

**52<sup>nd</sup>**  
***Annual Report***  
***2012-2013***



**PERMANENT MAGNETS LIMITED**

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# PERMANENT MAGNETS LIMITED

# 52<sup>nd</sup> ANNUAL REPORT 2012-2013

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## 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 Amla, Dadra and Nagar Haveli,  
Silvassa - 396 230

## CORPORATE OFFICE

B-3, MIDC Industrial Area, Village Mira,  
Mira Road - 401 104. Dist. Thane  
Email: investors@pmlindia.com

## 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  
E-mail: pratapp@adroitcorporate.com

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# PERMANENT MAGNETS LIMITED

## NOTICE

NOTICE is hereby given that the **52nd Annual General Meeting** of the members of **Permanent Magnets Limited** will be held on Tuesday, the 24<sup>th</sup> day of September, 2013 at 11.30 a.m. at The Raj Regency, Tokarkhada, Silvassa, 396230 to transact the following business:

### ORDINARY BUSINESS:

1. To receive, consider and adopt the audited accounts for the year ended 31<sup>st</sup> March, 2013 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. Rajeev Mundra 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: 7<sup>th</sup> August, 2013

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 Thursday, 19<sup>th</sup> September 2013 to Tuesday 24<sup>th</sup> September, 2013 (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 separately given below.
4. The Company has appointed a SEBI approved Registrar and Share Transfer Agent M/s. Adroit Corporate Services P. 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 31<sup>st</sup> October, 2001 and in the NSDL system on 29<sup>th</sup> 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 members who hold shares in electronic form and have not registered their email address with depository participant are, hereby requested to register their email address for serving of documents by the Company in electronic mode. The members who hold shares in physical form and have not registered their email address are hereby requested to register their email with the Company Register & Share Transfer Agent.

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

Name of Director	Mr. Rajeev Mundra
Age	43 years
Date of Appointment	16-04-2007
Qualifications	B.Com, CA, Grad CWA, CISA(USA),DIFA(ICA)
Exposure in specific functional areas	Finance, Accounting and Taxation.
Directorship held in other Companies (excluding foreign Companies, Private Companies and Alternate Directorships)	Rachit Mercantile Private Limited Pregna International Limited Taparia Tools Limited Bhanuprasad Commodities Private Limited. Sumaaya Digital Private Limited
Member of Committee of Directors of other Companies	Taparia Tools Limited
Shareholding in Company	Nil



## DIRECTORS' REPORT

To,

The Members,

### PERMANENT MAGNETS LIMITED.

Your Directors have pleasure in presenting the 52nd Annual Report of the Company together with the Audited Statements of the Accounts for the year ended 31<sup>st</sup> March, 2013.

### FINANCIAL RESULTS:

Particulars	(₹ In Lacs)	
	31/03/2013	31/03/2012
Sales	4851.07	4684.13
Other Income	79.16	103.09
PBIDT & Extra Ordinary Items	394.58	497.70
Interest	349.53	574.95
Depreciation	85.36	84.37
Profit before Extra Ordinary Items & tax	-40.31	-161.62
Extra Ordinary Items	215.55	----
Profit before Tax	-255.86	-161.62
Tax /Deferred Tax	-	-64.34
Profit/(Loss) for the year	-255.86	-225.96

### 1. YEAR IN RETROSPECT

The Sales for the financial year under review increased by appx.3.5% as compared to previous year. However Profitability was under pressure due to payment pursuant to voluntary retirement scheme of employees during the year.

### 2. DIVIDEND:

Due to the losses during the period under review, the Board has considered it prudent not to declare any dividend.

### 3. WORKING FOR 2013-14:

The sales during April-July 2013 have been 15.01 Crores. The corresponding sales for the corresponding period of 2012-13 were 14.18 Crores. Company is continuing focus on developing new products, which has reflected in marginal increase in 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. Rajeev Mundra, 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, 2013 and of the financial year and of the Profit or Loss of the Company for the year ended 31<sup>st</sup> March, 2013.
- 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.

## PERMANENT MAGNETS LIMITED

d) 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:

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. 28(e) 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 been 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.

### 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(d) 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 : 7<sup>th</sup> August,2013

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 e.g. Torque sensor
- II. Circuit Breaker components & Latching Relays assemblies
- III. Current Transformer (CT)
- IV. Shielding Magnetic Field
- V. Electromagnetic shielding for components, rooms, equipments.

##### 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 for cost reductions.
- II. Assemblies related to electronic components & assemblies e.g. shunt assemblies with terminal & cable.
- III. New components related to Copper alloys, iron nickel alloys, Iron silicon alloys, iron cobalt alloys.

##### 4. Expenditure on R & D (in ₹)

- |  |   |             |
|--|---|-------------|
| a) Capital   | - | 2,20,000    |
| b) Recurring   | - | ₹ 43,65,567 |
| c) Total   | - | ₹ 45,85,567 |
| d) Total R & D expenditure as a percentage of total turnover is 0.94%. |   |             |

#### 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
- II. Magnetic shielding laboratory.

##### 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 Alnico business has remained stable. There has been a small growth in the other products of the company. The business environment remains positive for the new products of your company.

**INDUSTRY STRUCTURE AND DEVELOPMENTS**

The Electronic meter industry has been growing worldwide. Due to implementation of Smart Grid programs in various countries, the demand for electronic meters is expected to rise in the future.

**STRATEGIC INITIATIVE**

The Company has reduced the finance cost significantly in last financial year. Further in the coming years, company plans to reduce debt. To reduce cost and increase flexibility, PML has successfully implemented the VRS scheme.

PML also plans to develop its own designed products.

**OPPORTUNITIES & CHALLENGES**

The Indian market has good opportunities for applications like Magnetic Shielding, Magnetic Separation, Holding and Lifting devices.

High growth in electronic meters presents a good opportunity for components used in such meters. Quick development and successful ramp up of products remain a challenge for the company.

**RISK AND CONCERN**

Foreign Currency Exchange rates fluctuations present a risk for future.

**OUTLOOK**

The outlook is positive for the Company. In future, PML plans to manufacture and sell its own designed products. These products are expected to grow the company in the long run.

