

21st Annual Report 2009-2010

Exploring Newer opportunities



We Can Do it.

Resonance Specialties Limited



Chairman's Message



Dear Shareholders,

Your company has constantly accepted new challenges. To outline this fact, last year, we adopted the theme of 'We Can Do It' which in turn is inspired by the 'Panch Pratibha' of the Pandavas of Mahabharat.

Your company possesses key strengths of the Pandava brothers. The company encompasses the Transparency of Yudhishthir, the Focus of Arjun, the Might of Bhima, the Vision of Nakul and the Finesse of Sahdev. The combination of all these great qualities makes your

company unshakable in its current pursuit to reach new heights.

Going forward, I would like to reiterate the fact that we will continue to work on our motto and venture out to explore various new opportunities.

Yours sincerely,

Rajnikant Worah

Managing Director's Message



Dear Shareholders,

I am delighted to share with all of you that your company is on a steady growth trajectory. First, I would like to highlight some of the main achievements at Resonance during 2009-10.

In the last year, we have emerged as world leaders in some of the Lutidines and several value-added products. 'Quality' remains the hallmark of all that we do. We are not only the first and largest manufacturers / exporters of some of the micro nutrients but also take pride in stating that our products meet current strict heavy metal

limits and Good Manufacturing Practices (GMP's) ensures that the product is produced is free of any microbiological contaminants.

Moving ahead, your company is setting up a State-Of-The-Art plant for Anticancer (Oncology) formulations and bulk drugs. We are also setting up manufacturing facilities of various intermediates of Oncology products to save valuable foreign exchange for the country. Further, strategic tie-up for marketing with manufacturing companies having best of quality standard will be a strong thrust area to accelerate growth and expansion of your company.

In the end, I would like to take this wonderful opportunity to thank all our employees, banks and investors for all the support that we have got from them and hope to continually get it in the future. We promise to continue to focus on the sustained growth of your company through technological innovations and exploring newer opportunities.

With warm regards,

Dr. A.B. Gupta

Resonance Specialties Limited

Board of Directors



From left to right : Dr. V. Vishwanathan, Dr. Atma B. Gupta, Mr. Rajnikant Worah, Mr. B. P. Agrawal and Mr. P. C. Modi

REGISTERED OFFICE

301, Evershine Mall, Chincholi Bunder Junction,
Link Road, Malad (West), Mumbai - 400 064.

PLANT

T-140, MIDC Industrial Estate,
Tarapur, Maharashtra.

BANKERS

Bank of Baroda
Vile Parle (East) Branch, Mumbai

AUDITORS

M/s. S. H. Bathiya & Associates
Chartered Accountants

REGISTRAR AND TRANSFER AGENT

Ajel Infotech Limited
106, Mhada Commercial Complex, Oshiwara,
New Link Road, Jogeshwari (West)
Mumbai 400 012.

Tel.: 022-2630 3348 • Fax : 022-2634 9264

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NOTICE

NOTICE is hereby given that the Twenty First Annual General Meeting of the members of Resonance Specialties Limited will be held on Saturday, 25th September 2010, at 11.00 A.M, at Raheja Classique Club, Near Infinity Mall, Link Road, Andheri (West), Mumbai – 400 058, to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 2010 and the Profit and Loss Account for the year ended 31st March 2010 and the reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Prakash Chandra Modi, who retires by rotation and being eligible for re-appointment, offers himself for re-appointment.
3. To re-appoint M/s. S. H. Bathiya & Associates, Chartered Accountants, the retiring Auditors of the Company, from whom a certificate pursuant to Section 224 (1B) of the Companies Act, 1956 has been received as Statutory Auditors to hold office from the conclusion of this meeting till the conclusion the next Annual General Meeting and to authorise the Board of Directors of the Company to fix their remuneration in mutual agreement with them.

SPECIAL BUSINESS:

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

“RESOLVED THAT Dr. Vishwanathan Venkataraman, who was appointed as an Additional Director of the Company under section 260 of the Companies Act, 1956 with effect from 12th August, 2010 by the Board of Directors of the Company and holds office upto the date of this Annual General Meeting, in respect of whom the Company has received notice in writing pursuant to Section 257 of the Companies Act, 1956 from a member proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation.”

5. To consider and if thought fit, to pass with or without modifications, the following resolution as an Special Resolution:

“RESOLVED THAT pursuant to provisions of sections 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956 (“the Act”) read with Schedule XIII to the Act and the Articles of Association of the Company, Dr. A. B. Gupta, be re-appointed as the Managing Director of the Company with effect from 1st September 2009 for a period of 3 (Three) years on the terms and conditions including remuneration namely

1. Salary: ₹ 80,000/- per month with authority to the Board to increase the remuneration from time to time.
2. Perquisites and Allowances: Dr. A.B. Gupta shall be entitled to the following perquisites.
 - a) House Rent Allowance: ₹40,000/- per month.
 - b) Helper allowance: ₹4,000/- per month
 - c) Medicinal Benefits: Costs of which shall not exceed one month’s salary for every year of service.
 - d) Leave Travel Concession: Expenditure incurred on travel for self and family anywhere in India and back once a year shall be reimbursed to Dr. A.B. Gupta.
 - e) Hospitalization benefits: As per the rules of the Company.



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- f) Conveyance: Free use of the Company's car with driver for Official Purpose.
- g) Telephone: Free Telephone, Fax and Internet Facility at residence for Official purpose.
- h) Commission: 1% Commission on net profit of the company, as calculated in accordance with the provisions of Section 349 of the Companies Act, 1956.

Explanation: Provision of car for the use of the Company's business and telephone at residence will not be considered in computing the value of perquisites.

- i) Club fees: The Company shall pay fees of two clubs excluding admission and the life membership.
3. In addition to the perquisites as aforesaid Dr. A. B. Gupta shall also be entitled to the following annual benefits which shall not be included in the computation of his remuneration.
- Benefits of Provident Fund as per the rules of the Company to the extent not taxable under the Income Tax Act, 1961.
 - Gratuity payable at a rate not exceeding half a month's salary for each completed year of service as per rules of the Company.
4. Leave: as per rules of the company but not exceeding one month's leave with full salary for every 11 months of service. Leave accumulated but not availed during the tenure as Managing Director may be allowed to be encashed at the end of the tenure, in accordance with the policy of the Company.
5. Reimbursement of expenses: Reimbursement of all entertainment, traveling, hotel and other expenses incurred by Dr. A. B. Gupta during the course of his employment in connection with the business of the Company.

RESOLVED FURTHER THAT the Board of Directors ("the Board") shall be entitled to increase Dr. A.B. Gupta's remuneration as determined pursuant to the foregoing, from time to time, subject to the conditions and ceilings specified in Schedule XIII to the Act read with Sections 198, 269, 309, 310 and other applicable provisions, if any, of the Act.

RESOLVED FURTHER THAT in the event of absence or inadequacy of profits in any financial year during the term of his appointment, Dr.A.B. Gupta would, subject to the conditions and ceilings specified in Schedule XIII, and other applicable provisions, if any, of the Act, be entitled to the remuneration as approved pursuant to this Resolution, as minimum remuneration.

