

**51<sup>st</sup>**

***Annual Report***

**2011-2012**



**PERMANENT MAGNETS LIMITED**

**PERMANENT  
MAGNETS  
LIMITED**

**51<sup>st</sup>  
ANNUAL REPORT  
2011-2012**

**BOARD OF DIRECTORS**

Mr. Arun Binani Independent Non  
Executive Director,  
Chairman  
Mr. Sharad Taparia Managing Director  
Mr. Rajeev Mundra Independent Director

**COMPANY SECRETARY**

Ms. Bhavana Shah

**AUDITORS**

M/s. Jayesh Sangharajka & Co.  
Chartered Accountants  
405- 408, Hind Rajasthan Building,  
95, Dadasaheb Phalke Road, Dadar (East)  
Mumbai - 400 014. Maharashtra

**BANKERS**

Central Bank of India  
State Bank of India

**REGISTERED OFFICE**

Plot No. 110/1/11 & 12, Himalaya Industrial  
Estate, Village Amli, Dadra and Nagar Haveli,  
Silvassa - 396 230

**CORPORATE OFFICE**

B-3, MIDC Industrial Area, Village Mira,  
Mira Road - 401 104. Dist. Thane

**FACTORIES**

1. B-3, MIDC Industrial Area, Village Mira,  
Mira Road - 401 104. Dist. Thane
2. Plot No. 22, Mira Co-Operative Indl. Estate Mira,  
Thane - 401 104

**REGISTRAR AND SHARE TRANSFER AGENT**

Adroit Corporate Services Private Limited  
19, Jafferbhoy Industrial Estate, 1st Floor,  
Makwana Road, Marol Naka, Andheri (East).  
Mumbai - 400 059. Ph. 022 2859 4060/ 6060  
Email: investors@pmlindia.com

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# PERMANENT MAGNETS LIMITED

## NOTICE

NOTICE is hereby given that the **51st Annual General Meeting** of the members of **Permanent Magnets Limited** will be held on Wednesday, the 26th day of September, 2012 at 11.00 a.m. at the Registered Office of the Company at 110/1/11 and 110/1/12, Himalaya Industrial Estate, Village Amli, Silvassa - 396230, Union Territory of Dadra and Nagar Haveli, India, to transact the following business:

### ORDINARY BUSINESS:

1. To receive, consider and adopt the audited accounts for the year ended 31st March, 2012 along with notes and schedules thereon as on that date and the reports of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Arun Binani who retires by rotation & being eligible offers himself for re-appointment.
3. To appoint M/s Jayesh Sanghrajka & Co., Chartered Accountants, Mumbai, as auditors of the Company to hold office from the conclusion of this Annual General Meeting, until the conclusion of the next Annual General Meeting and to fix their remuneration.

By Order of the Board of Directors  
For **Permanent Magnets Ltd**

Sd/-

(**Bhavana Shah**)  
Company Secretary

Dated: 14<sup>th</sup> August, 2012  
Place: MUMBAI.

### Corporate Office:

B-3, MIDC Industrial Area,  
Village Mira, Mira Road 401104  
Dist. Thane.

### 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 such proxy need not be a member of the company. The proxies, in order to be effective should be deposited with the company not less than 48 hours before the time fixed for the commencement of the meeting.
2. The Register of Members and Share Transfer Register shall remain closed from Friday, 21st September 2012 to Wednesday 26th September, 2012 (both days inclusive).
3. The information as required to be provided under the Listing Agreements entered into by the Company with The Stock Exchange regarding the directors who are proposed to be appointed/re-appointed is annexed to the notice.
4. The Company has appointed a SEBI approved Registrar and Share Transfer Agent M/s. Adroit Corporate Services Pvt. Ltd. having their office 19, Jafferbhoy Industrial Estate, 1st Floor, Makwana Road, Marol Naka, Andheri (E), Mumbai - 400059. Members are requested to send all communication such as relating to change of address, Transfer/Demat of shares etc. to M/s. Adroit Corporate Services Private Limited.
5. Trading of equity shares of the company in demat form has been made in the CDSL system on 31st October, 2001 and in the NSDL system on 29th November, 2001 under ISIN No. ISIN INE418EO1018.
6. The shares of the company are in Demat category for all the investors. In view of this and also to ensure better services, we request those shareholders who are yet to dematerialize their shares to do so at the earliest.
7. Corporate Members are requested to send a duly certified copy of the Board resolution/Power of Attorney authorizing their representative to attend and vote at the Annual General Meeting.
8. Members/Proxies are requested to bring their admission slips along with the copies of the Annual Report to the Meeting.
9. Members having any queries in relation to the accounts- are requested to send details of their queries at least ten days in advance to enable the Company to collect the relevant information.
10. The Ministry of Corporate Affairs (MCA) has taken a "Green Initiative in Corporate Governance" allowing paperless compliances by Companies through electronic mode. Companies are now permitted to send various notices / documents to its shareholders through electronic mode to the registered e-mail address of shareholders. This move by the Ministry is welcome since it will benefit the society at large through reduction in paper consumption and contribution towards a Greener Environment. It will also ensure prompt receipt of communication and avoid loss in postal transit. Keeping in view the underlying theme and the circular issued by MCA, we propose to send all documents to be sent to Shareholders like General Meeting Notices (including AGM), Audited Financial Statements, Directors Report, Auditors Report, etc. henceforth to the shareholders in electronic form, to the e-mail address provided by them and made available to us by the Depositories. Please note that these documents will also be available on the company's Website [www.pmlindia.com](http://www.pmlindia.com) for download by the shareholders. The physical copies of the Annual Report will also be available at our Registered Office for inspection during office hours. In case you desire to receive the above mentioned documents in physical form, you are requested to send an e-mail to [bdshah@pmlindia.com](mailto:bdshah@pmlindia.com). Please note that you will be entitled to be furnished free of cost, with a copy of the Balance Sheet of the company and all other documents required by law to be attached thereto including the Profit & Loss Account and Auditors Report, upon receipt of a requisition from you, any time, as a member of the Company.

### PARTICULARS OF DIRECTOR WHO IS PROPOSED TO BE RE-APPOINTED AT THE MEETING ARE GIVEN BELOW

Name of Director	Mr. Arun Binani
Age	55 years
Date of Appointment	26-03-2003
Qualifications	B.Com
Exposure in specific functional areas	Textile Manufacturing Business, Accounts, Banking, Exports etc.
Directorship held in other Companies (excluding foreign Companies, Private Companies and Alternate Directorships)	Orient Pratishthan Limited Indo Industries Limited Indotrade India Limited Pregna International Limited.
Member of Committee of Directors of other Companies	Nil
Shareholding in Company	Nil



## DIRECTORS' REPORT

To,

The Members,

### PERMANENT MAGNETS LIMITED.

Your Directors have pleasure in presenting the 51st Annual Report of the Company together with the Audited Statements of the Accounts for the year ended 31st March, 2012.

### FINANCIAL RESULTS:

Particulars	(Rs. In Lacs)	
	31/03/2012	31/03/2011
Sale	4684.13	6207.81
Other Income	45.89	14.12
PBIDT & Extra Ordinary Items	420.71	411.48
Interest	497.95	300.83
Depreciation	84.37	88.45
Profit before Extra Ordinary Items & tax	-161.61	22.20
Extra Ordinary Items	- 64.37	-
Profit before Tax	-161.61	22.20
Tax /Deferred Tax	-	(1.84)
Profit/(Loss) for the year	-225.96	24.04

#### 1. YEAR IN RETROSPECT

The Sales for the financial year under review reduced by appx. 25% as compared to previous year. However Profitability was under pressure due to higher interest costs during the year.

#### 2. DIVIDEND:

Due to the paucity of net profit and to conserve resources for growth, the Board has considered it prudent not to declare any dividend.

#### 3. WORKING FOR 2012-13:

The sales during April-July 2012 has been 14.18 Crores. The corresponding sales for the corresponding period of 2011-12 was 14.45 Crores. Some customers have slowdown resulting in less sales. The company is focussing and development of new product to increase sales.

#### 4. FIXED DEPOSITS:

The company has not accepted any deposits from the public during the year pursuant to the provisions of section 58A of the Companies Act, 1956.

#### 5. LISTING:

The shares of the Company are listed on "Bombay Stock Exchange Limited" at Mumbai. The Company has paid the applicable listing Fees to the Stock Exchange, Mumbai till date.

#### 6. DIRECTORS:

Mr. Arun Binani, Director of the Company retire by rotation at the ensuing Annual General Meeting of the Company and being eligible, offers himself for re-appointment.

#### 7. DIRECTORS RESPONSIBILITY STATEMENT:

Pursuant to the requirements under Section 217(2AA) of the Companies Act, 1956 the Board of Directors confirms that:

- In the preparation of the accounts, the applicable accounting standards have been followed.
- The Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31<sup>st</sup> March, 2012 and of the financial year and of the Profit or Loss of the Company for the year ended 31<sup>st</sup> March, 2012.
- The Directors have taken proper and sufficient care for the maintenances of adequate accounting records in accordance with the provision of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- The Directors have prepared the Annual accounts on a going concern basis.

**8. CORPORATE GOVERNANCE:**

The Corporate Governance Code as contained in the Listing Agreement with the Stock Exchange is applicable in the case of the Company. The Company has taken necessary steps for ensuring the compliance of the code. A separate section on Corporate Governance is annexed and forms an integral part of this Report.

**9. SUBSIDIARIES:**

Since the Company has no subsidiaries, provisions of section 212 of the Companies Act, 1956 is not applicable.

**10. AUDITORS:**

**M/s. Jayesh Sanghrajka & Co., Chartered Accountants, Mumbai** retire as Auditors at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

**11. EXPLANATION ON AUDITOR'S COMMENT**

The Board have to state as under with reference to the Auditor's certain remarks as contained in the annexure to the Auditor's Report:

- a) With reference to para 9(a) and para 9(b) of the Annexure to the Auditor's Report the item relates to a company that has merged in the company. The matter is being looked into and shall soon be appropriately dealt with.
- b) With reference to para 11 of the Annexure to the Auditor's Report, the Central Excise Loan has remained unpaid as the matter is pending for the cause of implementing agency claiming compound interest on an interest free excise loan under a scheme of incentives. Matter with relevant agencies will be sorted out in due course of time. No material liability is expected in this regard. Please also refer to paragraph No. 27(f) in Accounts. As regard, the minor delay in repayment of instalments of term loan from bank was due to temporary cash flow gap, which has soon corrected.

**12. MANAGEMENT DISCUSSION AND ANALYSIS.**

The Management Discussion and Analysis are annexed and forms an integral part of this report.

**13. PARTICULARS OF EMPLOYEES:**

There are no employees covered by Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended. The Company has offered VRS for its permanent employees.

