTRIAL RELATION REPORT

The Company has recognized its employees as main assets. Various steps have been taken for improving their performance. The employees views are incorporated and given due weightage in decision making.

12. CAUTION

The statements in the Management Discussion and Analysis Report describing the Company's objectives, projections, estimates, expectations may be 'Forward looking statements' within the meaning of the applicable laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference of the Company's operations include economic demand/supply and price conditions in the domestic and overseas markets in which the Company operates, changes in the Government regulations, tax laws, other statutes and incidental factors.



ANNEXURE TO MANAGEMENT AND DISCUSSION ANALYSIS REPORT

Amount in ₹

PARTICULARS	For the year ended 31st March, 2011	For the year ended 31st March, 2010.
(I) Financial Position At Glance		
(A) Asset Owned		
Fixed Assets (Net)	191,498,308	189,827,485
Current Assets (Net)	73,056,384	71,236,168
Deferred Tax Balance	(17,755,000)	(14,598,000)
	246,799,692	246465653
FINANCED BY		
Loans	30,039,360	32,316,369
Networth	216,760,332	214,149,284
	246,799,692	246465653
REPRESENTED BY		
Share Capital	115,440,000	115,440,000
Reserves	68,743,602	71,915,946
Profit & Loss Account	32,576,730	26,793,338
	216,760,332	214,149,284
(B) INCOME EARNED		
Turnover	286,271,077	327,925,674
Other Income	2,432,805	1,848,321
	288,703,882	329,773,995
(C) INCOME DISTRUBUTED		
Materials including changes in the stock.	145,134,764	182,493,300
Employee Cost	17,048,642	13,247,997
Manufacturing and Other Expenses	97,528,120	87,685,274
Financial Expenses	5,914,491	5,865,570
Income Tax/ (Deferred Tax Asset)/ FBT	5,097,000	8958000
Depreciation	12,120,995	11,888,343
Profit After Tax	5,859,870	19,635,511
	288,703,882	329,773,995
(II) FINANCIAL SUMMARY		
(A) CAPITAL ACCOUNTS		
Share Capital	115,440,000	115,440,000
Reserves and Surplus	101,320,332	98,709,284
Borrowings	30,039,360	32,316,369
Gross Bock	374,131,956	357675589
Net Block	181,264,306	154,866,483
Net Current Assets	73,056,384	71,236,168
(B) REVENUE ACCOUNTS		
Sales and Other Income	288,703,882	329,773,995
Financial Expenses	5,914,491	5,865,570
Depreciation	12,120,995	11,888,343
Profit before Tax	10,956,870	28,593,511
Profit after Tax/ Deferred Tax	5,859,870	19,635,511
Net Earnings Retained	5,783,392	18,668,799
(C) SELECTED INDICATORS		
Return on Capital Employed %	0.02	0.18
Current Ratio	1.74	1.73
Earnings Per Share	0.50	1.62
Total Borrowings/ Shareholders Funds	0.14	0.15
Book Value Per Share (₹)	18.78	18.55
Fixed Asset Turnover	1.51	1.74



REPORT ON CORPORATE GOVERNANCE

1. Company's philosophy of Corporate Governance

Good Corporate Governance leads to long-term shareholder value and enhances interests of other stakeholders. It brings into focus the fiduciary and trusteeship role of the Board to align and direct the actions of the organisation towards creating wealth and shareholder value.

At Resonance Specialties we believe that the Company belongs to all the stakeholders and the corporate objective is to maximize shareholder value ethically and legally. The Company will continue to strive to be a wealth creator to meet stakeholder expectations and be a responsible citizen in its societal commitments. In the achievement of its goals, the Company utilizes its resources to meet the needs of customers and deliver on their expectations; meet the commitments with vendors, partners, employees, governments and the community. The trust reposed on the Company will always be exercised within a framework of transparency, accountability and professionalism.

2. Board of Directors

The Board of Directors guides, directs and oversees the management and protects long term interests of shareholders, employees and the society at large. The Board also ensures compliance of the applicable provisions and code of ethical standards wherever the Company and its subsidiaries are present.

Size and Composition

The Board of Directors comprises of five directors as on 31st March 2011 out of which four directors are non-executive independent Directors. Your Company has taken all necessary steps to strengthen the Board with optimum combination of executive and non-executive/ independent directors.

The composition of the Board of Directors, category and also other directorships/ memberships of committees held are as follows.

Name of Director	Category	Number of memberships in other Companies* (excluding this	
		Board	Company) Committees
Dr. A.B. Gupta	Managing Director	NIL	NIL
Mr. Rajnikant Worah	Non-executive Independent	2	NIL
Mr. B. P. Agrawal	Non-executive Independent	NIL	NIL
Mr. Prakash Modi **	Non-executive Independent	NIL	NIL
Mr. V. Vishwanathan# (w.e.f. 12th August 2010)	Non-executive Independent	NIL	NIL

*The directorship held by directors as mentioned above, do not include Alternate Directorships and Directorships of Foreign Companies, Section 25 Companies and Private Companies. Memberships in Audit Committees and Shareholders' Grievance Committee of all public limited companies have been considered.



During the year, Five Board Meetings were held on the following dates:

Date	Board Strength	No. of Directors Present
31st May 2010	4	4
30th June 2010	4	4
12th August 2010	5	5
15th November 2010	5	5
14th February 2011	5	5

Attendance of Directors at Board Meetings and Annual General Meeting

Name of Director	Attendance	
	Board Meetings	AGM
Dr. A.B. Gupta	5	Yes
Mr. Rajnikant Worah	5	Yes
Mr. B. P. Agrawal	5	Yes
Mr. Prakash Modi	5	Yes
Mr. V. Vishwanathan	3	Yes

3. Board Committees:

The Board has constituted the following committees of Directors.

A) Audit Committee :

1. Composition, Number of meetings and attendance.

During the financial year ended 31st March, 2011 the Audit Committee met on 31st May 2010, 30th June 2010, 12th August 2010, 15th November 2010 and on 14th February 2011. The attendance by the members of the Audit Committee is in the following manner:

Name of the Director	No of Meetings Held	Attendance
Mr. Rajnikant Worah - Chairman	5	5
Mr. B. P. Agrawal	5	5
Mr. Prakash Modi**	5	5
Dr. V. Vishwanathan*	3	3

*Appointed as member of audit committee with effect from 12th August 2010.

Riya Pawde - Compliance Officer of the Company acts as a Secretary of the Committee.

**Mr. Prakash Modi has resigned from the Board w.e.f. 17.08.2011.

2. Terms of Reference:

The terms of reference of this Committee are wide. The members have access to all the required information from the Company. The brief description of terms of reference is as follows:

- A) Integrity of the companies financial statements
- B) Companies Compliance with legal and regulatory requirements
- C) The Statutory Auditor's Qualification and Independence
- D) Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.
- E) Reviewing with management the annual financial statements before submission the the Board, focusing primarily on following:



- i) Any changes in accounting policies and practices;
- ii) Major accounting entries based on judgement by management;
- iii) Qualification in draft audit report;
- iv) Significant adjustments arising out of audit report;
- v) The going concern assumption;
- vi) Compliance with accounting standards;
- vii) Compliance with stock exchange and legal requirements regarding financial statements;
- viii) Any related party transaction that may have potential conflict with the interest of the Company at large;
- ix) Matters required to be included in the Directors' Responsibility Statement;
- F) Reviewing with the management, external and internal auditors, and the adequacy of internal control systems.
- G) Reviewing the adequacy of internal audit function, 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
- H) Reviewing the Company's financial and risk management policies
- I) Periodic discussion with the auditors about internal control systems, scope of audit including the observations of the auditors and review the quarterly, half-yearly and annual financial statements before submissions to the Board.

J) Remuneration Committee.

1. Composition, Number of meetings and attendance.

During the financial year ended 31st March, 2011 the Remuneration Committee met on 31st May 2010, 12th August 2010, 15th November 2010 and on 14th February, 2011. The attendance by the members of the Remuneration Committee is in the following manner:

Name of the Director	No of Meetings Held	Attendance
Mr. Prakash Modi* - Chairman	4	2
Mr. Rajnikant Worah	4	4
Mr. B. P. Agrawal*	4	3
Dr. V. Vishwanathan*	3	3

*Appointed as members of the remuneration committee with effect from 12th August 2010

Riya Pawde - Compliance Officer of the Company acts as a Secretary of the Committee

3. Role of Remuneration Committee.

The Remuneration Committee of the Company recommends the compensation package and other terms and conditions of Executive Directors and senior management personnel. The remuneration of Managing Director is recommended by the Remuneration Committee and the remuneration is paid based on the resolutions approved by the Members at their meetings and such other authorities as may be required. This Committee reviews annually the performance of all Executive Directors.

