

49th
Annual Report
2009-2010



PERMANENT MAGNETS LIMITED

PERMANENT MAGNETS LIMITED

49th ANNUAL REPORT 2009- 2010

BOARD OF DIRECTORS

Mr. Arun Binani -*Non Executive Chairman*
Mr. Shyam Sunder Taparia-*Managing Director*
Mr. Anil Kumar Taparia-*Independent Director*
Mr. Rajeev Mundra-*Independent Director*
Mr. Sharad Kumar Taparia-*Executive Director*

COMPANY SECRETARY

Mr. Dinesh Lahoti

AUDITORS

M/s. Jayesh Sanghrajka & 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

Lohana Boarding House, Raopura
Vadodara – 390 001.

CORPORATE OFFICE

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

FACTORIES

1. B-3, MIDC Industrial Area, Village Mira,
Mira Road – 401 104. Dist. Thane
2. Plot No. 110/1/11 & 12, Himalaya Industrial Estate,
Village Aml, Dadra and Nagar Haveli, Silvassa – 396 230
3. Plot No. 22, Mira Co-Operative Indl. Estate Mira,
Thane – 401 104

REGISTRAR AND SHARE TRANSFER AGENT

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

BOARD COMMITTEES

AUDIT COMMITTEE

Mr. Rajeev Mundra-*Chairman*
Mr. Arun Binani-*Member*
Mr. Anil Kumar Taparia-*Member*

REMUNERATION COMMITTEE

Mr. Rajeev Mundra-*Chairman*
Mr. Arun Binani-*Member*
Mr. Anil Kumar Taparia-*Member*

SHAREHOLDER GRIEVANCE COMMITTEE

Mr. Rajeev Mundra-*Chairman*
Mr. Arun Binani-*Member*

SHARES LISTED AT:

Bombay Stock Exchange Limited

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PERMANENT MAGNETS LIMITED

NOTICE

NOTICE is hereby given that the 49th Annual General Meeting of the members of Permanent Magnets Limited will be held on Thursday, the 30th day of September, 2010 at 2.00 p.m. at Shree Premanand Sahitya Bhavan, Dandiya Bazaar, Vadodara 390001 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited accounts for the year ended 31st March, 2010 along with notes and schedules thereon as on that date and the reports of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Arun Binani who retires by rotation & being eligible offers himself for re-appointment.
3. To appoint M/s Jayesh Sanghrajka & Co., Chartered Accountants, Mumbai, as auditors of the Company to hold office from the conclusion of this Annual General Meeting, until the conclusion of the next Annual General Meeting and to fix their remuneration.

By Order of the Board of Directors
For Permanent Magnets Ltd
Sd/-
(Dinesh Lahoti)
Company Secretary

Dated: 12th August, 2010
Place: MUMBAI.
Head 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 25th September, 2010 to 30th September, 2010 (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 in the Corporate Governance Report.
4. The Company has appointed a SEBI approved Registrar and Share Transfer Agent M/s. Adroit Corporate Services Private Limited having their office at 19, Jafferbhoy Industrial Estate, 1st Floor, Makwana Road, Marol Naka, Andheri (E), Mumbai - 400059. Members are requested to send all communication such as relating to change of address, Transfer/Demat of shares etc. to M/s. Adroit Corporate Services Private Limited.
5. Trading of equity shares of the company in demat form has been made in the CDSL system on 31st October, 2001 and in the NSDL system on 29th November, 2001. ISIN No. allotted by both the depositories viz. NSDL and CDSL to the Company is 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.

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

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

PERMANENT MAGNETS LIMITED

DIRECTORS' REPORT

To,
The Members
PERMANENT MAGNETS LIMITED (PML),

Your Directors have pleasure in presenting the 49TH Annual Report of the Company together with the Audited Statements of the Accounts for the year ended 31st March, 2010.

FINANCIAL RESULTS:

(Rs. in Lakhs)

Particulars	31/03/2010	31/03/2009
Sales	4791.37	5963.49
Other Income	221.16	1173.15
PBIDT & Extra Ordinary Items	569.93	739.70
Interest	381.61	301.39
Depreciation	98.03	110.27
Profit before Extra Ordinary Items & tax	90.28	328.04
Extra Ordinary Items	66.92	94.58
Profit before Tax	23.36	233.46
Tax /Deferred Tax	(2.51)	34.55
Profit/(Loss) for the year	25.88	198.91

1. YEAR IN RETROSPECT :

The Sales for the financial year under review have declined 20% as compared to previous year. The decline is due to postponement of orders by our customers mainly in export market. The global slowdown & recession has affected your Company badly. However sales picked up substantially during the current financial year

2. DIVIDEND:

To conserve resources for growth, the Board has considered it prudent not to declare any dividend.

3. WORKING FOR 2010-11:

The sales during April-June 2010 has been Rs. 1496 lakhs. The corresponding sales for the last year was Rs. 883 lakhs, showing significant increase of 69%. The trend is likely to continue during the entire year.

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 till date.

6. DIRECTORS:

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



7. DIRECTORS RESPONSIBILITY STATEMENT:

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

- a) In the preparation of the accounts, the applicable accounting standards have been followed.
- b) 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 31st March, 2010 and of the Profit or Loss of the Company for the year ended on that date.
- c) 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.
- 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. COMMITTEES:

The Company has already constituted the Audit committee, Shareholders' Committee, and Remuneration Committee pursuant to clause 49 of the Listing Agreement.

