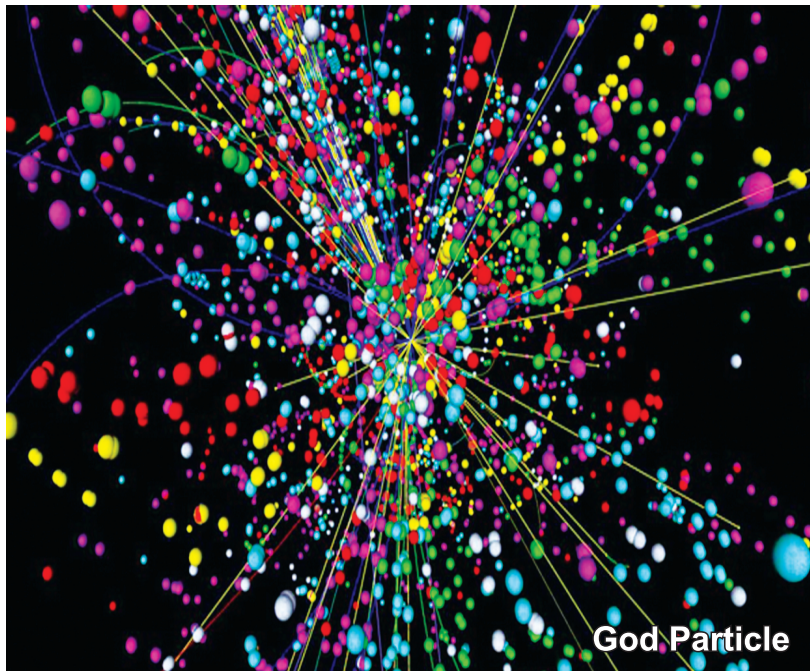


23rd Annual Report 2011-2012

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God Particle

Resonance Specialties Limited

NOTICE

Notice is hereby given that the Twenty Third Annual General Meeting of the Members of **RESONANCE SPECIALTIES LIMITED** will be held on Saturday, the 29th day of September, 2012 at 12:00 Noon at Raheja Classique Club, Infinity Mall, New Link Road, Andheri (West), Mumbai 400 058, to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet of the Company as at March 31, 2012 and the Statement of Profit & Loss for the financial year ended on that date together with the Reports of the directors and Auditors thereon.
2. To appoint a Director in place of Mr. Rajnikant Worah, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint statutory auditors and to fix their remuneration.

SPECIAL BUSINESS

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

"**RESOLVED THAT** Mr. L. R. Daga, who was appointed as an Additional Director of the Company and whose term of appointment expires at this Annual General Meeting, and in respect of whom the Company has received notice under Section 257 of the Companies Act, 1956, proposing his candidature for the office of the 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 modification, the following resolution as a Special Resolution:

"**RESOLVED THAT** pursuant to Section 269 and other applicable provisions of the Companies Act, 1956, consent of the Company be and is hereby accorded to the re-appointment of Dr. A. B. Gupta as the Managing Director of the Company for a period of three years commencing from September 1, 2012, on the remuneration, as set out in the Explanatory Statement."

"**RESOLVED FURTHER THAT** the Board of Directors of the Company on the recommendation of the Remuneration Committee is hereby authorised 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 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** any one director of the Company be and is hereby authorised to sign and execute on behalf of the Company, the agreement with Dr. A. B. Gupta."

"**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 and do all such acts, deeds and things as deemed necessary in this regard with Registrar of Companies, Mumbai, Maharashtra."

By Order of the Board of Directors

Sd/-

Dr. A. B. Gupta

Managing Director

Dated : August 31, 2012

Registered Office:

301, Evershine Mall, Off Malad Link Road,
Malad (West). Mumbai - 400064.

NOTES:

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member of the company. Proxy form duly completed should be deposited at the registered office of the company not less than forty-eight hours (48 hours) before the scheduled time of the annual general meeting. Blank proxy form is enclosed.
2. Relevant Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, in respect of Special Business, as set out above is annexed hereto.
3. The disclosures required under clause 49 of the listing agreement in respect of the Directors being appointed/ reappointed in this Annual General Meeting is given along with this Notice convening Annual General Meeting.
4. The Register of Members and the Share Transfer Book of the Company will remain closed from September 21, 2012 to September 29, 2012 (both days inclusive).
5. Members are requested to notify immediately any change of address;
 - i. to their Depository Participants (DPs) in respect of their electronic share accounts, and
 - ii. to the Company at its Registered office in respect of their physical shares, if any, quoting their folio number, Banker's name and account number to ensure prompt and safe receipt of dividend warrants.
6. Members are requested :
 - i. to bring their copies of Annual Report , Notice and Attendance Slip at the time of the meeting.
 - ii. to quote their Folio Nos./ ID Nos. in all correspondence.
 - iii. to note that no gifts will be distributed in the AGM.

Details of Directors seeking appointment/ reappointment* at the forthcoming Annual General Meeting (Item no.2 & 4)

Mr. L. R. Daga - Mr. Daga (aged around 64 years) an Indian national is B.com (Hons), L.L.B and Chartered Accountant by way of qualification. Mr. Daga joined the Board of the Company with effect from February 14, 2012. He has over 42 years of Experience working in Various capacities starting from Chief Accountant to Chief executives in various industrial groups viz Birla's, Essar, Ispat, Kalpataru, Sejal Glass etc., involved in manufacturing

of Steel, Cement, Pharma, Real Estate & Glass industries. Currently Mr. Daga is not holding directorship of any other company. Mr. Daga does not hold any shares in the Company.

Mr. Daga seeks appointment as the director of the Company at the ensuing Annual General Meeting.

Mr. Rajnikant Worah - Mr. Worah (aged around 71 years) an Indian national is B.A. LL.B by qualification. Mr. Worah joined the Board of the Company on December 12, 1991 and retires by rotation. Being eligible, Mr. Worah offers himself for re-appointment at the ensuing Annual General Meeting.

Mr. Worah has experience of over 50 years managing business in varied industries. He also holds the directorship of FPL Projects Private Limited and NSW Realities Private Limited. Mr. Worah holds 198 equity shares of the Company.

**Annexure to the Notice
Explanatory Statement Pursuant to Section 173(2)
of the Companies Act, 1956**

The following explanatory statement sets out the material facts relating to the business mentioned in Item Nos. 4 and 5 of the accompanying Notice dated August 31st, 2012.

ITEM NO. 4

Mr. L. R. Daga, had been appointed as an Additional Director (independent director) on the board of the Company with effect from February 14, 2012. Mr. L. R. Daga is a Chartered Accountant and Lawyer with experience of over 42 years working in varied industries.

Mr. L. R. Daga holds office up to the date of this Annual General Meeting. The Company has received a notice from a Member under Section 257 of the Companies Act, 1956 to propose the candidature of Mr. L. R. Daga as a Director of the Company.

Mr. L. R. Daga does not hold any shares in the Company. The Board feels that the Company will benefit from his professional expertise and rich experience. The Board of Directors recommends the passing of the resolution as laid in item no.4 of the agenda.

None of the Directors, except Mr. L. R. Daga is concerned or interested in the said Resolution.

ITEM NO. 5

The Board of the Company at its meeting held on August 31, 2012 resolved subject to approval of Shareholders to reappoint Dr. A. B. Gupta (65 years) as the Managing Director of the Company, for a further period of 3 years with effect from September 1, 2012. Also the Board of Directors, on the recommendation of Remuneration Committee, has recommended payment of the following maximum remuneration to Dr. A. B. Gupta with effect from September 1, 2012:

1. Salary: ₹ 2,00,000/- per month and 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 ₹ 1,00,000/- per month
 - b) Helper Allowance ₹ 10,000/- per month
 - c) Medicinal benefits Cost of which shall not exceed one month's salary for every year of service.
 - d) Leave Travel concessions 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 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.
 - a) Benefits of Provident Fund as per the rules of the Company to the extent not taxable under the Income Tax Act, 1961.
 - b) 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, 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 above remuneration is subject to the condition that:

- a) In case of profits, the total remuneration shall not exceed 5% of the net profits of the Company computed as per the provisions of Section 349 and 350 of the Companies Act, 1956.
- b) In case of inadequate profits or loss for any year, the remuneration shall not exceed the limits as stated in Part II of Schedule XIII

The Directors recommend the resolution for approval as a special resolution.

None of the Directors except Dr. A. B. Gupta may be considered as interested in the said resolution.

This notice may be considered as notice under Section 302 of the Companies Act, 1956.

By Order of the Board of Directors

Sd/-
Dr. A. B. Gupta
Managing Director
Dated : August 31, 2012

Registered Office:

301, Evershine Mall, Off Malad Link Road,
Malad (West), Mumbai - 400064.

DIRECTORS' REPORT

To the Members,

Resonance Specialties Limited

Your Directors have pleasure in presenting the 23rd Annual Report along with the Audited Statements of Account of your Company for the financial year ended March 31, 2012.

1. Financial Results

A snapshot of the financial performance of the Company for the year 2011-12 is as under:

	(₹ in Lakhs)	
	Current Year 2011 - 2012	Previous Year 2010 - 2011
Turnover	3562.58	2862.71
Other Income	38.50	28.86
Profit/ (Losses) Before Interest, Depreciation and Taxation	131.50	305.67
Depreciation	108.39	121.21
Exceptional Items	24.30	15.74
Profit/ (Losses) after taxes including deferred tax	(53.23)	57.83
Balance in P&L account brought forward		
Balance in the P&L account carried forward to the Balance Sheet	325.77 272.53	267.93 325.77

2. Results of Operations

The Company had reported turnover of ₹ 3562.58 lakhs for the year ended March 31, 2012 as against ₹ 2,862.71 lakhs in the previous year, showing Increase of over 24%. The Company has generated net loss of ₹ 53.23 lakhs as against net profit of ₹ 57.83 lakhs in the previous year in view of higher input cost and lower finished products prices.

3. Dividend on Equity Shares

In view of loss for the year, your Board do not recommend any dividend for the year under review.

4. Public Deposits

During the period under review, your Company has not accepted/ renewed any deposits within the meaning of Section 58 A of the Companies Act, 1956 and the rules thereunder.

5. Management Discussion and Analysis

Management Discussion and Analysis Report for the year under review as required under Clause 49 of the Listing Agreement, is given as an Annexure II to this report.