**14. TECHNOLOGY DEVELOPMENT AND ABSORPTION:**

The R & D activity in the Company is mainly carried out by the key line manufacturing and technical personnel in alliance with the key technical sales personnel and outsourced consultants. Annexure A attached hereto provides the information required to be disclosed on the efforts made on Technology Development and Absorption as per Form B of the Companies (Disclosure of particulars in the Report of the Board of Directors) Rules, 1988 read with section 217(1)(e).

**15. FOREIGN EXCHANGE EARNING AND OUTGO:**

Please refer to paragraph No.36(b) of accounts for the foreign exchange outgo and earnings of the Company.

**16. APPRECIATION:**

Your Directors wish to thank all the shareholders, bankers and clients for lending their support in various activities of the Company. Your Directors would like to place on record their appreciation to all the employees who have continued their support during the year.

**FOR AND ON BEHALF OF THE BOARD,**

Sd/-

Sharad Taparia  
Managing Director

Date : 14<sup>th</sup> August, 2012

Place : Mumbai.

**Corporate Office:**

B-3, MIDC Industrial Area,

Village Mira, Mira Road 401104

Dist. Thane.



**ANNEXURE – A**

**FORM B – FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO TECHNOLOGY ABSORPTION.**

**Research and development (R & D)**

1. Specific areas in which R & D carried out by the company.
  - I. New product development for soft magnetic assemblies.
  - II. Circuit Breaker components
  - III. Current Transformer (CT)
  - IV. Shielding Magnetic Field
2. Benefits derived as a result of above R & D.
  - I. New product line development for future increase in Business.
  - II. New Market segments with new components like Circuit Breakers, current transformer, shielding components
3. Future plan of action.
  - I. Alloy developments & modifications.
  - II. Assemblies related to electronic components.
  - III. New components related to Copper alloys, iron nickel alloys, iron silicon alloys
4. Expenditure on R & D (in Rs.)
  - a) Capita - Nil
  - b) Recurring - Rs. 3,282,151
  - c) Total - Rs. 3,282,151
  - d) Total R & D expenditure as a percentage of total turnover 0.69%.

**Technology, Absorption, adaptation and Innovation:**

1. Efforts in brief made towards technology absorption, adaptation and innovation.
  - I. Testing, heat treatment, processes for soft materials developed e.g. iron silicon alloys
2. Benefits derived as a result of above efforts e.g. product improvement, cost and in process cost reduction, product developments, import.
  - I. New product line development in progress for company with good potential for future.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **BUSINESS ENVIRONMENT**

During last year, the slowdown in the Alnico business has impacted the performance of your company and recorded significant negative growth in sales as well as in profit. New products of the company are growing. The business environment remains positive for the new products of your company.

### **INDUSTRY STRUCTURE AND DEVELOPMENTS**

The substitution of electromechanical meters with Electronic meters is going on rapidly in the world markets. This has reduced the demand for Alnico magnets. This has also presented an opportunity to introduce new products related to electronic meters. The demand of magnetic assemblies has increased in the Indian market.

### **STRATEGIC INITIATIVE**

The Company plans to increase the sales substantially in the newer products related to Copper Alloys and Nickel based alloys and Magnetic assemblies.

### **OPPORTUNITIES & CHALLENGES**

Good opportunities are present in the Indian market for magnetic assemblies. With the development of packaged food industry, the requirement of magnetic assemblies will increase.

Other applications for the Hiperm business have good opportunities worldwide. Technology implementation and the development time remain a major challenge.

The high volatility and fluctuation of currency exchange rates presents a threat for the export business.

### **RISK AND CONCERN**

The fluctuation in Prices of main raw materials remains a major concern. Foreign Currency Exchange rates fluctuations present a risk for future.

### **OUTLOOK**

PML is working actively to develop new products which will be the future of the company. In addition to the Hiperm and the Copper alloy business, magnetic assemblies also hold a bright future. The outlook is positive for the Company.

### **FINANCIAL PERFORMANCE**

The financial statements have been prepared in accordance with the requirements of the Companies Act, 1956, and the applicable accounting standard, unless otherwise stated. The financial performance of the Company has been summarized in table given in the main report of the Board which self explanatory.

### **INDUSTRIAL RELATIONS AND HUMAN RESOURCE MANAGEMENT**

The industrial relations situation was satisfactory throughout the year. PML has offered VRS for its Permanent employees.

### **CAUTIONARY STATEMENT**

Estimates and expectations, if any, stated in this Management Discussion and Analysis as given above may contain forward looking statements within the meaning of applicable securities laws and regulations. Actual results could differ from those expressed or implied. Important factors that could make a difference to PML's operations include economic conditions affecting demand/supply, price conditions in domestic and international market, and changes in Government regulations, tax laws, other statutes and other incidental factors.



## CEO/CFO CERTIFICATION

To,  
The Board of Directors,  
Permanent Magnets Limited,

We Sharad Taparia, Managing Director (CEO in terms of Clause 49 of Listing Agreement) and Sukhmal Jain, General Manager Finance (CFO in terms of Clause 49 of Listing Agreement) of the Company do hereby certify that:

- (a) We have reviewed financial statements and the cash flow statement for the year and that to the best of our knowledge and belief:
- These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - These statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) There are, to the best of 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 for financial reporting and that we have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such 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
- Significant changes in internal control over financial reporting during the year;
  - Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - Instances of significant fraud of which they have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.

**FOR PERMANENT MAGNETS LIMITED**

Sd/-

Sharad Taparia (Managing Director)  
CEO in terms of Clause 49 of Listing Agreement

Date: 30<sup>th</sup> May, 2012

Place: Mumbai

**FOR PERMANENT MAGNETS LIMITED**

Sd/-

Sukhmal Jain (General Manager Finance)  
CFO in terms of Clause 49 of Listing Agreement

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### Managing Director Declaration

I, Sharad Taparia, Managing Director of the Company hereby declares that all Board members and senior management personnel have affirmed compliance with the Code on an annual Basis.

For Permanent Magnets Limited

Sd/-

Sharad Taparia  
Managing Director

Place: Mumbai

Date: 30<sup>th</sup> May, 2012



## Report on Corporate Governance

(Pursuant to Clause 49 of the Listing Agreement entered in to with Stock Exchange)

### 1. Company's Philosophy:

The Board of Directors and the Management of Permanent Magnets Ltd commit themselves to strive towards enhancement of shareholder value through sound business decisions, prudent financial management and high standard of ethics throughout the organization. The company ensures transparency and professionalism in all decisions and transactions of the company. The Board of Directors commit themselves to achieve excellence in Corporate Governance by conforming to guidelines on Corporate Governance.

### 2. Board of Directors

#### 2.1 Composition :

During the period under review, the Board of Directors comprises of three directors of which two are Independent directors. The Chairman is Independent and Non Executive Director. The composition is as under:

Name of Director	Category	*Member of the Board of other Companies	No. of other Committee Memberships held#	
			As Chairman	As Member
Mr. Arun Binani	Chairman, Independent and Non Executive Director	4	-	-
Mr. Sharad Kumar Taparia	Managing Director	-	-	-
Mr. Rajeev Mundra	Independent and Non Executive Director	2	-	1

\*The above excludes Foreign Companies, Private Companies and alternate Directorships

# Only Audit Committee, Remuneration Committee and Shareholders Grievance Committee are reckoned for the purpose.

#### 2.2 Attendance at Board Meetings and last Annual General Meeting.

Details of Board Meetings held during the year 2011-2012

Date of Meetings Board Meetings	Attendance of Directors for Meetings held during the year 2011-2012		
	Arun Binani	Sharad Kumar Taparia	Rajeev Mundra
29-04-2011	✓	✓	✓
30-05-2011	✓	✓	✓
12-08-2011	✓	✓	✓
15-11-2011	✓	✓	✓
15-12-2011	✓	✓	✓
14-02-2012	✓	✓	✓
31-03-2012	✓	✓	✓
<b>Last AGM</b>			
29-09-2011	✓	✓	✓

The time gap between any two meetings did not exceed four months.

### 3. AUDIT COMMITTEE

#### 3.1 Constitution

During the year under review, the committee consisted of three directors viz. Mr. Rajeev Mundra, Chairman, Mr. Arun Binani and Mr. Anilkumar Taparia, Director till 30-03-2011 thereafter, on resignation by Shri Anil Kumar Taparia from the Board his place was taken by Shri Sharad Taparia.

#### 3.2 Composition, names of members and chairman-

Sr. No	Members	Category
1.	Mr. Rajeev Mundra, Chairman	Independent Non Executive Director
2.	Mr. Sharad Taparia	Managing Director
3.	Mr. Arun Binani	Independent Non Executive Director

*Bhavana Shah, Company Secretary act as the Secretary of the Committee*



### 3.3 Audit Committee Meetings during the year and attendance -

Date of the Meeting	Attendance of Directors for Meetings held during the year 2011-2012		
	Mr. Rajeev Mundra	Mr. Sharad Taparia	Mr. Arun Binani
29-04-2011	✓	✓	✓
30-05-2011	✓	✓	✓
12-08-2011	✓	✓	✓
15-11-2011	✓	✓	✓
14-02-2012	✓	✓	✓

The Audit Committee is to oversee the Company's financial reporting process and disclosure of its financial information to recommend the appointment of Statutory Auditors and fixation of their fees, to review and discuss with the Management & the Auditors about internal control systems, the scope of Audit including the observations of the Auditors, adequacy of the internal audit system, changes in accounting policies & practices and major accounting entries involving estimates, compliances with accounting standards and Listing Agreement entered into with the Stock Exchanges and other legal requirements concerning financial statements and related party transactions, if any, to review the Company's Financial and Risk Management Policies and discuss with the Internal Auditors any significant findings for follow-up thereon, to review the Quarterly, Half yearly and Annual Financial Statements before they are submitted to the Board of Directors.

### 4. Remuneration Committee

4.1 During the year under review, the committee consisted of two directors viz Mr. Rajeev Mundra, Chairman, Mr. Arun Binani.

The Committee was mandated with the following terms of reference:

- Determination and approval of the remuneration, commission and special allowance, if any, payable to the Managing Director.
- Finalisation and approval of the annual increments, if any, to the Managing Director.

4.2 The remuneration policy of the company:

Mr. Sharad Taparia, Managing Director is paid remuneration of Rs. 1,25,000/- p.m. (inclusive of HRA). No remuneration is payable to the non executive directors.

Sitting Fees (Rs.)

Name of Directors	Board	Audit Committee	Remuneration Committee	Shareholders' Grievance Committee	Total
Mr. Arun Binani	14000	2500	-	1000	17500
Mr. Rajeev Mundra	14000	2500	-	1000	17500
Mr. Sharad Taparia	-	-	-	-	-

The company does not have any stock option scheme.