11. AUDITORS:

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

The Auditors has also submitted Peer Review Certificate issued by the Peer Review Board of the Institute of Chartered Accountants of India, New Delhi as required under Listing Agreement.

12. EXPLANATION ON AUDITOR'S COMMENT

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

- (a) With reference to para 3(b) to 3(d) of the Annexure to the Auditors' Report, a substantial part of the loans to entities covered under the register maintained pursuant to Section 301 did not involve any cash outgo from the Company and is purely of historical nature. No loan was granted during the year under report or arose during the year. The small accretion to the loan amount is only due to addition of interest charged on the opening balances of the loan which has been offered as income in the Company's tax returns. Further, one among the three parties has repaid their dues in full after the close of the financial year 2009-10. The Management is confident of receiving the entire amount in due course of time from the other two parties.
- (b) With reference to para 9(a) to 9(c) of the Annexure to the Auditors' Report, all the undisputed tax amounts shown therein have been either paid or have become subject matter of an appeal to the superior authorities after 31st March, 2010.

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- (c) With reference to para 11 of the Annexure to the Auditors' Report, the Central Excise Loan has remained pending as the implementing agency has been claiming compound interest on what is supposed to be an interest free excise loan under a scheme of incentives. The Company will sort out the matter with relevant agencies in due course of time. No material liability is expected in this regard. Please also refer to point No. 2 (f) in Notes to Accounts.

13. INSIDER TRADING:

The Company has implemented a policy prohibiting Insider Trading in conformity with applicable regulations of the Securities Exchange Board of India ("SEBI"), which has been laid down for employees, connected persons and persons deemed to be connected for trading in the securities of the Company.

14. MANAGEMENT DISCUSSION AND ANALYSIS.

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

15. PARTICULARS OF EMPLOYEES:

In terms of the provisions of Section 217(2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975, the names and other particulars of employees are set out in the Annexure B attached hereto.

16. 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).

17. FOREIGN EXCHANGE EARNING AND OUTGO:

Please refer to Note No. 20(6)C and 20(6)D of Notes to accounts for the foreign exchange earnings and outgo of the Company.

18. 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/-

SHYAM SUNDER TAPARIA
MANAGING DIRECTOR

Date: 12th August, 2010

Place: Mumbai.

Head Office:

B-2/B-3, MIDC Industrial Area,
Village Mira, Mira Road 401104
Dist. Thane.



ANNEXURE – A

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

Research and Development (R & D)

1. Specific areas in which R & D carried out by the company.
 - I. New product development for soft magnetic assemblies.
 - II. Use of alloys for magnet manufacturing.
 - III. Magnet design for optimizing flux in assemblies.
 - IV. In house chemical analysis facility.
 - V. Circuit Breaker components
2. Benefits derived as a result of above R & D.
 - I. Flexibility of Raw material procurement.
 - II. New product line developed.
 - III. Quality improvement due to chemical checking in house.
 - IV. Moulded Speedometer.
 - V. New Market segments with new components like Circuit Breakers
3. Future plan of action.
 - I. Yield improvement in cast magnets.
 - II. Alloy developments & modifications.
 - III. Assemblies related to electronic components.
 - IV. In House, complete testing facility for electronic components & assemblies
 - V. Sintered Alnico Magnet.
4. Expenditure on R & D (in Rs.)
 - a) Capita - Nil
 - b) Recurring - 20,98,160
 - c) Total - 20,98,160
 - c) Total R & D expenditure as a percentage of total turnover is 0.44%.

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.
 - II. Recycling of alloys.
2. Benefits derived as a result of above efforts e.g. product improvement, cost and in process cost, reduction, product developments, import.
 - I. New product line developed for company with big potential for future.
 - II. Flexibility of production.
3. In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year) substitution.

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ANNEXURE – B

Statement pursuant to Section 217(2A) of the Companies Act, 1956 and the Companies (Particulars of Employees) Rules, 1975, forming part of the Directors' Report for the year ended 31st March, 2010.

PARTICULARS OF EMPLOYEES (As required under Section 217(2A) of the Companies (Particulars of Employees Rules 1975)

Name	Remuneration (Rs.)		Designation	Qualification	Experience	Date of Joining	Age	Particulars of Last Employment
	Gross	Net						
1	2	3	4	5	6	7	8	9
Mr. K. B. Bhat	33,94,404	25,04,094	Chief Operating Officer	B.E. Mechanical	29 years	16-05-06	53	Celetronix India Pvt. Ltd. Vice President Operations



MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS ENVIRONMENT

Your Company has been able to weather global financial turmoil resulting into the one of the worst recessions. The year was very tough across all sectors for which Magnet Industry is no exception. It has been a drastic change in the way businesses are managed & conducted in order to survive the recession.

INDUSTRY STRUCTURE AND DEVELOPMENTS

The Alnico magnet industry worldwide is stable. Alnico magnets are used mostly in temperature sensitive applications. The industry demand is stable since a lot of substitution of Alnico has taken place by other magnetic materials while a small growth is continuing in the existing applications. The manufacturing of Alnico magnets and assemblies is now shifting from developed to developing nations since the manufacturing costs are lower.

The substitution of electromechanical meters with electronic meters is continuing and expected to increase pace. The magnetic assemblies market is growing every year due to additions of newer applications.

STRATEGIC INITIATIVE

The Company is well on its course to develop new products in the area of Electronics. The products which are being developed have high potential and will add substantial revenue in the coming years.

OPPORTUNITIES & CHALLENGES

The substitution of electromechanical meters by electronic ones presents an opportunity to the company for higher sale of components for meters across the world. The increased features in the electronic meters also present an opportunity to develop additional products for electronic meters.