6. Corporate Governance Report

Your Company has complied with all the mandatory provisions of the revised Clause 49 of the Listing Agreement. As part of the Company's efforts towards better corporate practice and transparency, a separate report on Corporate Governance compliances is included as a part of Annual Report.

A certificate from the Practicing Company Secretary M/s Kaushal Dalal and Associates, regarding

compliance of the conditions of Corporate Governance as stipulated under clause 49 of the listing agreement is attached to the report on Corporate Governance.

7. Directors

Mr. P. C. Modi, resigned as Non-executive independent director from the Board of the Company on August 24, 2011 and Mr. V. Vishwanathan, resigned as Non- executive independent director from the board of the Company on December 9, 2011.

Mr. L. R. Daga was appointed as additional director (Non-executive Independent Director) of the company on February 14, 2012. Mr. L. R. Daga would hold office upto the date of ensuing Annual General Meeting. The Company has received notice in writing from a member proposing the candidature of Mr. L. R. Daga for the office of Director, liable to retire by rotation.

Mr. Rajnikant Worah, Director retire by rotation and, being eligible, offer himself for re-appointment at the ensuing Annual General Meeting of the Company. Your directors recommend his appointment as the Director of the Company liable to retire by rotation.

Brief profiles of the Directors proposed to be appointed/ re-appointed; qualification, experience and the names of the Companies in which they hold directorship, membership of the board committees, as stipulated in the clause 49 of the listing agreement are provided along with the Notice convening Annual General Meeting.

8. Directors' Responsibility Statement

As required by Section 217 (2AA) of the Companies Act, 1956, your directors confirm that:

- In the preparation of the annual accounts, the applicable accounting standards have been followed;
- Appropriate accounting policies have been selected and applied consistently and that judgments and estimates made are reasonable and prudent so as to give a true and fair view of the state of affairs of your Company as at March 31, 2012, and of its loss for the year ended on that date;
- Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of your Company and for preventing and detecting fraud and other irregularities;
- The annual accounts have been prepared on an ongoing concern basis.

9. Exports

FOB value of exports including deemed exports is ₹ 2,225.85 lakhs as against ₹ 2,231.22 lakhs. The company is exploring newer market for its nutritional products.

10. Future Prospects

Due to heavy competition and adverse forex prices,

the company is exploring alternate raw material to manufacture its basic products to sustain the profitability. In case of some of the value added products of the Company there are 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.

11. Research and Development

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

1. Development of improved catalyst for the 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 ₹ 57.78 Lakhs. The corresponding previous year spending was ₹ 92.20 lakhs

12. Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo

The additional information required in accordance with sub-section (1)(e) of Section 217 of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, is appended to and forms part of this report (Annexure I).

13. Particulars of Employees

The details as required Pursuant to Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended, is not given, since your Company has no person in its employment drawing salary above the prescribed monetary ceiling.

14. Auditors & Auditors Report

M/s. V. R. Bhabhra & Co., Chartered Accountants, Mumbai, the Company's Auditors, retire at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment. M/s. V. R. Bhabhra & Co., have sought re-appointment and confirmed that their re-appointment shall be within the limits of Section 224(1B) of the Companies Act, 1956. The

necessary eligibility certificate under section 224(1B) of the Companies Act, 1956 has been received from them. The Audit Committee and Board of Directors recommend the appointment of M/s. V. R. Bhabhra & Co., Chartered Accountants, as the Statutory Auditors of the Company.

With regards comments of Statutory Auditors on non availability of confirmations from Small, Medium and Micro Enterprises, your Board would like to state that the Company will devise a practice to regularly obtain confirmations from its vendors as required.

Acknowledgement

The Directors place on record their gratitude to the Government, Regulators, Stock Exchanges, other statutory bodies and the Company's Bankers for the assistance, co-operation and encouragement they extended to the Company. The Directors also place on record their sincere appreciation to the employees for their continuing support and unstinting efforts in ensuring an excellent all round operational performance. Last but not the least the directors would like to thank valuable shareholders for their support and contribution. We look forward to your continued support in the future.

For and on Behalf of Board of Directors

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

Registered Office:
301, Evershine Mall,
Off Malad Link Road,
Malad (West).
Mumbai - 400064.

Sd/-
B. P. Agrawal
Director
Dated : August 31, 2012

ANNEXURE I

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

A. CONSERVATION OF ENERGY

(a) ENERGY CONSERVATION MEASURES.

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

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

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

(c) IMPACT OF THE ABOVE MEASURES:-

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

(d) TOTAL ENERGY CONSUMPTION AND ENERGY CONSUMPTION PER UNIT OF PRODUCTION**(FORM A ENCLOSED)****B. TECHNOLOGY ABSORPTION**

Efforts made in Technology Absorption (FORM - B ENCLOSED)

C. FOREIGN EXCHANGE EARNING AND OUTGO**(a) ACTIVITIES RELATING 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 ₹ 2225.85 Lakhs as against ₹ 2231.22 Lakhs in the international market during the previous year.

Foreign exchange earned and out-go during the year ended March 31, 2012.

	₹ In Lakhs	
	2011-2012	2010-2011
Foreign Exchanged Earned Exports (FOB)	1413.60	617.67
Total	1413.60	613.67
Foreign Exchange Outgo CIF Value of Imports	456.80	691.14
Research and Development Equipments	5.46	-
Travelling Expenses	3.07	0.96
Total	467.07	692.10

FORM-A

Form for Disclosure of particulars with respect of conservation of energy

Particulars	2011-2012	2010-2011
1. Total Energy Consumption		
A. Electricity		
(a) Purchased Units (Nos.)	1972147	2456780
Total amount ₹ (lacs)	132.25	146.38

Average rate ₹ /Unit	6.73	5.96
(b) Own Generation Through diesel generation unit (Nos.)	132698	152533
Units per litre of diesel	3.40	3.03
Average cost /Unit	12.83	13.42
B. Coal (Quantity - MT)	1821	2604
Total Amount (in Lacs)	136.06	150.95
Average Rate /KG	7.46	5.79
2. Consumption per unit of production		
Pyridine & Cyanopyridines		
Electricity (Units/MT)	3462	3129
HSD (Ltrs/MT)	68	65

FORM B**Disclosure of Particulars With Respect To Technology Absorption****(a) RESEARCH AND DEVELOPMENT****I. Specific areas in which R & D carried out by the company.**

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

II. Benefits derived as a result of above.

- Cost Reduction
- Better efficiency in product formation/process development
- Newer products/process development

III. Future Plan of Action.

- Development of improved catalysts
- Synthesis of new molecules
- Development of efficient processes

IV. Expenses on R & D

- Capital ₹ 5.46 lakhs
- Recurring ₹ 51.91 lakhs

Total R & D Expenditure as a percentage of the total turnover is 1.45% (P.Y. 3.22%)

(b) TECHNOLOGY ABSORPTION / ADOPTION AND INNOVATION.

- Efforts in brief made towards technology absorption/adoption:
On-going Technology was entirely developed in-house.
- 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.

ANNEXURE II

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

1. INTRODUCTION

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

2. INDUSTRY STRUCTURE AND DEVELOPMENT

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

The other products are:

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

3. COMPANY OVERVIEWS

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

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

4. RESEARCH AND DEVELOPMENT

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

production of pyridine derivatives.

5. OPPORTUNITIES AND THREATS

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

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

6. EXPORT

Export including deemed export are at 2525.85 Lacs which are more in value terms as compared to the previous years of 2231.22 Lacs which is 13% higher as compared to last year. The Company has exported its product to USA, Europe, China, Australia etc. The Company has major emphasis and is committed to serving its clients and speedy growth of export business.

7. OUTLOOK

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

8. RISK AND CONCERNS THE MANAGEMENT PERCEPTION

Even though there was economic slow down the company was able to increase its sales of its value added products and nutraceuticals. The Company has made substantial progress in identifying newer markets and is confident that it will be able to maintain its profitability despite economic problems persisting in Europe.

9. INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY

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

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

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

functions.

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

10. FINANCIAL REVIEW

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

Financial position at glance: See Annexure

Financial Summary and Distribution of Income: See Annexure

11. MATERIAL DEVELOPMENT IN HUMAN RESOURCES, INDUSTRIAL RELATION REPORT

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

12. CAUTION

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

ANNEXURE TO MANAGEMENT DISCUSSION AND ANALYSIS REPORT

FINANCIAL SUMMARY

	Year ended 31.3.12	Year ended 31.3.11
CAPITAL ACCOUNTS		
Share Capital	115,440,000	115,440,000
Reserves and Surplus	92,824,556	101,320,332
Long term Borrowings	342,842	240,258
Non current liabilities	33,609,689	35,567,648
Gross Block including CWIP	376,634,556	374,131,956
Net Block including CWIP	180,642,080	191,498,308
Net Current Assets (net of short term borrowings)	53,544,908	53,209,020
REVENUE ACCOUNTS		
Sales and other income	360,108,038	289,156,809
Gross profit before extra-ordinary items,		
Interest, Depreciation and tax	13,149,568	30,567,122
Extra-ordinary item	2,429,609	1,574,766
Financial Expenses	6,390,951	5,914,491
Depreciation	10,838,930	12,120,995
Profit before tax	(6,509,922)	10,956,869
Net Profit after tax	(5,323,432)	5,783,391
Dividend amount	-	-
Retained earnings	-	5,783,391
SELECTED INDICATORS		
Return on Capital employed %	-	0.05
Current Ratio	1.66	1.54
Earnings per share	(0.46)	0.50
Book Value per share	22.68	23.39
Fixed Assets Turnover	1.99	1.51

CORPORATE GOVERNANCE REPORT

1. CORPORATE PHILOSOPHY

At Resonance Specialties Limited ("RSL"), Corporate Governance is viewed as ethics and moral duty. We believe that the corporate governance is a system of structuring, operating and controlling a company with a view to achieve long term strategic goals and ensuring interest of all the stakeholders.