### 5. Shareholders Grievance Committee

5.1 The Shareholders Grievance Committee was formed on 26th March, 2003. Shareholders Grievance Committee consists of Mr. Rajeev Mundra, Chairman of the Committee and Mr. Arun Binani. The Company Secretary, Ms. Bhavana Shah, is the compliance officer for this purpose.

Date of the Meeting	Attendance of Directors for Meetings held during the year 2010-2011	
	Mr. Rajeev Mundra	Mr. Arun Binani
12-08-2011	✓	✓
14-02-2012	✓	✓

During the year the Company received 7(Seven) complaints. All of them were resolved by the Company to the satisfaction of investors.

The Committee reviews the system of dealing with and responding to correspondence from all investors. Every complaint letter received from stock exchanges, SEBI, Dept. of Company Affairs etc. and the responses thereto are reviewed by this committee. The committee also reviews the feedback from the investors and approves initiatives for further improvements in investor servicing. The Committee also ensures the expeditious share transfers.

**6. General Body Meetings**

Particulars about the last three Annual General Meetings of the company are:

<b>Date and Time</b>	<b>Location</b>
48th Annual General Meeting. 30th September, 2009, 2.00 P.M.	Shree Premanand Sahitya Sabha, Premanand Sahitya Bhavan, Dandiya Bazar, Vadodara 390001
49th Annual General Meeting 30th September, 2010, 2.00 P.M.	Shree Premanand Sahitya Sabha, Premanand Sahitya Bhavan, Dandiya Bazar, Vadodara 390001
50th Annual General Meeting 29th September, 2011, 11.00 A.M.	10/1/11, 110/1/12, Himalaya Industrial Estate, Village Amli, Silvassa-396230

**7. Disclosures**

There are related party transactions with the company's promoters, directors, the management or relatives the details of which are disclosed in Note No. 32 to the annual Accounts and form part of the same. The company complied with regulatory requirements on capital markets. No penalties / strictures have been imposed. Accounting policies followed by the company are given in Schedule S attached to the accounts.

**8. Means of Communication**

8.1 Annual Reports in respect of each Financial Year are sent to the Shareholders' on the Address available with Company's Registrar and Transfer Agent. Also the last financial year's Annual Report of the Company is available on the Company's website.

The quarterly results are being published in the News Papers at Ahmedabad and Vapi (Nearby town to Silvassa). The Last few latest Results for the Quarters are available on the Company's Website. During the year under report, no representations were made to the institutional investors or to the analysts.

8.2 A Management Discussion and Analysis Report has been the part of the annual report.

**9. General Shareholder Information**

<b>Sr. No.</b>	<b>Salient Items of interest</b>	<b>Particulars</b>
I	AGM date,time,venue	26th September 2012 at 11.00 a.m. 10/1/11 and 110/1/12, Himalaya Industrial Estate, Village Amli, Silvassa 396 230, Dadra and Nagar Haveli (U.T.)
II	Financial reporting for the quarter ending 30 <sup>th</sup> June, 2012 30 <sup>th</sup> September, 2012 31st December, 2012 31st March, 2013	Financial calendar for the year 2012-13 (Provisional) 14th August, 2012 Second week of November, 2012 Second week of February, 2013 Last week of May, 2013
III	Book Closure Date	From 21st September, 2012 to 26th September, 2012 (both days inclusive)
IV	Dividend payment date	N.A.
V	Listing of equity shares	Bombay Stock Exchange Limited Listing fees have been paid to stock exchange.
VI	Stock Code	504132
VII	Share Transfer system	Shares lodged in physical form with the company / its Registrars and Transfer Agent are processed and returned, duly transferred within 21 days normally except in cases where litigation is involved. In respect of shares held in demat mode, the transfer takes place instantaneously between the transferor, transferee and the depository participant through electronic debit / credit of the accounts involved.
VIII	Dematerialization of shares	As at 31st March, 2012, 78,79, 543 shares were held in demat mode. Demat ISIN No. for NSDL & CDSL is ISIN INE418EO1018
IX	Registrar & Transfer Agent	M/S Adroit Corporate Services Pvt. Ltd.19, Jaferbhoy Industrial Estate, 1 <sup>st</sup> Fl., Makwana Road, Marol Naka, Andheri(E), Mumbai 400059



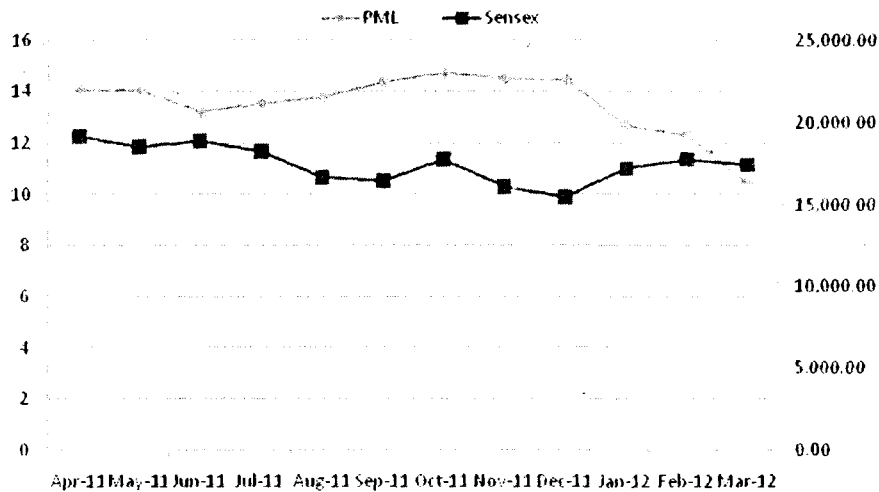
**Market Price Data; High / Low during each month of 2011-12 on The Bombay Stock Exchange Limited:**

Date	High (Rs.)	Low (Rs.)	No. of Shares
Apr 11	15.00	12.85	18,267
May 11	15.74	12.60	7,069
Jun 11	14.25	12.00	4,470
Jul 11	16.90	13.41	33,913
Aug 11	15.22	12.91	5,049
Sep 11	17.00	12.75	4,147
Oct 11	16.45	12.01	1,276
Nov 11	15.70	12.85	4,810
Dec 11	14.90	12.64	1,260
Jan 12	15.00	12.70	1,616
Feb 12	13.80	12.07	3,042
Mar 12	12.90	9.49	25,714

Source: www.bseindia.com

H - L-> High - Low

**CLOSING PRICES COMPARISON**



Source of Data: www.bseindia.com

**Distribution of Shareholding as on 31<sup>st</sup> March, 2012**

No. of shares	No. of shareholders	% of shareholders	No. of shares held	% of shareholding
1- 500	4785	88.02	643441	7.48
501- 1000	336	6.18	266351	3.10
1001- 2000	152	2.80	218583	2.54
2001- 3000	46	0.85	114903	1.34
3001- 4000	19	0.35	67453	0.78
4001- 5000	18	0.33	85499	0.99
5001-10000	27	0.50	191879	2.23
Over 10000	53	0.97	7010344	81.53
<b>Total</b>	<b>5436</b>	<b>100.00</b>	<b>8598453</b>	<b>100.00</b>

**Categories of shareholding as on 31<sup>st</sup> March, 2012**

<b>Category</b>	<b>No. of Shareholders</b>	<b>No.of shares held</b>	<b>%of shareholding</b>
Promoters	42	6174412	71.81
Individuals	5306	2188190	25.45
NRI's	15	103155	1.20
Companies	63	130156	1.51
Banks FII's, Insurance Co., Trust etc.	10	2540	0.03
<b>Total</b>	<b>5436</b>	<b>6598453</b>	<b>100</b>

Address or Correspondence - Shareholders are requested to contact by email for faster response:

Email: investors@pmlindia.com

Address :

M/S Adroit Corporate Services Pvt. Ltd.  
19, Jaferbhoy Industrial Estate, 1<sup>st</sup> Floor,  
Makwana Road, Marol Naka, Andheri (E),  
Mumbai 400059.

Plant Location of the company-

1. Plot No. 22, Mira Co-Operative Indl. Estate Mira, Dist-Thane 401104
2. Plot No. B-3, MIDC Indl. area, Village Mira, Dist-Thane 401104



## CERTIFICATE

We have reviewed the implementation of Corporate Governance procedures by the Company during the year ended March 31, 2012 with the relevant records and documents maintained by the Company, furnished to us for our review and the report on Corporate Governance as approved by the Board of Directors.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination is neither an audit nor an expression of opinion on the financial statements of the Company.

On the basis of the above and according to the information and explanations given to us, in our opinion, the Company has complied in all material respects with the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement with the Stock Exchange.

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

**For JAYESH SANGHRAJKA & COMPANY**  
CHARTERED ACCOUNTANTS

Sd/-

**Ashish Sheth**  
**(M. No. 107162)**  
PARTNER

Date: 14<sup>th</sup> August, 2012  
Place: Mumbai

**Auditors' Report**

TO THE MEMBERS OF  
PERMANENT MAGNETS LIMITED

1. We have audited the attached Balance Sheet of **Permanent Magnets Ltd.** as at 31st March 2012, the Statement of Profit and Loss for the year ended on that date and the Cash Flow Statement 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.
2. We conducted our audit in accordance with 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 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.
3. As required by the Companies (Auditor's Report) Order, 2003 as amended by Companies (Auditor's Report) (Amendment) Order, 2004 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
  - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - b) In our opinion, proper books of account, as required by law, have been kept by the Company, so far as 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 Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report comply with the mandatory Accounting Standards referred in sub-section (3C) of section 211 of the Companies Act, 1956 to the extent applicable.
  - e) On the basis of written representations received from the Directors as on 31st March 2012 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2012 from being appointed as directors in terms of clause (g) of sub section (1) of section 274 of the Companies Act 1956;
  - f) 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 other notes thereon give the information required by the Companies Act, 1956, in the manner so required, and present a true and fair view, in conformity with the accounting principles generally accepted in India:
    - (i) In the case of 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 for the year ended on that date; and
    - (iii) In the case of the Cash Flows Statement, of the Cash Flows for the year ended on that date.

**For Jayesh Sanghrajka & Co.**  
Chartered Accountants

**Ashish Sheth**  
M.No. 107162  
Partner

Place : Mumbai  
Date : 30<sup>th</sup> May, 2012

**ANNEXURE TO AUDITORS' REPORT**

**Referred to in Paragraph 3 of our report of even date**

1. In respect of its fixed assets:
  - a. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets on the basis of available information.
  - b. As explained to us, the fixed assets have been physically verified by the management during the year in a phased periodical manner, which in our opinion is reasonable, having regard to the size of the Company and nature of its assets. No material discrepancies were noticed on such physical verification.
  - c. In our opinion, the Company has not disposed of substantial part of fixed assets during the year and the going concern status of the Company is not affected.