With the development of Indian economy, there is a good potential for increasing the magnetic assemblies business for industries like automobile, electronics, construction, food processing etc.

Company is also seeing an opportunity for copper based alloys business worldwide.

The ongoing economic turmoil around the world has considerably impacted us as export of your Company is almost 75% of total Sales. The threat for sale of magnets to electromechanical meters continues due to substitution by electronic meters. Since the changes in electronic industry are very fast, it represents a threat to the traditional stability of business.

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

RISK AND CONCERN

Prices of main raw materials Cobalt, Nickel, Aluminum and Copper have been fluctuating sharply with great volatility. Foreign Currency Exchange rates have been fluctuating impacting the profitability of the Company adversely.

OUTLOOK

The economic crisis appears to have bottomed out slowly and export has started picking up. The outlook for business for 2010-11 appears positive at this point of time. PML is working actively to develop new products which will be the future of the Company. PML plans to expand the Hiperem business by product development and increase the Alnico business by getting into applications other than the traditional business of the Company.

INTERNAL CONTROL SYSTEMS & THEIR ADEQUACY

PML has an effective management and internal control systems including the use of internal audit. Most of the transactions are managed through specialized software.

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ISO 9001:2000 system is working effectively and is the main backbone of operations along with other systems. A corporate calendar is maintained for the compliances related to corporate laws. Further, PML plans to upgrade the existing accounting system to newer version for better integration with operations and ease of use.

FINANCIAL PERFORMANCE

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

INDUSTRIAL RELATION AND HUMAN RESOURCE MANAGEMENT

The industrial relations situation was satisfactory throughout the year. PML plans to expand the staff strength and to increase the training programs to effectively handle the fast changes in business.

ENVIRONMENT, HEALTH AND SAFETY

The Company has adequate audit systems in place to monitor all relevant parameters and it ensures that it does not violate any prescribed norms in this regard. New initiatives have been taken to preserve environment. PML also plans to launch an awareness campaign within the Company to educate staff and workers for environment, health and safety.

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 markets, 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 Shyam Sunder Taparia, CEO and Sharad Kumar Taparia, CFO 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/-
Shyam Sunder Taparia
(Chief Executive Officer)

For Permanent Magnets Limited
Sd/-
Sharad Kumar Taparia
(Chief Financial Officer)

Date: 29-05-2010
Place: Mumbai

Managing Director Declaration

I, Shyam Sunder 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/-
Shyam Sunder Taparia
Managing Director

Place: Mumbai
Date: 29th May 2010

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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 five directors of which three are non executive Directors. The numbers of Independent directors are three. The Chairman is Non Executive. The composition is as under:

Name of the 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	4	-	-
Mr. Shyam Sunder Taparia	Managing Director	2	-	-
Mr. Sharad Kumar Taparia	Executive Director	-	-	-
Mr. Anil Kumar Taparia	Independent and Non Executive	4	-	-
Mr. Rajeev Mundra	Independent and Non Executive	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 and Annual General Meeting held during the year 2009-2010

Date of Meetings	Attendance of Directors for Meetings held during the year 2009-2010				
Board Meetings	Arun Binani	Shyam Sunder Taparia	Sharad Kumar Taparia	Anil Kumar Taparia	Rajeev Mundra
29-04-2009	✓	✓	✓	✓	✓
30-06-2009	✓	✓	✓	✓	✓
31-07-2009	✓	✓	✓	✓	✓
17-08-2009	✓	✓	✓	✓	✓
04-09-2009	✓	✓	✓	✓	✓
31-10-2009	✓	✓	-	✓	✓
03-11-2009	✓	✓	✓	✓	✓
05-12-2009	✓	✓	✓	✓	✓
30-01-2010	✓	✓	✓	✓	✓
Last AGM					
30-09-2009	✓	✓	-	✓	✓

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



3. AUDIT COMMITTEE

3.1 Constitution

During the year under review, the committee consisted of three directors viz. Mr. Rajeev Mundra, Chairman, Mr. Arun Binani and Mr. Anilkumar Taparia.

3.2 Composition, names of members and chairman-

Sr. No.	Members	Category
1.	Mr. Rajeev Mundra	Independent Non Executive Director
2.	Mr. Anil Kumar Taparia	Independent Non Executive Director
3.	Mr. Arun Binani	Independent Non Executive Director

Dinesh Lahoti, Company Secretary acts 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 2009-2010		
	Mr. Rajeev Mundra	Mr. Anil kumar Taparia	Mr. Arun Binani
29-04-2009	✓	✓	✓
30-06-2009	✓	✓	✓
31-07-2009	✓	✓	✓
31-10-2009	✓	✓	✓
30-01-2010	✓	✓	✓

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 three directors viz Mr. Rajeev Mundra, Chairman, Mr. Arun Binani and Mr. Anilkumar Taparia. The Committee is 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 Committee met once during the year on 31-07-2009. All the members were present at the meeting.

4.3 The remuneration policy of the company:

At present, the Managing Director does not draw any remuneration. No remuneration is payable to the non executive directors.

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Sitting Fees (Rs.)

Name of Director	Board	Audit Committee	Remuneration Committee	Shareholders' Grievance Committee	Total
Mr. Arun Binani	18000	2500	500	2000	23000
Mr. Shyam Sunder Taparia	18000	-	-	-	18000
Mr. Anilkumar Taparia	18000	2500	500	-	21000
Mr. Rajeev Mundra	18000	2500	500	2000	23000
Mr. Sharad Kumar Taparia	-	-	-	-	-

The company does not have any stock option scheme.