Details of remuneration paid to Directors during the financial year 2010-2011 Amount in ₹

Name	Sitting Fees	Salary	Allowance	Contribution. to P.F.
Dr. A.B. Gupta	-	--	--	--
Mr. Rajnikant Worah	175300	-	-	-
Mr. B. P. Agrawal	58500	-	-	-
Mr. Prakash. Modi	90500	-	-	-
Dr. V. Vishwanathan	42000	-	-	-



A) Shareholders/ Investors Grievance Committee

The main function of the Committee is to review and redress shareholders/Investors' grievance pertaining to:

- a. Transfer, transmission, split and consolidation of share holding of investors;
- b. Dematerialization of shares;
- c. Non-receipt of dividends and other corporate benefits;
- d. Replacement of lost/mutilated/stolen share certificates;
- e. Non-receipt of Annual Reports; and,
- f. Registration of change of addresses, etc.

a. Composition, Number of meetings and attendance.

During the financial year ended 31st March, 2011 the Shareholder/Investor Grievance Committee met on 31st May 2010, 12th August 2010, 15th November 2010 and on 14th February 2011. The attendance by the members of the Shareholders/ Investors Grievance Committee is in the following manner:

Name of the Director	No of Meetings Held	Attendance
Mr. B. P. Agrawal* - Chairman	4	3
Mr. Rajnikant Worah	4	4
Mr. Prakash Modi	4	2
Dr. V. Vishwanathan *	4	1

*Appointed as members of Shareholders/investors Grievance Committee with effect from 12th August 2010

All the investor complaints which cannot be settled at the level of Dr. A. B. Gupta, Managing Director and Compliance Officer are forwarded to the Shareholders Grievance Committee for final settlement.

b. Compliance Officer

Mrs. Riya Pawde

c. Complaints

All transfers, dematerialization requests and complaints up to 31st March, 2011 have been redressed. There are no complaints pending as on 31st March, 2011

4. General Body Meetings

Details of the last three AGMs are as follows:

Financial Year	Date	Time	Venue
2007-2008	20-09-2008	11 am	Raheja Classique Club, Near Infinity Mall, Link Road, Andheri (West), Mumbai -400 058.
2008-2009	19-09-2009	11 am	Raheja Classique Club, Near Infinity Mall, Link Road, Andheri (West), Mumbai -400 058.
2009-2010	25-09-2010	11 am	Raheja Classique Club, Near Infinity Mall, Link Road, Andheri (West), Mumbai -400 058.



AGM held on 29.09.2008 : No Special Resolution was passed

AGM held on 19.09.2009 : No Special Resolution was passed

AGM held on 25.09.2010 : Re-appointment of Dr. A.B.Gupta as Managing Director w.e.f. 1st September 2009.

5. Disclosures

(A) Mr. Rajnikant Worah holds 280 fully paid equity shares of Rs 10/- each in the capital of the Company. Dr. A. B. Gupta holds 1 fully paid equity share of Rs 10/- each in the capital of the Company. Mr. Prakash Modi holds 300 fully paid equity shares of Rs 10/- each in the capital of the Company. Mr. B.P. Agrawal and Dr. V. Vishwanathan do not hold any shares in the Company.

(B) The Managing Director has submitted a certificate to the Board as contemplated under Clause 49 of the Listing Agreement.

(C) Related party transactions

Full disclosures on related party transactions as per the accounting standard 18 issued by the Institute of Chartered Accountants of India are made under note 15 of schedule 18 of the Annual Accounts.

(D) The Company does not have any whistle blower policy. However, no person is denied access to the audit committee meetings.

(E) There are no non-compliance, penalties and strictures imposed on the Company by the Stock Exchanges/ SEBI/ Statutory Authority on matters related to the capital markets.

6. Code of Conduct

The Board of Directors has laid down a 'Code of Conduct' (Code) for all the Board members and the senior management of the Company. Annual declaration is obtained from every person covered by the Code.

7. Risk Management

The Board regularly discusses the significant business risks identified by the management and the mitigation process being taken up.

8. Means of Communication

Half yearly results and the quarterly results were published in Business Standard and Mahanayak. The Annual Reports are mailed to the shareholders of the Company in due time.

Management Discussions and Analysis Report forms part of this annual report, which is also being mailed to all the shareholders of the company.



General Shareholders information

Date of Annual General Meeting	30th September, 2011
Time	11 AM
Venue	Raheja Classique Club Infinity Mall, New Link Road, Andheri (W), Mumbai - 400 058.
Financial year	2010-11
Date of the Book Closure	24-09- 2011 to 30-09-2011 (both days inclusive)
Listing details	The Stock Exchange, Mumbai. The Company has paid the listing fees for the period 1st April 2010 to 31st March, 2011
Stock Code- BSE	524218
ISIN Number for NSDL and CDSL	INE 486D01017
Stock Performance	There has been a low trading on the Stock Exchange
Registrar and Transfer Agents	Ajel Infotech Limited 106, Link Plaza Commercial Complex, New Link Road, Oshiwara , Jogeshwari (West) Mumbai 400 012. Tel No. 26303348 Fax 2634 9264
Share Transfer System	All the transfers received are processed by the Registrar and Transfer Agent and approved by the Share transfer Committee of the Company. Share Transfer documents complete in all respects are registered and/ or share transfers under objections are returned within stipulated time period.
Dematerialization of shares and liquidity	Nearly 64.78% of the equity shares of the company have been dematerialized as on 31st March 2011. The Company has entered into agreements with both National Securities Depository Limited (NSDL) and Central Depository Services Limited (CDSL), where by shareholders have an option to dematerialize their shares with either of the Depositories.
Outstanding GDRS/ADRS/Warrants or any convertible instruments, conversion date and likely impact on equity	Not applicable
Plant Location	T- 140 MIDC Industrial Estate, Tarapur, Maharashtra.
Address for correspondence	Shareholders correspondence should be addressed to:- Ajel Infotech Limited 106, Link Plaza Commercial Complex, New Link Road, Oshiwara , Jogeshwari (West) Mumbai 400 012. Tel No. 26303348 Fax 2634 9264 Email : choksh@vsnl.com



9. Warning against Insider Trading

Comprehensive guidelines advising and cautioning the management, staff and other business associates on the procedure to be followed while dealing with the securities of Resonance Specialties Ltd. is being framed, in the light of the SEBI (Insider Trading) Amendment Regulations, 2002. The code of conduct and corporate disclosure practices framed by the company will help in ensuring compliance of the amended regulation.

10. Non- Mandatory Requirements

(A) The chairman is not maintaining a separate Chairman's office. However, all expenses incurred by the Chairman in performance of his duties are being reimbursed to him.

(B) The remuneration Committee has been constituted

Monthly High & Low quotations and volume of shares traded on BSE during the year

Particulars of the month	High	Low.	No. of Shares
April 2010	41.00	31.80	1,89,183
May 2010	36.65	27.70	2,11,766
June 2010	32.50	20.00	2,73,375
July 2010	27.00	20.30	2,64,602
August 2010	23.20	18.00	2,70,065
September 2010	22.85	19.00	2,08,122
October 2010	22.95	20.00	99,385
November 2010	22.20	14.05	1,33,786
December 2010	20.00	12.25	1,27,629
January 2011	20.00	16.00	78,373
February 2011	19.00	14.00	53,945
March 2011	16.00	12.12	46,802

Distribution Schedule as on March 31, 2011

DESCRIPTION	SHAREHOLDERS			HOLDING (S)
	Folio	Percentage	Shares	Percentage
1-500	10087	92.48	1419883	12.30
501-1000	421	3.85	365056	3.16
1001-2000	200	1.83	307981	2.67
2001-3000	64	0.58	170095	1.47
3001-4000	34	0.31	121958	1.06
4001-5000	26	0.23	120975	1.05
5001-10000	32	0.29	224348	1.94
10001 and above	47	0.43	8814304	76.35
Total	10911	100	11544000	100



Categories of Shareholders as on March 31, 2011

Category	No. of Shares	No. of Holders	(%) of Holding
Promoters	7471100	8	64.72
Individual (Less than ` 1 Lacs)	2,548,909	8,054	22.08
Individual (More than ` 1 Lacs)	1,153,011	29	9.99
Bodies Corporate	353840	116	3.07
FII/NRIs	8340	13	0.07
Mutual Funds/ FI/Banks	8300	5	0.07
Trust	500	1	0.00
Total	11544000	8226	100

CEO CERTIFICATION PURSUANT TO CLAUSE 49 OF THE LISTING AGREEMENT.

This is to certify the following.