**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 RELATION AND HUMAN RESOURCE MANAGEMENT**

The industrial relations situation was satisfactory throughout the year. PML has successfully completed the 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:
- (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - (ii) these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) There are, to the best of 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
- (i) significant changes in internal control over financial reporting 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 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

**FOR PERMANENT MAGNETS LIMITED**

Sd/-

**Sukhmal Jain (General Manager Finance)**

CFO in terms of Clause 49 of Listing Agreement

Date: 29<sup>th</sup> May, 2013

Place: Mumbai

## 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: 29<sup>th</sup> May, 2013



# PERMANENT MAGNETS LIMITED

## 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 confirming 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 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 2012-2013

Date of Board Meetings	Attendance of Directors for Meetings held during the year 2012-2013		
	Arun Binani	Sharad Taparia	Rajeev Mundra
30-05-2012	✓	✓	✓
14-08-2012	✓	✓	✓
31-10-2012	✓	✓	✓
24-12-2012	✓	✓	✓
14-02-2013	✓	✓	✓
<b>Last AGM</b>			
26-09-2012	✓	✓	✓

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 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
30-05-2012	✓	✓	✓
14-08-2012	✓	✓	✓
31-10-2012	✓	✓	✓
24-12-2012	✓	✓	✓
14-02-2013	✓	✓	✓

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. 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:

Shri Sharad Taparia is paid salary of ₹ 1,20,000/- p.m. exclusive of perquisites as mentioned in the resolution passed at the general meeting of shareholders of the company approving his appointment as Managing Director and remuneration. No remuneration is payable to the non executive directors.

Sitting Fees (₹)

Name of Directors	Board	Audit Committee	Remuneration Committee	Shareholders' Grievance Committee	Total
Mr. Arun Binani	10,000	2,500	-	1,000	17,000
Mr. Rajeev Mundra	10,000	2,500	-	1,000	17,000
Mr. Sharad Kumar Taparia	-	-	-	-	-

The company does not have any stock option scheme.

### 5. Shareholders Grievance Committee

5.1 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 2012-2013	
	Mr. Rajeev Mundra	Mr. Arun Binani
31-10-2012	✓	✓
14-02-2013	✓	✓

During the year the Company received one complaint. It was 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.

## PERMANENT MAGNETS LIMITED

### 6. General Body Meetings

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

Date and Time	Location
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 Amlī, Silvassa-396230
51st Annual General Meeting 26th September, 2012, 11.00 A.M.	110/1/11, 110/1/12, Himalaya Industrial Estate, Village Amlī, 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' attached 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 Daman (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

Sr. No.	Salient Items of interest	Particulars
I	AGM date,time,venue	24th September 2013 at 11.30 a.m. The Raj Regency, Tokarkhada, Silvassa, 396230.
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) 7th August, 2013 Second week of November, 2012 Second week of February, 2013 Last week of May, 2013
III	Book Closure Date	From 19th September, 2013 to 24th September, 2013 (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, 2013, 79,05, 523 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

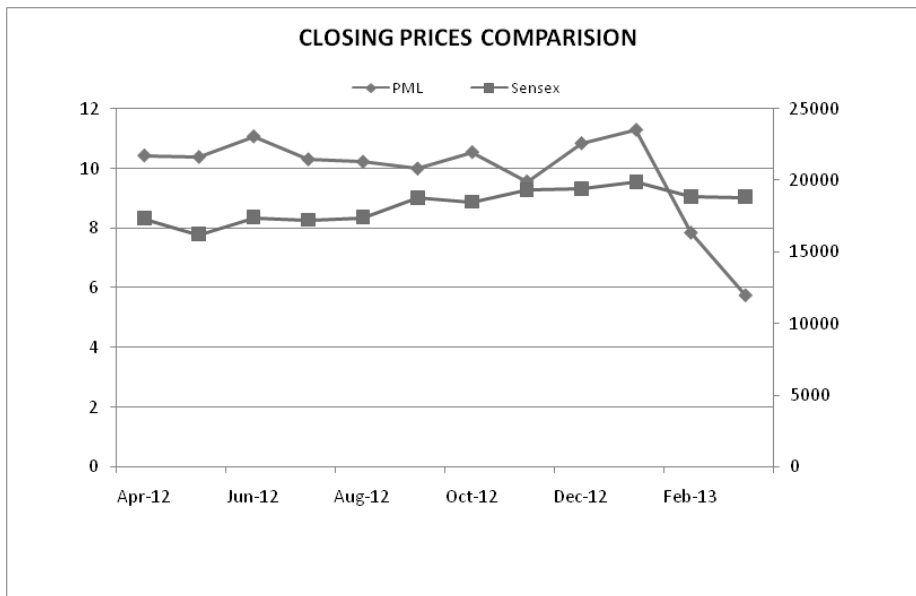


**Market Price Data; High / Low during each month of 2012-13 on The Bombay Stock Exchange Limited:**

Date	High (₹)	Low (₹)	No. of Shares
12-Apr	11.02	9.93	2,011
12-May	10.44	8.88	2,043
12-Jun	11.7	9.75	4,105
12-Jul	11.39	9.4	21,484
12-Aug	10.8	9.4	1,180
12-Sep	10.9	9.5	8,176
12-Oct	11.13	9.1	5,144
12-Nov	10.76	9.5	1,850
12-Dec	10.9	9.1	2,704
13-Jan	11.81	9	6,661
13-Feb	10.74	7.85	8,176
13-Mar	7.51	5.75	5,030

Source: www.bseindia.com

H - L-> High - Low



Source of Data: www.bseindia.com

**Distribution of Shareholding as on 31st March, 2013**

No. of shares	No. of shareholders	% of shareholders	No. of shares held	% of shareholding
1 - 500	4727	88.12	630821	7.33
501 - 1000	325	6.06	258730	3.01
1001 - 2000	151	2.82	217334	2.53
2001 - 3000	48	0.89	120416	1.40
3001 - 4000	17	0.32	60822	0.71
4001 - 5000	18	0.34	83728	0.97
5001 - 10000	25	0.47	176822	2.06
Over 10000	53	0.98	7049780	81.99
<b>Total</b>	<b>5364</b>	<b>100.00</b>	<b>8598453</b>	<b>100.00</b>

## PERMANENT MAGNETS LIMITED

### Categories of shareholding as on 31st March, 2013

Category	No. of Shareholders	No.of shares held	%of shareholding
Promoters	39	6174412	71.81
Individuals	5242	2182108	25.38
NRI's	14	101655	1.18
Companies	59	137738	1.60
Banks FII's, Insurance Co., Trust etc.	10	2540	0.03
<b>Total</b>	<b>5364</b>	<b>8598453</b>	<b>100</b>

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

Email: [investors@pmlindia.com](mailto:investors@pmlindia.com)

Address :

M/s. Adroit Corporate Services Pvt. Ltd.  
19, Jaferbhoy Industrial Estate, 1st 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. 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: 7<sup>th</sup> August, 2013  
Place: Mumbai

**INDEPENDENT AUDITOR'S REPORT**

To the members of

**PERMANENT MAGNETS LIMITED**

**Report on the Financial Statements**

We have audited the accompanying financial statements of PERMANENT MAGNETS LIMITED ("the Company"), which comprise the Balance Sheet as at March 31, 2013, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a. in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
- b. in the case of the Statement of Profit and Loss, of loss for the year ended on that date; and
- c. In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

**Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2003 as amended by the Companies (Auditor's Report) order 2004 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, 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 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, the Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
  - e. on the basis of written representations received from the directors as on March 31, 2013, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