5. Shareholders Grievance Committee

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

Date of the Meeting	Attendance of Directors for Meetings held during the year 2009-2010	
	Mr. Rajeev Mundra	Mr. Arun Binani
29-04-2009	✓	✓
31-07-2009	✓	✓
31-10-2009	✓	✓
30-01-2010	✓	✓

During the year the Company received 2(Two) complaints. Both of them were resolved by the Company to the satisfaction of investors.

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

6. General Body Meetings

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

Date and Time	Location
46th Adjourned Annual General Meeting 25 th June, 2009, 2.00 P.M.	Shree Premanand Sahitya Sabha, Premanand Sahitya Bhavan, Dandiya Bazar, Vadodara 390001
47th Annual General Meeting 15 th September, 2009, 2.00 P.M.	Shree Premanand Sahitya Sabha, Premanand Sahitya Bhavan, Dandiya Bazar, Vadodara 390001
48th Annual General Meeting 30 th September, 2009, 2.00 P.M.	Shree Premanand Sahitya Sabha, Premanand Sahitya Bhavan, Dandiya, Bazar, Vadodara 390001

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. '14' to the Schedule S, 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 The quarterly results are being published in Free Press Journal and Nav Shakti in Mumbai Edition and in Indian Express and Vadodara Samachar in Vadodara Edition. Half yearly results are not sent to individual shareholders. They are not displayed on the web site. 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	30 th September 2010 at 2.00 p.m. Shree Premanand Sahitya Sabha, Premanand Sahitya Bhavan, Dandiya Bazar, Vadodara 390001
II	Financial reporting for the quarter ending 30 th June, 2009 30 th September, 2009 31 st December, 2009 31 st March, 2010	Financial calendar for the year 2010-11 (Provisional) 12 th August, 2010 Second week of November, 2010 Second week of February, 2011 Last week of May, 2011
III	Book Closure Date	From 25 th September, 2010 to 30 th September, 2010 (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	Dematerialisation of shares	As at 31 st March, 2010, 77,43,694 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 st Floor, Makwana Road, Marol Naka, Andheri (E), Mumbai 400059

PERMANENT MAGNETS LIMITED

Market Price Data; High / Low during each month of 2009-10 on The Bombay Stock Exchange Limited:

Date	High (Rs.)	Low (Rs.)	Number of Shares
April 2009	13.53	9.86	9039
May 2009	15.84	12.47	26943
June 2009	14.55	10.25	13617
July , 2009	14.50	10.20	99226
August 2009	14.26	11.88	62920
September 2009	13.58	12.01	23747
October 2009	14.55	11.63	26011
November 2009	16.50	11.80	54824
December 2009	18.15	14.10	115964
January 2010	22.45	16.00	146237
February 2010	19.15	15.85	58779
March 2010	11.40	8.76	10013

Source: www.bseindia.com

H - L -> High – Low





Distribution of Shareholding as on 31st March, 2010

No. of shares	No. of shareholders	% of shareholders	No. of shares held	% of shareholding
1- 500	5030	88.08	690070	8.03
501- 1000	374	6.55	301174	3.50
1001- 2000	150	2.63	221006	2.57
2001- 3000	37	0.65	93540	1.09
3001- 4000	24	0.42	85993	1.00
4001- 5000	15	0.26	72850	0.85
5001-10000	24	0.42	173288	2.02
Over 10000	57	1.00	6960532	80.95
Total	5711	100.00	8598453	100.00

Categories of shareholding as on 31st March, 2010

Category	No. of Shareholders	No. of shares held	% of shareholding
Promoters	49	6175062	71.82
Individuals	5548	2104027	24.47
NRI's	13	36555	0.43
Companies	73	197546	2.29
Banks FIs, Insurance Co., Trust etc.	28	85263	0.99
Total	5896	8598453	100

Address for Correspondence - Shareholders are requested to contact:

M/S Adroit Corporate Services Pvt. Ltd.

19, Jafferbhoy 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. Plot No. B-3, MIDC Indl. area, Village Mira, Dist-Thane 401104
3. Plot No. 110/1/11 & 12, Himalaya Industrial Estate, Village Amli, Dadra and Nagar Haveli, Silvassa – 396 230

CERTIFICATE

We have reviewed the implementation of Corporate Governance procedures by the Company during the year ended March 31, 2010 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
Registration No. 104184W

Sd/-
Ashish Sheth
(M. No. 107162)
PARTNER

Date: 12th August, 2010
Place: Mumbai

PERMANENT MAGNETS LIMITED

Auditor's Report

TO,
THE MEMBERS OF PERMANENT MAGNETS LIMITED

We have audited the attached Balance Sheet of Permanent Magnets Ltd. as at 31st March 2010, the Profit and Loss Account for the year ended on that date and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

1. We conducted our audit in accordance with Auditing Standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
2. As required by the Companies (Auditor's Report) Order, 2003 as amended by Companies (Auditor's Report) (Amendment) Order, 2004 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order.
3. Further to our comments in the Annexure referred to in paragraph 2 above, we report that:
 - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b) In our opinion, proper books of account, as required by law, have been kept by the Company, so far as appears from our examination of those books;
 - c) The Balance Sheet, Profit Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - d) In our opinion the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the mandatory Accounting Standards referred in sub-section (3C) of section 211 of the Companies Act, 1956;
 - e) In our opinion, and based on information and explanations given to us, none of the directors are disqualified as on 31st March 2010 from being appointed as directors in terms of clause (g) of subsection (1) of section 274 of the Companies Act 1956;
 - f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the Significant Accounting Policies and other notes thereon give the information required by the Companies Act, 1956, in the manner so required, and present a true and fair view, in conformity with the accounting principles generally accepted in India:
 - (i) In so far as it relates to Balance Sheet, of the state of affairs of the Company as at 31st March, 2010; and
 - (ii) In so far as it relates to the Profit and Loss Account, of the Profit of the Company for the year ended on that date; and
 - (iii) In the case of the Cash Flow Statement, of the Cash Flows for the year ended on that date.