- a) I have reviewed financial statements and the cash flow statement for the year and that to the best of my knowledge and belief:
 - I. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - II. these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b) There are, to the best of my knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the company's code of conduct.
- c) I accept responsibility for establishing and maintaining internal controls and that I have evaluated the effectiveness of the internal control systems of the company and I have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which I am aware and the steps I have taken or propose to take to rectify these deficiencies.
- d) I have indicated to the auditors and the Audit Committee
 - I. Significant changes in internal control during the year;
 - II. Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - III. Instances of significant fraud of which I have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system.

For RESONANCE SPECIALTIES LIMITED

Place: Mumbai
Date : 24th August, 2011

Sd/-
Dr. A. B. Gupta
Managing Director



Declaration

I, Dr. A.B Gupta, Managing Director, hereby declare that as provided under Clause 49 of the Listing Agreement with the stock exchange, the Board Members and the senior management personnel have confirmed compliance with the Code of Conduct and Ethics for the year ended March 31, 2011.

For **RESONANCE SPECIALTIES LIMITED**

Place: Mumbai
Date : 24th August, 2011

Sd/-
Dr. A. B. Gupta
Managing Director

Certificate on compliance with the conditions of Corporate Governance under Clause 49 of the Listing Agreement

The Members of

Resonance Specialties Limited

We have examined the compliance of conditions of corporate governance by Resonance Specialties Limited, ('the Company') for the year ended March 31, 2011, as stipulated in Clause 49 of the Listing Agreement of the said Company with the stock exchange.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to review the procedures and implementation thereof, adopted by the Company, for ensuring the compliance of the conditions of corporate governance. It is neither an audit nor an expression of opinion on financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of corporate governance as stipulated in the above mentioned Listing Agreement except the following:

49. I) (D) (i) *The Code of conduct is not posted on the Website of the company.*
II) (A) (vi) *The Company does not have a Company Secretary who can act as a Secretary to Audit Committee.*

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **S.H. Bathiya and Associates**

Chartered Accountants

Sd/-

Vinod Shah
Partner

Mumbai, 24th August 2011.

Membership No. 32348



AUDITORS' REPORT

To the Members of

Resonance Specialties Limited

We have audited the attached Balance Sheet of **Resonance Specialties Limited** as at 31st March 2011, the Profit and Loss Account and Cash Flow Statement of the Company for the year ended on that date 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.

We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and 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.

- I. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act 1956, and on the basis of such checks of the books and records as we considered appropriate and according to the information and explanations given to us, we annex hereto a statement on the matters specified in Paragraphs 4 and 5 of the said Order, to the extent applicable to the Company.
- II. Further to our comments in the Annexure referred to in Paragraph I above, we report that:
 - (a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose 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, Profit and Loss Account and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - (d) In our opinion, the Profit and Loss Account and the Balance Sheet comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 to the extent they are applicable to the Company.
 - (e) On the basis of the written representations received from the directors of the Company as on 31st March 2011, and taken on record by the Board of Directors of the Company, we report that none of the Directors is disqualified as on 31st March 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
 - (f) *As mentioned in Note 2 in Schedule 18, information about Micro, Small and Medium Enterprise creditors is not available.*
 - (g) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the Significant Accounting Policies and Notes thereon 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, 2011;
 - (ii) In the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date; and
 - (iii) In case of Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

For **S. H. BATHIYA AND ASSOCIATES**

Chartered Accountants

(Registration No: 101046W)

Sd/-

Vinod K. Shah

Partner

Membership No: 32348

Place: Mumbai

Date : 24th August 2011.



Annexure to the Auditors' Report

The annexure referred to in Paragraph I of the Auditors' Report to the members of **Resonance Specialties Limited** (the Company) for the year ended 31st March 2011. We report that:

- i. In respect of Fixed Assets:
 - a. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets however certain additions are yet to be allocated to appropriate assets.
 - b. The Company has physically verified its fixed assets last year and hence no physical verification is carried out in the year under audit.
 - c. Based on the information and explanation given by the management and on the basis of audit procedures performed by us, we are of the opinion that the Company has not disposed off substantial part of its fixed assets during the year and hence the going concern assumption is not affected.
- ii. In respect of Inventories :
 - a. We are informed that the inventory has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable.
 - b. In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to size of the Company and nature of its business.
 - c. On the basis of our examination of the records of inventory, we are of the opinion that the Company is maintaining proper records of inventory except the movement of inventory between the inter company which is required to be strengthened. We are informed that the discrepancies noticed on verification between the physical stocks and the book records were not material in relation to the operations of the Company.
- iii. In respect of loans, secured or unsecured, granted or taken by the Company to/from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956:
 - a. During the year the Company has not accepted any loan from parties covered in the Register maintained under Section 301 of the Companies Act, 1956. According to the information and explanations given to us the company has not granted any loans to party covered in the Register maintained under Section 301 hence sub clauses (b), (c), (d), (f) and (g) of clause (iii) of paragraph 4 of the Order are not applicable.
 - b. As the Company has granted unsecured loan to one company covered in the Register maintained under section 301 of the Companies Act, 1956. The maximum amount outstanding is Rs.3,08,250 and year end balance is Rs.3,08,250. Since no repayment schedule has been provided we are unable to comment on the timely repayment of the same.



-
- iv. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets, and for the sale of goods. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system *however internal control requires to be strengthened*.
- v. In respect of the contracts or arrangements referred to in section 301 of the Companies Act, 1956
- a. To the best of our information and according to the information and explanations provided to us by the management, the particulars of contracts or arrangements referred to in Section 301 of the Companies Act, 1956 have been entered in the Register required to be maintained under that Section.
 - b. According to the information and explanations provided to us by the management, the transactions made in pursuance of contracts or arrangements entered in the Register maintained under Section 301 of the Companies Act, 1956 and exceeding the value of Rupees Five Lakhs in respect of any party during the year are reasonable having regard to prevailing market prices at the relevant time as per information available with the Company. However, for some products there are no similar transactions with any other party, hence we are unable to express an opinion on the same.
- vi. According to the information and explanations given to us, the company has not accepted any deposits from the public within the meaning of provisions of sections 58A and 58AA or any other relevant provisions of the Companies Act, 1956 and rules made there under. Therefore, the provisions of Clause (vi) of paragraph 4 of the Order are not applicable to the company.
- vii. In our opinion, *the scope and coverage of internal audit and periodicity of the audit reports needs to be widened /increased* to make it commensurate with the size of the Company and the nature of its business.
- viii. According to the information given to us, Central Government has not prescribed the maintenance of cost records under section 209 (1) (d) of the Companies Act, 1956, in case of the Company.
- ix. In respect of Statutory dues :
- a. According to the books and records of the Company as produced and examined by us and according to the information and explanations provided to us, there have been delays in depositing undisputed statutory dues in respect of Provident Fund, Investor Education & Protection Fund, Income Tax, Sales Tax, Service Tax, cess with the appropriate authorities.
 - b. According to the information and explanations provided to us, no undisputed amounts payable in respect of Provident Fund, Investor Education and Protection Fund, Employees State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, cess and any other statutory dues were outstanding as at 31st March, 2011 for a period of more than six months from the date they became payable except as mentioned below:



NAME OF THE STATUTE	NATURE OF THE DUES	AMOUNT (₹)	PERIOD TO WHICH THE AMOUNT RELATES	DUE DATE	DATE OF PAYMENT
Bombay Sales Tax Act/ MVAT Act	Sales Tax Deferral Loan	1,66,89,316	Various	Various Dates	Not Paid
Provident Fund Act	Provident Fund	67,811	Various	Various Dates	18-05-2011

- c. According to the information and explanations provided to us, there are no dues of Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty or cess which have not been deposited on account of any dispute.
- x. The Company does not have accumulated losses at the end of the financial year. The Company has not incurred any cash losses during the financial year covered by our audit and in the immediately preceding financial year.
- xi. Based on our audit procedures and according to the information and explanations provided to us by the management, we are of the opinion that the Company has not defaulted in repayment of dues to financial institution, bank and debenture holders.
- xii. In our opinion and according to the explanations given to us and based on the information available, no loans and advances have been granted by the Company on the basis of security by way of pledge of shares, debentures and other securities.
- xiii. In our opinion, the Company is not a chit fund / nidhi / mutual benefit fund / society. Therefore, the provisions of clause (xiii) of paragraph 4 of the Order, are not applicable to the company.
- xiv. In our opinion, the company is not dealing in or trading in Shares, Securities, Debentures and other investments. Accordingly, the provision of clause (xiv) of paragraph 4 of the Order, are not applicable to the company.
- xv. In our opinion and according to the information and explanations provided to us, the Company has not given any guarantee for loan taken by others from banks or financial institutions.
- xvi. According to the records of the Company the term loan raised were applied by the company for the purposes for which it was obtained.
- xvii. On the basis of review of utilization of funds, which is based on an overall examination of the Balance Sheet of the Company and related information as made available to us and as represented to us by the management, funds raised on short-term basis have not been used for long-term purposes.
- xviii. The Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under section 301 of the Companies Act, 1956.
- xix. The Company has not issued any debentures during the period covered by this report.
- xx. During the year, the Company has not raised money through public issue.
- xxi. Based upon the audit procedures performed and the information and explanations provided to us by the management, we report that no material fraud on or by the Company has been noticed or reported during the year under audit.