RSL has adopted best of corporate governance practices and is based on following principles:

- Strong, professional, independent Board with vast knowledge and varied experience.
- Accountability for functioning and transparency in conduct.
- Compliance with applicable laws and regulations.
- Independent verification of financial reporting.
- Value creation and wealth maximization for stakeholders

The report on corporate governance, as per the applicable provisions of clause 49 of the listing agreement is as under:

2. BOARD OF DIRECTORS

(a) Composition of the Board

The Board of Directors of the Company comprises of optimum combination of executive and non-executive directors, all of whom are leading professionals in their respective fields. The Board of Directors comprises of:

Resonance Specialties Limited

Dr. A. B. Gupta -	Managing Director (Executive Director)
Mr. Rajnikant Worah -	Non Executive and Independent Director
Mr. L. R. Daga -	Non Executive and Independent Director
Mr. B. P. Agrawal -	Non Executive Director

The other Board and Board Committees in which the Director is member or chairman are as under:

Name of the Director	Relationship with other Director	Directorships in India under Section 275 of the Companies Act, 1956 ¹	Other Directorships ²	Membership of other Board Committees ³	
				Member	Chairman
Dr. A. B. Gupta	None	None	None	None	None
Mr. Rajnikant Worah	None	None	2	None	None
Mr. B. P. Agrawal	None	None	None	None	None
Mr. P. C. Modi*	None	None	None	None	None
Mr. V. Vishwanathan*	None	None	None	None	None
Mr. L. R. Daga**	None	None	None	None	None

Note:

* Mr. P. C. Modi, resigned as the Director of the Company on August 24, 2011 and Mr. V. Vishwanathan resigned as the Director of the Company on December 9, 2011.

** Mr. L. R. Daga, a non executive independent director joined the board as an additional director of the Company on February 14, 2012.

1. Directorship held by the Directors, as mentioned above, does not include Directorships in private limited companies which are neither a subsidiary nor holding company of public company, foreign companies and companies not carrying business for profit.
2. Other Directorships are those, which are not covered under Section 275 of the Companies Act, 1956.
3. The Committees considered for above purpose are those prescribed in the Listing Agreement viz. Audit Committee and Share Transfer and Investor Grievance Committee.

(b) Meeting of Board of Directors

The Board meetings are convened after giving proper notice and detail agenda. The Board meets at least once a quarter and the time gap between two Board Meetings was not more than four (4) calendar months. The Board of the Company met five (5) times during the last financial year on May 14, 2011, August 12, 2011, August 24, 2011, November 14, 2011 and February 14, 2012.

The attendance of Directors at the Board Meeting and last Annual General Meetings was as under:

Name of Director	Total Board Meetings	Board Meetings attended out of meetings held	Annual General Meeting dated September 30, 2011 whether attended
Dr. A. B. Gupta	5	5	Yes
Mr. Rajnikant Worah	5	5	Yes
Mr. B. P. Agrawal	5	4	Yes
Mr. P. C. Modi*	2	2	NA
Mr. V. Vishwanathan*	4	3	Yes
Mr. L. R. Daga**	-	-	NA

Note:

* Mr. P. C. Modi, resigned as the Director of the Company on August 24, 2011 and Mr. V. Vishwanathan resigned as the Director of the Company on December 9, 2011.

** Mr. L. R. Daga, a non executive independent director joined the board as an additional director of the Company on February 14, 2012.

The following information is given to the Board either as a part of agenda of the meeting or by way of presentation during the meeting:

- 1 Quarterly, half yearly and annual results of the Company.
- 2 Minutes of meeting of audit committee and other committees of the Board of Directors
- 3 Information on appointment of all the key managerial personnel below the Board level

- 4 Significant regulatory matters
- 5 Compliance of statutory regulations, listing agreements
- 6 Such other material and significant information

(c) Details of Director's Remuneration

The details of remuneration paid/ payable during the year ended March 31, 2012 is as follows:

Name of the Director	Salary and Perquisite	Cont to PF and other funds	Professional/ consultancy charges	Sitting fees	No. of Equity shares held	Convertible warrants*
Dr. A. B. Gupta	14,88,000	1,15,200	Nil	Nil	1	Nil
Mr. Rajnikant Worah	Nil	Nil	Nil	1,58,885	198	Nil
Mr. L. R. Daga ³	Nil	Nil	Nil	Nil	Nil	Nil
Mr. B. P. Agrawal	Nil	Nil	2,50,000	75,000	Nil	Nil
Mr. P. C. Modi ⁴	Nil	Nil	Nil	30,000	300	Nil
Mr. V. Vishwanathan ⁴	Nil	Nil	Nil	45,000	Nil	Nil

Note:

1. The Company has not paid any commission or issued any shares as ESOP to any directors of the Company.
2. Professional fees are paid for conducting R&D activities.
3. Mr. L. R. Daga, a non executive independent director joined the board as an Additional Director of the Company on February 14, 2012.
4. Mr. P. C. Modi, resigned as the Director of the Company on August 24, 2011 and Mr. V. Vishwanathan resigned as the Director of the Company on December 9, 2011.

(d) Periodic review of compliances of all applicable laws

The Company regularly monitors compliance with various rules, regulations and Acts applicable to the Company. A compliance certificate by Managing Director in respect of various laws, rules and regulations applicable to the Company is placed periodically before the Board and reviewed by the Board.

3. AUDIT COMMITTEE

Due to resignation of Mr. P. C. Modi and Mr. V. Vishwanathan, the audit committee was re-constituted on January 19, 2012, and comprised of Mr. Rajnikant Worah, Non - Executive Independent Director, Mr. B. P. Agrawal, Non-Executive Director and Mr. A. B. Gupta, Managing Director. The Committee is chaired by Mr. Rajnikant Worah, Non-executive Independent Director. All the members of the Audit Committee are financially literate and possess thorough knowledge of the finance and accounts.

The Audit Committee of the Company met five (5) times during the last financial year on May 14, 2011, August 12, 2011, August 24, 2011, November 14, 2011 and February 14, 2012. The gap between two Audit Committee Meetings was not more than four (4) months:

The Constitution of the Audit Committee and attendance of each member of the Committee is given below:

Name of the Members of Audit Committee	Designation	Non-Executive/ Independent	Profession	No. of Committee Meetings held	Committee Meeting attended
Mr. Rajnikant Worah	Chairman	Non-Executive Independent	Business	5	5
Mr. B. P. Agrawal	Member	Non- Executive	Business	5	4
Dr. A. B. Gupta	Member	Executive	Business	1	1
Mr. P. C. Modi*	Member	Non-Executive Independent	Business	2	2
Mr. V. Vishwanathan*	Member	Non-Executive Independent	Business	4	4

Note:

- * Mr. P. C. Modi, resigned as the Director of the Company on August 24, 2011 and Mr. V. Vishwanathan resigned as the Director of the Company on December 9, 2011.

Audit Committee meetings are attended by the Representatives of Statutory Auditors.

The scope of the Audit Committee includes the references made under Clause 49 of the Listing Agreements as well as Section 292A of the Companies Act, 1956, besides the other terms that may be referred by the Board of Directors. The broad terms of reference of the Audit Committee are:

- To supervise the financial reporting process and all financial results,
- To review the quarterly, half-yearly and annual financial results of the Company before submission to the Board,
- Review the adequacy of internal control systems in the Company, including the scope and performance of the

internal audit function; review of related party transactions; reviewing with management performance of internal and statutory auditors and fixing their remuneration;

- Holding discussions with Statutory Auditors on the nature and scope of audit, ensure compliance with all the applicable Accounting Standards; Compliance with the listing and other legal requirements and the Company's financial and risk management policies and
- Compliance with the statutory requirements.

The minutes of the audit committee meetings forms part of the agenda papers circulated for the Board Meeting.

4. REMUNERATION COMMITTEE

Due to resignation of Mr. P. C. Modi and Mr. V. Vishwanathan, the Remuneration Committee was re-constituted on January 19, 2012, and comprised of Mr. Rajnikant Worah, Non - Executive Independent Director, Mr. B. P. Agrawal, Non-Executive Director and Mr. A. B. Gupta, Managing Director. The Committee is chaired by Mr. Rajnikant Worah, Non-executive Independent Director.

The Committee met 4 (four) times in a year to monitor remuneration and terms of appointment of Board of Directors.

5. SHAREHOLDER/ INVESTOR GRIEVANCE COMMITTEE:

Due to resignation of Mr. P. C. Modi and Mr. V. Vishwanathan, the Shareholders/ Investor Grievances Committee was re-constituted on January 19, 2012, and comprised of Mr. Rajnikant Worah, Non - Executive Independent Director, Mr. B. P. Agrawal, Non-Executive Director and Mr. A. B. Gupta, Managing Director. The Committee is chaired by Mr. B. P. Agrawal, Non-executive Director.

The Committee met 4 (four) times in a year to review and approve matters relating to shareholder complaints and request received from shareholders for transfer/ transmission of equity shares etc.

6. SUBSIDIARY COMPANY

The Company does not have any subsidiary company hence compliances to be followed with regards to same is not applicable to the company.

7. DISCLOSURES

(a) Basis of related party transactions

The statement of transactions with the related parties, if any, is regularly placed before the audit committee. During the year under review, there are no materially significant related party transactions entered into by the Company with its Promoters, Directors or Management or their relatives, etc. that may conflict with the interest of the Company and all the transactions are on arms length basis and in the normal course of business.

The related party transactions have been disclosed under Notes to Accounts Note No 33 forming part of the Annual Accounts.

(b) Disclosure of accounting treatment

There is no deviation in following the treatments prescribed in any Accounting Standard (AS) in the preparation of financial statements of the Company.

(c) Disclosure on Risk Management

The internal auditors and statutory auditors tests and ensures that the Company has adequate systems of internal control to ensure reliability of financial and operational information's. The Company adheres to strict policies to ensure compliance with all the regulatory/ statutory requirements.

(d) Proceeds from Public Issue/ Rights Issue/ Preferential Issue

During the year under review, the Company has not raised any money through public/ right or preferential issue and hence the disclosure on end use of the money is not applicable.

(e) Compensation paid to Non-Executive Directors

The Non-Executive Directors and Independent Directors are paid upto ₹ 20,000/- towards sitting fees for attending each Board and Committee Meeting in accordance with the resolution passed in the meeting of Board of Directors on June 30, 2009.

(f) Details of non-compliance

No strictures/ penalties have been imposed on the Company by Stock Exchanges or Securities and Exchange Board of India or any statutory authority on any matter during the last three years.

(g) Code of Conduct

The Board of Directors has adopted the Code of Conduct for Board Members and Senior Management Personnel.