2. In respect of its inventories:
  - a. As explained to us, inventories have been physically verified by the management at regular intervals during the year.
  - b. In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
  - c. The Company has maintained proper records of inventories. As explained to us, there was no material discrepancies noticed on physical verification of inventory as compared to the book records.
3. 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. As per the information and explanation given to us, the Company has not granted loans to any company which is covered in the register maintained under section 301 of the Companies Act 1956.
  - b. As per the information and explanation given to us, the Company not has taken loans from parties which are covered in the registered maintained under section 301 of the Companies Act 1956
4. In our opinion and according to the information and explanations given to us, there is adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory, fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any major weaknesses in internal control system.
5. In respect of transactions covered under Section 301 of the Companies Act, 1956:
  - a. In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements, that needed to be entered into in the register maintained under Section 301 of the Companies Act, 1956 have been so entered.
  - b. In our opinion and according to the information and explanations given to us, Transactions aggregating during the year to ₹ 5,00,000/- or more in respect of each party, have been made at prices which appear reasonable as per information available with the company.
6. According to the information and explanations given to us, the Company has not accepted any deposits from the public, Therefore, the provisions of Clause (vi) of paragraph 4 of the Order are not applicable to the Company.
7. In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.
8. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government under Section 209(1)(d) of the Companies Act, 1956 and are of the opinion that prima facie the prescribed cost records have been maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
9. In respect of statutory dues:
  - a. According to the records of the company undisputed statutory dues including Provident fund, Investor Education and Protection Fund, Employees' State Insurance, Income-Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess, and other statutory dues have been generally regularly deposited with the appropriate authorities. According to the Information and explanations given to us, except following cases, no other undisputed amounts payable in respect of the aforesaid dues were outstanding as at March 31, 2012 for a period of more than six months from the date of becoming payable.

Nature	Amount( ₹ in Lacs)	Due Date
Income Tax	0.54	30th Oct ,2007
Income Tax	31.00	19th April 2012

- b. According to the information and explanations given to us, as on 31.03.2012, there are no disputed amount payable in respect of Income Tax, Wealth Tax, Sales Tax, Custom Duty, except the following :

Nature of Dues	Amount ( ₹ in Lakhs)	Period to which The amount relates	Forum where Dispute is Pending
Excise Duty	63.18	A.Y. 2003-2004	CESTAT - Mumbai
Income Tax	02.06	A.Y. 2007-2008	CIT (A) - Mumbai

10. The Company does not have accumulated loss as at the year end, however it has incurred Cash loss during the financial year covered under audit.



11. Based on our audit procedures and according to the information and explanation given to us, we are of the opinion that except for following, the Company has not defaulted in repayment of dues to financial institutions or banks.

<b>Bank</b>	<b>Nature</b>	<b>Amount ( ₹ in Lakhs)</b>	<b>Due on</b>	<b>Paid on</b>
ICICI Bank	Central Excise Loan	57.50	Between Oct 2002 to Oct 2004	Not paid
Central Bank of India	Term Loan	62.50	31.03.2009	Rs. 20 Lakhs Paid on 20/04/12 Rs. 42.50 Lakhs Outstanding

12. In our opinion and according to the information and explanation given to us, 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.
13. In our opinion, the Company is not a chit fund or a nidhi /mutual benefit fund/ society. Therefore, clause 4(xiii) of the Companies (Auditor's Report) Order 2003 is not applicable to the Company.
14. In our opinion, the company has maintained proper records of the transactions and contracts in respect of dealing or trading in shares, securities, debentures and other investments and timely entries have been made therein. All these investments have been held by the company in the name of the company.
15. According to the information and explanation given to us, the Company has not given any guarantees for loans taken by others from banks or financial institutions.
16. On the basis of the record examined by us, and relying on the overall reconciliation of fund raised from term loan and total fund required for the purpose for which the term loans were obtained, we have to state that the company has, prime facie, applied the term loan for the purpose for which it is obtained. However, one to one nexus between the receipt of funds and utilisation of the same is not possible to establish.
17. According to the information and explanation given to us and On the basis of an overall examination of the Balance Sheet of the company, we are of the opinion that there are no funds raised on a short-term basis, which have been used for long term investment.
18. During the year, 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.
19. The Company has not issued any debentures. Therefore, the provisions of Clause (xix) of paragraph 4 of the Order are not applicable to the Company.
20. During the year, the company has not raised money by public issue. Therefore, the provisions of Clause (xx) of paragraph 4 of the Order are not applicable to the Company.
21. In our opinion and according to the information and explanation given to us, no material fraud on or by the Company has been noticed or reported during the year.

**For Jayesh Sanghrajka & Co.**  
Chartered Accountants

Sd/-

**Ashish Sheth**  
M.No. 107162  
Partner

Place : Mumbai  
Mumbai : 30<sup>th</sup> May, 2012



## BALANCE SHEET AS AT 31ST MARCH 2012

PARTICULARS	Notes	31.03.2012 ₹	31.03.2011 ₹
<b>I. EQUITY AND LIABILITIES</b>			
<b>(1) Shareholder's Funds</b>			
(a) Share Capital	2	85,984,530	85,984,530
(b) Reserves and Surplus	3	52,190,156	74,786,526
		<b>138,174,686</b>	<b>160,771,056</b>
<b>(2) Non-Current Liabilities</b>			
(a) Long-term borrowings	4	64,991,581	87,503,365
(d) Long-term provisions	5	6,633,093	6,758,277
		<b>71,624,674</b>	<b>94,261,642</b>
<b>(3) Current Liabilities</b>			
(a) Short-term borrowings	6	137,700,367	136,072,960
(b) Trade payables	7	162,400,262	252,746,130
(c) Other current liabilities	8	47,402,302	41,793,979
(d) Short-term provisions	9	1,217,391	2,458,176
		<b>348,720,322</b>	<b>433,071,245</b>
<b>Total Liabilities</b>		<b>558,519,682</b>	<b>688,103,942</b>
<b>II. ASSETS</b>			
<b>(1) Non-current assets</b>			
<b>(a) Fixed assets</b>			
(i) Tangible assets	10	49,398,853	51,364,268
(ii) Intangible assets	10	278,642	109,515
(iii) Capital work-in-progress	10	-	-
(iv) Intangible assets under development	10	-	-
(b) Non-current investments	11	79,000	79,000
(c) Deferred tax assets (net)	12	9,594,448	9,594,448
(d) Long term loans and advances	13	3,352,655	2,839,060
		<b>62,703,598</b>	<b>63,986,292</b>
<b>(2) Current assets</b>			
(a) Inventories	14	328,375,760	377,136,134
(b) Trade receivables	15	80,826,735	100,277,725
(c) Cash and cash equivalents	16	35,345,459	74,186,162
(d) Short-term loans and advances	17	51,268,130	72,517,627
		<b>495,816,084</b>	<b>624,117,648</b>
<b>Total Assets</b>		<b>558,519,682</b>	<b>688,103,942</b>

**Significant Accounting Policies**

**& Notes are an integral part of the Financial Statements.**

As per our report of even date attached

**For Jayesh Sanghrajka & Co.**

Chartered Accountants.

Firm Reg. No.: 104184W

Ashish Sheth

Partner

Membership No. : 107162

Place: Mumbai

Date: 30/05/2012

1

**For & on behalf of the Board**

Arun Binani  
Chairperson

Sharad Taparia  
Managing Director

Bhavana Shah  
Company Secretary

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED ON 31ST MARCH 2012

PARTICULARS	Notes	31.03.2012 ₹	31.03.2011 ₹
Revenue from operations	18	468,413,171	620,781,341
Other Income	19	4,589,499	1,411,652
<b>Total Revenue (A)</b>		<b>473,002,670</b>	<b>622,192,993</b>
<b>Expenses:</b>			
Cost of materials consumed	20	267,915,862	370,849,966
Changes in inventories of Work-in-Progress & Finished Goods	21	(813,983)	(1,907,490)
Employee benefit expenses	22	34,514,104	31,777,819
Financial costs	23	49,795,480	30,082,954
Depreciation and amortization expenses	24	8,437,081	8,844,681
Other expenses	25	129,316,055	180,324,762
<b>Total Expenses (B)</b>		<b>489,164,599</b>	<b>619,972,693</b>
<b>Net Profit Before Tax (A-B)</b>		<b>(16,161,929)</b>	<b>2,220,300</b>
<b>Tax expense:</b>			
(1) Current tax		-	411,644
(2) Deferred tax		-	(595,660)
(3) Short / (excess) Provisions of earlier years		6,434,440	-
<b>Net Profit/(Loss) After Tax</b>		<b>(22,596,369)</b>	<b>2,404,316</b>
<b>Earning per equity share:</b>			
	26		
(1) Basic		(2.63)	0.28
(2) Diluted		(2.63)	0.28

Notes referred to above and notes attached there to form an integral part of Profit & Loss Account

As per our report of even date attached  
**For Jayesh Sanghrajka & Co.**  
 Chartered Accountants.  
 Firm Reg. No.: 104184W

**For & on behalf of the Board**

Ashish Sheth  
 Partner  
 Membership No. : 107162

Arun Binani  
 Chairperson

Sharad Taparia  
 Managing Director

Place: Mumbai  
 Date: 30/05/2012

Bhavana Shah  
 Company Secretary



**Schedules annexed to and forming part of the Financial Statements as  
on 31st March 2012**

**2. Share Capital**

Sr. No.	PARTICULARS	31.03.2012 ₹	31.03.2011 ₹
<b>1</b>	<b>Authorised Capital</b>		
(a)	1,00,00,000 (P.Y. 1,00,00,000) Equity Shares of Rs. 10/- each	100,000,000	100,000,000
(b)	60,00,000 (P.Y. 60,00,000) Redeemable Cumulative/ Non-Cumulative Preference Shares of Rs. 10/- each	60,000,000	60,000,000
		<b>160,000,000</b>	<b>160,000,000</b>
<b>2</b>	<b>ISSUED CAPITAL SUBSCRIBED &amp; PAID UP CAPITAL:</b>		
	85,98,453 (P.Y. 85,98,453) Equity Shares of Rs. 10/- each, Fully Paid-Up	85,984,530	85,984,530
	<b>Total</b>	<b>85,984,530</b>	<b>85,984,530</b>

**a. Reconciliation of shares outstanding at the beginning and at the end of the reporting period  
Equity Shares**

Particulars	31.03.2012		31.03.2011	
	No of Shares	Amount (In ₹)	No of Shares	Amount (In ₹)
<b>Number of Shares at the beginning</b>	8,598,453	85,984,530	8,598,453	85,984,530
Add:- Number of Shares Issued	-	-	-	-
<b>Number of Equity Shares at the end</b>	<b>8,598,453</b>	<b>85,984,530</b>	<b>8,598,453</b>	<b>85,984,530</b>

**b. Terms/Rights attached to Equity Shares**

Equity shares are having a par value of Amount Rs. 10/- per share. Each holder of equity shares is entitled to one vote per share. The company declares and pays dividend in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. 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 in the company**

Sr. No	Particulars	31.03.2012		31.03.2011	
		No.	% Holding in class	No.	% Holding in class
	<b>Equity shares of ₹ 10 each fully paid</b>				
1	Mukul Taparia	601044	6.99	1137000	13.22
2	Pregna International Ltd	782802	9.10	782802	9.10
3	Sharad Taparia	522857	6.09	479992	5.59
4	Vimla Devi Taparia	1001019	11.64	439669	5.11

As per the records of the company, including its register of shareholders/members and other declaration received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownership of shares.