**For Jayesh Sanghrajka & Co.**

Chartered Accountants

Firm Reg. No. 104184W

**Ashish Sheth**

Partner

M. No. 107162

Place : Mumbai

Date : 29<sup>th</sup> May 2013



## ANNEXURE TO INDEPENDENT AUDITORS' REPORT

Referred to in Paragraph 1 under the heading of “report on other legal and regulatory requirements” 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, except goods in transit, 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 Companies, Firms or Other Parties 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 an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of inventories, fixed assets and with regards to sale of goods and services. During the course of our audit, we have not observed any major weakness 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 within the meaning of provisions of section 58A, 58AA or any other relevant provision of the Companies Act, 1956 and Companies (Acceptance of Deposits) Rules, 1975. Therefore, the provisions of Clause (vi) of paragraph 4 of the Order are not applicable to the Company.
7. In our opinion and according to the information and explanations given to us, 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, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at March 31, 2013 for a period of more than six months from the date of becoming payable, *except the following:*



## PERMANENT MAGNETS LIMITED

<i>Nature</i>	<i>Amount( ₹ in Lacs)</i>	<i>Due Date</i>
<i>Income Tax</i>	<i>0.54</i>	<i>30<sup>th</sup> Oct, 2007</i>
<i>Income Tax</i>	<i>26.00</i>	<i>19<sup>th</sup> March, 2012</i>

b. The disputed statutory dues that have not been deposited on account of matters pending before appropriate authorities are as under:

<i>Nature of Dues</i>	<i>Amount ( ₹ in Lakhs)</i>	<i>Period to which The amount relates</i>	<i>Forum where Dispute is Pending</i>
<i>Excise Duty</i>	<i>63.18</i>	<i>F.Y. 2003-04</i>	<i>CESTAT – Mumbai</i>
<i>Income Tax</i>	<i>02.06</i>	<i>F.Y. 2006-07</i>	<i>CIT (A) – Mumbai</i>

10. The accumulated loss of the company as at the end of the year is ₹ 39,39,585/- which is less than fifty percent of the networth of the company. The company has incurred cash losses during the financial year covered by our audit and immediately preceding financial year.

11. Based on our audit procedures and according to the information and explanation given to us, we are of the opinion that the company has not defaulted in repayment of dues to Financial Institutions or Banks, *except following payments:*

<i>Bank</i>	<i>Nature</i>	<i>Amount ( ₹ in Lakhs)</i>	<i>Due on</i>	<i>Paid on</i>
<i>ICICI Bank</i>	<i>Central Excise Loan</i>	<i>201.73</i>	<i>Between October 2002 to October 2004</i>	<i>Not Paid</i>
<i>Central Bank of India</i>	<i>Term Loan</i>	<i>62.5</i>	<i>29.03.2013</i>	<i>Not yet paid</i>
<i>Central Bank of India</i>	<i>Term Loan</i>	<i>1.48</i>	<i>29.12.2012</i>	<i>Not yet paid</i>

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 / nidhi / mutual benefit fund/ society. Therefore, the provisions of clause (xiii) of paragraph 4 of the Order are 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 its own name.

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 utilization 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  
Firm Reg. No. 104184W

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

Place : Mumbai  
Date : 29<sup>th</sup> May 2013



## BALANCE SHEET AS AT 31ST MARCH 2013

PARTICULARS	Notes	31.03.2013 ₹	31.03.2012 ₹
<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	26,604,653	52,190,156
		<b>112,589,183</b>	<b>138,174,686</b>
<b>(2) Non-Current Liabilities</b>			
(a) Long-term borrowings	4	50,335,090	64,991,581
(b) Long-term provisions	5	14,816,491	6,633,093
		<b>65,151,581</b>	<b>71,624,674</b>
<b>(3) Current Liabilities</b>			
(a) Short-term borrowings	6	150,378,001	137,700,367
(b) Trade payables	7	168,340,618	164,806,407
(c) Other current liabilities	8	49,585,992	47,402,302
(d) Short-term provisions	9	963,441	1,217,391
		<b>369,268,052</b>	<b>351,126,467</b>
<b>Total</b>		<b>547,008,816</b>	<b>560,925,827</b>
<b>II. ASSETS</b>			
<b>(1) Non-current assets</b>			
(a) Fixed assets	10		
(i) Tangible assets		48,592,026	49,398,853
(ii) Intangible assets		208,981	278,642
		48,801,006	49,677,495
(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	12,971,847	10,928,198
		<b>71,446,301</b>	<b>70,279,141</b>
<b>(2) Current assets</b>			
(a) Inventories	14	296,213,078	328,375,760
(b) Trade receivables	15	113,308,496	80,826,735
(c) Cash and Bank Balance	16	22,481,830	35,345,459
(d) Short-term loans and advances	17	43,559,110	46,098,732
		<b>475,562,514</b>	<b>490,646,686</b>
<b>Total</b>		<b>547,008,816</b>	<b>560,925,827</b>

### Significant Accounting Policies

1

Significant accounting policies & Notes are an integral part of the Financial Statements.

As per our Report of even date.

**For Jayesh Sanghrajka & Co.**

Chartered Accountants

Firm No.: 104184W

**Ashish Sheth**

Partner

Membership No. : 107162

**For & on behalf of the Board**

**Arun Binani**

Chairperson

**Sharad Taparia**

Managing Director

**Bhavana Shah**

Company Secretary

Place : Mumbai

Date : 29/05/2013

Place : Mumbai

Date : 29/05/2013

## PERMANENT MAGNETS LIMITED

### PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED ON 31ST MARCH 2013

PARTICULARS	Notes	31.03.2013 ₹	31.03.2012 ₹
I Revenue from operations	18	499,170,112	484,554,260
Less: Excise Duty		14,063,077	16,141,089
		485,107,035	468,413,171
I Other Income	19	7,916,230	10,309,341
<b>III Total Revenue (I+II)</b>		<b>493,023,265</b>	<b>478,722,512</b>
<b>IV Expenses:</b>			
Cost of materials consumed	20	257,259,088	267,915,862
Changes in inventories of Work-in-Progress & Finished Goods	21	34,882,993	(813,983)
Employee benefit expenses	22	33,472,289	34,514,104
Financial costs	23	34,952,665	57,494,928
Depreciation and amortization expenses	24	8,536,181	8,437,081
Other expenses	25	127,950,911	127,336,449
<b>Total Expenses</b>		<b>497,054,126</b>	<b>494,884,441</b>
V <b>Profit/(Loss) before exceptional items and tax (III-IV)</b>		<b>(4,030,860)</b>	<b>(16,161,929)</b>
VI <b>Exceptional items (Net)</b>	26	21,554,643	-
VII <b>Profit/(Loss) before tax (V-VI)</b>		<b>(25,585,503)</b>	<b>(16,161,929)</b>
<b>VIII Tax expense:</b>			
(1) Current tax		-	-
(2) Deferred tax		-	-
(3) Short / (excess)Provisions of earlier years		-	6,434,440
<b>X Profit/(Loss) for the year (VII-VIII)</b>		<b>(25,585,503)</b>	<b>(22,596,369)</b>
<b>X Earnings per equity share of ₹ 10 each</b>	27		
(1) Basic		(2.98)	(2.63)
(2) Diluted		(2.98)	(2.63)

Notes referred to above and notes attached there to form an integral part of Financial Statements

As per our Report of even date.