For **S. H. BATHIYA & ASSOCIATES**
Chartered Accountants
(Registration No: 101046W)

Sd/-
Vinod K. Shah
Partner
Membership No: 32348
Place: Mumbai
Date : 24th August 2011.



BALANCE SHEET AS AT 31st March, 2011

	SCH NO.	Rs.	AS AT 31.03.2011 Rs.	AS AT 31.03.2010 Rs.
SOURCES OF FUNDS				
SHAREHOLDERS' FUNDS :				
SHARE CAPITAL	01	115,440,000		115,440,000
RESERVES AND SURPLUS	02	101,320,332		98,709,284
			216,760,332	214,149,284
LOAN FUNDS :				
SECURED	03	29,973,735		31,492,239
UNSECURED	04	65,625		824,130
			30,039,360	32,316,369
DEFERRED TAX LIABILITY (NET)			17,755,000	14,598,000
			264,554,692	261,063,653
APPLICATIONS OF FUNDS				
FIXED ASSETS				
GROSS BLOCK	05	363,897,954		322,714,588
LESS : DEPRECIATION		182,633,648		167,848,105
NET BLOCK		181,264,306		154,866,483
CAPITAL WORK IN PROGRESS (INCLUDING CAPITAL ADVANCES)		10,234,002		34,961,002
			191,498,308	189,827,485
CURRENT ASSETS, LOANS AND ADVANCES				
INVENTORIES	06	71,213,523		54,636,575
SUNDRY DEBTORS	07	69,484,507		89,032,888
CASH AND BANK BALANCES	08	4,667,895		4,969,724
LOANS AND ADVANCES	09	15,338,831		11,943,185
OTHER CURRENT ASSETS	10	10,578,853		7,575,528
			171,283,609	168,157,900
LESS: CURRENT LIABILITIES PROVISIONS	11	81,877,608		81,329,842
		16,349,616		15,591,890
			98,227,224	96,921,732
NET CURRENT ASSETS			73,056,384	71,236,168
			264,554,692	261,063,653

SIGNIFICANT ACCOUNTING POLICIES &
NOTES TO THE ACCOUNTS 18
AS PER OUR REPORT OF EVEN DATE ANNEXED
FOR S H BATHIYA & ASSOCIATES
CHARTERED ACCOUNTANTS
FRN : 101046W

For and on behalf of the Board of Directors

Sd/-

Vinod Shah

Partner

Mumbai, 24th August, 2011

Sd/-

Mr. Rajnikant Worah
Chairman

Sd/-

Dr. A. B. Gupta
Managing Director



PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

	SCH NO.	AS AT 31.03.2011 Rs.	AS AT 31.03.2010 Rs.
INCOME			
SALES		213,779,786	291,817,626
LESS : EXCISE DUTY RECOVERED		10,273,832	10,007,591
NET SALES		203,505,954	281,810,035
SALES : TRADING GOODS		81,874,306	34,560,975
INCOME FROM TECHNICAL ASSISTANCE		-	1,865,664
CONVERSION INCOME		890,817	9,689,000
TURNOVER		286,271,077	327,925,674
OTHER INCOME	12	2,432,805	1,848,321
TOTAL INCOME		288,703,882	329,773,994
EXPENDITURE			
VARIATION IN STOCK	13	(20,140,754)	5,896,943
MATERIAL CONSUMED	14	165,275,519	176,596,357
EMPLOYEES COST	15	17,048,642	13,247,997
MANUFACTURING & OTHER EXPENSES	16	97,528,120	87,685,274
FINANCIAL EXPENSES	17	5,914,491	5,865,570
		265,626,017	289,292,141
PROFIT/ BEFORE TAX AND DEPRECIATION		23,077,864	40,481,854
LESS: DEPRECIATION	15,293,339		
LESS: ADJUSTED AGAINST REVALUATION RESERVE	3,172,344	12,120,995	11,888,343
PROFIT BEFORE TAX FOR THE YEAR		10,956,870	28,593,510
ADD/(LESS) : PROVISION FOR TAXATION			
CURRENT TAX		(2,183,000)	(9,080,000)
MAT CREDIT ENTITLEMENT		243,000	-
DEFERRED TAX (LIABILITY)/ ASSET		(3,157,000)	122,000
PROFIT AFTER TAX		5,859,870	19,635,510
PRIOR PERIOD ADJUSTMENTS		-	163,272
EXCESS DEPRECIATION/AMORTISATION W/BACK		-	451,702
DEFERRED TAX ADJUSTMENT FOR EARLIER YEAR		-	(1,349,000)
SHORT PROVISION FOR TAX EARLIER YEAR		(76,478)	(232,686)
		5,783,392	18,668,799
BROUGHT FORWARD FROM LAST YEAR		26,793,338	8,124,539
BALANCE CARRIED OVER TO BALANCE SHEET		32,576,730	26,793,338
EARNING PER SHARE (Refer Note-17 of schedule-18)			
BASIC & DILUTED EARNING PER SHARE		0.50	1.62
FACE VALUE PER SHARE		10.000	10.00

SIGNIFICANT ACCOUNTING POLICIES &
NOTES TO THE ACCOUNTS 18
**AS PER OUR REPORT OF EVEN DATE ANNEXED
FOR S H BATHIYA & ASSOCIATES**
CHARTERED ACCOUNTANTS

FRN : 101046W

Sd/-

Vinod Shah

Partner

Mumbai, 24th August, 2011

For and on behalf of the Board of Directors

Sd/-

Mr. Rajnikant Worah

Chairman

Sd/-

Dr. A. B. Gupta

Managing Director



RESONANCE SPECIALTIES LIMITED CASH FLOW STATEMENT

	2010-11 RUPEES	2009-10 RUPEES
(I) CASH FLOW FROM OPERATING ACTIVITIES		
NET PROFIT AFTER TAX	5,783,392	18,668,800
ADD:		
INCOME TAX/DEFERRED TAX	1,940,000	9,080,000
DEFERRED TAX ADJUSTMENT	3,157,000	1,227,000
DEPRECIATION FOR THE YEAR/EARLIER YEAR	12,120,995	11,436,641
LOSS/(PROFIT) ON SALE OF ASSETS	574,766	-
INTEREST AND FINANCIAL CHARGES PAID	5,914,491	5,865,570
CAPITAL GAIN		
PRIOR PERIOD ADJUSTMENTS	-	-
OPERATING PROFITS BEFORE CHANGES IN		
WORKING CAPITAL	(A) 29,490,643	46,278,011
ADJUSTMENTS FOR :		
TRADE AND OTHER RECEIVABLES	19,548,381	(40,487,093)
INVENTORIES	(16,576,949)	2,768,205
LOANS & ADVANCES & OTHER CURRENT ASSETS	(6,398,971)	(4,565,089)
INCREASE/(DECREASE) IN TRADE PAYABLE	(656,725)	13,972,155
	(B) (4,084,264)	(28,311,822)
NET CASH FROM OPERATING ACTIVITIES (A)+(B)	(C) 25,406,380	17,966,189
(II) CASH FLOW FROM INVESTMENT ACTIVITIES		
ADDITION TO FIXED ASSETS INCLUDING		
CAPITAL WORK IN PROGRESS	(17,716,709)	(16,267,728)
PROCEEDS FROM SALE OF FIXED ASSETS	200,000	-
NET CASH USED IN INVESTMENT ACTIVITIES	(D) (17,516,709)	(16,267,728)
(III) CASH FLOW FROM FINANCING ACTIVITIES		
INTEREST PAID	(5,914,491)	(5,865,570)
PROCEEDS FROM SHORT TERM SECURED BORROWINGS	(1,518,504)	8,988,772
PROCEEDS FROM SHORT TERM UNSECURED BORROWINGS	(758,505)	(3,940,321)
NET CASH USED IN FINANCING ACTIVITIES	(E) (8,191,500)	(817,119)
NET INCREASE IN CASH & CASH		
EQUIVALENT { F = C+D+E }	(F) (301,829)	881,343
CASH & CASH EQUIVALENT AT BEGINNING	(G) 4,969,724	4,088,381
CASH & CASH EQUIVALENT AT END (F+G)	4,667,895	4,969,724