The said code has been communicated to the Directors and members of the senior management, and they have affirmed their compliance with the said Code. The Code adopted has been posted on the Company's website www.resonancesl.com.

(h) Details of compliance with mandatory requirements and adoption of non-mandatory requirements of Clause 49 of the Listing Agreement

The Company has duly complied with all the mandatory requirements of Clause 49 of the listing agreement. Besides complying with all the mandatory requirements of Clause 49, we have a Remuneration Committee of the Board. All the members of the remuneration committee were present at the annual general meeting of the Company.

(i) CEO/CFO Certificate

The certificate required under Clause 49(V) of the listing agreement duly signed by the Managing Director has been given to the Board and the same is annexed to this report.

(j) Means of Communication to the Stakeholders

The primary source of information to the shareholders, customers and other stakeholders of the Company and to public at large is through the website of the Company www.resonancesl.com. The annual report, quarterly results, shareholding pattern, material events copies of press releases etc., are regularly sent to Stock Exchanges and uploaded on the Company's website.

The quarterly and annual results of the Company are published in widely circulated national newspapers like Business Standard (English) and Mahanayak (Marathi).

8. GENERAL BODY MEETING

The following table gives the details of the last three Annual General Meetings of the Company:

Date of AGM	Location	No. of Special Resolutions passed
September 19, 2009	Raheja Classique Club, Near Infinity Mall, Link Road, Andheri (West), Mumbai 400 059.	Nil
September 25, 2010	Raheja Classique Club, Near Infinity Mall, Link Road, Andheri (West), Mumbai 400 059.	1
September 30, 2011	Raheja Classique Club, Near Infinity Mall, Link Road, Andheri (West), Mumbai 400 059.	Nil

All the above Special Resolutions were passed unanimously by show of hands.

9. GENERAL SHAREHOLDERS' INFORMATION

- 1. Annual General Meeting** : September 29, 2012
- 2. Financial Calendar (2012-2013)** : Financial Year April 1, 2012 to March 31, 2013.
Results for the Quarter Ended 30.06.2011 - 31.08.2012
Results for the Quarter Ended 30.09.2011 - before 15.11.2012
Results for the Quarter Ended 31.12.2011 - before 15.02.2013
Results for the Quarter Ended 31.03.2012 - before 15.05.2013
- 3. Book Closure Date** : September 21, 2012 to September 29, 2012 (both days inclusive)
- 4. Dividend payment date** : No Dividend is declared
- 5. Listing of equity shares on stock exchanges at** : The Bombay Stock Exchange Limited
- 6. Stock Code** : The Bombay Stock Exchange Limited - 524218
- 7. Demat ISIN Numbers in NSDL & CDSL for equity shares** : ISIN No. INE486D01017
- 8. Registrar & Transfer Agent** : Ajel Ltd.
No.106, Link Plaza Commercial Complex, New Link Road,
Oshiwara, Jogeswari (West), Mumbai 400102. Maharashtra
Tel: 26303342, 26303348 | Fax: 26349264
- 9. Share Transfer System** : The Company's shares are compulsorily traded in dematerialised form. In the case of transfers in physical form, which are lodged at the Registrar & Transfer Agent's Office, these are processed within a period of 30 days from the date of receipt.

Resonance Specialties Limited

- 10 Dematerialisation of Shares** : As on March 31, 2012, 89.80% of the paid up share capital of the Company was in dematerialised form. Trading in Equity shares of the Company is permitted only in dematerialised form through CDSL and NSDL as per notification issued by the Securities and Exchange Board of India.
- 11 Correspondence**
For dematerialization, transfer of : Ajel Ltd.
shares, non -receipt of dividend on : No.106, Link Plaza Commercial Complex, New Link Road,
shares, and any other query relating : Oshiwara, Jogeswari (West), Mumbai 400102. Maharashtra
to the shares of the Company : Tel: 26303342, 26303348 | Fax: 26349264
- 12 Any query on Annual Report** : Dwarika Prasad Agarwal,
Contact at : 301, Evershine Mall, off Malad Link Road,
Malad (West), Mumbai - 400064
- 13 Registered office** : 301, Evershine Mall, Chincholi Bundar Junction,
Link Road, Malad (West), Mumbai - 400064
- 15 Plant** : T-140 MIDC Industrial Estate, Tarapur, Maharashtra
- 16 Outstanding Convertible instruments, conversion date and likely impact on equity** : The Company do not have any outstanding convertible instruments, which are likely to be converted in equity and impact on equity.

17. Shareholding pattern

The detailed shareholding pattern of the Company as on March 31, 2012 is as under:

Category	No of Shares held	Percentage of Shareholding
Shareholding Of Promoter & Promoter Group		
Indian	74,71,100	64.72%
Foreign	0	0.00%
SUB TOTAL (A) :	74,71,100	64.72%
Public Shareholding (Institutions)		
Mutual Funds / UTI	3,300	0.03%
Financial Institutions / Banks	5,000	0.04%
Central / State Government(S)	0	0.00%
Venture Capital Funds	0	0.00%
Insurance Companies	0	0.00%
FII's	0	0.00%
Foreign Venture Capital	0	0.00%
Any Other	100	0.00%
SUB TOTAL (B) :	8,400	0.07%
Public Shareholding (Non-Institutions)		
Bodies Corporate	3,01,615	2.61%
Individual	37,54,747	32.52%
Clearing Member	0	0.00%
Market Maker	0	0.00%
Foreign Nationals	0	0.00%
Non Resident Indians (Repatriable)	8,138	0.07%
Non Resident Indians (Non Repatriable)	0	0.00%
Foreign Companies	0	0.00%
Overseas Bodies Corporate	0	0.00%
Trusts	0	0.00%
SUB TOTAL (C) :	40,64,500	35.21%
GRAND TOTAL (A)+(B)+(C) :	1,15,44,000	100.00%

18. Distribution of shareholding as on March 31, 2012

The distribution of shareholders as on March 31, 2012 is as follows:

No. of Equity Shares held (Range)	No. of Shareholders	% of Shareholders	No. of Shares	% of share Holdings.
1 - 500	9,745	92.59	13,54,324	11.73
501 - 1,000	402	3.82	3,44,616	2.99
1,001 - 2,000	179	1.70	2,78,192	2.41
2,001 - 3,000	69	0.66	1,79,647	1.56
3,001 - 4,000	34	0.32	1,22,128	1.06
4,001 - 5,000	24	0.23	1,10,913	0.96
5,001 - 10,000	34	0.32	2,47,128	2.14
10,001 & above	38	0.36	89,07,052	77.16
Total	10,525	100	1,15,44,000	100

19. Stock Market Data

Table below gives the monthly high and low quotations of shares traded at the Bombay Stock Exchange for the current year. The chart below plots the monthly closing price of RSL versus the BSE - Turnover for the year ended March 31, 2012.

Month	BSE			Total Turnover on BSE
	High (₹)	Low (₹)	Volume	
Apr-11	18.17	12.00	78,783	10,70,260
May-11	16.94	12.65	54,001	7,43,222
Jun-11	16.00	12.41	48,079	6,62,545
Jul-11	15.00	12.94	92,548	12,47,077
Aug-11	14.09	10.43	27,983	3,44,714
Sep-11	14.95	12.00	32,682	4,34,233
Oct-11	16.89	12.15	21,411	2,81,555
Nov-11	17.59	12.36	14,758	1,97,282
Dec-11	14.25	12.35	17,831	2,31,525
Jan-12	14.70	11.71	13,944	1,80,743
Feb-12	13.35	11.85	17,698	2,24,068
Mar-12	13.79	11.21	26,309	3,30,211

Annexure**Declaration on Compliance with the Code of Conduct**

This is to confirm that the Company has adopted a Code of Conduct for its Board members and the senior management and the same is available on the Company's website. I confirm that the Company has in respect of financial year ended March 31, 2012, received from the senior management team of the Company and the members of the Board, a declaration of compliance with the Code of Conduct as applicable to them.

For the purpose of this declaration, the term 'senior management' means the direct reportees to the Board and Managing Director.

For Resonance Specialties Limited

Sd/-

Dr. A. B. Gupta

Managing Director

Mumbai, August 31, 2012

Annexure

Chief Executive Officer (CEO) and Chief Financial Officer (CFO) Certification

- I, Dr. A. B. Gupta, Managing Director, of Resonance Specialties Limited, to the best of our knowledge and belief, certify that:
- (a) We have reviewed the financial statements and the cash flow statement for the year and that to the best of our knowledge and belief:
 - (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (ii) these statements together present a true and fair view of the company's affairs and are in compliance with the existing accounting standards, applicable laws and regulations.
 - (b) There are, to the best of our 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) We accept responsibility for establishing and maintaining internal controls and that we have evaluated the effectiveness of the internal control systems of the company and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
 - (d) We 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 we 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.

For Resonance Specialties Limited

Sd/-

Dr. A. B. Gupta

Managing Director

Mumbai, August 31, 2012

Certificate of Company Secretary in Whole-time practice on Compliance of conditions of Corporate Governance

To the Members of

Resonance Specialties Limited

We have examined the compliance of conditions of corporate governance by Resonance Specialties Limited, for the year ended 31st March 2012 as stipulated in Clause 49 of the Listing Agreement entered into by the Company with the stock exchanges.

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

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

We 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.

Kaushal Dalal & Associates
Company Secretaries

By the hand of

Place: Mumbai

Date: August 31, 2012

sd/-

Kaushal Dalal
Proprietor

Membership No.: ACS: 20547 CP: 7512

AUDITORS' REPORT

To the Members of

Resonance Specialties Limited

We have audited the attached Balance Sheet of Resonance Specialties Limited as at 31st March 2012, the Statement of Profit and Loss 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, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - (d) In our opinion, the Statement of Profit and Loss and 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 2012, 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 2012 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- 35(a), 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, 2012;
 - (ii) In the case of the Statement of Profit and Loss, of the Loss 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 V R BHABHRA & CO.
Chartered Accountants
(Firm Registration No: 112861W)

sd/-
Vimal Bhabhra
Proprietor
Membership No: 046043

Place: Mumbai
Date: 31st August, 2012

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 2012. 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.
- 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 granted interest free unsecured loan to a company covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount outstanding at any time during the year in respect of the said loan is ₹ 15,21,718/-. Since there is no stipulation as to repayment, we are unable to comment as to whether the said loans are not prejudicial to the interest of the company.