RESOLVED FURTHER THAT Mr Rajnikant Worah, Chairman of the company be and is hereby authorized to sign and execute on behalf of the Company, the agreement with Dr. A. B. Gupta under the common seal of the company which shall be affixed in the presence of Mr. B.P. Agrawal, Director and Mr. Prakash Chandra Modi, Director of the company.

RESOLVED FURTHER THAT any one of the Director of the Company be and is hereby authorised to file and sign whether electronically such forms, returns and documents as may be required in these regard with Registrar of Companies, Maharashtra."

By Order of the Board of Directors
For RESONANCE SPECIALTIES LIMITED

Place: Mumbai
Date : 12th August, 2010

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 instead of himself and such proxy need not be a member. 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.**
- 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 business contained in item Nos. 4 and 5 as set above and the relevant details in respect of item no. 2 and 4 set above, pursuant to Clause 49 of the Listing Agreement with the Stock Exchange, are furnished respectively as Annexure 1 and 2 to the Notice.
- IV. The Register of Members and Share Transfer Books of the Company will remain closed from Saturday, 18th September 2010 to Saturday, 25th September 2010 (both days inclusive).
- V. 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.
- VI. Members are requested to bring their attendance slip and copy of the Annual Report to the Meeting.
- VII. 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.
- VIII. 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.
- IX. 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.

Annexure -1**Explanatory Statement Pursuant to Section 173 (2) of Companies Act, 1956:****Item No. 4**

The Board of Directors appointed Dr. Vishwanathan Venkataraman as an Additional Director of the Company with effect from 12th August, 2010, pursuant to the provisions of Section 260 of the Companies Act, 1956, who holds office upto the date of the ensuing Annual General Meeting.

As required under Section 257 of the Act, the Company has received notice together with deposit of ₹ 500/- from the member signifying to propose Dr. Vishwanathan Venkataraman as the candidate for the office of Director.

The relevant details pursuant to Clause 49 of the listing agreement with the stock exchanges are furnished in Annexure 2 to the notice

None of the Directors except Dr. Vishwanathan Venkataraman is concerned or interested in the resolution.

The resolution is recommended for the approval of members.



Item No. 5

Dr. A.B. Gupta was appointed as Managing Director of the Company for a period of 5 year w.e.f 1st September 2004. The tenure of 5 years has been expired on 31st August 2009. The Board of Director of the Company on 1st September 2009 had approved the re-appointment of Dr. A.B. Gupta as Managing Director for a period of 3 (Three) years on the terms and condition as mentioned below:

1. Salary: ₹80,000/- per month with authority to the Board to increase the remuneration from time to time.
2. Perquisites and Allowances: Dr. A.B. Gupta shall be entitled to the following perquisites.
 - a) House Rent Allowance: ₹40,000/- per month.
 - b) Helper allowance : ₹4,000/- per month
 - c) Medicinal Benefits: Costs of which shall not exceed one month's salary for every year of service.
 - d) Leave Travel Concession: Expenditure incurred on travel for self and family anywhere in India and back once a year shall be reimbursed to Dr. A.B. Gupta.
 - e) Hospitalization benefits: As per the rules of the Company.
 - f) Conveyance: Free use of the Company's car with driver for Official Purpose.
 - g) Telephone: Free Telephone, Fax and Internet Facility at residence for Official purpose.
 - h) Commission: 1% Commission on net profit of the company, as calculated in accordance with the provisions of Section 349 of the Companies Act, 1956.
Explanation: Provision of car for the use of the Company's business and telephone at residence will not be considered in computing the value of perquisites.
 - i) Club fees: The Company shall pay fees of two clubs excluding admission and the life membership.
2. In addition to the perquisites as aforesaid Dr. A. B. Gupta shall also be entitled to the following annual benefits which shall not be included in the computation of his remuneration.
 - Benefits of Provident Fund as per the rules of the Company to the extent not taxable under the Income Tax Act, 1961.
 - Gratuity payable at a rate not exceeding half a month's salary for each completed year of service as per rules of the Company.
3. Leave: as per rules of the company but not exceeding one month's leave with full salary for every 11 months of service. Leave accumulated but not availed during the tenure as Managing Director may be allowed to be encashed at the end of the tenure, in accordance with the policy of the Company.
4. Reimbursement of expenses: Reimbursement of all entertainment, travelling, hotel and other expenses incurred by Dr. A. B. Gupta during the course of his employment in connection with the business of the Company.

The Resolution is recommended for the approval of the Members.

Except Dr. A.B. Gupta, none of the Directors of the Company are in any way concerned or interested in the above said resolution.

By Order of the Board of Directors
For RESONANCE SPECIALTIES LIMITED

Sd/-

Dr. A. B. Gupta
Managing Director

Place: Mumbai
Date : 12th August, 2010



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. Prakash Chandra Modi

Mr. Prakash Chandra Modi, a graduate from Delhi University and Visharad. He has over 41 years of rich experience in exports especially in Steel, Pharmaceuticals etc. In his career, he had worked with various reputed companies in India and abroad. Before joining your company, he was working as Director (Export) with Montana South East Limited, Bangkok.

Directorship in other Companies : Nil

Membership of Board Committees: Nil

Mr. Prakash Chandra Modi holds 300 Equity Shares in the Company.

Dr. Vishwanathan Venkataraman

Dr. Vishwanathan Venkataraman has done his Ph.D in Heterogeneous Catalysis from University of Bradford, England, U.K. He has worked with No. of prestigious institutions such as University of St. Andrews-Scotland, University of Lakehead-Canada, University of West Indies, IICT- Hyderabad. He has been a visiting scientist for number of International Programs such as Indo-French Programme Project on zeolite catalysis, Institute of Chemical process fundamentals-Czech Republic, National Industrial Research Institute of Nagoya-Japan, Korea Research Institute of Chemical Technology etc. He retired as Deputy Director at Indian Institute of Chemical Technology, Hyderabad.

Directorship in other Companies : Nil

Membership of Board Committees: Nil

Dr. Vishwanathan Venkataraman holds Nil Equity Shares in the Company

Note: *Directorships given above exclude foreign companies, private companies and alternate directorships. For the purpose of Board Committee memberships, only Audit Committee and Shareholders/ Investors' Grievance Committee are considered and excluded the Directorship and membership in committee of the Company.*



DIRECTORS' REPORT

To the Members,

Your directors have pleasure in presenting the 21st Annual Report and the Audited Statements of Accounts for the year ended 31st March, 2010, together with the Auditors' Report thereon:

Financial Results

The Financial performance of the Company, for the year ended 31st March 2010 is summarised below:

	<i>(₹ In Lakhs)</i>	
	Current Year	Previous Year
	2009-2010	2008-2009
Turnover	3279.26	2684.84
Other Income	18.48	8.29
Profit before Depreciation and Taxes	404.82	270.78
Depreciation	118.88	113.83
Profit/ (losses) after taxes including deferred taxes	196.36	135.19
Prior period Adjustments + /(-)	(9.68)	50.00
Balance in P& L Account brought forward	81.25	(103.95)
Balance in the Profit and Loss Account carried forward to Balance Sheet	267.93	81.25

Results of Operations

The Company had reported turnover of ₹3279.26 Lacs for the year ended 31st March, 2010 as against ₹ 2684.84 lacs in the previous year, showing an net increase of 22.14%. The Company has generated a net profit of ₹196.36 Lacs as against net profit of ₹135.19 lacs in the previous year, showing a net increase of 45% over the previous year.