For Jayesh Sanghrajka & Co.
Chartered Accountants
Registration No. 104184W
Sd/-
Ashish Sheth
M.No. 107162
Partner

Place : Mumbai
Date : 29th May, 2010



Annexure to Auditor's Report

Referred to in Paragraph 2 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.
 - 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. There was no substantial disposal of fixed asset during the year.
2. In respect of its inventories:
 - a. As explained to us, inventories have been physically verified by the management at regular intervals during the year.
 - b. In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
 - c. The Company has maintained proper records of inventories. As explained to us, there was no material discrepancies noticed on physical verification of inventory as compared to the book records.
3. In respect of loans, secured or unsecured, granted or taken by the Company to/from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956:
 - a. The Company has granted loans to three companies which are covered in the register maintained under section 301 of the Companies Act 1956 aggregating to Rs. 158.14 Lakhs in earlier years. The outstanding balance as on 31/03/2010 is Rs. 169.21 Lakhs.
 - b. *No interest is charged in case of two parties. In case of one party interest is charged at a rate less than the rate at which the company has borrowed money. The terms and conditions thereof are prima facie prejudicial to the interest of the company.*
 - c. *The receipt of principal amount and interest is not regular.*
 - d. *No reasonable steps have been taken by the company for recovery of the principal and interest amount.*
 - e. As per the information and explanation given to us, the Company has not taken loans from parties which are covered in the register maintained under section 301.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the Company and the nature of its business for the purchase of inventory, fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any major weaknesses in internal control system.
5. In respect of transactions covered under Section 301 of the Companies Act, 1956:
 - a. In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements, that needed to be entered into in the register maintained under Section 301 of the Companies Act, 1956 have been so entered.
 - b. Transactions aggregating during the year to Rs. 5,00,000/- or more in respect of each party, have been made at prices which are reasonable having regard to prevailing market prices for such goods and materials available with the Company or prices at which transactions for similar goods have been made with other parties at the relevant time.

PERMANENT MAGNETS LIMITED

6. During the year the Company has not accepted any deposits from the public. Hence directives issued by the Reserve Bank of India and the provision of sections 58A & 58AA or any other relevant provision of the Act of the Companies Act, 1956 & the rules framed there under are not applicable.
7. In our opinion, the internal audit carried by the independent firm of Chartered Accountant, is commensurate with the size of the company and nature of its business.
8. According to the information given to us, the Central government has not prescribed maintenance of cost records under Section 209 (1) (d) of the companies Act, 1956.
9. In respect of statutory dues:
 - a. According to the information and explanation given to us, during the year the company was regular in depositing undisputed statutory dues including Provident fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales tax, Wealth Tax, Customs Duty, Excise Duty, Cess and other material statutory dues applicable to it, with the appropriate authorities except the following:

Nature of Dues	Amount	Due Date	Date of Payment
Tax Deducted at Source	2,58,805	07.05.2009	31.07.2009
Tax Deducted at Source	3,58,950	07.06.2009	31.07.2009
Tax Deducted at Source	1,91,341	07.07.2009	31.07.2009
Tax Deducted at Source	1,76,872	07.08.2009	26.10.2009
Tax Deducted at Source	3,19,625	07.09.2009	26.10.2009
Tax Deducted at Source	2,35,233	07.10.2009	26.10.2009
Tax Deducted at Source	2,94,995	07.12.2009	13.01.2010
Tax Deducted at Source	2,86,233	07.01.2010	13.01.2010
Tax Deducted at Source	2,90,532	07.02.2010	25.02.2010
ESIC	3595	21.09.2009	22.09.2009
ESIC	4686	21.01.2010	22.01.2010
ESIC	4876	21.02.2010	09.03.2010

- b. As at March 31, 2010, there have been no undisputed dues which have not been deposited with the respective authorities in respect of Income Tax, Wealth Tax, Excise Duty and Cess or any other statutory dues for a period of more than six months from the date they became payable except the following:

Nature of Dues	Amount (in Rs.)	Due Date
Income Tax	53,517	30th October, 2007
Fringe Benefit Tax	4,60,247	30th September, 2009

- c. According to the information and explanations given to us, as on 31.3.2010, there are no disputed amount payable in respect of Income Tax, Wealth Tax, Sales Tax, Custom Duty, except the following:

Name of the Statute	Nature of Dues	Amount	Forum
Central Excise Act	Excise Duty	63,18,000	CESTAT
Income Tax Act	Income Tax	2,05,801	CIT(A)

10. The Company has no accumulated losses and has not incurred any cash losses during the financial year covered by our audit or in the 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 *except Central Excise loan of Rs. 71.75 Lakhs (excluding interest and penalty) from ICICI Bank payable between October 2002 to October 2004, the company has not defaulted in repayment of dues to financial institutions or banks.*



The Company has not issued any Debentures and hence question of repayment to debenture holders does not arise.