**For Jayesh Sanghrajka & Co.**

Chartered Accountants

Firm No.: 104184W

**Ashish Sheth**

Partner

Membership No. : 107162

**For & on behalf of the Board**

**Arun Binani**

Chairperson

**Sharad Tapararia**

Managing Director

**Bhavana Shah**

Company Secretary

Place : Mumbai

Date : 29/05/2013

Place : Mumbai

Date : 29/05/2013



## Notes on Financial Statements for the year ended 31st March, 2013

The previous year figures have been regrouped/reclassified, wherever necessary to conform to the current year presentation

### 2 Share Capital

Sr. No	Particulars	31.03.2013 ₹	31.03.2012 ₹
1	<b>AUTHORIZED CAPITAL</b>		
	(a) 1,00,00,000 (P.Y. 1,00,00,000) Equity Shares of ₹ 10/- each	100,000,000	100,000,000
	(b) 60,00,000 (P.Y. 60,00,000) Redeemable Cumulative/ Non-Cumulative Preference Shares of ₹ 10/- each	60,000,000	60,000,000
		<b>160,000,000</b>	<b>160,000,000</b>
2	<b>ISSUED, SUBSCRIBED &amp; PAID UP CAPITAL:</b>		
	85,98,453 (P.Y. 85,98,453) Equity Shares of ₹ 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	31st March 2013		31st March 2012	
	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 ₹ 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	31st March 2013		31st March 2012	
		Nos.	% Holding in class	Nos.	% Holding in class
	<b>Equity shares of ₹ 10 each fully paid</b>				
1	Mukul Taparia	601044	6.99	601044	6.99
2	Pregna International Ltd.	782802	9.10	782802	9.10
3	Sharad Taparia	522857	6.09	522857	6.09
4	Vimla devi Taparia	33390	0.39	1001019	11.64
5	Kamladevi Taparia	695295	8.09	-	-
6	Shyamsunder Taparia	634999	7.39	-	-

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.

## PERMANENT MAGNETS LIMITED

	31.03.2013 ₹	31.03.2012 ₹
<b>3 Reserves &amp; Surplus</b>		
<b>Securities Premium Reserve</b>		
Balance as per last financial statement	28,019,668	28,019,668
<b>(A)</b>	<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)</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	21,645,918	44,242,287
Profit for the year	(25,585,503)	(22,596,369)
Less : Appropriations	-	-
<b>(C)</b>	<b>(3,939,585)</b>	<b>21,645,918</b>
<b>Total Reserves &amp; Surplus</b>	<b>(A)+(B)+(C) 26,604,653</b>	<b>52,190,156</b>

#### 4 Long Term Borrowings

a) <b>Term Loan</b>		
- Foreign Currency Loan from Bank	18,749,980	-
- Rupee Loan from Bank	7,912,544	45,624,015
b) Central Excise loan*	20,172,566	19,367,566
c) Inter-corporate Deposits	3,500,000	-
	<b>50,335,090</b>	<b>64,991,581</b>
<b>The above amount includes</b>		
Secured borrowings	46,835,090	64,991,581
Unsecured Borrowings	3,500,000	-
Secured by Personal Guarantee by Promoters/ Directors	46,835,090	64,991,581

\*Including Interest accrued & due on Central Excise Loan ₹ 144.23 Lakhs (P.Y. ₹ 136.18 Lakhs)

a) Foreign Currency Loans from Bank represents FCNRB loan convertible\ roll over in rupee loan every 6 months. Interest rate is LIBOR (6 Month)+7 % p.a. This loan is secured against exclusive charge on 5000 Sq ft of constructible area of Borivali property out of the 15% share of the company.

Rupee Loans from banks are repayable in 3 years to 5 year from the date of loan. Interest rate on these loans are between 12 % p.a. to 17 % p.a. These loans are secured by first charges on specific assets financed by the lender . Further these facilities are secured by personal guarantees of Directors and relatives.

b) Central Excise Loan taken from ICICI Bank is secured by hypothecation of specific assets purchased under the scheme and payable in Qtrly instalment. This is further secured by personal guarantees of Directors amd relatives.

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
1 Central Bank of India	6,250,000	29.03.2013
2 Central Bank of India	147,676	29.12.2012
3 Central Excise Loan - ICIC Bank	20,172,566	Due between Oct 2002 to Oct 2004
<b>Total</b>	<b>26,570,242</b>	



		31.03.2013	31.03.2012
		₹	₹
<b>5</b>	<b>Long Term Provisions</b>		
1	Provision for Gratuity	3,844,808	4,819,355
2	Provision for Leave Encashment	1,833,235	1,813,738
3	VRS Compensation Payable	9,138,448	-
	<b>Total</b>	<b>14,816,491</b>	<b>6,633,093</b>

<b>6</b>	<b>Short Term Borrowings</b>		
1	<b>Loan Repayable on Demand</b>		
	Foreign Currency Loan from Banks	85,711,854	27,951,086
	Rupee Loan from Banks	64,666,146	109,749,281
	<b>Total</b>	<b>150,378,001</b>	<b>137,700,367</b>
	The above amount includes		
	Secured Borrowings	150,378,001	137,700,367
	Unsecured Borrowings	-	-
	Secured by Personal Guarantee by Promoters/ Directors	150,378,001	137,700,367

1 Foreign currency Loans are secured by hypothecation of stock and book debts and further secured by first pari passu charge on residential flat standing in the name of Synagauge Impex Ltd and second pari passu charge on entire fixed assets of the company (excluding Borivali property). These loans are carrying interest at rates ranging from 3% p.a. to 5 % p.a.

2 Rupee Loans are secured by hypothecation of stock and book debts and further secured by first pari passu charge on residential flat standing in the name of Synagauge Impex Ltd and second pari passu charge on entire fixed assets of the company (excluding Borivali property). These loans are carrying interest at rates ranging from 10% p.a. to 17% p.a.