Dividend

The Board of Directors does not recommend any Dividend for the year 2009-2010 to conserve the resources for the future operation of the Company.

Fixed Deposits

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

Exports

FOB value of exports including deemed exports is ₹1995.15 lacs as against ₹1545.25 in the previous year which is 29.12%. 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 at the same time 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 led 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 Government of India to improve upon the competitiveness of our manufacturing products and processes. The company continues to conduct R & D work related to:-

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 ₹ 131.94 Lakhs. The corresponding previous year spends were ₹ 105.89 Lakhs

Energy Conservation and Technology Absorption and Foreign Exchange Earnings and Outgo

The particulars as 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.

Directors

Mr. Prakash Chandra Modi is liable to retire by rotation at the ensuing Annual General Meeting of the Company and being eligible offers himself for re-appointment.

Dr. V Vishwanathan was appointed as an additional director effective from 12th August, 2010. In terms of Section 260 of the Companies Act, 1956 he shall hold office only upto the date of ensuing Annual General Meeting. The Company has received the requisite notice in writing from a member proposing his candidature for the office of director liable to retire by rotation.

Corporate Governance:

The Company is committed to maintain the good standard of Corporate Governance and adhere to the Corporate Governance requirements set out in the listing agreement. The Company has also implemented several best corporate governance practices as prevalent worldwide.

The Board of Directors supports the Broad Principles of Corporate Governance in addition to the basic governance issues and 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.

Certificate from Managing Director as required under Clause 49 of the Listing Agreement 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 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 being eligible offer themselves for re-appointment as Statutory Auditors of the Company for the financial year 2010-11.

Auditors Report

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

Directors Responsibility Statement

The Boards of Directors confirm that:

1. In the preparation of annual accounts, the applicable accounting standards have been followed;
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 a 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;
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;
4. The Directors have prepared the annual accounts on going concern basis.

Acknowledgement

Your Company has 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 the support and co-operation extended by 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 : 12th 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.
- 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 to conserve energy.
- 5) Adduct Plant energy audit to improve energy saving.
- 6) Fly ash recycle to recover energy.
- 7) Regular maintenance of steam traps to reduce steam losses in plant.
- 8) Old steam lines changed with new one to conserve steam.
- 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 low efficiency reciprocating chiller with screw chiller.
- 2) Replacement of old steam traps with new improved one.
- 3) Improvement of equipment/piping insulation.
- 4) Change of steam ejector 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 and steam consumptions.

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 ₹ 1995.15 Lacs as against ₹ 1545.25 Lacs in the international market during the previous year.



Foreign exchange earned and out-go during the year ended March 31, 2010.**₹ In Lakhs**

	2009-2010	2008-2009
Foreign Exchanged Earned		
Exports (FOB)	11.91	Nil
Technical Assistance	18.65	30.38
Total	30.57	30.38
Foreign Exchange Outgo		
CIF Value of Imports	717.25	619.65
Research and Development Equipments	8.49	Nil
Travelling Expenses	Nil	0.5
Total	725.75	620.15

FORM – A

Form for Disclosure of particulars with respect of conservation of energy

Particulars	2009-2010	2008-2009
1. Conservation of Energy		
Total Energy Consumption		
A. Electricity		
(a) Purchased Units (Nos.)	2148230	2067078
Total amount ₹ (lacs)	115.21	103.78
Average rate (₹) Unit	5.36	5.02
(b) Own Generation		
1) Though diesel generation unit (Nos.)	73246	195497
Units per litre of diesel	3.4	3.40
Average cost (₹)/Unit	10.35	10.52
2) Though Steam		N.A
3) Turbine/Generator		N.A
B. Coal (Quantity - MT)	2081	2010
Total Amount (₹In Lacs)	89.53	97.99
Average Rate (₹)/KG	4.3	4.88



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. Catalytic process development and optimization for the manufacture of lutidines, collidines etc.
- b. Process development of continuous regeneration of Catalyst for pyridine, picolines etc.
- c. 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 ₹ 16,24,147.
- b) Recurring ₹ 1,15,70,035.

Total R & D Expenditure as a percentage of the total turnover 4.02% (P.Y.3.94 %).

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

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 Isonizid, 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 lutidines, nutraceuticals etc.



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 centre at Tarapur 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 challenge due to adverse market situation during the year.

6. EXPORT

Export including deemed export are at ₹ 1995.15 Lacs as compared to the previous years of ₹ 1545.25 Lacs which is 29.12% higher as compared to last year. The Company has exported its products 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 the 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 of 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 across 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 regulation, tax laws, other statutes and incidental factors.



ANNEXURE TO MANAGEMENT AND DISCUSSION ANALYSIS REPORT

Amount in ₹

PARTICULARS		For the year ended 31st March, 2010.	For the year ended 31st March, 2009.
(I)	Financial Position At Glance		
(A)	Asset Owned		
	Fixed Assets (Net)	189,827,485	206,120,443
	Current Assets (Net)	71,236,168	51,123,003
	Deferred Tax Balance	(14,598,000)	(13,371,000)
		246465653	243,872,447
	FINANCED BY		
	Loans	32,316,369	27,267,918
	Networth	214,149,284	216,604,529
		246465653	243,872,446
	REPRESENTED BY		
	Share Capital	115,440,000	115,440,000
	Reserves	71,915,946	93,039,992
	Profit & Loss Account	26,793,338	8,124,537
		214,149,284	216,604,529
(B)	INCOME EARNED		
	Turnover	327,925,674	268,484,492
	Other Income	1,848,321	829,809
		329,773,995	269,314,301
(C)	INCOME DISTRIBUTED		
	Materials including changes in the stock.	182,493,300	149,985,446
	Employee Cost	13,247,997	9,741,496
	Manufacturing and Other Expenses	87,685,274	75,131,979
	Financial Expenses	5,865,570	7,377,001
	Income Tax/ (Deferred Tax Asset)/ FBT	8958000	2,176,000
	Depreciation	11,888,343	11,382,993
	Profit After Tax	19,635,511	13,519,387
		329,773,995	269,314,301
(II)	FINANCIAL SUMMARY		
(A)	CAPITAL ACCOUNTS		
	Share Capital	115,440,000	115,440,000
	Reserves and Surplus	98,709,284	101,164,529
	Borrowings	32,316,369	27,267,918
	Gross Block	357675589	366407861
	Net Block	154,866,483	179,492,745
	Net Current Assets	71,236,168	51,123,004
(B)	REVENUE ACCOUNTS		
	Sales and Other Income	329,773,995	269,314,301
	Financial Expenses	5,865,570	7,377,000
	Depreciation	11,888,343	11,382,993
	Profit before Tax	28,593,511	15,695,387
	Profit after Tax/ Deferred Tax	19,635,511	13,519,387
	Net Earnings Retained	18,668,799	18,519,388
(C)	SELECTED INDICATORS		
	Return on Capital Employed %	0.18	0.13
	Current Ratio	1.73	1.69
	Earnings Per Share	1.62	1.60
	Total Borrowings/ Shareholders Funds	0.15	0.13
	Book Value Per Share (₹)	18.55	18.76
	Fixed Asset Turnover	1.74	1.31



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 is present.