The company has neither issued any bonus shares nor any shares pursuant to contract without payment being received in cash during preceding five years. It has also not bought back any shares during these years.

**3 Reserves & Surplus**

		31.03.2012	31.03.2011
	<b>Securities Premium Reserve</b>		
	Balance as per last financial statement	28,019,668	28,019,668
	(A)	<b>28,019,668</b>	<b>28,019,668</b>
	<b>General Reserve</b>		
	Balance as per last financial statement	2,524,570	2,524,570
	(B)	<b>2,524,570</b>	<b>2,524,570</b>
	<b>Surplus in the Statement of Profit and Loss</b>		
	Balance as per last financial statement	44,242,287	41,837,972
	Profit for the year	(22,596,369)	2,404,316
	(C)	<b>21,645,918</b>	<b>44,242,288</b>
	<b>Total Reserves &amp; Surplus (A)+(B)+(C)</b>	<b>52,190,156</b>	<b>74,786,526</b>

4 Long Term Borrowings		31.03.2012	31.03.2011
a)	<b>Term Loan</b>		
	- Foreign Currency Loan from Banks *	-	68,750,000
	- Rupee Loan from Bank	45,624,015	505,799
b)	Central Excise loan*	19,367,566	18,247,566
		<b>64,991,581</b>	<b>8,75,03,365</b>
	<b>The above amount includes</b>		
	Secured borrowings	64,991,581	87,503,365
	Unsecured Borrowings	-	-
	Secured by personal guarantee of Directors & relatives	64,991,581	87,503,365

\*Including Interest accrued & due on Central Excise Loan ₹136.18 Lakhs (P.Y. ₹124.98 Lakhs)

- a) Rupee Loans from banks are repayable in 3 years to 5 years from the date of loan. Above loans are secured by first charge on specific assets financed by the lender except working capital term loan from bank which is secured by exclusive charge on 5000 sq.ft. of constructible area at Borivali property out of the 15% Share of the Company. Further these facilities are secured by personal guarantees of Directors and relatives and a Corporate Guarantee by Synagogue Impex Ltd. and payable in monthly \ Qtrly Installments.
- b) Central Excise Loans taken from ICICI Bank is secured by hypothecation of specific assets purchased under the scheme and payable in Qtrly instalment which are overdue since 15th October, 2002 to 15th October, 2004
- c) Details of defaults as at year end in repayment of Term Loans are as follows :

Name of Bank	Amount including Interest ( in ₹ )	Due from
Central Bank of India	6,250,000	31.03.2012
Central Excise Loan - ICICI Bank	19,367,566	Due between October 2002 to October 2004
<b>Total</b>	<b>25,617,566</b>	

5 Long Term Provisions			
1	Provision for Gratuity	4,819,355	4,873,522
2	Provision for Leave Encashment	1,813,738	1,884,755
	<b>Total</b>	<b>6,633,093</b>	<b>6,758,277</b>

6 Short Term Borrowings			
1	Loan Repayable on Demand		
	- Foreign Currency Loan from Banks	27,951,086	50,297,860
	- Rupee Loan from Banks	109,749,281	85,352,757
2	Loans & Advances From Related Parties	-	422,343
	<b>Total</b>	<b>137,700,367</b>	<b>136,072,960</b>
	The above amount includes		
	Secured Borrowings	137,700,367	135,650,617
	Unsecured Borrowings	-	422,343
	<b>Net Amount</b>	<b>137,700,367</b>	<b>136,072,960</b>

Foreign as well Rupee currency Loans are secured by first pari passu charge on residential flat standing in the name of Synagogue Impex Ltd and second pari passu charge on entire fixed assets of the company (excluding Borivali property).

7 Trade Payables			
1	Micro Small & Medium Enterprises	-	-
2	Others	162,400,262	252,746,130
	<b>Total</b>	<b>162,400,262</b>	<b>252,746,130</b>

The details of amount outstanding to supplier under the Micro, Small and Medium Enterprises Development Act, 2006, based on available information with the company is as under:

Principal Amount due and remaining unpaid	-	-
Interest due and the unpaid interest	-	-
Interest paid	-	-
Payment made beyond the appointed date during the year	-	-



31.03.2012

31.03.2011

Interest due and payable for the period of delay	-	-
Interest accrued and remaining unpaid	-	-
Amount of further interest remaining due and payable in succeeding years	-	-

**8 Other Current Liabilities**

1	Current maturities of long term debts	33,906,398	28,040,921
2	Withholding & Other taxes payable	6,012,420	3,315,635
3	Expenses Payables	6,728,377	9,703,406
4	Advances received from Customers	755,107	734,017
	<b>Total</b>	<b>47,402,302</b>	<b>41,793,979</b>

**9 Short Term Provisions**

	Provision for Income Tax	360,970	772,614
	Other Provision	856,421	1,685,562
	<b>Total</b>	<b>1,217,391</b>	<b>2,458,176</b>

**10 Fixed Assets**

Sr No.	Particulars	GROSSBLOCK				DEPRICIATION				NETBLOCK	
		01.04.2011	Additions	Deductions Adjust- ments	31.03.2012	31.03.2011	During the year	Deductions / Adjust- ments	Upto 31.03.2012	As at 31.03.2012	As at 31.03.2011
		₹	₹	₹	₹	₹	₹	₹	₹	₹	₹
<b>I</b>	<b>Tangible Assets</b>										
1	Freehold Land	15,710,580	-	-	15,710,580	-	-	-	-	15,710,580	15,710,580
2	Building	15,868,940	-	-	15,868,940	5,439,990	1,042,895	-	6,482,885	9,386,055	10,428,950
3	Plant & Machinery*	104,688,033	6,503,913	6,737,577	104,454,369	84,658,437	6,204,486	6,590,230	64,172,693	20,281,676	20,029,596
4	Electric Installation	2,070,082	-	-	2,070,082	1,649,507	98,499	-	1,748,005	322,077	420,575
5	Laboratory Equipments	199,487	-	-	199,487	177,530	5,142	-	182,672	16,815	21,957
6	Automobiles & Vehicles	5,498,332	-	1,055,039	4,443,293	4,158,525	311,773	919,455	3,550,844	892,449	1,339,807
7	Furniture & Fixtures	6,529,019	-	-	6,529,019	4,837,817	306,107	-	5,143,925	1,385,094	1,691,202
8	Office Equipments	10,775,827	57,803	-	10,833,630	9,054,225	375,298	-	9,429,523	1,404,107	1,721,602
	<b>TOTAL A</b>	<b>161,340,300</b>	<b>6,561,716</b>	<b>7,792,616</b>	<b>160,109,400</b>	<b>109,976,032</b>	<b>8,344,201</b>	<b>7,609,685</b>	<b>110,710,547</b>	<b>49,398,853</b>	<b>51,364,268</b>
<b>II</b>	<b>Intangible Assets</b>										
1	Computer Software	194,694	262,007	-	456,701	85,178	92,881	-	178,059	278,642	109,515
	<b>TOTAL B</b>	<b>194,694</b>	<b>262,007</b>	<b>-</b>	<b>456,701</b>	<b>85,178</b>	<b>92,881</b>	<b>-</b>	<b>178,059</b>	<b>278,642</b>	<b>109,515</b>
	<b>TOTAL (A+B)</b>	<b>161,534,994</b>	<b>6,823,723</b>	<b>7,792,616</b>	<b>160,566,101</b>	<b>110,061,210</b>	<b>8,437,081</b>	<b>7,609,685</b>	<b>110,888,606</b>	<b>49,677,495</b>	<b>51,473,783</b>
	<b>Previous Year</b>	<b>157,403,699</b>	<b>4,940,654</b>	<b>809,599</b>	<b>161,534,994</b>	<b>101,813,496</b>	<b>8,844,681</b>	<b>596,967</b>	<b>110,061,210</b>	<b>51,473,733</b>	<b>55,990,203</b>

Plant & Machinery includes miscellaneous factory equipments Rs. 45,00,193/- (P. Y. Rs. 45,00,193/-)

**11 Non Current Investments**

Sr. No.	Particulars	31.03.2012 ₹	31.03.2011 ₹
<b>2</b>	<b>Non Trade Investments</b>		
	<b>Unquoted</b>		
	Kisan Vikas Patra (Hypothecated with Sales Tax Authorities)	60,000	60,000
	<b>Quoted</b>		
	<b>A. In equity shares - Fully paid up</b>		
	200 Equity Shares of Bank of India (P.Y. 200 Equity Shares) (Market Value as on 31.03.2012 ₹ 0.72 Lakhs) (P.Y ₹ 0.96 Lakhs)	9,000	9,000
	<b>B. investment in Mutual Funds</b>		
	472.6412 units of SBI MF -MAGNUM INSTA CASH FUND) (P.Y. 200 472.6412 units) (Market Value as on 31.03.2012 ₹ 0.11 Lakhs) (P.Y ₹ 0.10 Lakhs)	10,000	10,000
	<b>Total</b>	<b>79,000</b>	<b>79,000</b>

# PERMANENT MAGNETS LIMITED

		31.03.2012 ₹	31.03.2011 ₹
<b>Aggregate Value of</b>			
	Quoted Investments	19,000	19,000
	Market Value - Quoted Investments	83,428	105,912
	Un Quoted Investments	60,000	60,000

## 12 Deferred Tax Assets (Net)

<b>Deferred Tax Assets On accounts of</b>			
1	Retirement Benefits	2,027,484	2,027,484
2	Expenses Covered U/s 43B of the Income Tax Act	4,254,939	4,254,939
3	Depreciation	3,312,025	3,312,025
<b>Total</b>		<b>9,594,448</b>	<b>9,594,448</b>

## 13 Long Term Loans and Advances

1	Security Deposits	3,193,414	2,705,419
2	Loans & Advances to Employees	159,241	133,641
<b>Total</b>		<b>3,352,655</b>	<b>2,839,060</b>

\*all the above loans and advances are unsecured and considered good.