As per our report of even date attached

FOR S H BATHIYA & ASSOCIATES

CHARTERED ACCOUNTANTS

For and on behalf of the Board of Directors

Sd/-

Vinod Shah

Partner

Mumbai, 24th August, 2011

Sd/-

Mr. Rajnikant Worah

Chairman

Sd/-

Dr. A. B. Gupta

Managing Director



SCHEDULES ATTACHED TO AND FORMING PART OF THE ACCOUNTS

	AS AT 31.03.2011 IN RUPEES	AS AT 31.03.2010 IN RUPEES
SCHEDULE 01 : SHARE CAPITAL		
AUTHORISED CAPITAL 1,50,00,000 (1,50,00,000) Equity Shares of Rs 10/- Each	150,000,000	150,000,000
	150,000,000	150,000,000
ISSUED, SUBSCRIBED AND PAID UP		
1,15,44,000(1,15,44,000) Equity Shares of Rs 10/- Each	115,440,000	115,440,000
	115,440,000	115,440,000
SCHEDULE 02 : RESERVES & SURPLUS		
CAPITAL RESERVE		
State Subsidy	2,000,000	2,000,000
Revaluation Reserve B/F (Refer note 4-Schedule -18)	69,915,946	
Less: Depreciation on Revaluation for the year	3,172,344	
Profit & Loss Account	32,576,730	26,793,338
	101,320,332	98,709,284
SCHEDULE 03 : SECURED LOANS		
		-
Car Loan from Banks (Secured against Hypothecatin of Cars) (Repayable within next one year Rs 1,37,938/- (P. Y. Rs. 1,97,991/-)	378,196	576,186
Working Capital Loans from Bank Secured by (a) Hypothecation of stocks of raw materials, Work-in-Progress, Finished Goods Consumable Stores and Spares Wherever situated and Book Debts of the Company. (b) Second charge on the Fixed Assets of the Company (c) Personal Guarantee of Managing Director Dr. A. B. Gupta	29,595,539	26,793,338
	29,973,735	27,369,524
SCHEDULE 04 : UNSECURED LOANS		
From Kotak Mahindra Bank Ltd. (Repayable within one year Rs. 65,625 P.Y. Rs. 7,59,518)	65,625	824,130
	65,625	824,130



RESONANCE SPECIALTIES LIMITED SCHEDULE - 05 : FIXED ASSETS

ASSETS DESCRIPTION	Gross Block					Depreciation			Net Block	
	As on 01.04.2010	Addition during the Year	Deductions Adjustment	Block as on 31.03.2011	Up to 1-4.2010	For the Year	Deductions Adjustment	Till 31.03.2011	As on 31.03.2011	As on 31.03.2010
Lease Hold Land	39,949,055	-	-	39,949,055	2,977,527	492,790	-	3,470,317	36,478,738	36,971,528
Buildings	19,964,235	141,105	-	20,105,340	13,063,879	662,706	-	13,726,585	6,378,755	6,900,356
Plant & Machinery	230,326,786	34,156,925	-	264,483,711	131,956,876	11,755,114	-	143,711,990	120,771,721	98,369,910
Furniture & Fixtures	1,171,415	521,896	-	1,693,311	804,705	70,766	-	875,471	817,840	366,710
Office Equipment	3,048,189	1,111,783	-	4,159,972	1,910,551	223,673	-	2,134,223	2,025,749	1,137,639
Motor Car	2,981,321	-	1,260,340	1,720,981	1,003,049	222,867	507,796	718,120	1,002,861	1,978,272
Electric Installation	14,716,318	496,765	-	15,213,083	12,520,968	680,497	-	13,201,465	2,011,618	2,195,349
Lab Equipment	6,084,149	578,667	-	6,662,816	2,715,928	193,957	-	2,909,885	3,752,931	3,368,221
Intangible Assets	4,473,117	5,436,568	-	9,909,685	894,623	990,969	-	1,885,592	8,024,093	3,578,494
Capital Work in Progress (including Capital Advances)									10,234,002	34,961,002
Total	322,714,585	42,443,709	1,260,340	363,897,954	167,848,106	15,293,339	507,796	182,633,648	191,498,308	189,827,485
Previous Year	339,780,164	7,934,424	25,000,000	322,714,585	322,714,588	160,287,418	7,500,000	167,848,105	189,827,485	206,120,444



SCHEDULES ATTACHED TO AND FORMING PART OF THE ACCOUNTS

	AS AT 31.03.2011	AS AT 31.03.2010
SCHEDULE 06 : INVENTORIES		
(As taken, valued and Certified by the Management)		
1. Raw Materials	5,885,795	12,028,350
2. Stores, Spares	810,500	410,900
3. Work-In-Progress	37,655,559	35,877,445
4. Finished Goods	23,704,436	5,341,796
5. Trading Goods	2,225,030	-
6. Fuel	644,773	705,748
7. Packing Materials	287,430	272,336
	71,213,523	54,636,575
SCHEDULE 07 : DEBTORS		
Sundry Debtors (Unsecured)		
(a) Debts outstanding for a period exceeding Six Months		
Considered Good	1,024,028	16,423
(b) Others (Considered Good)	68,460,479	89,016,465
	69,484,507	89,032,888
SCHEDULE 08 : CASH & BANK BALANCES		
Cash on Hand	778,108	21,587
Balance with Scheduled Banks		
In Current Account	27,708	61,665
Unpaid Debentures, Interest	-	493,962
In Fixed Deposit Account	3,862,079	4,392,510
(Under Lien towards Letter of Credit and Bank Gurantee Margins)		
	4,667,895	4,969,724
SCHEDULE 09 : LOANS & ADVANCES		
(UNSECURED, CONSIDERED GOOD UNLESS STATED OTHERWISE)		
1. Advances to Suppliers	2,356,372	5,042,995
2. Advance Taxes	11,513,297	5,793,698
3. Deposits	1,469,162	1,106,492
	15,338,831	11,943,185
SCHEDULE 10 : OTHER CURRENT ASSETS		
(UNSECURED, CONSIDERED GOOD UNLESS STATED OTHERWISE)		
1. Advances Recoverable (In cash or in kind or for value to be received)	8,366,211	3,921,163
Less : Provision made for Doubtful Advances	1,000,000	-
	7,366,211	3,921,163
2. Balances With Excise Authorities	3,212,642	3,654,365
	10,578,853	7,575,528



SCHEDULES ATTACHED TO AND FORMING PART OF THE ACCOUNTS

	AS AT 31.03.2011 IN RUPEES	AS AT 31.3.2010 IN RUPEES
SCHEDULE 11 :CURRENT LIABILITIES AND PROVISIONS		
(A) Current Liabilities		
Sundry Creditors for Goods & Services	60,686,290	57,183,198
Sundry Creditors for Capital Goods	2,736,180	2,817,352
Unclaimed Matured Debenture & Interest	-	494,138
Other Liabilities	18,368,723	20,835,154
Advances from Customers	86,415	-
TOTAL (A)	81,877,608	81,329,842
(B) PROVISIONS		
For Retirement Benefit	1,123,331	874,753
For Excise Duty	2,213,600	450,137
For Income Tax	11,263,000	13,687,000
For Fringe Benefit Tax	-	380,000
For Expenses	1,749,685	200,000
TOTAL (B)	16,349,616	15,591,890
TOTAL (A)+(B)	98,227,224	96,921,732



SCHEDULES ATTACHED TO AND FORMING PART OF THE PROFIT & LOSS ACCOUNTS

	YEAR ENDED 31.03.2011 IN RUPEES	YEAR ENDED 31.03.2010 IN RUPEES
SCHEDULE 12 : OTHER INCOME		
Interest received (Include TDS Rs. 24,163/-, P. Y. Rs. 51,645)	282,134	325,936
Exchange Rate Fluctuation	923,754	1,471,578
Claims Received	215,608	30,207
Other Income	1,011,309	20,600
	2,432,805	1,848,321
SCHEDULE 13: VARIATION IN STOCKS		
Opening Stock		
Work-In-Progress	35,877,445	35,849,137
Finished Goods	5,341,796	11,267,047
	(I)	47,116,184
Less : Closing Stock		
Work-In-Progress	37,655,559	35,877,445
Finished Goods	23,704,436	5,341,796
	(II)	41,219,241
	(I + II)	5,896,943
SCHEDULE 14: MATERIAL CONSUMED		
Cost of Material Consumed (Refer Note 8 to schedule 18)		
Raw Materials Consumed	77,648,176	130,828,885
Stores & Spares Consumed	5,828,807	6,859,234
Packing Material Consumed	4,214,224	4,908,207
	(A)	142,596,326
Cost of Material Traded		
Purchase of Trading Goods	79,809,342	34,000,031
Less : Stock of Trading Goods	2,225,030	-
	(B)	34,000,031
Total (A)+(B)	165,275,519	176,596,357
SCHEDULE 15: EMPLOYEE'S COST		
Salaries, Wages And Bonus	15,876,581	11,977,553
Contribution To Provident & Other Funds	417,248	369,742
Staff Welfare	754,813	569,728
Keyman Insurance	-	330,974
	17,048,642	13,247,997