Size and Composition

The Board of Directors comprises of four directors as on 31st March 2010 out of which three directors are non-executive independent Director. 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*	
		Board	Committees
Dr. A.B. Gupta	Managing Director	NIL	NIL
Mr. Rajnikant Worah	Non-executive Independent	NIL	NIL
Mr. B. P. Agrawal	Non-executive Independent	NIL	NIL
Mr. Prakash Modi	Non-executive Independent	NIL	NIL
Mr. Satyaveer Verma	Non-executive Independent	NIL	NIL

* Directorship in Private Limited Companies is not included in the above table. Memberships in Audit Committees and Shareholders' Grievance Committee of all public limited companies have been considered.

Note:

- Mr. Prakash Modi and Mr. B.P. Agrawal, were appointed as an additional directors of the Company in the meeting of Board of Directors held on 30th June 2009 and their appointment was regularized in the Annual General Meeting held on 25th September, 2009.
- Mr. S.N. Verma has resigned from the Directorship with effect from 1st July 2009.



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

Date	Board Strength	No. of Directors Present
5th April, 2009	3	3
30th June 2009	3	3
31st July 2009	4	3
31st October 2009	4	4
30th January, 2010	4	4

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	3	Yes
Mr. Prakash Modi	2	Yes
Mr. Satyaveer Verma	2	N.A.

Risk Assessment & Minimization Procedures

The Board is taking effective steps to assess all the risks and implementing the procedures to minimize the same.

3. Board Committees:

The Board has constituted the following committees of Directors.

A) Audit Committees :

1. Composition, Number of meetings and attendance.

During the financial year ended 31st March, 2010 the Audit Committee met on 5th April, 2009, 30th June 2009, 31st July 2009, 31st October 2009 and on 30th January, 2010. 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
Dr. A.B. Gupta ^{##}	5	1
Mr. B. P. Agrawal [*]	5	3
Mr. Prakash Modi [*]	5	2
Mr. Satyaveer N. Verma [#]	5	2

^{*}Appointed as members of audit committee with effect from 30th June 2009

[#]Resigned as a member of audit committee with effect from 1st July 2009.

^{##}Appointed as a member of Audit Committee With effect from 1st April, 2009 and resigned as member of audit committee with effect from 1st July, 2009



The composition of the Audit Committee meets with the requirement of section 292A of The Companies Act, 1956 and clause 49 of the listing agreement.

2. Terms of Reference:

The terms of reference of this committee are wide enough covering the matters specified under the Listing Agreement and the Companies Act, 1956.

B) Remuneration Committee.

1. Composition, Number of meetings and attendance.

During the financial year ended 31st March, 2010 the Remuneration Committee met on 30th June 2009, 31st July 2009, 31st October 2009 and on 30th January, 2010. 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
Mr. Satyaveer N. Verma [#]	4	1

*Appointed as members of the remuneration committee with effect from 30th June 2009

[#]Resigned as member of remuneration with effect from 1st July 2009.

2. 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 and 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 2008-2009 Amount in ₹

Name	Sitting Fees	Salary	Allowance	Contribution. to P.F.
Dr. A.B. Gupta	-	7,20,000	3,60,000	86,400
Mr. Rajnikant Worah	70,000	-	-	-
Mr. B. P. Agrawal	45,000	-	-	-
Mr. Prakash. Modi	30,000	-	-	-
Mr. S. N. Verma	15,000	-	-	-



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 have 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 is made under note 14 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.



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General Shareholders information

Date of Annual General Meeting	25th September, 2010,
Time	11 A.M
Venue	Raheja Classique Club, Near Infinity Mall, Link Road, Andheri (West), Mumbai - 400058
Financial year	2009-10
Date of the Book Closure	19th September 2009 to 25th September 2010 (both days inclusive)
Listing details	The Stock Exchange, Mumbai. The Company has paid the listing fees for the period 1st April 2009 to 31st March, 2010
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 Email : choksh@vsnl.com
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 64.17% of the equity shares of the company have been dematerialized as on 31st March 2010. 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 2009	6.61	5.56	12,971
May 2009	9.42	6.15	14,999
June 2009	10.20	6.00	17,021
July 2009	8.50	6.89	20,061
August 2009	16.49	8.26	2,02,351
September 2009	25.60	15.60	5,16,185
October 2009	30.85	20.05	6,29,376
November 2009	28.50	23.85	2,58,936
December 2009	37.00	24.60	7,06,486
January 2010	50.70	33.60	11,49,228
February 2010	46.30	32.75	6,69,029
March 2010	47.00	35.00	5,41,483

Distribution Schedule as on March 31, 2010

Distribution of the shareholding pattern as on 31st March, 2010

DESCRIPTION	SHAREHOLDERS		HOLDING (S)
	Folio	Percentage	Percentage
1-500	10087	92.48	1419883
501-1000	421	3.85	365056
1001-2000	200	1.83	307981
2001-3000	64	0.58	170095
3001-4000	34	0.31	121958
4001-5000	26	0.23	120975
5001-10000	32	0.29	224348
10001 and above	47	0.43	8814304
Total	10,911	100	11544000



Categories of Shareholders as on March 31, 2010

Category	No. of Shares	No. of Holders	(%) of Holding
Promoters	7471100	8	64.72
Individual (Less than ₹ 1 Lacs)	2608477	10716	22.59
Individual (More than ₹ 1 Lacs)	945865	29	8.19
Bodies Corporate	503331	138	4.37
FII's/NRIs	6927	15	0.06
Mutual Funds	8300	5	0.07
Total	11544000	10911	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 affair 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
Mumbai, June 30, 2010.

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 Agreements with the stock exchanges, the Board Members and the senior management personnel have confirmed compliance with the Code of Conduct and Ethics for the year ended March 31, 2010.

For RESONANCE SPECIALTIES LIMITED

Place: Mumbai
Mumbai, June 30, 2010.

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, 2010, as stipulated in Clause 49 of the Listing Agreement of the said Company with the stock exchanges.

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, June 30, 2010.
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 2010, 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 2010, 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 2010 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, 2010;
 - (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: June 30, 2010



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 2010. 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 a regular programme of verification of its fixed assets which, in our opinion, is reasonable having regard to the size of the Company and the nature of its fixed assets. We have been informed that no material discrepancies were noticed on such verification as compared to book records.
 - 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 have 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. 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.
 - b. As the Company has neither granted or taken any loans, secured or unsecured to/from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956, sub clauses (b), (c), (d), (f) and (g) of clause (iii) of paragraph 4 of the Order are not applicable.