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. However, during the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system. However internal control required to be strengthened.

v. In respect of the contracts or arrangements referred to in section 301 of the Companies Act, 1956 :

- a. To the best of our information and according to the information and explanations provided to us by the management, the particulars of contracts or arrangements referred to in Section 301 of the Companies Act, 1956 have been entered in the Register required to be maintained under that Section.
- b. According to the information and explanations provided to us by the management, the transactions made in pursuance of contracts or arrangements entered in the Register maintained under Section 301 of the Companies Act, 1956 and exceeding the value of ₹ 5,00,000 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 not able to express an opinion on the same.

vi. According to the information and explanations given to us, the company has not accepted any deposits from the public within the meaning of provisions of sections 58A and 58AA or any other relevant provisions of the Companies Act, 1956 and rules made there under. Therefore, the provisions of Clause (vi) of paragraph 4 of the Order are not applicable to the company.

vii. In our opinion, the scope and coverage of internal audit and periodicity of the audit reports needs to be widened / increased to make the internal audit system 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 slight delays in few cases in depositing undisputed statutory dues in respect of Provident Fund, Income Tax, Service Tax, with the appropriate authorities.

- b. According to the information and explanations provided to us, no undisputed amounts payable in respect of Provident Fund, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, cess and any other statutory dues were outstanding as at 31st March, 2012 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
Income Tax Act, 1961	Tax Deducted at source	24,416	April -11 To August 11	Various dates	Not paid
Bombay Sales Tax Act/ MVAT Act	Sales Tax	1,66,89,316	Various	Various Dates	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.
- 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 V R BHABHRA & CO.
Chartered Accountants
(Firm Registration No: 112861W)

sd/-
Vimal Bhabhra
Proprietor
Membership No: 046043

Place: Mumbai
Date: 31st August, 2012

Resonance Specialties Limited

BALANCE SHEET AS AT 31ST MARCH, 2012

	Note No.	As at 31.03.2012	Amount in (₹) As at 31.03.2011
EQUITY & LIABILITIES			
1 SHARE HOLDERS' FUNDS :			
Share capital	3	115,440,000	115,440,000
Reserves & Surplus	4	92,824,556	101,320,332
		<u>208,264,556</u>	<u>216,760,332</u>
2 NON CURRENT LIABILITIES :			
Long- term borrowing	5	342,842	240,258
Other non current liabilities	6	16,689,317	16,689,317
Long term provisions	7	608,372	1,123,331
Deferred tax liabilities (Net)	8	16,312,000	17,755,000
		<u>33,952,531</u>	<u>35,807,906</u>
3 CURRENT LIABILITIES			
Short- term borrowing	9	34,518,864	29,595,539
Trade payable	10	39,657,697	63,422,470
Other current Liabilities	11	3,940,541	3,719,068
Short-term provisions	12	2,582,330	2,575,395
		<u>80,699,432</u>	<u>99,312,473</u>
		<u>322,916,519</u>	<u>351,880,711</u>
ASSETS			
1 NON CURRENT ASSETS			
Fixed assets	13		
Tangible assets		169,625,480	173,240,213
Intangible assets		7,033,125	8,024,093
Capital work in progress		3,983,475	10,234,002
Long-term loans & advances	14	8,030,099	7,860,911
		<u>188,672,179</u>	<u>199,359,218</u>
2 CURRENT ASSETS			
Inventories	15	56,011,253	71,213,523
Trade receivable	16	64,059,378	69,484,507
Cash & cash equivalents	17	5,212,273	4,667,895
Short term loans & advances	18	316,496	317,356
Other current assets	19	8,644,940	6,838,212
		<u>134,244,340</u>	<u>152,521,493</u>
		<u>322,916,519</u>	<u>351,880,711</u>
Company Information	1		
Basis of preparation & Statement of Significant Accounting Policies	2		

As per our report of even date

FOR V.R.Bhabhra & Co.

Firm Reg.no.112861W

Chartered Accountants

sd/-

Vimal R.Bhabhra

Proprietor

Mem.No.046043

Mumbai, Dated 31st August, 2012

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

sd/-

B. P. Agrawal

Director

sd/-

Dr. A. B. Gupta

Managing Director

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

	Note No.	Year 31.03.2012	Amount in (₹) Year 31.03.2011
INCOME			
Revenue from operation(Gross)	20	366,087,575	296,544,909
Less: Excise duty		9,829,364	10,273,832
Revenue from operation(net)		356,258,211	286,271,077
Other Income	21	3,849,827	2,885,732
Total:-		360,108,038	289,156,809
EXPENDITURE			
Cost of raw material consumed	22	72,738,177	77,648,176
Purchases of Traded Goods	23	148,436,471	79,809,342
(Increase)/Decrease in inventories of Finished Goods, and stock in trade and work in process	24	9,730,501	(22,365,784)
Employees benefit Expenses	25	16,269,484	17,048,642
Others Expenses	26	99,783,837	106,449,311
Total:-		346,958,470	258,589,687
Earning Before Interest, Depreciation & Taxation		13,149,568	30,567,122
Interest & Financial Cost	27	6,390,951	5,914,491
Depreciation	28	10,838,930	12,120,995
Earning Before Exception items & Taxation		(4,080,313)	12,531,635
Exceptional Items	29	(2,429,609)	(1,574,766)
Earning Before Taxation		(6,509,922)	10,956,869
Less : Provision for			
Current Tax		-	(2,183,000)
Add(Less): Taxation of earlier years		(256,510)	(76,478)
MAT Credit entitlement		-	243,000
Deferred Tax		1,443,000	(3,157,000)
Surplus After Taxation carried to Balance Sheet		(5,323,432)	5,783,391
Earning per equity share			
Basic & Diluted earning per share		(0.46)	0.50
Face value per share		10.00	10.00
Company Information	1		
Basis of preparation & Statement of Significant Accounting Policies	2		

As per our report of even date

FOR V.R.Bhabhra & Co.

Firm Reg.no.112861W

Chartered Accountants

sd/-

Vimal R.Bhabhra**Proprietor**

Mem.No.046043

Mumbai, Dated 31st August, 2012

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

sd/-

B. P. Agrawal**Director**

sd/-

Dr. A. B. Gupta**Managing Director**

Resonance Specialties Limited

CASH FLOW STATEMENT

	Year 2011-12	(Amount In ₹) Year 2010-11
A CASH FLOW FROM OPERATING ACTIVITIES		
Profit/(Loss) before tax	(6,509,922)	10,956,869
Non Cash adjustment to reconcile profit/(loss) before tax to net cash flows		
Depreciation	10,838,930	12,120,995
Provision for Doubtful advance	-	1,000,000
Unspent liabilities/provisions written back	(1,042,934)	547,073
Loss/(Profit) on sale of Fixed assets	148,283	574,766
Loss of Fixed Assets in fire	2,831,857	-
Insurance Claim Received	(2,481,825)	-
Loss of Material in fire	1,820,427	-
Interest Expense	6,390,951	5,914,491
Operating Profit before Change in Working Capital Changes	11,995,767	31,114,195
Movement in working Capital		
Increase/(Decrease) in Trade payable	(22,721,839)	2,874,847
Increase/(Decrease) in Long term provisions	(514,959)	248,578
Increase/(Decrease) in Short term provisions	6,935	(8,331,044)
Increase/(Decrease) in other current liabilities	221,473	(384,523)
Increase/(Decrease) in other non current liabilities	-	(1,000,000)
Decrease/(Increase) in inventories	13,381,844	(16,576,948)
Decrease/(Increase) in Trade Receivables	5,425,129	19,548,381
Decrease/(Increase) in short term advances	860	126,269
Decrease/(Increase) in Long Term advances	(169,188)	(4,749,409)
Decrease/(Increase) in other current assets	(1,806,728)	2,574,676
	(6,176,473)	(5,669,173)
Cash generated from operation	5,819,294	25,445,021
Direct Taxes paid	(256,510)	(76,478)
Net cash flows from operating activities	(A) 5,562,784	25,368,543
B CASH FLOW USED IN INVESTMENTS ACTIVITIES		
Purchases of Fixed assets including capital advances	(6,245,186)	(17,716,706)
Sale of fixed assets	110,000	177,778
Insurance Claim on loss of fixed assets	2,481,825	-
Net cash flows from Investment activities	(B) (3,653,361)	(17,538,928)
C Cash flow from financing activities		
Proceeds of Long term borrowings	102,584	(896,442)
Repayment of long term borrowings	-	-
Proceeds from short term borrowings (Net)	4,923,325	(1,320,514)
Interest paid	(6,390,951)	(5,914,491)
Net cash flows /(used in)from Investment activities	(C) (1,365,043)	(8,131,447)
Net cash increase/(decrease) in cash and cash equivalents	(A+B+C) 544,380	(301,831)
ADD : cash and cash equivalents at the beginning of the year	4,667,894	4,969,724
cash and cash equivalents at the end of the year	5,212,273	4,667,893
Components of cash and cash equivalents		
Cash on hand	913,624	778,108
Cheque in hand	57,805	-
Bank balance in current accounts	47,897	27,708
Bank balance in Fixed deposit accounts	4,192,947	3,862,078
	5,212,273	4,667,894

As per our report of even date

FOR V.R.Bhabhra & Co.

Firm Reg.no.112861W

Chartered Accountants

sd/-

Vimal R.Bhabhra

Proprietor

Mem.No.046043

Mumbai, Dated 31st August, 2012

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

sd/-

B. P. Agrawal

Director

sd/-

Dr. A. B. Gupta

Managing Director

NOTES TO FINANCIAL STATEMENT FOR THE YEAR ENDED ON 31ST MARCH, 2012

NOTE-1

GENERAL INFORMATION

M/s Resonance Specialties Limited (company) is incorporated under the companies Act 1956, and is listed with Bombay stock exchange, the main activity of company is manufacturing of Pyridine, Picoline, Cynopyridine and derivatives of the same. Bulks drugs and nutritional products are toll converted. In view of multi products manufacturing and fractional distillation in batches, overall average production cycle is around 2 to 4 months from the procurement till the disposal.

NOTE-2

BASIS OF PREPARATION

The financial statements of the company have been prepared in accordance with generally accepted accounting principals in India (Indian GAAP). The Company has prepared these financial statement to comply in all material respect with the accounting standards notified under the Companies (Accounting Standards) Rules, 2006.(as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared on an accrual basis and under historical cost convention.