<b>7</b>	<b>Trade Payables</b>		
1	Micro Small & Medium Enterprises	-	-
2	Others	168,340,618	164,806,407
	<b>Total</b>	<b>168,340,618</b>	<b>164,806,407</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	-	-
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	-	-

<b>8</b>	<b>Other Current Liabilities</b>		
1	Current maturities of long term debts	28,188,806	32,630,413
2	Withholding & Other taxes payable	3,346,721	6,012,420
3	Interest accrued but not due	343,890	1,275,985
4	Expenses Payables	10,636,683	6,728,377
5	Advances received from Customers	781,856	755,107
6	VRS Compensation Payable	6,288,036	-
	<b>Total</b>	<b>49,585,992</b>	<b>47,402,302</b>

<b>9</b>	<b>Short Term Provisions</b>		
1	Provision for Excise Duty on Stock of Finished Goods	963,441	856,421
2	Provision for Income Tax	-	360,970
	<b>Total</b>	<b>963,441</b>	<b>1,217,391</b>

## PERMANENT MAGNETS LIMITED

### 10 Fixed Assets

Sr No.	Particulars	GROSSBLOCK				DEPRICIATION				NETBLOCK	
		01.04.2012	Additions	Deductions Adjust- ments	31.03.2013	1.04.2012	During the year	Deductions / Adjust- ments	Upto 31.03.2013	As at 31.03.2013	As at 31.03.2012
		₹	₹	₹	₹	₹	₹	₹	₹	₹	₹
<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	6,482,885	938,606	-	7,421,491	8,447,449	9,386,055
3	Plant & Machinery*	104,454,369	3,464,404	7,166,175	100,752,598	84,172,693	5,450,667	6,680,439	82,942,921	17,809,677	20,281,676
4	Electric Installation	2,070,082	44,600	-	2,114,682	1,748,005	85,876	-	1,833,881	280,801	322,077
5	Laboratory Equipments	199,487	-	-	199,487	182,672	3,940	-	186,609	12,878	16,815
6	Automobiles & Vehicles#	4,443,293	4,314,019	1,094,101	7,663,211	3,550,844	1,299,500	906,946	3,943,398	3,719,813	892,449
7	Furniture & Fixtures	6,529,019	5,333	-	6,534,352	5,143,925	251,667	-	5,395,592	1,138,760	1,385,094
8	Office Equipments	10,833,630	504,225	-	11,337,855	9,429,523	436,265	-	9,865,788	1,472,067	1,404,107
	<b>TOTAL A</b>	<b>160,109,400</b>	<b>8,332,581</b>	<b>8,260,276</b>	<b>160,181,705</b>	<b>110,710,547</b>	<b>8,466,521</b>	<b>7,587,385</b>	<b>111,589,680</b>	<b>48,592,025</b>	<b>49,398,853</b>
<b>II</b>	<b>Intangible Assets</b>										
1	Computer Software	456,701	-	-	456,701	178,060	69,660	-	247,720	208,981	278,642
	<b>TOTAL B</b>	<b>456,701</b>	<b>-</b>	<b>-</b>	<b>456,701</b>	<b>178,060</b>	<b>69,660</b>	<b>-</b>	<b>247,720</b>	<b>208,981</b>	<b>278,642</b>
	<b>TOTAL (A+B)</b>	<b>160,566,101</b>	<b>8,332,581</b>	<b>8,260,276</b>	<b>160,638,406</b>	<b>110,888,607</b>	<b>8,536,181</b>	<b>7,587,385</b>	<b>111,837,400</b>	<b>48,801,006</b>	<b>49,677,494</b>
	Previous Year	161,534,994	6,823,723	7,792,616	160,566,101	110,061,210	8,437,081	7,609,685	110,888,606	49,677,494	51,473,783

\*Plant & Machinery includes Misc Factory Equipments ₹ 47,25,943/- (P.Y. ₹ 45,00,193/-) # Includes two cars purchased in the name of directors. There has been no revaluation of fixed assets during the year.

		31.03.2013	31.03.2012
		₹	₹
<b>11</b>	<b>Non Current Investments</b>		
<b>Sr. No</b>	<b>Particulars</b>		
2	<b>Non Trade Investments</b>		
	<b>Unquoted</b>		
	Kisan Vikas Patra	60,000	60,000
	(Hypothecated with Sales Tax Authorities)		
	<b>Quoted</b>		
	A. In equity shares - Fully paid up		
	200 Equity Shares of Bank of India	9,000	9,000
	(Market Value as on 31.03.2013 ₹ 60,780/- (P.Y. ₹ 72,200/-))		
	B. Investment in Mutual Funds		
	472.6412 units of SBI MF-MAGNUM INSTA CASH FUND	10,000	10,000
	(Market Value as on 31.03.2013 ₹ 11,700/- (P.Y. ₹ 11,228/-))		
	<b>Total</b>	<b>79,000</b>	<b>79,000</b>
	<b>Aggregate Value of</b>		
	Quoted Investments	19,000	19,000
	Market Value - Quoted Investments	72,480	83,428
	Un Quoted Investments	60,000	60,000

### 12 Deferred Tax Assets

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



		31.03.2013	31.03.2012
		₹	₹
<b>13</b>	<b>Long Term Loans and Advances</b>		
1	Security Deposits	3,426,717	3,193,414
2	Loans & Advances to Employees	33,941	159,241
3	Other Advances	5,042,251	4,507,785
4	Balance with statutory/ Government Authorities	2,095,630	661,613
5	Capital Advances	2,373,308	2,406,145
	<b>Total</b>	<b>12,971,847</b>	<b>10,928,198</b>

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

<b>14</b>	<b>Inventories</b>		
1	Raw Material	160,298,496	157,981,257
2	Work -in-Progress	125,763,779	161,861,127
3	Stores, Spares & Others	1,416,042	1,012,970
4	Finished Goods	8,734,761	7,520,406
	(As per Inventory Valued and Certified by the Management)		
	<b>Total</b>	<b>296,213,078</b>	<b>328,375,760</b>

<b>15</b>	<b>Trade Receivables</b>		
1	Outstanding for more than six months	5,024,908	3,857,454
2	Others - Trade Receivables	108,283,588	76,969,281
	<b>Total</b>	<b>113,308,496</b>	<b>80,826,735</b>

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

<b>16</b>	<b>Cash &amp; Bank Balance</b>		
1	<b>Cash and cash equivalents</b>		
	Cash on hand	1,668,194	1,271,691
	<b>Balances with banks:</b>		
	In current accounts	695,623	4,665,911
		2,363,818	5,937,602
2	<b>Others</b>		
	Term Deposits	20,118,012	29,407,857
	<b>Total</b>	<b>22,481,830</b>	<b>35,345,459</b>

\* Bank deposits held as margin money against LC and Bank Guarantee for ₹ 2,01,18,012/- (P.Y. ₹ 2,94,07,857/-)