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- 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.
- 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 /strengthened 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, 2010 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
Companies Act, 1956	Unclaimed Debenture Principal and Interest	4,93,962	1994-1998	Various dates	Not Paid
Bombay Sales Tax Act/ MVAT Act	Sales Tax Deferral Loan	49,79,025	Various	Various Dates	Not Paid
M L W	Deducted from salary	324	June 2009	15 th July 2009	Not Paid

- 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. **However, old debenture matured long time back has not been en-cashed and relevant fund is lying with the bank which is yet to be transferred to Investors' Protection Fund, amounting to ₹ 4,93,962.**
- 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: June 30, 2010



Balance Sheet as at March 31, 2010*(Amount In ₹)*

	Schedule	As at March 31,2010	As at March 31,2009
I SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
Share capital	01	115,440,000	115,440,000
Reserves and surplus	02	98,709,284	101,164,528
		<u>214,149,284</u>	<u>216,604,528</u>
LOAN FUNDS			
Secured	03	31,492,239	22,503,467
Unsecured	04	824,130	4,764,451
		<u>32,316,369</u>	<u>27,267,918</u>
Deferred tax liability (net)		14,598,000	13,371,000
		<u>261,063,653</u>	<u>257,243,447</u>
II APPLICATIONS OF FUNDS			
FIXED ASSETS			
Gross block	05	322,714,588	339,780,163
Less : depreciation		167,848,105	160,287,418
Net block		<u>154,866,483</u>	<u>179,492,745</u>
Capital work in progress (Including capital advances)		34,961,002	26,627,698
		<u>189,827,485</u>	<u>206,120,443</u>
CURRENT ASSETS, LOANS AND ADVANCES			
Inventories	06	54,636,575	57,404,780
Sundry debtors	07	89,032,888	48,545,795
Cash and bank balances	08	4,969,724	4,088,381
Loans and advances	09	11,943,185	5,567,848
Other current assets	10	7,575,528	9,385,776
		<u>168,157,900</u>	<u>124,992,580</u>
LESS: CURRENT LIABILITIES AND PROVISIONS	11		
Current liabilities		81,329,842	66,501,199
Provisions		15,591,890	7,368,377
		<u>96,921,732</u>	<u>73,869,576</u>
NET CURRENT ASSETS		<u>71,236,168</u>	<u>51,123,004</u>
		<u>261,063,653</u>	<u>257,243,447</u>
Significant Accounting Policies and Notes to Accounts	18		

As per our report of even date annexed**For S H Bathiya And Associates****Chartered Accountants****Sd/-****Vinod Shah****Partner****Mumbai, 30th June, 2010****For and on behalf of the Board of Directors****Sd/-****Mr. Rajnikant Worah****Chairman****Sd/-****Dr. Atma B. Gupta****Managing Director**

Profit and Loss Account for the year ended March 31, 2010*(Amount In ₹)*

	Schedule	As at March 31,2010	As at March 31,2009
INCOME			
Sales		291,817,626	278,355,140
Less : Excise Duty Recovered		10,007,591	12,909,044
Net Sales		281,810,035	265,446,096
Sales : Trading Goods		34,560,975	-
Income From Technical Assistance		1,865,664	3,038,396
Conversion charges (Including TDS ₹ 2,12,993)		9,689,000	-
Turnover		327,925,674	268,484,492
Other Income	12	1,848,321	829,809
TOTAL		329,773,995	269,314,301
EXPENDITURE			
Variation In Stock	13	5,896,943	(15,778,190)
Material Consumed	14	176,596,357	165,763,635
Employees Cost	15	13,247,997	9,741,496
Manufacturing & Other Expenses	16	87,685,274	75,131,979
Financial Expenses	17	5,865,570	7,377,001
TOTAL		289,292,141	242,235,921
Profit/ Before Tax And Depreciation		40,481,854	27,078,380
Less: Depreciation		15,060,687	
Less: Adjusted Against Revaluation Reserve		3,172,344	
		11,888,343	11,382,993
PROFIT BEFORE TAX		28,593,511	15,695,387
Add/(Less) : Provision For Taxation			
Current Tax		(9,080,000)	(3,783,000)
Fringe Benefit Tax		-	(190,000)
Deferred Tax Assets		122,000	1,797,000
PROFIT AFTER TAX		19,635,511	13,519,387
Prior Period Adjustments		163,272	-
Excess Depreciation/Amortization W/Back		451,702	5,000,000
Deferred Tax Adjustment For Earlier Year		(1,349,000)	-
Short Provision For Tax W/Off		(232,686)	-
Brought Forward From Last Year		8,124,539	(10,394,851)
Balance Carried to Balance Sheet		26,793,338	8,124,536
EARNINGS PER SHARE		1.62	1.60
FACE VALUE PER SHARE		10	10
Notes to Accounts	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, 30th June, 2010****Sd/-****Mr. Rajnikant Worah****Chairman****Sd/-****Dr. Atma B. Gupta****Managing Director**

Cash Flow Statement for the year ended March 31, 2009*(Amount In ₹)*

	2009-2010	2008-2009
I CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit After Tax	18,668,800	12,801,388
Adjustments For:		
Income Tax/FBT	9,080,000	4,691,000
Deferred Tax Adjustment	1,227,000	(1,797,000)
Depreciation For The Year/Earlier Year	11,436,641	11,382,993
Loss/(Profit) On Sale Of Assets		(141,037)
Interest And Financial Charges Paid	5,865,570	7,377,000
Sundry Balances Written Off	-	612,278
Operating Profits Before Working Capital Changes (A)	46,278,011	34,926,622
Adjustments for :		
Trade And Other Receivables	(40,487,093)	(21,009,856)
Inventories	2,768,205	(926,355)
Loans & Advances & Other Current Assets	(4,565,089)	(4,113,794)
Increase In Trade Payable	13,972,155	33,580,075
(B)	(28,311,822)	7,530,070
NET CASH FROM OPERATING ACTIVITIES (A)+(B) (C)	17,966,189	42,456,692
II CASH FLOW FROM INVESTMENT ACTIVITIES		
Addition To Fixed Assets Including Capital Work In Progress	(16,267,728)	(26,946,954)
Proceeds From Sale Of Fixed Assets	-	172,000
NET CASH USED IN INVESTMENT ACTIVITIES (D)	(16,267,728)	(26,774,954)
III CASH FLOW FROM FINANCING ACTIVITIES		
Interest Paid	(5,865,570)	(7,377,000)
Proceeds From Short Term Secured Borrowings	8,988,772	(8,386,957)
Proceeds From Short Term Unsecured Borrowings	(3,940,321)	(459,814)
Net Cash Used In Financing Activities (E)	(817,119)	(16,223,771)
Net Increase In Cash & Cash Equivalent { F = C+D+E } (F)	881,343	(542,033)
Cash & Cash Equivalent At Beginning (G)	4,088,381	4,630,413
Cash & Cash Equivalent At End (F+G)	4,969,724	4,088,381

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

Sd/-
Vinod Shah
Partner

Mumbai, 30th June, 2010

Sd/-
Mr. Rajnikant Worah
Chairman

For and on behalf of the Board of Directors

Sd/-
Dr. Atma B. Gupta
Managing Director



Schedules to Balance Sheet

(Amount In ₹)