SCHEDULES ATTACHED TO AND FORMING PART OF THE ACCOUNTS

	YEAR ENDED 31.03.2011 IN RUPEES	YEAR ENDED 31.3.2010 IN RUPEES
SCHEDULE 16: MANUFACTURING & OTHER EXPENSES		
Conversion Charges	22,190,949	22,179,000
Power, Fuel, Water , Utilities	33,641,354	24,105,527
Freight & Transportation Charges	10,914,947	11,143,316
Excise Duty Expenses	1,763,463	(535,863)
Directors' Sitting Fees	407,002	160,000
Insurance	1,228,422	846,217
Rent	1,256,650	1,242,225
Rates And Taxes	370,433	598,593
Legal And Professional Charges	4,624,676	4,548,441
Postage And Telephone	818,185	911,276
Travelling And Conveyance Expenses	1,045,456	1,726,365
Commission	98,266	1,740
R & D Expenses	8,641,812	11,570,035
Auditors Remuneration		
Audit Fees	270,235	220,600
Tax Audit Fees	11,030	-
Certifications	33,090	-
Repairs & Maintenance		
-		
For Plant & Machineries	4,700,936	4,735,071
For Buildings	399,014	177,053
For Others	470,025	1,199,202
Oncology Service Charges	889,459	-
Sundry Balances W/off	(452,927)	814,999
Loss on sale of Fixed Assets	574,766	-
Other Expenses	2,630,877	2,041,477
Provision for Doubtful Advances	1,000,000	-
	97,528,120	87,685,274
SCHEDULE 17 : FINANCIAL EXPENSES		
Interest on		
Fixed Term Loan	167,766	397,687
Others	4,391,000	4,475,949
Bank Charges	1,355,725	991,934
	5,914,491	5,865,570



SCHEDULE 18:**SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011****A) SIGNIFICANT ACCOUNTING POLICIES.****a) Basis of Accounting:**

Financial statements have been prepared under historical cost convention and on accrual basis in accordance with the provisions of the Companies Act, 1956; and generally accepted accounting principles.

b) Use of estimates:

The presentation of financial statements in conformity with the generally accepted accounting principles requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual result and estimates are recognised in the period in which the results are known / materialised.

c) Fixed Assets :

Fixed assets are stated at cost of acquisition or construction, net of CENVAT/Value Added Tax, less accumulated depreciation and impairment loss, if any. All costs, including finance cost till commencement of commercial production & net charges on forward exchange contracts attributable to the fixed assets are capitalized.

d) Capital Work - in - Progress:

Assets under installation / commissioning are shown under the head Capital Work – in-Progress.

e) Inventories :

I) In general, all inventories of Finished Goods, Work-in-Process etc., are stated at lower of cost or net realizable value. Finished goods stored in tanks pending final packing are included in the finished goods stock and valued accordingly. Cost of inventories comprises of all cost of purchase, cost of conversion and other cost incurred in bringing the inventory to their present location and condition. Raw Materials, Packing Material & Stores and Spares are stated at cost on FIFO basis. Inventories of Finished Goods include excise duty, wherever applicable.

II) Catalyst charged to Cyanopyridine plant is valued at cost and amortised over its estimated life of 10 yrs. However, the catalyst which is deactivated is fully written off in the year in which new catalyst is procured.

f) Revenue Recognition:

Revenue is recognized only when there is no significant uncertainty as to measurability or collectibility of the amount. Turnover includes sale of goods, and excise duty and are net of sales tax, value added tax, discounts and claims. Revenue for the technical assistance is recognized on accrual basis as per the terms of contract.



g) Foreign Currency Transactions:

Foreign currency transactions are accounted for at the exchange rate prevailing on the date of transaction. The year-end balance receivable and payable in foreign currencies are translated at the exchange rate prevailing on that date. The gain / loss arising out of fluctuation in the exchange rate are recognised in the profit & loss Account in the period to which they relate.

a) Excise and Custom Duties:

Liability on account of Customs Duty on Imported materials is accounted for only on clearing / debonding of materials. Excise duty on finished goods lying in stock is accounted on the basis of prevailing selling price at year end.

b) Export Incentives:

Export benefits are accounted for on accrual basis to the extent considered receivable.

c) Depreciation :

a) Depreciation on fixed assets has been provided on straight-line method at the rates specified in Schedule XIV of the Companies Act, 1956. In case of additions, pro-rata depreciation is charged. Any software purchased during the year is charged to revenue in conformity with AS-26 except which have licensing period exceeding one year, which is amortised over the license period. Leasehold land is being amortized over a period of lease.

b) Assets costing less than Rs. 5,000/- have been fully depreciated in the year of Purchases.

d) Impairment of Assets

At each balance sheet date the company reviews whether there is any indication of impairment of the carrying amount of the company's fixed assets. If any indication exists, an asset's recoverable amount is estimated. An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount and charged to profit & loss account in the year in which asset is identified as impaired. The recoverable amount is the greater of the net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value based on an appropriate discount factor. The impairment loss recognized in prior accounting periods is reversed if there has been a change in the estimate of recoverable amount.

e) Employees Benefits :

Short Term benefit payable to employees wholly within twelve months of rendering services such as salaries, wages etc. are recognized in the period in which the employee renders the related service.

Defined Contribution Plan: The Company's contribution to the State governed employees Provident Fund scheme is a defined contribution plan. The contribution paid / payable under the scheme is recognized during the period in which the employee renders the related service.



Defined Benefit Plan: The Company's gratuity fund is not funded. The present value of the obligation under such defined benefit plan is determined based on actuarial valuation using the projected unit credit method.

As per the policy of the Company no leave encashment is allowed.

f) Research & Development Expenses:

Revenue expenditure pertaining to Research & Development which are not for enduring benefit are charged to Profit & Loss Account.

Expenditure incurred for enduring benefit for the development of the products /processes which will generate future economic benefit by way of improvement in yield and efficiency of those products are carried over as R & D work in progress under the head 'Capital Work in Progress'. The value of the process/products so developed is amortized over a period of ten years from the year of successful development.

g) Borrowing Costs:

Borrowing Cost that is attributable to the acquisition or construction of qualifying assets is capitalized as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. All other costs are charged to revenue.

h) Taxation

Provision for income taxes comprises of current taxes including deferred taxes.

Current Tax is determined on the basis of taxable income and tax credits computed in accordance with provisions of Income Tax Act, 1961.

Deferred Tax Liability is recognized for the future tax consequences of the timing differences between the tax basis and the carrying value of assets and liabilities. Deferred tax assets are recognized on the basis only if there is virtual certainty that they will be realized and are reviewed every year. The tax effect is calculated on the accumulated timing differences using the tax rates and laws enacted or substantially enacted as on the balance sheet date.

i) Provisions & Contingent Liability:

A provision is recognized when an enterprise has a present obligation as a result of past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

All material known liabilities are provided for and liabilities which are material and whose future outcome cannot be ascertained with reasonable certainty are treated as contingent and disclosed by way of notes to accounts. Contingent assets are neither recognized nor disclosed in financial statements.