## 14 Inventories

1	Raw Material	157,981,257	206,897,031
2	Stock -in-Progress	161,861,127	147,727,256
3	Stores, Spares & Others	1,012,970	1,671,553
4	Finished Goods	7,520,406	20,840,294
<b>Total</b>		<b>328,375,760</b>	<b>377,136,134</b>

## 15 Trade Receivables

1	Outstanding for more than six months	3,857,454	5,173,767
2	Others	76,969,281	95,103,958
<b>Total</b>		<b>80,826,735</b>	<b>100,277,725</b>

\*all the above Trade Receivables are unsecured and considered good.

## 16 Cash & Cash Equivalents

<b>Cash and cash equivalents</b>			
Balances with banks:			
	On current accounts	4,665,911	1,881,901
	Term Deposits	29,407,857	71,532,040
	Cash on hand	1,271,691	772,221
		<b>35,345,459</b>	<b>74,186,162</b>
Balances held as margin money deposits against guarantees			
	Deposit accounts with more than 12 months maturity	29,407,857	50,541,286
		1,695,521	28,015,140

Cash and cash equivalents as of March 31, 2012 and March 31, 2011 include restricted cash and bank balances of ₹ 294.08 Lakhs and ₹ 715.32 Lakhs, respectively. The restrictions are primarily on account of cash and bank balances held as margin money deposits and guarantees.

## 17 Short Term Loans and Advances

1	Security Deposit	3,000,000	3,000,000
2	Inter- Corporate Deposits	20,092,964	21,489,571
3	Advances recoverable in cash or kind	5,011,356	9,015,001
4	Other Loans & Advances		
	- Loans & Advances to Staff/ Employees	190,000	118,550
	- Balance with Government Authorities	22,306,563	38,046,863
	- Prepaid Expenses	667,247	847,642
<b>Total</b>		<b>51,268,130</b>	<b>72,517,627</b>

\* all the above loans and advances are unsecured and considered good.


**18 Revenue From Operations**

Sr. No	Particulars	2011-12 ₹	2010-11 ₹
	<b>Revenue from Operations</b>		
1	<b>Sale of Products</b>		
	Cast Magnets	185,674,102	345,046,841
	Parts & Accessories of Electricity Meter	241,540,001	244,248,655
	Others	16,030,262	565,942
	<b>Total A</b>	<b>443,244,365</b>	<b>589,861,440</b>
2	<b>Other Operational Income -</b>		
	Scrap Sale	28,826,014	32,491,646
	Export Benefits	12,483,881	15,044,071
	<b>Total B</b>	<b>41,309,895</b>	<b>47,535,717</b>
	<b>Revenue from Operations (Gross)</b>	<b>484,554,260</b>	<b>637,397,157</b>
3	Less : Excise Duty	16,141,089	16,615,816
	<b>Total (A+B)</b>	<b>468,413,171</b>	<b>620,781,341</b>

**19 Other Income**

1	Other Miscellaneous Income	4,341,319	1,397,938
2	Profit on Sale of Assets	248,160	13,714
	<b>Total</b>	<b>4,589,499</b>	<b>1,411,652</b>

**20 Cost of Material Consumed**

	Inventory at the beginning of the year	206,897,031	155,088,625
	Add: Purchases	219,000,088	422,658,372
		425,897,119	577,746,997
	Less : Inventory at the end of the year	157,981,257	206,897,031
	<b>Cost of raw material &amp; components Consumed</b>	<b>267,915,862</b>	<b>370,849,966</b>

**Particulars of Materials Consumed**

1	Cobalt	23,400,415	28,529,131
2	Nickel	6,239,478	9,191,266
3	Copper Strip	6,204,404	7,759,439
4	Nickel Strip	129,564,039	154,447,742
5	Magnet	35,912,137	103,998,581
6	Zinc	5,102,526	5,609,170
7	Brass	5,088,189	-
8	Others	56,404,674	61,314,637
	<b>Total</b>	<b>267,915,862</b>	<b>370,849,966</b>

**21 Change in Inventories of WIP & Finished Goods**

	<b>Inventory at the end of the year</b>		
	Work-in-progress	161,861,127	147,727,256
	Finished goods	7,520,406	20,840,294
	<b>A</b>	<b>169,381,533</b>	<b>168,567,550</b>
	<b>Inventory at the beginning of the year</b>		
	Work-in-progress	147,727,256	154,027,292
	Finished goods	20,840,294	12,632,768
	<b>B</b>	<b>168,567,550</b>	<b>166,660,060</b>
	<b>Total (A-B)</b>	<b>(813,983)</b>	<b>(1,907,490)</b>



22 Employee Benefit Expenses		2011-12 ₹	2010-11 ₹
1	Contribution to PF & other fund	1,992,354	2,407,389
2	Directors Remuneration	1,500,000	
3	Gratuity Expenses	702,482	2,481,596
4	Retirement Compensation	531,070	584,000
5	Salaries, Wages & Bonus	28,257,758	24,342,983
6	Staff Welfare Expenses	1,530,440	1,961,851
	<b>Total</b>	<b>34,514,104</b>	<b>31,777,819</b>
23 Financial Cost			
1	Borrowing cost	39,946,708	20,548,811
2	Other Borrowing cost*	11,825,148	13,838,885
3	Exchange difference on foreign currency transaction & translation	5,723,072	1,091,046
	Less: Interest Income	7,699,448	5,395,788
	<b>Total</b>	<b>49,795,480</b>	<b>30,082,954</b>
*includes Bank charges & Commission paid on BG & LC			
24 Depreciation & Amortised Cost			
1	Depreciation	8,344,201	8,808,176
2	Amortisation	92,881	36,505
	<b>Total</b>	<b>8,437,081</b>	<b>8,844,681</b>
25 Other Expenses			
<b>Manufacturing Expenses</b>			
1	Consumption of Stores, Spares & Consumables	16,016,852	21,025,279
2	Freight Inward	5,528,065	8,206,717
3	Sub-Contract Charges & Labour Charges	38,894,020	61,352,681
4	Repairs & Maintenance - Machinery	438,249	927,607
5	Excise Duty on Finished Goods	(829,141)	505,519
6	Power & Fuel Charges	12,585,279	17,235,503
	<b>A</b>	<b>72,633,324</b>	<b>109,253,306</b>
<b>Selling &amp; Distribution Expenses</b>			
1	Advertising & Sales Promotion Expenses	815,528	640,809
2	Commission to Selling Agents	16,518,750	22,981,809
3	Freight Outward & Transportation	6,526,332	18,819,346
4	Other Selling & Distribution Expenses	234,095	-
	<b>B</b>	<b>24,094,705</b>	<b>42,441,964</b>
<b>Administrative &amp; Other Expenses</b>			
1	Auditors Remuneration	441,203	358,475
2	Computer & Software Expenses	380,714	877,878
3	Directors' Sitting Fees	34,000	110,500
4	Travelling & Conveyance	4,867,195	7,357,454
5	Foreign Exchange difference (net)	1,979,606	(6,630,745)
6	Insurance	457,500	499,081
7	Printing & Stationery	622,293	891,000
8	Legal & Professional Charges	10,986,215	12,563,555
9	Miscl Exp	930,468	1,979,382
10	Rates & Taxes	2,717,174	722,536
11	Rent Exp	6,809,274	5,947,142
12	Communication Cost	1,673,228	1,767,930
13	Repairs - Building	501,575	1,943,001
14	Repairs - Others	187,581	242,303
	<b>C</b>	<b>32,588,026</b>	<b>28,629,492</b>
	<b>Total (A+B+C)</b>	<b>129,316,055</b>	<b>180,324,762</b>



**\* Payment to Auditor**

		<b>2011-12</b>	<b>2010-11</b>
<b>As Auditor</b>			
1	- Audit Fee	330,902	286,780
2	- Tax Audit Fee	82,726	71,695
<b>In other Capacity</b>			
3	- Other Services	27,575	-
		<b>441,203</b>	<b>358,475</b>

(Note: Above Figures are including Service Tax)

**26 Earnings per share**

Total operations from the year			
Profit/loss after Tax	(22,596,369)	2,404,316	
Net profit/(loss) for calculation of Basic & Diluted EPS	<b>(22,596,369)</b>	<b>2,404,316</b>	
Weighted average number of equity shares in calculating Basic & Diluted EPS	8,598,453	8,598,453	
Basic & Diluted Earning per share (In ₹)	(2.63)	0.28	
Face value per Equity Shares (In ₹)	10	10	

**1. SIGNIFICANT ACCOUNTING POLICIES**

**Company Overview**

Permanent Magnet Limited is one of the flagship companies of Taparia group, Mumbai and one of the leading manufacturers of Alnico Cast Magnets and Yoke Assemblies, Parts and accessories of electricity meters in the world. Company has good customer base in India as well as in Europe, USA, South America, and South East Asia. The Significant Accounting Policies are as follows:-

**a. Basis of Preparation of Financial Statements:**

The financial statements have been prepared under the historical cost convention in accordance with the generally accepted accounting principles in India and the provisions of the Companies Act, 1956.

**b. Use of Accounting Estimates:**

The presentation of financial statements 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 results and estimates are recognized in the period in which the results are known / materialized.

**c. Fixed Assets:**

Fixed assets are stated at cost, including any attributable cost for bringing the asset to its working condition for its intended use, net of taxes and duties less accumulated depreciation and impairment loss and include financing cost for period up to the date of readiness of use. There has been no revaluation of fixed assets.

An asset is treated as impaired when the carrying cost of assets exceeds its recoverable value. An impairment loss is charged to the Profit and Loss Account in the year in which an asset is identified as impaired. The impairment loss recognized in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

Cost of Software includes license fees, cost of implementation and system integration and capitalized as intangible assets in the year in which the relevant software is put to use.

**d. Depreciation and Amortization:**

Depreciation on Fixed assets is provided on WDV at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956. For any addition during the year, depreciation is charged for whole year whereas for disposals of any assets during the year, depreciation is provided on pro-rata for the year of use.

Computer software is amortized @25% on WDV basis.

**e. Revenue Recognition:**

1. Revenue in respect of sale of goods is recognized on dispatch of goods from the factory on the basis of excise invoice. Sales are accounted net of Excise Duty, Sales Tax, Discounts, Returns and Rejections. Materials returned/rejected are accounted for in the year of return/rejection.
2. For services rendered, the Company recognizes revenue on the basis of Completed Contract Method.
3. Export Sales are recognized on dispatch of material from the premises of the Company irrespective of the date of shipping document.
4. According to Maharashtra Value Added Tax Act, dealer is required to pay sales tax on entire sales and is allowed credit of entire Value added tax suffered on purchases. Accordingly, the balance of Value added tax suffered on purchases not utilized against current year Sales is available for either refund or set-off in future. Therefore, all the transaction are accounted net of Value added tax and the balance in Value added tax account is included under the head recoverable from Tax department under Loans and Advances.
5. Export incentives, interest and other incomes are accounted on accrual basis except Dividend which is accounted in the year of receipt.