	As at March 31,2010	As at March 31,2009
1. SHARE CAPITAL		
Authorised Capital		
1,50,00,000 (1,50,00,000) Equity Shares Of ₹ 10/- Each	150,000,000	150,000,000
Issued, Subscribed And Paid Up		
1,15,44,000(1,15,44,000) Equity Shares Of ₹ 10/- Each	115,440,000	115,440,000
	115,440,000	115,440,000
2. RESERVES & SURPLUS		
Capital Reserve		
State Subsidy	2,000,000	2,000,000
Revaluation Reserve B/F	73,539,992	
(Refer note 4(a))		
Less: Depreciation on revaluation of earlier year	(451,702)	
Less: Depreciation on revaluation for the year	(3,172,344)	69,915,946
Revaluation Reserve For Intangibles B/F		73,539,992
(Inhouse developed technology)	17,500,000	
(Ref note 4(b))		
Less: Adjusted against the revalued intangible asset.	(17,500,000)	17,500,000
Profit & Loss Account	26,793,338	8,124,536
Total	98,709,284	101,164,528
3. SECURED LOANS		
Car Loan from Banks	576,186	878,849
(Secured against Hypothecation of Cars)		
(repayable within next one year ₹ 1,97,991/- (P. Y. ₹ 2,07,301)		
Working capital loans from bank	30,916,053	21,624,618
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		
TOTAL	31,492,239	22,503,467
4. UNSECURED LOANS		
Deferred Sales Tax Liability	-	2,681,989
(Repayable within one year ₹ Nil P.Y. ₹ 26,81,989)		
From Kotak Mahindra bank Ltd.	824,130	2,082,462
(Repayable within one year ₹ 7,59,518 P.Y. ₹ 12,58,332)		
TOTAL	824,130	4,764,451



Schedules to Balance Sheet

5 : Fixed Assets

(Amount In ₹)

DESCRIPTION	Rate	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		As On 01-04-2009	Addition	Deduction Adjustment	As On 31.3.2010	Upto 31-03-2009	For The Year	Deduction	Upto 31-03-2010	As On 31.3.2010	As On 31.3.2009
Leasehold Land	1.05%	39,949,055	-	-	39,949,055	2,484,736	492,790	-	2,977,526	36,971,529	37,464,319
Building	3.34%	19,964,234	-	-	19,964,234	12,404,868	658,991	-	13,063,879	6,900,355	7,559,346
Plant & Machinery	5.28%	224,463,454	5,863,333	-	230,326,787	119,905,426	12,051,447	-	131,956,873	98,369,913	104,558,02
Furniture & Fixture	6.33%	1,171,414	-	-	1,171,414	747,906	56,800	-	804,706	366,708	423,508
Office Equipment	4.75%	2,601,247	446,944	-	3,048,192	1,769,734	140,81	-	1,910,551	1,137,641	831,513
Motor Car	9.50%	2,981,321	-	-	2,981,321	719,823	283,225	-	1,003,049	1,978,272	2,261,498
Electrical Installation	4.75%	14,716,318	-	-	14,716,318	11,830,755	690,214	-	12,520,969	2,195,349	2,885,563
Lab Equipment	4.75%	4,460,004	1,624,147	-	6,084,151	2,476,838	239,091	-	2,715,929	3,368,222	1,983,166
Intangibles-Inhouse Developed Technology		29,473,117		25,000,000	4,473,117	7,947,312	447,312	7,500,000	894,623	3,578,494	21,525,805
Total		339,780,164	7,934,424	25,000,000	322,714,588	160,287,418	15,060,687	7,500,000	167,848,105	154,866,483	179,492,746
Previous Year		325,775,943	19,007,790	5,003,570	339,780,163	146,782,207	17,055,337	3,550,126	160,287,418	179,492,745	
Capital Work In Progress Including (Capital Advances)										34,961,002	26,627,698
Total										189,827,485	206,120,444

(Amount In ₹)

	As at March 31,2010	As at March 31,2009
6. INVENTORIES (As taken, valued and Certified by the Management)		
1. Raw Materials	12,028,350	9,171,369
2. Stores, Spares	410,900	250,360
3. Work-In-Progress	35,877,445	35,849,135
4. Finished Goods	5,341,796	11,267,047
5. Fuel	705,748	714,564
6. Packing Materials	272,336	152,305
TOTAL	54,636,575	57,404,780
7. DEBTORS Sundry Debtors(Unsecured) (a) Debts outstanding for a period exceeding Six Months (Considered good) (b) Others (considered good) TOTAL	16,423 89,016,465 89,032,888	- 48,545,795 48,545,795
8. CASH & BANK BALANCES Cash on hand Balance with Scheduled Banks In Current Account Unpaid Debentures, interest In Fixed Deposit Account (Under Lien towards Letter of Credit and Bank Guarantee Margins) TOTAL	21,587 61,665 493,962 4,392,510 4,969,724	31,583 85,016 493,962 3,477,820 4,088,381
9. LOANS & ADVANCES (Unsecured, Considered Good Unless Stated Otherwise) 1. Advances to Suppliers 2. Advance taxes 3. Deposits TOTAL	5,042,995 5,793,698 1,106,492 11,943,185	1,303,630 3,188,078 1,076,140 5,567,848
10. OTHER CURRENT ASSETS (Unsecured, Considered Good Unless Stated Otherwise) 1. Advances Recoverable (In cash or in kind or for value to be received) 2. Balances With Excise Authorities TOTAL	3,921,163 3,654,365 7,575,528	7,196,276 2,189,500 9,385,776



Schedules to Balance Sheet*(Amount In ₹)*

	As at March 31,2010	As at March 31,2009
11. CURRENT LIABILITIES AND PROVISIONS		
(A) Current Liabilities		
Sundry Creditors for goods & Services	57,183,198	47,684,769
Sundry Creditors for capital goods	2,817,352	4,887,146
Unclaimed matured debenture & Interest (Refer Note-7 in schedule-18)	494,138	494,138
Other Liabilities	20,835,154	9,135,146
Advances from customers	-	4,300,000
TOTAL (A)	81,329,842	66,501,199
(B) PROVISIONS		
Provision For Retirement Benefit	874,753	911,857
Provision for excise duty	450,137	986,000
Provision For Income Tax	13,687,000	4,607,000
Provision For fringe benefit tax	380,000	570,000
Provision For Expenses	200,000	293,520
TOTAL (B)	15,591,890	7,368,377
TOTAL (A)+(B)	96,921,732	73,869,576
12. OTHER INCOME		
Interest received (Includes TDS ₹ 51,645/- P. Y. ₹ 48,627)	325,936	156,142
Profit on sale of land	-	141,037
Exchange Rate Fluctuation	1,471,578	-
Claims received	30,207	532,630
Other Income	20,600	-
TOTAL	1,848,321	829,809
13. VARIATION IN STOCKS		
Opening Stock		
Work-In-Progress	35,849,137	26,305,214
Finished Goods	11,267,047	5,032,778
(I)	47,116,184	31,337,992
Less : Closing Stock		
Work-In-Progress	35,877,445	35,849,135
Finished Goods	5,341,796	11,267,047
(II)	41,219,241	47,116,182
TOTAL(I + II)	5,896,943	(15,778,190)
14. MATERIAL CONSUMED		
Raw Materials Consumed	130,828,885	153,813,750
Purchase of Trading Goods	34,000,031	-
Stores & Spares Consumed	6,859,234	7,756,987
Packing Material Consumed	4,908,207	4,192,898
TOTAL	176,596,357	165,763,635