B) NOTES FORMING PART OF THE ACCOUNTS

1) Contingent Liabilities:

- a) Estimated amount of contracts remaining to be executed on capital account and not provided for Rs.3,05,664 net of advance (Previous year Rs. 29,02,752).
 - b) Bank Guarantees issued and outstanding on Balance Sheet date Rs.5.00,000 (Previous year Rs. 22,18,710)
 - c) Letters of credit outstanding Rs 3,17,16,026(Previous year: Rs 3,57,21,460).
- 2) The Company has no information as to whether any of its suppliers constitute Micro, Small or Medium Enterprise and therefore, the claims for suppliers and other related data as per the requirement of Micro , Small and Medium Enterprises Development Act, 2006 could not be ascertained.
 - 3) In the opinion of Board, current assets, loan and advances are stated at a value at least equal to the expected value on realisation in the ordinary course of business.
 - 4) The Company had revalued its factory land & building and plant & machineries situated at T-140 MIDC, Tarapur on 31st March, 2005 based on the report of the registered valuer. Accordingly, the appreciation/ diminution in the value of fixed assets has been added to/deducted from the value of the respective assets. The net appreciation amounting to Rs. 85,777,652 had been credited to Revaluation reserve account, which is being amortized year after year at the prescribed rate of depreciation and net amount is shown in schedule 2 of the annexed accounts.
 - 5) There was a fire on 14th February, 2011 at the factory premises which resulted in destruction of some of the Plant & Machineries including the materials. The company has lodged a claim for the loss of the same of around Rs. 65 Lacs with the insurance company. The consumption of material include the loss of the material by fire of Rs. 36 Lacs. The exact amount of loss towards the plant & machineries shall be accounted at the time of determination of claim by the insurance company.
 - 6) During the year the company had carried out development of certain process technology for efficient commercial production in its approved R & D facilities at Tarapur and incurred an amount of Rs. 92,20,449 (P.Y. 13,194.182) as Research & Development expenditure which have been accounted as follows :



Particulars	2010-11 (₹)	2009-10 (₹)
Charged to Profit & Loss account		
As revenue expenditure	86,41,812	11,570,035
Capitalized under Lab Equipment	578,667	1,624,147
Total	92,20,449	13,194,182

Pending Completion of development of some of those process technologies, the company continued to carry over the total amount of Rs. 39,83,475 (P. Y. 9,420,043) in R&D Work in progress under the head 'Capital Work in Progress' in view of the fact that the intangible assets so developed will generate future economic benefit by way of improvement in yield and efficiency of those products. The following are the movements in the R& D Capital Work in Progress:

Nature of Expenditure	Opening balances at the beginning of the year	Expenditure Incurred During the year	Expenditure Capitalized On successful development	Balance carried as R & D Capital Work in progress
Raw Material/Stores	2,993,316	---	92,500	2900816
Utility	593,285	-	-	593,285
Salary/Labour	1,099,994	-	6,85,620	414374
Consultancy	415,000	-	3,40,000	75000
Foreign Consultancy	4,318,448	-	4318448	-
Total	9,420,043	-	5436568	3983475

7) (a) Provision for Income Tax has been made in the annexed accounts after considering the benefits u/s 35(2AB) of the Income Tax Act, 1961.

(b) As regards R& D expenses covered u/s 35(2AB) of the Income Tax Act, the company is complying with the statutory requirement by regularly submitting the periodical statement to the prescribed authority i.e. Department of Scientific and Industrial Research (DSIR).

8) The Consumption of the raw material are reported after deducting the cost of material received from third parties for conversion but used by the company for captive use amounting to Rs. 2,02,98,608. The conversion charges received, therefore, are also adjusted by the said amount.

9) Details of production, Purchase, Sales, and stock of finished goods.

A) INSTALLED CAPACITY AND PRODUCTION (QTY .IN MT*)

SR. NO.	ITEM OF MANUFACTURING	INSTALLED CAPACITY (M.T.)	PRODUCTION (M.T.) (Own)	PRODUCTION (M.T.) (Third party)
1	Pyridine / Picolines & its Derivatives	1050.00 (1050.00)	477.231 (551.545)	104.207 (48.584)
2	Cyanopyridines & its Derivatives	540.00 (540.00)	217.902 (276.820)	153.761 (48.748)

Figures in brackets pertain to previous year.



B) Opening and Closing Stock (Qty in M.T.)

SR. NO.	ITEM OF MANUFACTURING	01.04.2010 OPENING STOCK	31.03.2011 CLOSING STOCK
1	Pyridine / Picolines & Derivatives	12.005	16.413
2	Cyanopyridines & derivatives	0.612	3.858

C) DETAILS OF FINISHED GOODS, PURCHASE AND SALES

(Details in brackets are of previous year)

SR. NO.	ITEM SOLD	SALES QTY.(MT)	AMOUNT IN ₹
A	Pyridine / Picoline & Derivatives	363.351 (447.702)	1,50,942,686 (200,643,592)
B	Cyanopyridine & Derivatives	150.367 (212.992)	524,62,691 (81,101,651)
C	Traded Goods	588.122 (153.230)	81,874,306 (34,560,975)
D	Others		100,577 (64,792)
		TOTAL	2,85,380,260 (3,163,710,10)

10) Raw Material consumed

	2010 - 11		2009 - 10	
	Quantity (M.T)	Amount In ₹	Quantity (M.T)	Amount In ₹
Basic Chemicals	2981.701	70,925,435	3769.097	123,724,562
Solvent	192.218	67,22,831	211.296	7,104,323
TOTAL		77,648,176		130828885

11) Value of Imported and Indigenous Raw Material, Stores and Spare consumed.

	%	2010 -11 Amount In ₹	%	2009 - 10 Amount In ₹
A. Raw material				
Indigenous	86.35	670,46,580	59.09	77,301,283
Imported	13.65	10,60,1596	40.91	53,527,602
Total	100.00	776,48,176	100.00	130,828,885
B. Others/Stores spares				
Indigenous	100.00	58,28,807	100.00	68,59,234
Imported	--	--	--	--
Total	100.00	58,28,807	100.00	68,59,234

12) Earnings in Foreign Exchange on account of :

	2010 -11 (₹)	2009 -10 (₹)
FOB Value of Exports (Service)	Nil	1,865,664
FOB Value of Exports (Material)*	6,17,67,316	1,191,117
*Net of Re-import		



13) Expenditure in Foreign currency:

	2010 -11 (₹)	2009 -10 (₹)
CIF Value of Imports	6,91,14,592	71,725,450
R & D Equipments	Nil	849,490
Traveling Expenses	96,000	Nil

14) a) Managerial Remuneration to Managing Director

	2010 -11 (₹)	2009 -10 (₹)
Salary	9,60,000	720,000
House rent allowance	4,80,000	360,000
Company's contribution to P.F	1,15,200	86,400
Other monetary benefits	48,000	36,000
Total	1,603,200	1,202,400

b) Since no commission is payable to Managing Director computation of net profit under section 198 read with section 349 of the Companies Act, 1956 has not been disclosed.

15) Related Party Disclosures:

The names of the related parties, key management personnel, nature of transactions entered into with them and their corresponding values are given below:

a) Particulars of Related Parties

NAME OF RELATED PARTY	NATURE OF RELATIONSHIP
i) Vista organics Pvt. Ltd.	Associate Company
ii) Avignon Exim Pvt. Ltd.	Associate Company
iii) Vista Finance & Leasing Pvt Ltd.	Associate Company
iv) Avignon Chemicals Pvt. Ltd.	Associate Company
v) Ushma Investments Pvt. Ltd.	Associate Company
vi) Ushma Technologies Pvt. Ltd	Associate Company

b) Key Management Personnel

NAME OF RELATED PARTY	NATURE OF RELATIONSHIP
Dr Atma Gupta	Managing Director



c) Transactions with Related Parties:

Name of party, Nature of relationship	Nature of Transaction	Value of Transaction (₹)	Outstanding amount. (₹)
Vista organics Pvt. Ltd.	Conversion Charges Paid **.	2,21,90,949 (2,21,79,000)	37,22,668- Cr (3,81,409-Cr)
Avignon Exim Pvt. Ltd.	Sales*	13,18,35,650 (20,01,58,869)	4,72,31,990-Dr (7,81,54,025-Dr)
Avignon Exim Pvt. Ltd.	Conversion Charges	8,90,817** (96,89,000)	Nil (Nil)
Avignon Exim Pvt. Ltd.	Purchases*	1,69,40,787 (1,47,21,593)	Nil (Nil)
Avignon Exim Pvt. Ltd.	Materials taken on loan	Nil (1,00,28,800)	Nil (Nil)
Vista Finance & Leasing Pvt Ltd.	Rent	360,000 (360,000)	8,92,345-Cr (572,745 - Cr)
Vista Finance & Leasing Pvt Ltd.	Temporary Advances Given	4400 (Nil)	Nil (Nil)
Ushma Investment Pvt Ltd.	Rent	360,000 (360,000)	7,68,577-Cr (451,327-Cr)
Ushma Investment Pvt Ltd.	Temporary Advances Given	6750 (Nil)	Nil (Nil)
Avignon Chemicals Pvt Ltd.	Rent	360,000 (360,000)	8,90,445-Cr (572,745-Cr)
Avignon Chemicals Pvt Ltd.	Temporary Advances Given	6300 (Nil)	Nil (Nil)
Dr. Atma B. Gupta	Salary, PF & Others	16,03,200 (12,02,400)	Nil (Nil)
Ushma technology Pvt Ltd.	Income from Professional & other Charges	9,03,468 (Nil)	9,03,468-Dr (Nil)
Ushma technology Pvt Ltd.	Temporary Advances Given	3,08,250 (Nil)	3,08,250-Dr (Nil)
Vista organics Pvt. Ltd.	Oncology Service Charges Paid	8,89,459 (Nil)	-Nil (Nil)
Ushma technology Pvt Ltd.	Share Application Money	- (Nil)	30,00,000 (30,00,000)

*Purchases & Sales figures mentioned above include amount of High Seas Purchases & High seas Sales respectively.