**f. Export Benefits:**

Export benefits receivable at the end of the year are estimated based on the applicable DEPB entitlement as per the prevailing EXIM Policy and reviewed for excess /short provision on realization and are written off/provided. The Export benefits, net of write off/write back is shown in the Profit & Loss Account.

**g. Excise Duty :**

1. The Company has provided for Excise Duty on excisable stock of finished goods at the end of the year.
2. Excise Duty recovered is not included in sales and is recorded separately and any excess payment thereof is treated as an expense during the year.

**h. Retirement Benefits :**

Contributions to defined contribution scheme such as Provident Fund, Employees Pension Scheme are charged to the Profit & Loss Account as incurred.

Defined benefit plans like gratuity & Leave Encashment are determined based on actuarial valuation carried out by an independent actuary at the balance sheet date using the Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit, and measures each unit separately to build up final obligation. The obligation is measured at the



present value of the estimated future cash flows. The discount rate used for determining the present value of the obligation under defined benefit plans, is based on the market yields on government securities at the balance sheet date. Actuarial gains and losses are recognized immediately in the profit and loss account.

Expenses on training, recruitment are charged to revenue in the year of incurrence.

**i. Foreign Currency Transactions:**

1. The transactions in foreign currencies are recorded at the exchange rate prescribed by the Customs Department for the month of the transaction.
2. All Monetary assets and liabilities are converted at the exchange rate prevailing on the last day of the year.
3. The foreign exchange difference arising on the settlement during the year of the foreign currency transactions and on re-statement of current liabilities and current assets at the rate applicable at the year end is charged to the Profit and Loss Account of the year by debit/credit to loss or gain on foreign Exchange Account.
4. Gains & losses in respect of foreign exchange contracts are recognized as income or expenses over the life of the contract.

**j. Inventories:**

Items of inventories are measured at lower of cost or net realizable value. Cost of inventories comprise of all cost of purchase, cost of conversion and other cost incurred in bringing them to their respective present location and condition.

1. The inventory of raw material is valued at cost plus all incidental expenses up to receipt of raw material in factory. The method of arriving at cost is FIFO basis.
2. The inventory of Work-in-Process is valued at Raw Material cost plus appropriate share of manufacturing overheads or at net realizable value whichever is lower. The method of arriving at cost is FIFO basis.
3. Finished goods are valued at lower of Raw Material cost, manufacturing overheads or net realizable value. The method of arriving at the cost is FIFO basis.
4. Stores and spares are valued at cost. The method of arriving at the cost is FIFO basis.
5. Re-usable metallurgical residue is valued at the realizable value, as reduced by the estimated cost of purification/conversion, to render the material realizable.
6. Cost of imported raw materials, components, and consumable in-transit, is taken at the equivalent rupee calculated at the rate of exchange prevailing at the year-end and excludes the subsequent expenditure to be incurred.

**k. Investments**

1. Current investments are carried at the lower of cost and quoted/fair value, computed category wise.
2. Investments, intended to be held for more than a year, from the date of acquisition, are classified as long-term & they are stated at cost. Provision for diminution in the value of long-term investments is made only if such a decline is other than temporary in the opinion of the management.

**l. Taxation**

**1. Current Tax**

The amount of Current tax is determined as the amount of tax payable in respect of taxable income for the year as per the provisions of the Income Tax Act, 1961 applicable to the current financial year.

**2. Deferred tax**

Deferred is recognized, subject to the consideration of prudence, on timing differences, being the difference between taxable incomes and accounting income, that originate in one period and are capable of reversal in one or more subsequent periods. It is accounted for, using the tax rates and the tax laws enacted as on the balance sheet date. Deferred Tax Asset is recognized only when there is a virtual certainty of their realization.

**m. Borrowing Costs:**

Borrowing costs which are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets. All other borrowings costs are expensed out.

**n. Provisions, Contingent Liabilities & Contingent Assets:**

The company creates a provision when there is present obligation because of a past event that will probably result in the outflow of resources and a reliable estimate can be made of the amount of obligation. Provisions are reviewed at each balance sheet date and adjusted to reflect current best estimate.

Contingent Liabilities are disclosed when there is a possible obligation or a present obligation but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of resources is remote, no provision or disclosure is made.

Contingent assets are neither recognized nor disclosed in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that inflow of economic benefit will arise, the asset and related income are recognized in the period in which such change occur.

**o. Leases:**

Lease arrangements, where the risk and rewards incidental to the ownership of asset substantially vests with the lessor are recognized as operating lease. Lease payments under operating leases are recognized as an expense in the Profit and Loss Account.

**p. Contingencies and Event Occurring after the Balance Sheet Date:**

There are no contingencies and events after the Balance Sheet dates that affect the financial position of the company.

**27. Contingent Liabilities:**

(₹ in Lakhs)

Particulars	31.03.12	31.03.11
a) Unutilized Letters of Credit with Bankers	115.67	244.52
b) Bank Guarantee	9.80	32.00
c) Bills discounted with Banks and not realized (Secured by hypothecation of all movable assets and second Charge on all Fixed Assets.)	383.97	696.62
d) Labour cases in the court for reinstatement and/or higher compensation, which in the opinion of the management demand no provision of liability than what is recorded in accounts.	19.70	28.51
e) Excise Department has rejected the appeal filed by the company and has raised demand as regards inter-unit transfers. The Company has filed appeal against the said order in CESTAT and has made payment of Rs. 5 Lakh for stay order. Stay order against recovery of the dues has been granted. In the opinion of Company's Consultant, since there is no suppression of facts by the Company, penalty imposed will be quashed. In case, if the case is decided against the Company, there will be no actual outflow to the Company due to availability of Cenvat credit. Further, in similar cases, the Commissioner of Central Excise has ruled in favour of the company and has set aside the show cause notices. Duty Demanded Penalty	31.59 31.59	31.59 31.59
f) Interest on Central Excise loan (Operated through ICICI). According to the management, Central Excise loan is interest free. However ICICI, the Operating Agency raises certain demands towards the overdue installments. The Company has provided simple interest as demanded by ICICI. Total interest provided by the company is ₹ 136.18 lakhs, which may be reversible if the Central Government finally doesn't demand. The ICICI had also demanded Compounded interest which is not provided in the account as according to the company, the same is not payable and the same is shown as contingent here. Additional interest if claimed by the department will be payable. However the management does not expect any liability on that account	271.07	225.91
g) During the year, credit balances had been written back under the head "Misc. Balances Written back". According to the company those amounts are not payable since all have become time barred.	21.38	13.98
h) Income tax Department has raised a demand of ₹ 2,59,318 in respect of Suyog Agency Ltd. (Company merged with PML) for the A. Y. 07-08 of which ₹ 53,517 is recognized in the books and for the balance amount the company has filed an appeal with CIT (A).	2.06	2.06

28. The Company has provided for Excise Duty on excisable stock of finished goods at the end of the year. The amount of Excise Duty on such Finished Goods is ₹ 8.56 Lakhs (P. Y. ₹ 16.86 lakhs). The same amount has been included in the calculation of Cost for valuation of finished goods.

29. Donation made by the Company is within the limits prescribed u/s. 293(1) (e) of the Companies Act 1956.

30. During the year ₹ 77.03 Lakhs (P. Y. ₹ 55.40 lakhs) has been Debited to the Profit and Loss account in respect of the Foreign Exchange Differences.

**31. Leases:**

The company has operating lease agreements, primarily for leasing office space. Most of these lease agreements provide for cancellation by either party with a notice period ranging from 30 days to 120 days and contain a clause for renewal of lease agreement at the option of the company. There are no non-cancelable operating leases. There are no assets taken on finance lease.

**32. Related Party Disclosure:**

As per the accounting standard 18 prescribed by Companies (Accounting Standards) Rules, 2006, details of related parties & transactions with them are given below:



Sr. No.	Name of Related Party	Relationship
1	Pregna International Limited	Associates & Enterprises over which Key Managerial Personnel are able to exercise significant influence
2	Taparia Loudspeakers Pvt Ltd	
3	Taparia Audio Component Pvt. Ltd.	
4	Nymph Properties Pvt. Ltd.	
5	Varij Plantations Pvt Ltd.	
6	Jalaj Plantations Pvt Ltd.	
7	Shri Orient Corporation	
8	Suraj Agency	
9	Suyog Agency	
10	Kymsap Enterprises	
11	Nova Audio systems Pvt. Ltd.	
12	Nutan realities (I) Limited	
13	Shri Sharad Taparia	Key Managerial Personnel

Transactions with and outstanding balances of related parties are furnished below:

Particulars	(₹ In Lakhs)	
	Directors / Key Management Personnel and their relatives	Companies / firms Controlled by the Directors
Directors' Remuneration	15.00 Nil	Nil Nil
ICD taken	Nil Nil	Nil 1.42
Selling Commission	Nil Nil	148.10 213.82
Advance Given	Nil Nil	Nil 16.65
ICD Given	Nil Nil	Nil 1.16

Note: 1. Reimbursement of expenses incurred by the related parties for and on behalf of the company and vice-versa have not been included above. Provision for Gratuity being on actuarial valuation, is not included as separate figure for related party is not available.

Note: Previous year's figures are given in *italic*

2. Out of the above, transaction with related parties in excess of 10% of the total related party transactions are as under:

Particulars	(₹ in Lakhs)	
	2011-12	2010-11
<b>Associates:</b>		
<b>Selling Commission</b>		
a) Suraj Agency	73.65	79.34
b) Suyog Agency	6.45	7.25
c) Kymsap Enterprises	25.16	26.07
d) Shri Orient Corporation	42.83	101.16
<b>KMP:</b>		
<b>Remuneration</b>		
Mr. Sharad Taparia	15.00	Nil

33. **Segment Reporting :**

The company is operating in single business segment i.e. manufacturing of Cast Magnetics & its application. Hence AS-17 is not applicable.

34. **Impairment of Assets:**

During the year under consideration, none of the assets has been impaired.