NOTE 2.1 SIGNIFICANT ACCOUNTING POLICIES.

a) Change in accounting policy:

Presentation and disclosure of financial statements-During the year ended 31 March 2012, the revised Schedule VI notified under the Companies Act, 1956 has become applicable to the company, for preparation and presentation of its financial statements. The company has reclassified the previous year figures in accordance with the requirements applicable in the current year's financial statements have been prepared under historical cost convention and on accrual basis in accordance with the provisions of the Companies Act, 1956; and generally accepted accounting principles.

b) Use of estimates:

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

c) Fixed Assets :

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

Intangible Assets: these assets are stated at cost incurred in respect of successful development of respective manufacturing/process technology.

d) Capital Work - in - Progress:

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

e) Inventories :

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

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

III) Cost Comprises all cost of purchases, Cost of conversion and other cost incurred in bringing the inventory to the present location and condition

f) Revenue Recognition:

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

g) Foreign Currency Transactions:

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

h) Excise and Custom Duties:

Liability on account of Customs Duty on Imported materials is accounted for only on clearing / debonding of materials

Excise duty on finished goods lying in stock is accounted on the basis of prevailing selling price at year end.

i) Export Incentives:

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

j) Depreciation /Amortisation:

- a) Depreciation on tangible fixed assets has been provided on straight-line method at the rates specified in Schedule XIV of the Companies Act, 1956. In case of additions, pro-rata depreciation is charged. Any software purchased during the year is charged to revenue in conformity with AS-26 except which have licensing period exceeding one year, which is amortised over the license period. Leasehold land is being amortized over a period of lease.
- b) Assets costing less than ₹ 5,000/- fully depreciated in the year of Purchases.
- c) Intangible asset, are amortised over a period of ten years from the date of its development.

k) Impairment of Assets

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

l) Employees Benefits :

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

Defined Contribution Plan: The Company's Contribution to the state governed 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.

m) Research & Development Expenses:

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

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

n) Borrowing Costs.

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

o) Taxation

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

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

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

p) 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. Contingent assets are neither recognized nor disclosed in financial statements.

q) Cash and cash equivalent

Cash and cash equivalent for the purposes of cash flow statement comprise cash at bank and in hand and short term investments with an original maturity of three months or less.

r) Measurement of EBITDA

As permitted by the Guidance Note on the revised schedule VI to the Companies Act, 1956, the Company has elected to present earnings before interest, tax, depreciation and amortization (EBITDA) as a separate line item on the face of the statement of profit and loss. The Company measures EBITDA on the basis of profit/(loss) from continuing operations. In its measurement, the Company does not include depreciation and amortization expenses, finance costs and tax expenses.

NOTES TO FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012**Amount in ₹****Year
31.03.2012****Year
31.03.2012****NOTE : 3
SHARE CAPITAL****AUTHORISED CAPITAL :**

1,50,00,000 (1,50,00,000)Equity shares of ₹ 10/- each	150,000,000	150,000,000
--	-------------	-------------

150,000,000	150,000,000
--------------------	--------------------

ISSUED, SUBSCRIBED & PAID UP

1,15,44,000 (1,15,44,000) Equity shares of ₹ 10/- each fully paid up	115,440,000	115,440,000
--	-------------	-------------

115,440,000	115,440,000
--------------------	--------------------

a) Reconciliation of equity shares outstanding at the beginning and at the end of the reporting period

Particulars	No of shares	31-Mar-2012		31-Mar-2011	
		Amount	No of shares	Amount	
At the beginning of the period	11544000	115,440,000	11544000	115,440,000	
Issued during the period		-		-	
Outstanding at the end of the period	11544000	115,440,000	11544000	115,440,000	

b) Terms/ rights attached to equity shares

1. The Company has only one class of shares referred to as equity shares having a par value of ₹ 10/-. Each holder of equity shares is entitled to one vote per share.
2. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining assets of the company, after distribution of all preferential amounts. However, no such preferential amounts exist currently. The distribution will be in proportion to the number of equity shares held by the shareholders

c) Details of shareholders holding more than 5% shares of the company

Equity share of ₹ 10/-each fully paid	No of shares	31-Mar-2012		31-Mar-2011	
		% of holding	No of shares	% of holding	
Vista Finance & Leasing Pvt.Ltd	3964100	34.34%	3964100	34.34%	
Usma Investment Pvt.Ltd	3295200	28.54%	3295200	28.54%	

d) As per the records of the company, including its register of the shareholders/ members and other declarations received from the shareholders regarding beneficial interest, the above shareholding represent both legal and beneficial ownerships of shares

**NOTE- 4
RESERVE & SURPLUS****a) CAPITAL RESERVE**

State Subsidy		
Balance as per last financial statements	2,000,000	2,000,000

b) REVALUATION RESERVE

Balance as per last financial statements	66,743,602	69,915,946
Less: Depreciation on revaluation for the year	3,172,344	3,172,344
	63,571,258	66,743,602

c) SURPLUS IN THE STATEMENT OF PROFIT & LOSS

Balance as per last financial statements	32,576,730	26,793,338
Profit/(Loss) for the year	(5,323,432)	5,783,392
	27,253,298	32,576,730
	92,824,556	101,320,332

d) 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

Resonance Specialties Limited

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 note 4(b) above

**NOTE-5
LONG TERM BORROWING
SECURED TERM LOANS**

a) Vehicle loan from Banks (secured by hypothecation of two Vehicles)	342,842	240,258
	342,842	240,258
b) The Vehicles term loans are payable over a period of 5 years with interest @ 16%		

**NOTE-6
OTHER NON CURRENT LIABILITIES**

a) Towards Sales Tax	16,689,317	16,689,317
	16,689,317	16,689,317
b) Amount represent refund received in earlier years, net of ₹ 140 Lacs was paid under protest. The final determination of refund/ liabilities will be on completion of reassessment.		

**NOTE-7
LONG TERM PROVISIONS**

Provision for retirement benefit	608,372	1,123,331
	608,372	1,123,331

**NOTE-8
DEFERRED TAX LIABILITIES (NET)**

Deferred Tax Liabilities		
Difference between tax and book depreciation	17,121,000	17,236,000
Claims u/s 35(2AB) of Income tax Act, 1956.	1,231,000	1,231,000
Deferred Tax Assets	18,352,000	18,467,000
Provision for doubtful advances	309,000	309,000
Business Loss	1,121,000	-
Timing Differences pursuant to section 43B of the Income tax Act	610,000	403,000
	2,040,000	712,000
	16,312,000	17,755,000

**NOTE-9
SHORT TERM BORROWING
SECURED**

a) Cash Credit	29,518,864	24,595,539
b) Export Packing Credit	5,000,000	5,000,000
	34,518,864	29,595,539

c) Note on Nature of Security on secured loan

(The above borrowing from Bank is secured by hypothecation of present and future stock of raw material, stock in process and Finished goods and book debts of the company, and further secured by first charge by way of equitable mortgage of land and building, plant and machineries and all immovable properties of the company situated at T 140 MIDC Tarapur, Dist-Thane and further guaranteed by Managing Director of the company and is repayable on demand)

d) Working capital borrowing carry interest rate of 16% per annum

**NOTE-10
TRADE PAYABLE**

Trade payable against goods and services	39,657,697	63,422,470
	39,657,697	63,422,470

**NOTE-11
OTHER CURRENT LIABILITIES**

Current maturities of long term borrowing (refer Note-5)	431,737	203,563
Advances from customers	233,167	86,415
Outstanding salaries & expenses	2,848,387	2,932,402
Statutory dues payable	427,250	496,688
	3,940,541	3,719,068

**NOTE-12
SHORT TERM PROVISION**

for Excise duty on Finished Goods	1,470,600	2,213,600
for income tax(Net of advance tax paid)	-	361,795
For gratuity*	1,111,730	-
	2,582,330	2,575,395

* Includes ₹ 5,14,959/- for earlier year

NOTE 13 : Fixed Assets

	GROSS BLOCK				ACCUMULATED DEPRECIATION				NET BLOCK	
	As on 01.04.2011	Addition during the Year	Deductions Adjustment	Block as on 31.03.2012	Up to 1.4.2011	For the year	Deductions Adjustment	Till 31.03.2012	As on 31.03.2012	As on 31.03.2011
Lease Hold Land	39,949,055	-	-	39,949,055	3,470,317	492,790	-	3,963,108	35,985,947	36,478,738
Buildings	20,105,340	-	664,070	19,441,270	13,726,584	641,524	410,807	13,957,301	5,483,969	6,378,756
Plant & Machinery	264,483,710	10,561,829	2,701,545	272,343,994	143,711,990	10,393,952	122,951	153,982,991	118,361,003	120,771,720
Furniture & Fixtures	1,693,311	-	-	1,693,311	875,471	42,220	-	917,691	775,620	817,840
Office Equipment	4,159,972	30,856	-	4,190,828	2,134,223	291,586	-	2,425,810	1,765,018	2,025,749
Motor Car	1,720,981	1,081,104	376,972	2,425,113	718,120	230,386	118,689	829,817	1,595,296	1,002,861
Electric Installation	15,213,083	275,925	-	15,489,008	13,201,465	701,280	-	13,902,745	1,586,263	2,011,618
Lab Equipment	6,662,816	546,000	-	7,208,816	2,909,885	226,568	-	3,136,453	4,072,363	3,752,930
	353,988,269	12,495,714	3,742,587	362,741,396	180,748,057	13,020,305	652,447	193,115,915	169,625,480	173,240,212
Intangible Assets	9,909,685	-	-	9,909,685	1,885,592	990,969	-	2,876,560	7,033,125	8,024,093
Total	363,897,954	12,495,714	3,742,587	372,651,081	182,633,649	14,011,274	652,447	195,992,476	176,658,605	181,264,305
Previous Year	322,714,585	42,443,709	1,260,340	363,897,954	167,848,106	15,293,339	507,796	182,633,648	181,264,306	154,866,479

**NOTE-14
LONG TERM LOAN AND ADVANCES**

(Unsecured and considered good)		
Security Deposits	1,613,562	1,469,162
Loans & advances to related parties	4,171,718	4,211,718
Other advances	5,010	5,010
VAT Refundable	2,239,809	2,175,021
	8,030,099	7,860,911