<b>17</b>	<b>Short Term Loans and Advances</b>		
1	Security Deposit	2,500,000	3,000,000
2	Inter- Corporate Deposits	10,024,379	20,092,964
3	Advances recoverable in cash or kind	3,364,952	503,571
4	Loans & Advances to Employees	19,800	190,000
5	Balance with statutory/ Government Authorities	25,434,335	21,644,950
6	Prepaid Expenses	2,215,644	667,247
	<b>Total</b>	<b>43,559,110</b>	<b>46,098,732</b>



## PERMANENT MAGNETS LIMITED

18 Revenue From Operations		31.03.2013 ₹	31.03.2012 ₹
Sr. No	Particulars		
	<b>Revenue from Operations</b>		
1	Sale of Products		
	Cast Magnets & Magnetic Assembly	165,104,154	185,674,102
	Parts & Accessories of Electricity Meter	288,968,847	241,540,001
	Others	7,772,761	16,030,262
	<b>Total A</b>	<b>461,845,762</b>	<b>443,244,365</b>
2	<b>Other Operational Income -</b>		
	Scrap Sale	23,605,426	28,826,014
	Export Benefits	13,718,924	12,483,881
	<b>Total B</b>	<b>37,324,350</b>	<b>41,309,895</b>
	<b>Total (A+B)</b>	<b>499,170,112</b>	<b>484,554,260</b>
3	Less : Excise Duty	14,063,077	16,141,089
	<b>Total (A+B)</b>	<b>485,107,035</b>	<b>468,413,171</b>

### 19 Other Income

1	Other Miscellaneous Income	559,096	4,341,319
2	Profit on Sale of Assets	349,387	248,180
3	Interest Income	2,829,685	7,699,448
4	Foreign Exchange Fluctuation gain	4,178,061	(1,979,606)
	<b>Total</b>	<b>7,916,230</b>	<b>10,309,341</b>

### 20 Cost of Material Consumed

	Inventory at the beginning of the year	157,981,257	206,897,031
	Add: Purchases	259,576,327	219,000,088
		417,557,584	425,897,119
	Less : Inventory at the end of the year	160,298,496	157,981,257
	<b>Total</b>	<b>257,259,088</b>	<b>267,915,862</b>
	<b>Particulars of Materials Consumed</b>		
1	Cobalt	12,296,251	23,400,415
2	Nickel	4,943,229	6,239,478
3	Copper Strip	17,582,747	6,204,404
4	Nickel Strip	123,999,100	129,564,039
5	Semi-finished Magnet	52,509,664	35,912,137
6	Zinc	3,879,018	5,102,526
7	Brass	26,455,170	5,088,189
8	Others	15,593,909	56,404,674
	<b>Total</b>	<b>257,259,088</b>	<b>267,915,862</b>



		31.03.2013 ₹	31.03.2012 ₹
<b>21 Change in Inventories of WIP &amp; Finished Goods</b>			
	<b>Inventory at the end of the year</b>		
	Work-in-progress	125,763,779	161,861,127
	Finished goods	8,734,761	7,520,406
		<b>134,498,540</b>	<b>169,381,533</b>
	<b>Inventory at the beginning of the year</b>		
	Work-in-progress	161,861,127	147,727,256
	Finished goods	7,520,406	20,840,294
		<b>169,381,533</b>	<b>168,567,550</b>
	<b>Total</b>	<b>34,882,993</b>	<b>(813,983)</b>
<b>22 Employee Benefit Expenses</b>			
1	Contribution to PF & other fund	1,541,562	1,992,354
2	Gratuity Expenses*	2,088,842	702,482
3	Salaries, Wages & Bonus	28,279,435	30,288,828
4	Staff Welfare Expenses	1,562,450	1,530,440
	<b>Total</b>	<b>33,472,289</b>	<b>34,514,104</b>
	* Refer Note 37		
<b>23 Financial Cost</b>			
1	Borrowing cost	27,741,378	39,946,708
2	Other Borrowing cost*	6,286,193	11,825,148
3	Exchange difference on foreign currency transacton & translation	925,093	5,723,072
	<b>Total</b>	<b>34,952,665</b>	<b>57,494,928</b>
	*includes Bank charges & Commission paid on BG & LC		
<b>24 Depreciation &amp; Amortised Cost</b>			
1	Depreciation	8,466,521	8,344,200
2	Amortisation	69,660	92,881
	<b>Total</b>	<b>8,536,181</b>	<b>8,437,081</b>
<b>25 Other Expenses</b>			
	<b>Manufacturing Expenses</b>		
1	Consumption of Stores, Spares & Consumbles	16,310,647	16,016,852
2	Freight Inward	4,953,497	5,528,065
3	Sub-Contract Charges & Labour Charges	34,896,320	37,411,937
4	Repairs & Maintenance - Machinery	1,281,685	438,249
5	Excise Duty on Finished Goods	107,020	(829,141)
6	Power & Fuel Charges	12,914,134	12,585,279
	<b>A</b>	<b>70,463,302</b>	<b>71,151,241</b>
	<b>Selling &amp; Distribution Expenses</b>		
1	Advertising & Sales Promotion Expenses	1,828,250	815,528
2	Commission to Selling Agents	17,773,348	16,518,750
3	Freight Outward & Transportation	7,576,069	6,526,332
4	Other Selling & Distribution Expenses	228,036	234,095
	<b>B</b>	<b>27,405,703</b>	<b>24,094,705</b>

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25 Other Expenses (Contd.)		31.03.2013 ₹	31.03.2012 ₹
<b>Administrative &amp; Other Expenses</b>			
1	Auditors Remuneration	400,000	400,000
2	Computer & Software Expenses	507,327	380,714
3	Directors' Sitting Fees	27,000	34,000
4	Travelling & Conveyance	2,499,848	3,125,241
5	Insurance	462,896	457,500
6	Printing & Stationery Expenses	766,787	622,293
7	Legal & Professional Charges	8,683,981	11,027,418
8	Miscellaneous Expenses	2,873,256	930,468
9	Rates & Taxes	1,610,257	2,717,174
10	Rent Expenses	5,996,160	6,809,274
11	Security Service Charges	1,709,219	1,482,083
12	Communication Cost	1,542,231	1,673,228
13	Vehicle Running Expenses	1,836,680	1,741,954
14	Repairs - Building	869,151	501,575
15	Repairs - Others	297,112	187,581
<b>C</b>		<b>30,081,906</b>	<b>32,090,503</b>
<b>Total</b>		<b>127,950,911</b>	<b>127,336,449</b>

<b>Payment to Auditor</b>			
<b>As Auditor</b>			
-	Audit Fee	300,000	300,000
-	Tax Audit Fee	75,000	75,000
<b>In other Capacity</b>			
-	Other Services	25,000	25,000
		<b>400,000</b>	<b>400,000</b>

### 26 Exceptional items (Net)

1	Expenditure on Voluntary Retirement Scheme	21,554,643	-
<b>Total A+B+C</b>		<b>21,554,643</b>	<b>-</b>

During the year, company has announced Voluntary retirement Scheme (VRS) for its permanent employees. In response of the scheme, a total of 35 employees has opted for the same. The company has incurred a total expenditure of ₹ 2,15,54,643/- on the said scheme. In compliance with the provisions of the Accounting Standards -15 "Employees Benefits", the entire amount of ₹ 2,15,54,643/- is charged to Statement of Profit and Loss Under the head "Exceptional items (net) during the current financial year.