12. In our opinion and according to the information and explanation given to us, no loans and advances have been granted by the Company on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund/ society. Therefore, clause 4(xiii) of the Companies (Auditor's Report) Order 2003 is not applicable to the Company.
14. In our opinion, the company is not a dealer or trader in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the CARO are not applicable to the company.
15. According to the information and explanation given to us, the Company has not given any guarantees for loans taken by others from banks or financial institutions.
16. On the basis of the record examined by us, and relying on the overall reconciliation of fund raised from term loan and total fund required for the purpose for which the term loans were obtained, we have to state that the company has, prime facie, applied the term loan for the purpose for which it is obtained. However, one to one nexus between the receipt of funds and utilisation of the same is not possible to establish.
17. On the basis of an overall examination of the Balance Sheet of the company, in our opinion, there are no funds raised on a short-term basis, which have been used for long term purposes and vice versa.
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.
20. The company has not raised any money through public issues during year hence the disclosure of end use of the money raised through public issue does not arise.
21. In our opinion and according to the information and explanation given to us, no fraud on or by the Company has been noticed or reported during the year that causes the financial statements to be materially misstated.

For Jayesh Sanghrajka & Co.
Chartered Accountants
Registration No. 104184W
Sd/-
Ashish Sheth
M.No. 107162
Partner

Place: Mumbai
Date: 29th May, 2010

PERMANENT MAGNETS LIMITED

PERMANENT MAGNETS LIMITED BALANCE SHEET AS AT 31st MARCH, 2010

PARTICULARS	SCH.	(in Rs.) 2009-10	(in Rs.) 2008-09
SOURCES OF FUNDS:			
Shareholders' Funds:			
Share Capital	A	85,984,530	85,984,530
Reserve & Surplus	B	72,382,210	69,794,619
		158,366,740	155,779,149
Loan Funds:			
Secured Loans	C	218,860,124	151,436,342
Unsecured Loans	D	4,444,832	10,306,672
		223,304,956	161,743,014
Total		381,671,696	317,522,163
APPLICATION OF FUNDS :			
Fixed Assets:			
Gross Block	E	157,403,699	139,593,791
Less: Depreciation		101,813,495	95,323,289
Net Block		55,590,204	44,270,502
Capital Work in Progress		-	-
		55,590,204	44,270,502
Investments	F	69,000	19,000
Deferred Tax Assets		8,998,788	8,123,522
Current Assets Loans & Advances:			
Inventories	G1	324,415,476	316,498,986
Sundry debtors	G2	94,566,711	47,866,961
Cash & bank Balances	G3	47,208,174	27,653,943
Loans & Advances	G4	66,974,295	145,036,038
		533,164,656	537,055,929
Less: Current Liabilities & Provisions			
Sundry Creditors	H	199,350,874	241,942,273
Other Current Liabilities & Provisions:	I	16,800,078	30,004,516
Net Current Assets		317,013,704	265,109,139
Misc expenditures		-	-
(to the extent not written off)			
Total		381,671,696	317,522,163
Significant Accounting Policies & Notes to Accounts	S		

Schedules referred above & notes to the Account forms an integral part of Balance Sheet & Profit & Loss A/c.

As per our Report of even date
For Jayesh Sanghrajka & Co.
Registration No: 104184W
Chartered Accountants

Sd/-
Ashish Sheth
(M.No. 107162)
Partner
Place : Mumbai
Date: 29th May,2010

For & On Behalf of the Board

Sd/-
Arun Binani
Chairman

Sd/-
Sharad Taparia
Executive Director

Sd/-
Shyam Sunder Taparia
Managing Director

Sd/-
Dinesh Lahoti
Company Secretary



PERMANENT MAGNETS LIMITED
PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2010

		(in Rs.)	(in Rs.)
PARTICULARS	SCH.	2009-10	2008-09
INCOME:			
Sales	J	494,202,794	621,395,322
Less : Excise Duty & Sales Tax		15,065,814	25,045,902
Net Sales		479,136,980	596,349,420
Other Income	K	22,116,161	117,314,633
		501,253,141	713,664,053
EXPENDITURE:			
Cost of Goods Sold	L	295,866,358	348,158,273
Manufacturing Expenses	M	61,114,549	114,157,525
Employee's Cost	N	25,093,500	27,713,459
Administration & Other Expenses	O	31,917,818	118,825,680
Finance Expenses	P	38,161,458	30,138,700
Selling Expenses	Q	29,756,667	30,672,697
Depreciation	E	9,803,166	11,027,109
Prior Year (Income)/Expenses	R	511,339	167,083
		492,224,855	680,860,526
Profit before extra ordinary Items		9,028,286	32,803,527
Less : Extra ordinary Items			
Deferred Revenue Expenses w/off. (See note no. II-10 in Sch. S)		6,691,928	9,457,787
NET PROFIT BEFORE TAX		2,336,358	23,345,740
Less: Tax Expense \ (Saving)			
Current Tax		360,970	2,475,511
Deferred Tax		(875,266)	(393,476)
Fringe Benefit Tax		-	838,756
Short (excess)Provisions of earlier years		263,063	533,788
Tax (Saving)/Expenses		(251,233)	3,454,579
NET PROFIT/(LOSS) AFTER TAX		2,587,591	19,891,161
Add: Profit/(Loss) Brought Forward		39,250,381	19,359,220
NET PROFIT/(LOSS) CARRIED FORWARD		41,837,972	39,250,381
Earnings per share			
Basic (on closing numbers of shares)		0.30	2.31
Diluted		0.30	2.31

Significant Accounting Policies & Notes to Accounts

S

Schedules referred above & notes to the Account forms an integral part of Balance Sheet & Profit & Loss A/c.