Schedules to Balance Sheet*(Amount In ₹)*

	As at March 31,2010	As at March 31,2009
15. EMPLOYEES' COST		
Salaries, Wages And Bonus	11,977,553	8,336,344
Contribution To Provident & other Funds	369,742	337,365
Staff Welfare	569,728	403,623
Keyman Insurance	330,974	664,164
TOTAL	13,247,997	9,741,496
16. MANUFACTURING & OTHER EXPENSES		
Conversion Charges	22,179,000	19,589,000
Power, Fuel, Water , Utilities	24,105,527	22,822,183
Freight & Transportation Charges	11,143,316	11,073,371
Excise Duty Expenses	(535,863)	336,000
Board sitting Fee	160,000	120,000
Insurance	846,217	578,511
Rent	1,242,225	1,385,191
Rates And Taxes	598,593	253,765
Legal And Professional Charges	4,548,441	2,423,339
Postage And Telephone	911,276	671,344
Travelling And Conveyance Expenses	1,726,365	1,248,029
Commission	1,740	196,425
R & D expenses	11,570,035	4,753,132
Audit Fees	220,600	160,000
Repairs & Maintenance		
For Plant & Machineries	4,735,071	2,919,060
For Buildings	177,053	5,755
For others	1,199,202	499,598
Exchange Fluctuation	-	3,057,855
Other Expenses	2,041,477	2,427,143
Sundry Balances w/off	814,999	612,278
TOTAL	87,685,274	75,131,979
17. FINANCIAL EXPENSES		
Interest on		
Fixed Term Loan	397,687	600,255
Others	4,475,949	5,920,849
Bank charges	991,934	855,897
TOTAL	5,865,570	7,377,001



SCHEDULE 18:**SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2010****A) SIGNIFICANT ACCOUNTING POLICIES.****a) Accounts :**

The accounts are 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) Fixed Assets :

Fixed assets are stated at cost of acquisition less accumulated depreciation. Assets costing less than ₹ 5,000/- are depreciated fully in the year of acquisition. The cost of fixed assets includes interest on specific borrowing obtained for acquiring fixed assets upto the date of commissioning of the assets and incidental expenses / overhead incurred.

c) Capital Work - in - Progress:

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

d) Inventories :

I) Inventories are valued at lower of cost (adopting FIFO basis) and net realizable value. Finished goods stored in tanks pending final packing are included in the finished goods stock and valued accordingly.

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.

e) Revenue Recognition:

Sales are recognised at the point of dispatch of material to customers. Revenue is recognized only when there is no significant uncertainty as to measurability or collectibles of the amount. Revenue for the technical assistance is recognized as per the terms of contract.

f) 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.

g) Excise and Custom Duties:

Excise and Custom Duties are 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.

h) Export Incentives:

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

i) 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 calculated and no depreciation is provided in the year of sale. Any software purchased during the year is charged to revenue in conformity with AS-26. Leasehold land is being amortized over a period of lease.

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



j) 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. 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.

k) Employee Benefits :

Short Term employees benefit payable wholly within twelve months of rendering services 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 employee's 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.

l) Research & Development Expenses:

Revenue expenditure pertaining to Research & Development which is not for enduring benefit is 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.

m) Borrowing Costs.

Borrowing costs attributable to production, construction or acquisition of the qualifying assets are capitalized till the date the asset is ready for use.

n) Taxation

Provision for income taxes comprises of current taxes including Fringe benefit tax and 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.

o) 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 account

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 is ₹ 2,902,752 net of advance (Previous year ₹ 3,435,529).
 - b) Bank Guarantees issued and outstanding on Balance Sheet date is ₹ 22,18,710 (Previous year ₹ 2,268,710)
 - c) Letters of credit outstanding ₹ 35,72,1460 (Previous year: ₹ 287,15,788).
 - d) Claims against the Company, not acknowledged as debts ₹ Nil.
(Previous year ₹ 7,651,603).
- 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) a) 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 ₹ 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.
- b) During the year 2005-06, the company has improved the reaction parameters and upgraded the distillation of the products. Based on the report of the registered valuer, such intricate/ sophisticated Technology was valued at ₹ 25,000,000 which had been added to fixed assets under the head 'Intangibles' and credited to the Revaluation reserve, which was being amortized year after year at the prescribed rate of depreciation. In order to Comply with AS-26 the same has been reversed and Un-amortized value of ₹ 1,75,00,000 was debited to revaluation reserve
- 5) 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 ₹ 13,194,182 (P. Y. ₹ 10,497,158) as Research & Development expenditure which have been accounted as follows :



Particulars	2009-10 (₹)	2008-09 (₹)
Charged to Profit & Loss account As revenue expenditure	11,570,035	4,753,132
Carried to Capital Work in Progress	-	5,744,026
Capitalized under Lab Equipment	1,624,147	-
TOTAL	13,194,182	10,497,158

Pending Completion of development of some of those process technologies, the company continued to carry over the total amount of ₹ 9,420,043 (P. Y. ₹ 9,420,043) in R&D Work in progress under the head '**Capital Work in Process**' 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	-	-	2,993,316
Utility	593,285	-	-	593,285
Salary/Labour	1,099,994	-	-	1,099,994
Consultancy	415,000	-	-	415,000
Foreign Consultancy	4,318,448	-	-	4,318,448
Total	9,420,043	-	-	9,420,043

- 6) (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).
- 7) The Company has certain balances under unclaimed dividend, debenture interest and matured debentures accounts, out of which ₹ 493,962 is yet to be transferred to the Investor Education & Protection Fund as detailed below:

Particulars	Total Amount	Yet to be transferred
Matured Debentures	₹ 448,826	₹ 448,826
Debenture Interest	₹ 45,136	₹ 45,136

8) 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.)
1	Pyridine / Picolines & its Derivatives	1050.00(1050.00)	551.545(541.532)
2	Cyanopyridines & its Derivatives	540.00(540.00)	276.820(181.315)

Figures in bracket pertain to previous year.



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

SR. NO.	ITEM OF MANUFACTURING	01.04.2009 OPENING STOCK	31.03.2010 CLOSING STOCK
1	Pyridine / Picolines & Derivatives	26,171	12,005
2	Cyanopyridines & derivatives	5.072	0.612

C) DETAILS OF FINISHED GOODS, PURCHASE AND SALES

(Details in bracket are of previous year)

SR. NO.	ITEM SOLD	SALES QTY.(MT)	AMOUNT IN ₹
A	Pyridine / Picoline & Derivatives	447.702 (405.27)	200,643,592 (160,504,185)
B	Cyanopyridine & Derivatives	212.992 (195.67)	81,101,651 (104,830,835)
C	Traded Goods (Pyridine Derivatives	153.230 (-)	3,45,60,975 (-)
D	Others	-	64,792 (111,076)
TOTAL			316,371,010 (265,446,096)

9) Raw Material consumed

2009 - 10			2008 - 09	
	Quantity (M.T)	Amount In ₹	Quantity (M.T)	Amount In ₹
Basic chemicals	3769.097	123,724,562	3802.73	149,429,014
Solvent	211.296	7,104,323	146.50	4,384,736
TOTAL		130,828,885		153,813,750

10) Value of Import and indigenous Raw Material, Stores and Spare consumed.