Resonance Specialties Limited

(Unsecured, considered doubtful)		
Other advances to suppliers	1,000,000	1,000,000
Less: Provision for doubtful advances	1,000,000	1,000,000
	-	-
	8,030,099	7,860,911
NOTE-15		
INVENTORIES		
(As taken, valued and certified by the Management)		
Raw Material	2,655,896	5,885,795
Stock Work In Progress	37,279,384	37,655,559
Finished Goods	13,368,357	23,704,436
Traded Goods	1,386,358	2,225,030
Packing Material	267,239	287,430
Stores & Spares	539,569	810,500
Fuel	514,450	644,773
	56,011,253	71,213,523
NOTE-16		
TRADE RECEIVABLE		
(Unsecured and considered good) *		
Debts outstanding for a period exceeding six months from the date they are due for payment	3,269,409	1,024,028
Other debts	60,789,969	68,460,479
	64,059,378	69,484,507
* Subject to confirmation		
NOTE-17		
CASH AND CASH & EQUIVALENTS		
Cash on hand	913,624	778,108
Cheque on hand	57,805	-
Balance with banks		
in Current accounts	47,897	27,708
in Fixed Deposits (Margin Money)*	4,192,947	3,862,079
	5,212,273	4,667,895
*(Under Lien towards margin for Letter of credits & Guarantees)		
NOTE-18		
SHORT TERM LOANS AND ADVANCES		
(Unsecured and considered good)		
Staff advances	316,496	317,356
	316,496	317,356
NOTE-19		
OTHER CURRENT ASSETS		
(Unsecured and considered good)		
Prepaid expenses	644,368	562,020
Advances for supply of goods & services	1,522,363	2,356,372
Balance with Excise Authorities	3,637,277	3,044,497
Excise rebate, drawback and MAT credits	2,180,751	875,323
Advance Income Tax (Net of provisions)	660,181	-
	8,644,940	6,838,212

**NOTE-20
REVENUE FROM OPERATIONS****Sale of Products**

Finished Goods	171,749,713	213,779,786
Traded Goods	159,474,674	81,874,306
Others Sales	191,649	-

	331,416,036	295,654,092
	9,829,364	10,273,832

Less Excise duty on Sale

	321,586,672	285,380,260
--	-------------	-------------

Sale of Service

Conversion (Job) Charges	34,671,539	890,817
--------------------------	------------	---------

	356,258,211	286,271,077
--	--------------------	--------------------

Note: Product wise Sales

Pyridine/ Picoline & Derivatives	202,875,363	232,816,992
Cynopyridine & Derivatives	116,914,362	52,462,691
Others	1,796,948	100,577

	321,586,672	285,380,260
--	--------------------	--------------------

**NOTE-21
OTHER INCOME**

Interest on Fixed deposit with bank	365,487	282,134
Gain on exchange fluctuation	2,135,580	923,754
Duty Drawback	265,826	-
Sundry Claims	-	215,608
Balances written back	1,042,934	452,927
Miscellaneous Income	40,000	1,011,309

	3,849,827	2,885,732
--	------------------	------------------

**NOTE-22
COST OF RAW MATERIAL CONSUMED**

Inventory at the beginning of the year	5,886,935	12,028,350
Add : Purchases	69,507,138	71,505,621

	75,394,073	83,533,971
--	------------	------------

Less: Inventory at the end of the year

	2,655,896	5,885,795
--	-----------	-----------

	72,738,177	77,648,176
--	-------------------	-------------------

The Consumption of the raw material are reported after deducting the cost of material received from third parties for conversion but used by the company for captive use amounting to ₹ 1,00,24,201 (P Y ₹ 202,98,608.) The conversion charges received, therefore, are also net of the said amount

Additional information pursuant to provisions of para 3 and 4 of the part II of the schedule VI to the companies act 1956

Value of the productwise material consumed

Basic Chemicals	68,067,706	70,925,345
Solvents	4,670,471	6,722,831

	72,738,177	77,648,176
--	------------	------------

**NOTE-23
PURCHASES OF TRADED GOOD**

(a) Purchases	148,436,471	79,809,342
---------------	-------------	------------

	148,436,471	79,809,342
--	--------------------	-------------------

Resonance Specialties Limited

(b) Product wise			
Pyridine & its Derivatives	99,733,986		66,621,612
Cyanopyridine & Derivative	48,119,360		10,962,700
Others	583,125		2,225,030
	<u>148,436,471</u>		<u>79,809,342</u>

**NOTE-24
(INCREASE)/DECREASE IN INVENTORIES**

Inventories at the end of the year			
Work in progress	37,279,384		37,655,559
Traded goods	1,386,358		2,225,030
Finished goods	13,368,357	52,034,099	23,704,436
	<u>35,835,132</u>		<u>35,877,445</u>
Inventories at the beginning of the year	37,655,559		35,877,445
Work in progress	1,820,427		-
Less : Material lost in fire			
	<u>35,835,132</u>		<u>35,877,445</u>
Traded goods	2,225,030		
Finished goods	23,704,436	61,764,598	5,341,796
	<u>9,730,501</u>		<u>(22,365,784)</u>

**NOTE-25
EMPLOYEE BENEFITS EXPENSES**

Salaries and wages	14,415,355		15,544,003
Workmen and staff welfare expenses	823,561		417,248
Contribution to Provident fund	433,797		754,813
Provision for Gratuity	596,771		332,578
	<u>16,269,484</u>		<u>17,048,642</u>

**NOTE-26
OTHER EXPENSES**

Store & Spare Part Consumed	3,371,724		5,828,807
Packing Material Consumed	3,652,684		4,214,224
Conversion Charges	26,210,242		22,190,949
Power & Fuel	30,651,890		33,641,354
Freight & Transport Charges	12,517,367		10,914,947
Excise duty expenses	(743,000)		1,763,463
Repair & Maintenance			
For Plant & Machineries	2,618,404		4,700,936
For Buildings	727,559		399,014
For Others	1,384,093		470,025
Traveling, Conveyance, Lodging & Boarding	1,725,157		1,045,456
Postage, Telephone & Internet Charges	940,425		818,185
Professional & Legal Expenses	4,459,714		4,635,706
Insurance Premium	1,234,019		1,228,422
Rent	1,440,000		1,256,650
Rates & Taxes	231,946		370,433
Sales Commission	944,362		98,266
Cash Discount	120,000		
R & D Expenses	5,242,273		8,641,812
Director Sitting Fee	333,884		407,002
Auditor Remuneration			
Audit Fees	280,900		270,235
Certifications	76,545		33,090
Oncology Service Charges	-		889,459
Other Expenses	2,363,649		2,630,877
	<u>99,783,837</u>		<u>106,449,311</u>

NOTE-27**INTEREST & FINANCIAL COST**

Interest on fixed term Loan	130,111	167,766
Interest on others	3,981,583	4,391,000
Financial Charges	2,279,257	1,355,725
	6,390,951	5,914,491

NOTE-28**DEPRECIATION**

Depreciation for the year (Ref note 13)	14,011,274	15,293,339
Less: Transferred to Revaluation reserve	3,172,344	3,172,344
	10,838,930	12,120,995

NOTE-29**EXCEPTIONAL ITEMS**

Loss By Fire	2,170,459	-
Loss in sale of assets	148,283	574,766
Prior Period Items	110,867	-
Provision for doubtful advances	-	1,000,000
	2,429,609	1,574,766

There was a fire on 14th February, 2011 at the factory premises which resulted in destruction of some of the plant & Machineries including the materials. The company had lodged a claim for the loss of the same in previous year. The loss of material of ₹ 18,20,427 and Fixed assets of ₹ 28,31,857 are net of insurance claim of ₹ 24,81,825/-i.e ₹ 12,95,272 for material and ₹ 11,86,553/-for assets.

NOTE-30: CONTINGENT LIABILITIES:

- Estimated amount of contracts remaining to be executed on capital account and not provided for Rs. NIL -net of advance (Previous year ₹ 3,05,664).
- Bank Guarantees issued and outstanding on Balance Sheet date: ₹ 5,00,000 (Previous year ₹ 5,00,000)
- Letters of credit outstanding ₹ 1,09,07,456 (Previous year: ₹ 3,17,16,026).

NOTE-31: DISCLOSURE PURSUANT TO THE ACCOUNTING STANDARD -15 : EMPLOYEES BENEFIT.

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 ₹ 5,96,771 (P.Y. 3,32,578) in Profit and Loss Account for the year ended 31st March, 2012:

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:

	2011-12	2010-11
Discount Rate (per annum)	8.65%	8.17%
Rate of increase in compensation levels (per annum)	5%	5%
Expected Average remaining working	7.66	3.75

A. Change in the Present Value of Obligation

	Year Ended March 31, 2012	Year Ended March 31, 2011
	Non - Funded Scheme (₹)	Non - Funded Scheme (₹)
Present Value of Defined Benefit Obligation as at beginning of the period	11,23,331	8,74,753
Interest Cost	91,776	66,620
Current Service Cost	1,77,000	1,75,227
Past Service Cost- (non vested benefits)	-	-
Past Service Cost- (vested benefits)	-	-
Benefits Paid -	-	(84,000)
Actuarial (gain) / loss on Obligations	327,995	(67,036)
Present Value of Defined Benefit Obligation as at the end of the period	17,20,102	11,23,331

Resonance Specialties Limited

B. Fair Value of Assets

	Year Ended March 31, 2012 (₹)	Year Ended March 31, 2011 (₹)
Present Value of Funded Obligation as at end of the period	-	-
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)	17,20,102	11,23,331

C. Amount recognized in the Balance Sheet (revised schedule VI)

	Year Ended March 31, 2012 (₹)	Year Ended March 31, 2011 (₹)
Present Value of Defined Benefit Obligation as at the end of the period (non current)	6,08,372	11,23,331
Current liability	11,11,730	-
Fair Value of Plan Assets as at end of the period	-	-

D. Expenses recognized in Profit and Loss Account

	Year Ended March 31, 2012 (₹)	Year Ended March 31, 2011 (₹)
Current Service Cost	1,77,000	1,75,227
Past Service Cost- (non vested benefits)	-	-
Past Service Cost- (vested benefits)	-	-
Interest Cost	91,776	66,620
Expected Return on Plan Assets	-	-
Curtailment Cost / (Credit)	-	-
Settlement Cost / (Credit)	-	-
Net Actuarial (gain) / Loss recognized in the Period	3,27,995	(67,036)
Total Expenses recognized in the Profit and Loss Account	5,96,771	3,32,578

NOTE-32. DISCLOSURE PURSUANT TO THE ACCOUNTING STANDARD -17 : 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.