As per our Report of even date
For Jayesh Sanghrajka & Co.
Registration No: 104184W
Chartered Accountants
Sd/-
Ashish Sheth
(M.No. 107162)
Partner
Place : Mumbai

For & On Behalf of the Board

Sd/-
Arun Binani
Chairman

Sd/-
Sharad Taparia
Executive Director

Sd/-
Shyam Sunder Taparia
Managing Director

Sd/-
Dinesh Lahoti
Company Secretary

PERMANENT MAGNETS LIMITED

Schedules annexed to and forming part of the Financial Statements as at 31st March, 2010

PARTICULARS	SCH.	(in Rs.) 2009-10	(in Rs.) 2008-09
<u>SCHEDULE : A : SHARE CAPITAL</u>			
<u>Authorised:</u>			
(a) 1,00,00,000 (Previous year 1,00,00,000) Equity Shares of 10/-each		100,000,000	100,000,000
(b) 60,00,000 (Previous year 60,00,000) Redeemable Cumulative/ non-cumulative Preference shares of 10/-each		60,000,000	60,000,000
		16,00,00,000	16,00,00,000
<u>Issued:</u>			
(a) 85,98,453 (Previous year 85,98,453) Equity Shares of `10/- each		85,984,530	85,984,530
		85,984,530	85,984,530
<u>Subscribed and Paid-up:</u>			
85,98,543 (P.Y.85,98,543) Equity Shares of `10/- each, fully paid up		85,984,530	85,984,530
(Of the above -			
(a) 11,000(P.Y.11,000) Shares have been allotted as fully paid up, pursuant to a contract for Technical Know-how without having been received in cash			
(b) 3,86,620 (P.Y.3,86,620) Shares are allotted as paid up Bonus shares by capitalisation of Reserves)			
(c) 39,20,313 shares (P.Y.39,20,313) have been allotted in accordance with the scheme of Amalgamation & Arrangement to the shareholders of merged Companies.			
	Total	85,984,530	85,984,530
<u>SCHEDULE : B : RESERVES AND SURPLUS</u>			
(A) Revaluation Reserve:			
Opening Balances			8,221,024
Less : Transferred on account of sale			8,221,024
Less: Transferred to Profit and Loss Account.		-	-
Balance of Revaluation Reserves		-	-
(B) Share Premium:		28,019,668	28,019,668
(C) General Reserve		2,524,570	2,524,570
(D) Balance as per the Profit and Loss Account carried forward			
Opening Balance		39,250,381	19,359,220
Add : Additions during the year		2,587,591	19,891,161
		41,837,972	39,250,381
	Total	72,382,210	69,794,619
<u>SCHEDULE : C : SECURED LOANS</u>			
A) Working Capital Finance from Banks (net)		97,874,947	103,966,070
(For Security See Note (a) below)			
B) Term Loans		100,000,000	27,837,922
(For Security See Note (b) below)			
C) Loans for Vehicles		1,243,570	1,906,867
(For Security See Note (c) below)			
D) Central Excise loan (See note no. II-2 (f) in Sch. S)		7,175,000	7,175,000
(For Security See Note (d) below)			



Interest accrued and due - On Central Excise Loan	11,377,566	10,257,566
- On Term Loans from Banks	1,189,041	292,917

Total 218,860,124 151,436,342

- a) Secured against
- (I) 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), (ii) And further secured by TDR of Rs. 3.39 Crores.
- b) (I) Exclusive charge on 5000 sq.ft.of constructible area at Borivali property out of the 15% Share of the Company,
- (ii) These facilities are further secured by personal guarantees of Directors and relatives and a Corporate Guarantee by Synagogue Impex Ltd.
- c) Secured by hypothecation of specific assets/ vehicles purchased.
- d) Secured by hypothecation of specific assets purchased under the scheme.

SCHEDULE : D : UNSECURED LOANS

Deffered Sales Tax Liability	2,909,088	2,909,088
Inter-Corporate Loan	1,535,744	7,397,584

Total 4,444,832 10,306,672

SCHEDULE: E: FIXED ASSETS

Description	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 01.04.2009	Additions During the year	Deductions Adjust-ments	As at 31.03.2010	Upto 31.03.2009	For the Period	Deductions / Adjust-ments	Upto 31.03.2010	As at 31.03.2010	As at 31.03.2009
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Freehold Land	15,253	15,695,327	-	15,710,580	-	-	-	-	15,710,580	15,253
Building	15,868,940	-		15,868,940	2,993,693	1,287,525	-	4,281,218	11,587,722	12,875,247
Plant & Machinery	94,234,184	4,929,717	2,633,830	96,530,071	70,811,820	6,594,416	2,438,849	74,967,387	21,562,684	23,422,364
Electric Installation	2,070,082			2,070,082	1,352,927	167,958	-	1,520,885	549,197	717,155
Laboratory Equipments	199,487			199,487	162,046	8,769	-	170,815	28,672	37,441
Misc. Factory Equipments	4,276,422	158,667		4,435,089	3,299,584	265,935	-	3,565,519	869,570	976,838
Automobiles & Vehicles	6,591,656		905,941	5,685,715	4,588,877	499,561	832,613	4,255,825	1,429,890	2,002,779
Furniture & Fixtures	6,436,646	37,679		6,474,325	4,019,789	444,271	-	4,464,060	2,010,265	2,416,857
Office Equipments	9,901,121	571,328	43,046	10,429,410	8,094,553	534,732	41,506	8,587,787	1,841,623	1,806,568
TOTAL	139,593,791	21,392,718	3,582,817	157,403,699	95,323,289	9,803,166	3,312,968	101,813,495	55,590,204	44,270,502
Capital Work In Progress	-	-	-	-	-	-	-	-	-	-
TOTAL	139,593,791	21,392,718	3,582,817	157,403,699	95,323,289	9,803,166	3,312,968	101,813,495	55,590,204	44,270,502
Previous Year	159,879,102	6,854,624	27,139,935	139,593,791	97,355,360	11,027,110	13,059,181	95,323,289	44,270,502	62,523,742