### 27 Earning per Share

Sr. No	Particulars		
1	Net Profit before Extra Ordinary Items attributable to Equity Share Holders	(25,585,503)	(22,596,369)
2	Extra Ordinary Items	-	-
3	Net Profit after Extra Ordinary Items attributable to Equity Share Holders	(25,585,503)	(22,596,369)
4	Weighted Average Number of Equity Shares in calculating Basic EPS	8,598,453	8,598,453
5	Basic & Diluted Earning per share before Extra Ordinary Items (In ₹)	(2.98)	(2.63)
6	Basic & Diluted Earning per share after Extra Ordinary Items (In ₹)	(2.98)	(2.63)
7	Face value per Equity Shares	10.00	10.00



## 1. SIGNIFICANT ACCOUNTING POLICIES

### Company Overview

Permanent Magnet Limited is one of the flagship Company 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. The 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 (GAAP) in India and the provisions of the Companies Act, 1956. The Company is following accrual basis of accounting on a going concern concept.

#### 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 includes financing cost for period up to the date of readiness of use.

Capital Work-In-Progress is stated at the amount expended upto the date of Balance Sheet including preoperative expenditure.

#### d) Intangible Assets

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

#### e) 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

#### f) Impairment of Assets

An asset is treated as impaired when the carrying cost of assets exceeds its recoverable value. An impairment loss is charged to the Statement of Profit and Loss 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.

#### g) Revenue Recognition:

1. Revenue in respect of sale of goods as well as scrap 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 Value added tax (VAT) on entire sales and is allowed credit of entire Value added tax (VAT) suffered on purchases. Accordingly, the balance of Value added tax suffered on purchases not utilised 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.

#### h) Export Benefits:

Export benefits receivable at the end of the year are estimated based on the applicable Export benefits 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 Statement of Profit & Loss.

#### i) 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.

#### j) Retirement Benefits:

Contribution to defined contribution scheme such as Provident Fund, Employees Pension Scheme are charged to the Statement of Profit & Loss 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

## PERMANENT MAGNETS LIMITED

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 Statement of Profit and Loss.

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

### k) 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 Statement of Profit and Loss of the year by debit/credit to loss or gain on foreign Exchange Account.

### l) 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.

### m) 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.

### n) 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 tax 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 and carried forward only to the extent that there is a virtual certainty of their realization.

### o) 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.

### p) 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.

### q) Leases:

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



**r) 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.

**28. Contingent Liabilities:**

(₹ in Lakhs)

Particulars	31.03.13	31.03.12
a) Unutilized Letters of Credit with Bankers	126.54	116.67
b) Bank Guarantee	19.05	9.80
c) 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.	16.79	19.70
d) 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 ₹ 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	31.59	31.59
Penalty	31.59	31.59
e) 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.	447.87	271.07
f) 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.	0.15	21.38
g) Income tax Department has raised a demand in respect of Suyog Agency Ltd. (Company merged with PML) for the A. Y. 07-08. The company has filed an appeal with CIT (A). The management is of the opinion that no liability will arise and hence no provision is made in the books of accounts.	2.06	2.06

29. 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 ₹ 9.63 Lakhs (P. Y. ₹ 08.56 Lakhs). The same amount has been included in the calculation of Cost for valuation of finished goods.

30. During the year ₹ 32.22/- Lakhs (P. Y. ₹ 77.03 Lakhs Debited) has been Credited to the Statement of Profit and Loss 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 are 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:

## PERMANENT MAGNETS LIMITED

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 Ayurvedic & Food Products Pvt. Ltd.	
3	Taparia Loudspeakers Pvt. Ltd.	
4	Taparia Audio Component Pvt. Ltd.	
5	Jalaj Plantations Ltd.	
6	Nutan Realities (I) Ltd.	
7	Panache Fashions	
8	Precision Medical Devices Corporation	
9	Mr. Sharad Taparia	Key Managerial Personnel

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

(₹ In Lakhs)

Particulars	Directors / Key Management Personnel and their relatives	Companies / firms Controlled by the Directos	Outstanding Balance
Directors' Remuneration & Fees	14.89	Nil	Nil
	15.00	Nil	Nil
ICD taken	Nil	30.00	Nil
	Nil	Nil	Nil
Advance Given	Nil	Nil	45.08
	Nil	Nil	45.08

**Note:**

- Reimbursement of expenses incurred by the related parties for and on behalf of the company and vice-versa has not been included above. Provision for Gratuity being on actuarial valuation, is not included as separate figure for related party is not available.
- Previous year's figures are given in *italic*
- Out of the above, transaction with related parties in excess of 10% of the total related party transactions are as under:

(₹ in Lakhs)

Particulars	2012-13	2011-12
<b>Associates</b>		
<b>ICD taken</b>		
Pregna International Limited	30.00	-
<b>KMP</b>		
<b>Remuneration</b>		
Mr. Sharad Kumar Taparia	14.89	15.00

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:**

(₹ in Lakhs)

Sr. No	Name of the Parties	Maximum balance outstanding during the year ended		Outstanding Balance as on	
		31.03.13	31.03.12	31.03.13	31.03.12
1.	Loans to Subsidiary Co.	NIL	NIL	NIL	NIL
2.	Unsecured Loans given where there are no Repayment Schedule	NIL	NIL	NIL	NIL



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

a) Purchases of Finished Goods: NIL (NIL)

b) CIF Value of Imports:

Particulars	Amount (₹ In Lakhs)	
	2012-13	2011-12
Raw Materials & component	1559.05	1906.43

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

Particulars	2012-13		2011-12	
	Amount (₹ In Lakhs)	%	Amount (₹ In Lakhs)	%
<b>Raw Materials</b>				
Imported	2044.09	79.46	2411.20	90
Indigenous	0528.50	20.54	267.96	10
<b>Total</b>	<b>2572.59</b>	<b>100.00</b>	<b>2679.16</b>	<b>100.00</b>

d) Expenditure in foreign currencies incurred during the year

Particulars	Amount (₹ In Lakhs)	
	2012-13	2011-12
Travelling Expenses	11.87	15.63
Books & Periodicals	00.34	00.00
Others	26.19	31.56
Financial Charges	76.23	74.98