NOTE-33: DISCLOSURE PURSUANT TO THE ACCOUNTING STANDARD - 18 : RELATED PARTY TRANSACTION

a) Particulars of Related Parties

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

b) Key Management Personnel

	NAME OF RELATED PARTY	NATURE OF RELATIONSHIP
	Dr Atma Gupta	Managing director
	Mr. B .P. Agrawal	Director

c) Transactions with Related Parties:

Name of party, Nature of relationship	Nature of Transaction	Value of Transaction (₹)	Outstanding amount. (₹)
Vista organics Pvt. Ltd.	Conversion Charges Paid.	2,62,10,242 (2,21,90,949)	67,69,536- Cr (37,22,668-Cr)
Avignon Exim Pvt. Ltd.	Sales*	11,58,44,261 (13,18,35,650)	3,34,51,762-Dr (4,72,31,990-Dr)
Avignon Exim Pvt. Ltd.	Conversion Charges **	3,46,71,539 (8,90,817)	Nil (Nil)

23rd Annual Report 2011-2012

Avignon Exim Pvt. Ltd.	Purchases*	11,41,41,572	Nil
		(1,69,40,787)	(Nil)
Vista Finance & Leasing Pvt Ltd.	Rent	480,000	3,24,000-Cr
		(360,000)	(8,92,345- Cr)
Vista Finance & Leasing Pvt Ltd.	Temporary Advances Given	NIL	Nil
		(4400)	(Nil)
Ushma Investment Pvt Ltd.	Rent	480,000	12,00,577-Cr
		(360,000)	(7,68,577-Cr)
Ushma Investment Pvt Ltd.	Temporary Advances Given	NIL	Nil
		(6750)	(Nil)
Avignon Chemicals Pvt Ltd.	Rent	480,000	13,22,445-Cr
		(360,000)	(8,90,445-Cr)
Avignon Chemicals Pvt Ltd.	Temporary Advances Given	-	Nil
		(6300)	(Nil)
Dr. Atma B. Gupta	Salary, PF & Others	16,03,200	Nil
		(16,03,200)	(Nil)
Ushma technology Pvt Ltd.	Income from Professional & other Charges	-	9,03,468-Dr
		(9,03,468)	(9,03,468-Dr)
Ushma technology Pvt Ltd.	Temporary Advances Given	3,35,000	2,68,250-Dr
		(3,08,250)	(3,08,250-Dr)
Ushma technology Pvt Ltd.	Temporary Advances Recovered	3,75,000	NIL
		(NIL)	(NIL)
Vista organics Pvt. Ltd.	Oncology Service Charges Paid	NIL	Nil
		(8,89,459)	(Nil)
Ushma technology Pvt Ltd.	Share Application Money	NIL	30,00,000
		(Nil)	(30,00,000)
B P Agarwal	Professional Charges	2,50,0000	NIL
		(3,72,000)	(24,300)

* Purchases & Sales figures mentioned above include amount of High Seas Purchases & High seas Sales respectively and inclusive of duties & Taxes.

** Conversion charges are net off material supplied for Conversion..

Remarks: a) Related parties are as identified by the management and relied upon by the auditors
b) Reimbursement of expenses in normal course of business are not considered hereinabove.

NOTE-34: DISCLOSURE PURSUANT TO THE ACCOUNTING STANDARD -20 : EARNING PER SHARE

	2011-12	2010-11
Net Profit attributable to equity shareholders (₹)	(53,23,432)	57,83,392
Total No. of Equity shares outstanding during the year	11,544,000	11,544,000
Basic & Diluted Earning Per share	(0.46)	0.50
Face value per share	10.00	10.00

NOTE -35 REPORTING ON OTHER DISCLOSURES

- 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.
- 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.
- 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 ₹ 57,37,609/- (P.Y. 92,20,449/-) as Research & Development expenditure which have been accounted as follows :

Particulars	2011-12 (₹)	2010-11 (₹)
Charged to Profit & Loss account		
As revenue expenditure	51,91,609	86,41,812
Capitalised under Lab Equipment	5,46,000	578,667
Total	57,37,609	92,20,449

Pending Completion of development of some of those process technologies, the company continued to carry over the total amount of ₹ 39,83,475 (P. Y. ₹ 39,83,475/-) 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:

Resonance Specialties Limited

(Amount in ₹)				
Nature of Expenditure	Opening balances at the beginning of the year	Expenditure Incurred During the year	Expenditure Capitalised On successful development	Balance carried as R & D Capital Work in progress
Raw Material/Stores	29,00,816	-	-	29,00,816
Utility	5,93,285	-	-	5,93,285
Salary/Labour	4,14,374	-	-	4,14,374
Consultancy	75,000	-	-	75,000
Total	39,83,475	-	-	39,83,475

d) No Provision for Income Tax is made in view of loss.

e) The Consumption of the raw material are reported after deducting the cost of material received from third parties for conversion but used by the company for captive use amounting to ₹ 1,00,24,201 (PY ₹ 202,98,608.) The conversion charges received, therefore, are also adjusted by the said amount.

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

	%	2011 -12 Amount In ₹	%	2010 -11 Amount In ₹
A. Raw material				
Indigenous	80.96	5,89,08,646	86.35	6,70,46,580
Imported	19.04	1,38,29,531	13.65	1,06,01,596
Total	100.00	7,27,38,177	100.00	7,76,48,176
B. Others/Stores spares				
Indigenous	100.00	33,71,724	100.00	58,28,807
Imported	--	--	--	--
Total	100.00	33,71,724	100.00	58,28,807

g) Earnings in foreign exchange on account of :

	2011-12 (₹)	2010-11 (₹)
FOB Value of Exports (Service)	Nil	Nil
FOB Value of imports of R & D Equipments	14,13,60,559	6,17,67,316
*Net of Re-import		

h) Expenditure in Foreign currency:

	2011-12 (₹)	2010-11 (₹)
CIF Value of Imports of materials	4,56,80,457	6,91,14,592
CIF Value of imports of R & D Equipments	5,46,000	Nil
Traveling Expenses	3,07,702	96,000

i) i) Managerial Remuneration to Managing Director

	2011-12 (₹)	2010-11 (₹)
Salary	9,60,000	9,60,000
House rent allowance	4,80,000	4,80,000
Company's contribution to P.F	1,15,200	1,15,200
Other monetary benefits	48,000	48,000
Total	1,603,200	1,603,200

ii) 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

j) **Previous year's figures**

Till the year 2011, the Company was using pre revised schedule VI to the Companies Act, 1956 for the preparation of its financial statement. During the year ended on 31st March 2012, the revised schedule VI notified under the Companies Act, 1956 has become applicable to the Company. The Company has reclassified previous year's figures to conform to this year's classification. The adoption of the revised Schedule VI does not impact recognition and measurement principles followed by the Company for the preparation of the financial statements. However, it significantly impacts presentation and disclosures made in the financial statements.

As per our report of even date

FOR V.R.Bhabhra & Co.

Firm Reg.no.112861W

Chartered Accountants

sd/-

Vimal R.Bhabhra

Proprietor

Mem.No.046043

Mumbai, Dated 31st August, 2012

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

sd/-

B. P. Agrawal

Director

sd/-

Dr. A. B. Gupta

Managing Director



RESONANCE SPECIALTIES LIMITED

Registered Office: 301, Evershine Mall, Off Malad Link Road, Malad (West), Mumbai - 400064.

PLEASE FILL IN ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL.

Attendance Slip

Joint shareholders may obtain additional attendance slip on request.

NAME AND ADDRESS OF THE SHAREHOLDER: _____

Master Folio No.: _____ No. of Shares held: _____

Client ID No. _____ DP ID No. _____

I hereby record my presence at the 23rd ANNUAL GENERAL MEETING of the Company held on the September 29, 2012 at 12:00 Noon

Signature of Shareholder/Proxy :

*Strike out whichever is not applicable

----- (Tear Here) -----



RESONANCE SPECIALTIES LIMITED

Registered Office: 301, Evershine Mall, Off Malad Link Road, Malad (West), Mumbai - 400064.

Form of Proxy

Master Folio No.: _____ No. of Shares held: _____

Client ID No. _____ DP ID No. _____

I/We _____ of _____ being a member/
members of RESONANCE SPECIALTIES LIMITED hereby appoint _____ of
or failing him _____ of _____ as my/our proxy
to vote for me/us and on my/our behalf at the 23rd Annual General Meeting to be held on the September
29, 2012 at 12:00 Noon or at any adjournment thereof.

Signed this _____ day of _____ 2012

Affix
1 Rupee
Revenue
Stamp

Signature of the shareholder(s)

Note : The Proxy form must be returned so as to reach the Registered Office of the Company not less than 48 hours before the time of holding the aforesaid meeting. The Proxy need not be a member of the Company.

Resonance Specialties Limited

BOARD OF DIRECTORS

- Mr. Rajnikant Worah** - Chairman
Dr. A.B. Gupta - Managing Director
Mr. B.P. Agrawal - Director
Mr. L.R. Daga - Director (Appointed wef 14.02.2012)

REGISTERED OFFICE

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

PLANT

T-140 MIDC Industrial Estate, Tarapur,
Maharashtra

BANKERS

BANK OF BARODA
Vile Parle (E), Mumbai

AUDITORS

V.R.Bhabhra & Co.
Chartered Accountants
303, Sagar Shopping center,
Andheri (W), Mumbai- 400 058.

REGISTRAR & TRANSFER AGENTS:

Ajel Ltd.
No.106, Link Plaza Commercial Complex, New Link Road, Oshiwara,
Jogeswari (West) Mumbai 400102, Maharashtra
Tel: 26303342, 26303348 , Fax: 26349264

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Resonance Specialties Limited

301, Evershine Mall, Chincholi Bunder Junction, Link Road, Malad (West), Mumbai - 400 064.
Tel.: +91 (22) 4217 2222 • Fax : +91 (22) 4217 2233
E-mail: info@resonancesl.com • Website : www.resonancesl.com