35. **Disclosure as per amendment to clause 32 of the Listing Agreement:**

Sr. No	Name of the Parties	(₹ in Lakhs)			
		Maximum balance outstanding during the year ended		Outstanding Balance as on	
		31.03.12	31.03.11	31.03.12	31.03.11
	Loans to Subsidiary Co.	NIL	NIL	NIL	NIL
	Unsecured Loans given where there are no Repayment Schedule				
	a. Nova Audio Visual Pvt. Ltd.	NIL	5.00	NIL	5.00

**PERMANENT MAGNETS LIMITED**

36. **Additional information as per Revised Schedule VI to the Companies Act 1956**

a) Purchases of Finished Goods:

NIL

(NIL)

b) **Expenditure and Earning in Foreign Currencies:**

CIF Value of Imports:

Particulars	Amount (₹ In Lakhs)	
	2011-12	2010-11
Raw Materials & component	1906.43	3274.58

Value of Imported and Indigenous Raw Materials and Spare Parts consumed during the year and its percentage to total consumption:

Particulars	2011-12		2010-11	
	Amount (₹ In Lakhs)	%	Amount (₹ In Lakhs)	%
<b>Raw Materials</b>				
Imported	2411.20	90.00	3080.88	83.08
Indigenous	267.96	10.00	627.62	15.92
<b>Total</b>	<b>2679.16</b>	<b>100.00</b>	<b>3708.50</b>	<b>100.00</b>

Expenditure in foreign currencies incurred during the year:

Particulars	Amount (₹ In Lakhs)	
	2011-12	2010-11
Travelling Expenses	15.63	18.02
Books & Periodicals	-	1.84
Others	31.56	1.29
Financial Charges	74.98	105.19

Earnings in foreign currencies during the year:

Particulars	Amount (₹ In Lakhs)	
	2011-12	2010-11
FOB Value of Exports	3129.99	4714.92

37. The Company has determined the liability for Gratuity and Leave encashment in accordance with Accounting Standard 15 (Revised 2005) - Employee Benefits.

a. The following table sets out the status of the Gratuity Plan as required under AS-15.

(₹ In Lakhs)

Particulars	31.03.12	31.03.11
<b>Reconciliation of Opening and Closing Balance of Present Value of the defined benefit obligation and plan assets:</b>		
Obligation at the beginning	48.73	53.05
Interest Cost	3.60	3.01
Service Cost	6.64	5.21
Actuarial (Gain)/Loss	(3.21)	14.99
Benefit Paid	(7.57)	(27.53)
Obligation at the period end	48.19	48.73
<b>Defined benefit obligation liability as at the Balance Sheet is wholly funded by the company :</b>		
Change in plan assets:		
Fair Value of plan asset at the beginning	0	0
Expected return on plan assets	0	0
Actuarial Gain	0	0
Contribution	7.57	27.53
Benefit paid	(7.57)	(27.53)
Fair Value of plan asset at the end of the year	0	0
<b>Reconciliation of present value of obligation and fair value of plan asset:</b>		
Fair Value of plan asset at the end of the year	0	0
Present Value of defined obligation at the end of the period	48.19	48.73
Liability recognized in the balance sheet	48.19	48.73
Gratuity Cost for the period:		
Service cost	6.64	5.21
Interest cost	3.60	3.01
Expected return on plan assets	0	0
Actuarial (gain)/loss	(3.21)	16.58
Expense recognized in Profit and Loss Account	7.02	24.82



b. The following table sets out the status of the Leave Encashment Plan as required under AS-15. (₹ In Lakhs)

Particulars	31.03.12	31.03.11
<b>Reconciliation of opening and closing balance of present value of the defined benefit obligation and plan assets:</b>		
Obligation at the beginning	18.85	27.70
Interest Cost	1.21	1.63
Service Cost	10.21	11.29
Actuarial (Gain)/Loss	(4.68)	(8.38)
Benefit Paid	(7.45)	(13.39)
Obligation at the period end	18.14	18.85
<b>Defined benefit obligation liability as at the Balance Sheet is wholly funded by the company:</b>		
Change in plan assets:		
Fair Value of plan asset at the beginning	0	0
Expected return on plan assets	0	0
Actuarial Gain	0	0
Contribution	7.45	13.39
Benefit paid	(7.45)	(13.39)
Fair Value of plan asset at the end of the year	0	0
<b>Reconciliation of present value of obligation and fair value of plan asset:</b>		
Fair Value of plan asset at the end of the year	0	0
Present Value of defined obligation at the end of the period.	18.14	18.84
Liability recognized in the balance sheet	18.14	18.84
<b>Leave Encashment Cost for the period</b>		
Service cost	10.21	11.29
Interest cost	1.21	1.63
Expected return on plan assets	0	0
Actuarial (gain)/loss	(4.68)	(8.38)
Expense recognized in Profit and Loss Account	6.74	4.54

c. Valuation Assumptions

Considering the above stipulation in the case of Gratuity and Leave Encashment, the following assumptions have been made:

Particulars	31.03.12	31.03.11
Mortality Rate	LIC (1994-96)	LIC (1994-96)
Discount Rate	8%	8%
Salary Escalation Rate	4%	4%
Withdrawal Rate	1% throughout	1% throughout
Retirement Age	60 Years	60 Years

38. Balance under the head 'Trade Receivables', 'Trade Payables', 'Loan and Advances Receivable and Payable' are shown as per books of accounts subject to confirmation by concerned parties and adjustment if any, on reconciliation thereof.
39. In the opinion of Directors, the Current Assets, Loans & Advances and Investments have a value on realization in the ordinary course of business, which is at least equal to the amount at which they are stated in the Balance Sheet.
40. Previous year's figures have been recast or regrouped wherever necessary to make them comparable with current year's figures.

As per our report of even date attached  
**For Jayesh Sanghrajka & Co.**  
 Chartered Accountants.  
 Firm Reg. No.: 104184W

**For & on behalf of the Board**

Ashish Sheth  
 Partner  
 Membership No. : 107162

Arun Binani  
 Chairperson

Sharad Taparia  
 Managing Director

Bhavana Shah  
 Company Secretary

Place: Mumbai  
 Date: 30/05/2012



CASH FLOW STATEMENT FOR THE YEAR 2011-12

Particulars	31.03.2012 ₹	31.03.2011 ₹
<b>Cash Flow From Operating Activities</b>		
Profit before tax and extraordinary items	(16,161,929)	2,220,300
Adjustment for :		
Depreciation & Amortization	8,437,081	8,844,681
Loss/(Profit) on Sale of Assets	(248,180)	(13,714)
Finance Charges	49,795,480	28,991,908
Unrealised Foreign Exchange Gain	1,492,381	1,503,105
Operating Profit before working Capital Changes	43,314,833	41,546,280
Adjustment for:		
Inventories	48,760,374	(52,720,658)
Trade Receivables	23,361,684	(5,539,164)
Other Assets	20,735,902	(7,283,837)
Trade Payables	(93,119,868)	51,733,419
Other Liabilities	1,553,208	6,211,374
	44,606,133	33,947,414
Direct Taxes Paid	(3,745,294)	(1,785,556)
<b>Net cash used in Operating Activities</b>	<b>40,860,839</b>	<b>32,161,858</b>
<b>CASH FLOW FROM INVESTMENT ACTIVITIES</b>		
Sale of/ (Additions to) Fixed Assets	(6,392,612)	(4,714,548)
Sale of/ (Additions to) investments (net)	-	(10,000)
<b>Net cash used in investing activities</b>	<b>(6,392,612)</b>	<b>(4,724,548)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from Long Term Borrowings (Net)	(22,511,784)	(9,243,084)
Proceeds from Short Term Borrowings (Net)	(1,001,666)	37,775,670
Finance Charges paid (Net)	(49,795,480)	(28,991,908)
<b>Net cash from Financing Activities</b>	<b>(73,308,930)</b>	<b>(459,322)</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(38,840,703)</b>	<b>26,977,988</b>
Opening Cash and Cash Equivalents	74,186,162	47,208,174
Closing Cash and Cash Equivalents	35,345,459	74,186,162

Notes :

- The above statement has been prepared in indirect method as described in AS-3 issued by ICAI.
- Cash and Cash Equivalent

Cash and Cash Equivalent	31.03.2012	31.03.2011
Cash in hand	1,271,691	772,221
Balance with Banks	34,073,768	73,413,941
<b>TOTAL</b>	<b>35,345,459</b>	<b>74,186,162</b>

For Jayesh Sanghrajka & Co.  
Chartered Accountants.  
Firm Reg. No.: 104184W

Ashish Sheth  
Partner  
Membership No. : 107162

For & on behalf of the Board

Arun Binani  
Chairperson

Sharad Taparia  
Managing Director

Place: Mumbai  
Date: 30/05/2012

Bhavana Shah  
Company Secretary



# PERMANENT MAGNETS LIMITED

Registered Office: Plot No. 110/1/11 & 12, Himalaya Industrial Estate, Village Amli, Dadra and Nagar Haveli, Silvassa - 396 230

## PROXY FORM

I/We \_\_\_\_\_ of \_\_\_\_\_  
being a member/members of the above named Company  
hereby appoint \_\_\_\_\_ of \_\_\_\_\_ or failing him  
\_\_\_\_\_ of \_\_\_\_\_ of \_\_\_\_\_  
as my / our proxy to vote for me/us on my our behalf at the 51<sup>st</sup> ANNUAL  
GENERAL MEETING of the Company to be held at Plot No. 110/1/11 & 12, Himalaya Industrial Estate, Village  
Amli, Dadra and Nagar Haveli, Silvassa - 396 230, on Wednesday 26th September, 2012 at 11 a.m. and at any  
adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_, 2012.

Affix  
Re. 1  
Revenue  
Stamp

Reg. Folio No \_\_\_\_\_

No. of Shares \_\_\_\_\_

Note: This form in order to be effective should be duly stamped, completed and signed and must be deposited at the Registered Office of the Company, not less than 48 hours before the meeting.

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

# PERMANENT MAGNETS LIMITED

Regd. Office :Plot No. 110/1/11 & 12, Himalaya Industrial Estate, Village Amli, Dadra and Nagar Haveli, Silvassa - 396 230

## ATTENDANCE SLIP

Please complete this attendance slip and hand it over at the entrance of the venue.

Folio No./Client ID No \_\_\_\_\_

No. of Shares held \_\_\_\_\_

Name & Address \_\_\_\_\_

Jointly with \_\_\_\_\_

Full name of the Proxy if attending meeting \_\_\_\_\_

Hereby record my presence at the Annual General Meeting of the Company on 26<sup>th</sup> September, 2012 at Plot No. 110/1/11 & 12, Himalaya Industrial Estate, Village Amli, Dadra and Nagar Haveli, Silvassa - 396 230

Signature of Member/Joint  
Member/proxy attending the meeting.

*If undelivered return to :*

**Head Office :**

**PERMANENT MAGNETS LIMITED**

B-3, MIDC Industrial Area,  
Village Mira, Mira Road - 401104,  
Dist. Thane.