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	31.03.13	31.03.12
<b>Reconciliation of Opening and Closing Balance of Present Value of the defined benefit obligation and plan assets:</b>		
Obligation at the beginning	48.19	48.73
Interest Cost	02.63	3.60
Service Cost	6.71	6.64
Actuarial (Gain)/Loss	11.55	(3.21)
Benefit Paid	(30.64)	(7.57)
Obligation at the period end	38.45	48.19
<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	30.64	7.57
Benefit paid	(30.64)	(7.57)
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	38.45	48.19
Liability recognized in the balance sheet	38.45	48.19
<b>Gratuity Cost for the period:</b>		
Service cost	6.71	6.64
Interest cost	2.63	3.60
Expected return on plan assets	0	0
Actuarial (gain)/loss	11.55	(3.21)
Expense recognized in Statement of Profit and Loss	20.89	7.02



## PERMANENT MAGNETS LIMITED

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

Particulars	31.03.13	31.03.12
<b>Reconciliation of opening and closing balance of present value of the defined benefit obligation and plan assets:</b>		
Obligation at the beginning	48.19	18.85
Interest Cost	2.63	1.21
Service Cost	6.71	10.21
Actuarial (Gain)/Loss	11.55	(4.68)
Benefit Paid	(30.64)	(7.45)
Obligation at the period end	38.45	18.14
<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	30.63	7.45
Benefit paid	(30.63)	(7.45)
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.	38.45	18.14
Liability recognized in the balance sheet	38.45	18.14
<b>Leave Encashment Cost for the period</b>		
Service cost	11.12	10.21
Interest cost	1.25	1.21
Expected return on plan assets	0	0
Actuarial (gain)/loss	(7.13)	(4.68)
Expense recognized in Statement of Profit and Loss	5.24	6.74

c. Valuation Assumptions

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

Particulars	31.03.2013	31.03.2012
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
Expected average remaining service	21	60

38. 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.

39. 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.

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.

**For Jayesh Sanghrajka & Co.**

Chartered Accountants

Firm No.: 104184W

**Ashish Sheth**

Partner

Membership No. : 107162

**For & on behalf of the Board**

**Arun Binani**

Chairperson

**Sharad Taparia**

Managing Director

**Bhavana Shah**

Company Secretary

Place : Mumbai

Date : 29/05/2013

Place : Mumbai

Date : 29/05/2013



## CASH FLOW STATEMENT FOR THE YEAR ENDED 31.03.2013

PARTICULARS	31.03.2013 ₹	31.03.2012 ₹
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before tax and extraordinary items	(25,585,503)	(16,161,929)
Adjustment for :		
Depreciation & Amortization	8,536,181	8,437,081
Loss/(Profit) on Sale of Assets	(349,387)	(248,180)
Finance Charges	34,952,665	57,494,928
Unrealised Foreign Exchange Gain	(3,318,734)	1,492,381
<b>Operating Profit before working Capital Changes</b>	<b>14,235,221</b>	<b>51,014,281</b>
Adjustment for:		
Inventories	32,162,682	48,760,374
Trade Receivables	(32,054,189)	23,361,684
Other Assets	9,785,819	(8,671,955)
Trade Payables	5,524,221	(93,119,868)
Other Liabilities	2,183,690	1,553,208
	<b>31,837,444</b>	<b>22,897,724</b>
Direct Taxes Paid	-	(3,745,294)
<b>Net cash flow from Operating Activities</b>	<b>31,837,444</b>	<b>19,152,430</b>
<b>CASH FLOW FROM INVESTMENT ACTIVITIES</b>		
Sale of/ (Additions to) Fixed Assets	(7,310,305)	(6,392,612)
<b>Net cash used in investing activities</b>	<b>(7,310,305)</b>	<b>(6,392,612)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from Long Term Borrowings (Net)	(5,571,942)	(22,511,784)
Proceeds from Short Term Borrowings (Net)	12,423,683	(1,001,666)
Finance Charges paid (Net)	(34,952,665)	(57,494,928)
<b>Net cash from Financing Activities</b>	<b>(28,100,923)</b>	<b>(81,008,378)</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(3,573,784)</b>	<b>(68,248,560)</b>
Opening Cash and Cash Equivalents	5,937,602	74,186,162
Closing Cash and Cash Equivalents	2,363,818	5,937,602

**Notes :**

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

Particulars	31.03.2013	31.03.2012
Cash in hand	1,668,194	1,271,691
Balance with Banks	695,623	4,665,911
<b>Total</b>	<b>2,363,818</b>	<b>5,937,602</b>

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

**Ashish Sheth**  
Partner  
Membership No. : 107162

Place : Mumbai  
Date : 29/05/2013

**For & on behalf of the Board**

**Arun Binani**  
Chairperson

**Sharad Taparia**  
Managing Director

**Bhavana Shah**  
Company Secretary

Place : Mumbai  
Date : 29/05/2013



# 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 52<sup>nd</sup> ANNUAL  
GENERAL MEETING of the Company to be held at The Raj Regency, Tokarkhada, Silvassa, 396230, on Tuesday  
24th September, 2013 at 11.300 a.m. and at any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_, 2013.

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

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

Affix  
Re. 1  
Revenue  
Stamp

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 24<sup>th</sup> September, 2013 at The Raj Regency, Tokarkhada, Silvassa, 396230

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

## BOOK-POST

*If undelivered return to :*

**Head Office :**  
**PERMANENT MAGNETS LIMITED**

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

# PERMANENT MAGNETS LIMITED



B-3, MIDC, Village Mira, Mira Road East, Thane- 401104, Maharashtra, India

Phone : +91-22-2945 2121 Facsimile : +91-22-2945 2128 Email : sales@pmlindia.com Website :www.pmlindia.com

Date: 07.09.2013

## The Bombay Stock Exchange Limited

PhirozeJeejeebhoy Towers  
Dalal Street, Fort,  
Mumbai 400 001  
BSE Scrip Code: 504132

Dear Sirs,

### Sub : Submission of Annual Report 2012-13

In terms of Clause 31(a) of the Listing Agreement, we are enclosing herewith six copies of Annual Report of the Company for the year 2012-13 alongwith Form A and notice of Annual General Meeting of the Company to be held on Monday, 24<sup>th</sup> September, 2013, at 11.30 P.M. at The Raj Regency, Tokarkhada, Silvassa, 396230.

### FORM A

1	Name of the Company	Permanent Magnets Limited
2	Annual financial statements for the year ended	31 <sup>st</sup> March 2013
3	Type of Audit observation	Unqualified
4	Frequency of Observation	Not Applicable

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



*Ashish Sheth*  
Ashish Sheth

Partner  
M.No. 107162

*Sharad Taparia*  
Sharad Taparia

Sharad Taparia

Managing Director

For Permanent Magnets Limited

*Sukhmal Jain*  
Sukhmal Jain

Sukhmal Jain

Chief Financial  
Officer

*Rajeev Mundra*  
Rajeev Mundra

Rajeev Mundra

Chairman - Audit  
Committee