** Conversion charges are net of material supplied for Convesrion..

Note: Related parties are as identified by the management and relied upon by the auditors.

16) The breakup of major head of deferred tax assets and deferred tax liabilities provided for in books are as under:

Major head	Balance As on 31 st March 2010	(Reversal) or provision made during the year	Balance As on 31 st March 2011
A. Deferred Tax Assets:			
Statutory dues	3,65,000	38,000	4,03,000
Provision for Doubtful debts	-	3,09,000	3,09,000
B. Deferred Tax Liabilities			
Depreciation	1,49,63,000	22,73,000	1,72,36,000
Claims u/s 35(2AB) of Income Tax Act, 1961	-	12,31,000	12,31,000

17). Earnings per Share

	2010-11	2009-10
Net Profit attributable to equity shareholders (Rs.)	57,83,392	1,86,68,802
Total No. of Equity shares outstanding during the year	11,544,000	11,544,000
Basic & Diluted Earning Per share	0.50	1.62
Face value per share	10.00	10.00



18) Company adopted the Accounting Standard (AS-15) (Revised 2005) "Employee Benefits" effective from April 01, 2007.

The Company has classified the various benefits provided to employees as under:

I Defined Contribution Plans

The Company has recognized the amounts of Provident Fund of Rs.3,32,578 (P.Y. 3, 69,742) in Profit and Loss Account for the year ended 31st March, 2011

II Defined Benefit Plans

Contribution to Gratuity Fund (Non Funded Scheme)

In accordance with the Accounting Standard (AS 15) (Revised 2005) actuarial valuation was performed in respect of the aforesaid defined benefit plans based on the following assumptions:

	2010-11	2009-10
Discount Rate (per annum)	8.17%	8%
Rate of increase in compensation levels (per annum)	5%	5%
Expected Average remaining working Lives of the employees (years)	3.75	7.78

A. Change in the Present Value of Obligation

	Year Ended March 31,2011 Non - Funded Scheme (₹)	Year Ended March 31,2010 Non - Funded Scheme (₹)
Present Value of Defined Benefit Obligation as at beginning of the period	8,74,753	9,11,857
Interest Cost	66,620	58,475
Current Service Cost	1,75,227	1,07,916
Past Service Cost- (non vested benefits)	-	-
Past Service Cost- (vested benefits)	1,57,767	-
Benefits Paid	(84,000)	(1,53,000)
Actuarial (gain) / loss on Obligations	(67,036)	(50,495)
Present Value of Defined Benefit Obligation as at the end of the period	11,23,331	8,74,753

B. Reconciliation of Present Value of Defined Benefit Obligation and the Fair Value of Assets

	Year Ended March 31,2011 (₹)	Year Ended March 31,2010 (₹)
Present Value of Funded Obligation as at end of the period	11,23,331	8,74,753
Fair Value of Plan Assets as at end of the period	-	-
Funded Asset recognized in the Balance Sheet	-	-
Included in provision (Schedule)	-	-
Present Value of Unfunded Obligation as at end of the period	-	-
Unrecognized Actuarial gains / (losses)	-	-
Unfunded Liability recognized in the Balance Sheet	-	-
Included in provision (Schedule)	11,23,331	8,74,753



C. Amount recognized in the Balance Sheet

	Year Ended March 31,2011	Year Ended March 31,2010
Present Value of Defined Benefit Obligation as at the end of the period	11,23,331	8,74,753
Fair Value of Plan Assets as at end of the period	-	-
Liability / (Net Asset) recognized in the Balance Sheet	11,23,331	8,74,753

D. Expenses recognized in Profit and Loss Account

	Year Ended March 31,2011 (₹)	Year Ended March 31,2010 (₹)
'Current Service Cost	1,75,227	1,07,916
Past Service Cost- (non vested benefits)	-	-
Past Service Cost- (vested benefits)	1,57,767	-
Interest Cost	66,620	58,475
Expected Return on Plan Assets	-	-
Curtailment Cost / (Credit)	-	-
Settlement Cost / (Credit)	-	-
Net Actuarial (gain) / Loss recognized in the Period	(67,036)	(50,495)
Total Expenses recognized in the Profit and Loss Account	3,32,578	1,15,896

18). Segment Reporting

The Company has only one segment i.e. 'Chemical Manufacturing'. Therefore, as per Accounting Standard -17 (AS-17) the disclosure under 'Segment Reporting' is not considered necessary.

- 19) Previous year's figures have been rearranged / regrouped / reclassified wherever considered necessary so as to make them comparable with those stated in the current year.

SIGNATURES TO SCHEDULES 1 TO 18

As per our report of even date annexed
For S H Bathiya And Associates
Chartered Accountants

For and on behalf of the Board of Directors

Sd/-

Vinod Shah

Partner

Mumbai, 24th August, 2011

Sd/-

Mr. Rajnikant Worah

Chairman

Sd/-

Dr. A. B. Gupta

Managing Director



Balance Sheet Abstract and Company Business Profile (₹. In '000)
(As per Schedule VI, Part IV of the Companies Act, 1956)

I. Registration Details

Registration No 11-511993
Balance Sheet Date 31st March, 2011
State Code 11

II. Capital Raised During The Year

Public Issue	NIL	Rights Issue	NIL
Bonus Issue	NIL	Private Placement	NIL

III. Position And Mobilisation Of Deployment of Funds

Total Liabilities	264555	Total Assets	264555
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Application of Funds

Net Fixed Assets	191498	Investment	NIL
Net Current Assets	73056	Misc. Expenditure	NIL
Accumulated Losses			NIL

IV. Performance Of Company

Net Turnover & Other Income	288704	Total Expenditure	265626
Profit/(Loss) Before Tax	10957	Profit/(Loss) After Tax	5860
Earnings per Share (in Rs.)	0.50		

V. Generic Names Of Three Principle Product/Services Of Company (As Per Monetary Terms)

Product Description	Item Code No. (ITC Code)
Pyridine	29333100.00
Lutidine	29333918.00
Beta Picoline	29333918.00
Alpha Picoline	29333912.00

For and on behalf of the Board of Directors

Place : Mumbai,
Date : 24th August, 2011

Sd/-
Mr. Rajnikant Worah
Chairman

Sd/-
Dr. A. B. Gupta
Managing Director



NOTES





Resonance Specialties Limited

Registered Office: 301, Evershine Mall, Chincholi Bunder junction,
Link Road, Malad (West), Mumbai-00064.

Mr./Ms.
.....
.....
.....

MEMBER

PROXY

(Please tick as applicable)

No. of Shares

- Note:
1. Only Members of the Company or their proxies will be allowed to attend the Meeting ON PRODUCTION OF ATTENDANCE SLIP duly completed and signed.
 2. Please fill this admission slip and hand it over at the entrance of the hall duly signed.
 3. Members are requested to bring their copies of Annual Report with them.
 4. Members who hold shares in dematerialised form are requested to bring their Client ID and DP ID numbers for easy identification of attendance at the Meeting.

ATTENDANCE SLIP

Day	Friday
Date	30th, September, 2011
Time	11.00 a.m.
Venue	Raheja Classique Club Near Infinity Mall, Link Road, Andheri (West), Mumbai-40058

Reg. Folio No.

Demat Particulars
DP ID No.

Client ID No.

I hereby record my presence at
the 22nd ANNUAL GENERAL
MEETING of the Company

Signature of the Member or Proxy

Tear Here



Resonance Specialties Limited

Registered Office: 301, Evershine Mall, Chincholi Bunder junction, .
link Road, Malad (West), Mumbai-00064.

No. of Shares

FORM OF PROXY

Reg. Folio No.

Demat Particulars
DP ID No.

Client ID No.

I/We (Name of Member)
of (Address)
being Member(s) of Resonance Specialties Limited hereby appoint..... (Name of proxy)
of (Address of proxy) or failing him/her
..... (Name of alternate proxy)
of (Address of alternate proxy)

as my/our proxy to vote for me/us on my/our behalf at the 22nd ANNUAL GENERAL MEETING of the Company to be held at 11.00. a.m. on Friday, the 30th September 2011 and at any adjournment thereof.

Date..... Signature.....

Affix a
15 paise
Revenue
Stamp

Note: The Proxy in order to be effective should be duly stamped, completed and signed and must be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the aforesaid Meeting. The Proxy need not be a member of the Company.

BOOK POST

If undelivered please return to :

Resonance Specialties Limited

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E-mail: info@resonancesl.com • Website : www.resonancesl.com