	%	2009 -10 Amount In ₹	%	2008 - 09 Amount In ₹
A. Raw material				
Indigenous	59.09	77,301,283	48.78	75,032,949
Imported	40.91	53,527,602	51.22	78,780,801
Total	100.00	130,828,885	100.00	153,813,750
B. Others/Stores spares				
Indigenous	100.00	6,859,234	100.00	7,756,987
Imported	—	—	—	—
Total	100.00	6,859,234	100.00	7,756,987

Note: Consumption of raw material includes following material taken on loan from Avignon Exim Pvt Ltd.

Item	Qty (Kg.)	Value in ₹
Beta Picoline	29,100	72,16,800
Gamma Picolines	15,200	28,12,000



11) Earnings in foreign exchange on account of :

	2009-10 (₹)	2008-09 (₹)
FOB Value of Exports (Service)	1,865,664	3,038,396
FOB Value of Exports (Material)	1,191,117	NIL

12) Expenditure in Foreign currency:

	2009-10 (₹)	2008-09 (₹)
CIF Value of Imports	71,725,450	61,964,776
R & D Equipments	849,490	-
Traveling Expenses	Nil	50,000

13) A) Managerial Remuneration to Managing Director

	2009-10 (₹)	2008-09 (₹)
Salary	720,000	4,80,000
House rent allowance	360,000	2,40,000
Co's contribution to P.F	86,400	57,600
Other monetary benefits	36,000	24,000
Total	1,202,400	8,01,600

Note: The said remuneration is subject to approval at ensuing general meeting

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.

14) Related Party Disclosures:

The names of the related parties, key management personnel, the nature of their transactions and their values are given herein below:

a) Particulars of Related Parties

NAME OF RELATED PARTY	NATURE OF RELATIONSHIP
i) Vista organics Private Ltd.	Associate Company
ii) Avignon Exim Private Ltd.	Associate Company
iii) Vista Finance & Leasing Private Ltd.	Associate Company
iv) Avignon Chemicals Private Ltd.	Associate Company
v) Ushma Investments Private Ltd.	Associate Company
vi) Ushma Technologies Private 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 Private. Ltd.	Manufacturing Facility Exp.	22,179,000	381,409-Cr
Avignon Exim Private Ltd.	Sales	200,158,869	78,154,025-Dr
Avignon Exim Private Ltd.	Conversion Charges	9,689,000	Nil
Avignon Exim Private Ltd.	Purchases	14,721,593	Nil
Avignon Exim Private Ltd.	Material taken on Loan	10,028,800	Nil
Vista Finance & Leasing Private Ltd.	Rent	360,000	572,745-Cr
Ushma Investment Private Ltd.	Rent	360,000	451,327-Cr
Avignon Chemicals Private Ltd.	Rent	360,000	572,745-Cr
Dr. Atma B. Gupta	Salary, PF & Others	1,202,400	Nil

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

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

A. Deferred Tax Assets:

Major head	Balance As on 31 st March 2009	(Reversal) or provision made during the year	Balance As on 31 st March 2010
Timing differences for Statutory dues	613,000	(248,000)	3,65,000

B. Deferred Tax Liabilities

Major head	Balance As on 31 st March 2009	(Reversal) or provision made during the year	Balance As on 31 st March 2010
Deferred Tax Liability	13,984,000	9,79,000	1,49,63,000

- 16) Earning per Share

	2009-10	2008-09
Net Profit attributable to equity shareholders (₹)	1,86,68,802	1,85,19,388
Total No. of Equity shares outstanding during the year	11,544,000	11,544,000
Basic & Diluted Earning Per share	1.62	1.60
Face value per share	10.00	10.00

- 17) 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 ₹ 3,69,742 (P.Y. ₹ 3,36,279) in Profit and Loss Account for the year ended 31st March, 2010:



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:

	2009-10	2008-09
Discount Rate (per annum)	8%	7%
Rate of increase in compensation levels (per annum)	5%	5%
Expected Average remaining working Lives of the employees (years)	7.78	13.21

A. Change in the Present Value of Obligation

	Year Ended March 31,2010 Non - Funded Scheme (₹)	Year Ended March 31,2009 Non - Funded Scheme (₹)
Present Value of Defined Benefit Obligation as at beginning of the period	9,11,857	9,32,223
Interest Cost	58,475	73,514
Current Service Cost	1,07,916	1,02,542
Benefits Paid	(1,53,000)	(26,600)
Actuarial (gain) / loss on Obligations	(50,495)	(1,69,822)
Present Value of Defined Benefit Obligation as at the end of the period	8,74,753	9,11,857

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

	Year Ended March 31,2010 (₹)	Year Ended March 31,2009 (₹)
Present Value of Funded Obligation as at end of the period	8,74,753	9,11,857
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)	8,74,753	9,11,857



C. Amount recognized in the Balance Sheet

	Year Ended March 31,2010	Year Ended March 31,2009
Present Value of Defined Benefit Obligation as at the end of the period	8,74,753	9,11,857
Fair Value of Plan Assets as at end of the period	-	-
Liability / (Net Asset) recognized in the Balance Sheet	8,74,753	9,11,857

D. Expenses recognized in Profit and Loss Account

	Year Ended March 31,2010 (₹)	Year Ended March 31,2009 (₹)
Current Service Cost	1,07,916	1,02,542
Past Service Cost	-	-
Interest Cost	58,475	73,514
Expected Return on Plan Assets	-	-
Curtailement Cost / (Credit)	-	-
Settlement Cost / (Credit)	-	-
Net Actuarial (gain) / Loss recognized in the Period	(50,495)	(1,69,822)
Total Expenses recognized in the Profit and Loss Account	1,15,896	6,234

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 for 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, 30th June, 2010

Sd/-
Mr. Rajnikant Worah
Chairman

Sd/-
Dr. Atma B. Gupta
Managing Director



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

(₹ In '000)

I. Registration Details

Registration No	11-511993	State Code	11
Balance Sheet Date	31st March, 2010		

II. Capital Raised During The Year

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

III. Position Of Mobilization And Deployment Of Funds

Total Liabilities	357,985	Total Assets	357,985
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Application of Funds

Net Fixed Assets	189,827	Investment	NIL
Net Current Assets	71,236	Misc Expenditure	NIL
Accumulated Losses	-		

IV. Performance Of Company

Net Turnover & Other Income	329,774	Total Expenditure	301,180
Profit/(Loss) before Tax	28,594	Profit/(Loss)After Tax	19,636
Earnings Per Share in ₹	1.62		

V. Generic Name of Three Principal 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

Mumbai, 30th June, 2010

Mr. Rajnikant Worah
Chairman

Dr. Atma B. Gupta
Managing Director





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	Saturday
Date	25th September, 2010
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 21st ANNUAL GENERAL
MEETING of the Company

Signature of the Member or Proxy



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 or failing him/her
(Address of proxy)

.....
(Name of alternate proxy)

of
(Address of alternate proxy)

as my/our proxy to vote for me/us on my/our behalf at the 21st ANNUAL GENERAL MEETING of the Company to be held
at 11.00 a.m. on Saturday, the 25th September, 2010 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.

NOTES



BOOK POST

If undelivered please return to :

Resonance Specialties Limited

The logo for Resonance Specialties Limited features a large, stylized, light blue letter 'R' that is partially overlaid by the company name in a black, italicized serif font.

301, Evershine Mall, Chincholi Bunder Junction, Link Road, Malad (West), Mumbai - 400 064.

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