PERMANENT MAGNETS LIMITED

PARTICULARS	SCH.	2009-10	2008-09
SCHEDULE : F : INVESTMENTS			
Long Term Investment			
Unquoted			
Kisan Vikas Patra (Hypothecated with Sales Tax Authorities)		60,000	10,000
Quoted			
200 Equity Shares of Bank of India (Market Value as on 31.03.2010 Rs. 61,150/-) (P.Y Rs. 43980/-)		9,000	9,000
Total		69,000	19,000
SCHEDULE : G : CURRENT ASSETS, LOANS & ADVANCES			
Inventories : G1 :			
(As per inventory valued and certified by the Management)			
Stores, Spares & Others		2,666,792	1,228,671
Raw Materials (including in-transit Rs. 2,05,24,187/- (P. Y. Rs. 2,39,97,392) and scrap at Net realisable value Rs. 80,71,065/- (P.Y. Rs. 23,13,203)		155,088,625	149,498,389
Work-in Process		154,027,292	144,519,961
Finished Goods		12,632,767	21,251,965
Total		324,415,476	316,498,986
Sundry Debtors : G2 :			
(Unsecured, Considered Good, as certified by the Management)			
Debts outstanding for a period exceeding six months		5,808,874	4,646,281
Other Debts		88,757,837	43,220,680
Total		94,566,711	47,866,961
Cash & Bank Balances : G3 :			
Cash In Hand		472,900	14,187
Bank Balance			
With Scheduled Banks:			
In Current Accounts		640,260	3,241,803
In Fixed Deposits		45,678,131	24,346,234
Interest receivable on Fixed Deposits		416,883	51,719
Total		47,208,174	27,653,943
Loans and Advances : G4 :			
(Unsecured, considered good unless otherwise stated)			
Advances recoverable in cash or kind		20,852,051	13,171,301
Inter Corporate Deposits		21,970,722	25,265,771



PARTICULARS	SCH.	2009-10	2008-09
Loan to Employees		230,081	256,381
Deposits		6,826,602	8,163,724
Deferred Revenue Expenses		-	6,691,928
Balances with Central Excise Department		8,176,167	5,597,055
Recoverable from Excise Departments		2,276,640	1,555,965
Export Benefits Recoverable		5,980,419	7,158,763
Advance Payment of Income Tax & TDS		661,613	1,875,150
Recoverable Against Property		-	75,300,000
Total		66,974,295	145,036,038

SCHEDULE : H : SUNDRY CREDITORS

Sundry Creditors		48,304,874	58,667,043
(See note no II-6 in Sch. S)			
Sundry Creditors under Foreign Bills		151,046,000	183,275,230
Total		199,350,874	241,942,273

SCHEDULE : I : OTHER CURRENT LIABILITIES & PROVISIONS

A. CURRENT LIABILITIES :

Advance fom Customers		818,093	718,922
Security Deposit		100,000	100,000
Other Liabilities		6,265,341	15,107,058

A **7,183,434** **15,925,980**

B. PROVISIONS :

Gratuity		5,305,167	6,030,357
Leave Encashment		2,770,466	2,600,914
Other Provision		1,180,041	1,657,798
Provision for Taxation		360,970	3,789,467

B **9,616,644** **14,078,536**

Total (A+B) **16,800,078** **30,004,516**

SCHEDULE : J : SALES

A. SALES

Local Sales :		140,097,465	159,230,372
Export Sales.		342,734,165	447,442,654

A **482,831,630** **606,673,026**

B. OPERATIONAL INCOME

Export Benefits		11,371,164	14,722,296
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B **11,371,164** **14,722,296**

Total (A + B) **494,202,794** **621,395,322**

PERMANENT MAGNETS LIMITED

PARTICULARS	SCH.	2009-10	2008-09
<u>SCHEDULE : K : OTHER INCOME</u>			
Miscellaneous Income		13,162	532,584
Profit on sale of Assets (Net)		20,619,102	115,616,237
Scrap Sales		765,749	1,165,812
Misc balances written back		718,148	-
Total		22,116,161	117,314,633
<u>SCHEDULE : L: COST OF GOODS SOLD</u>			
Cost of Goods Sold			
Opening stock		149,498,389	127,753,413
Add: Purchase during the year		302,344,728	404,657,931
		451,843,117	532,411,344
Less: Closing stock		155,088,625	149,498,389
	A	296,754,492	382,912,955
A. Opening Stock of:			
Work-in-Process		144,519,961	120,979,950
Finished Goods		21,251,964	10,037,293
	B	165,771,925	131,017,243
B. Closing Stocks of:			
Work-in-Process		154,027,292	144,519,961
Finished Goods		12,632,767	21,251,964
	C	166,660,059	165,771,925
	D (B-C)	(888,134)	(34,754,682)
Total (A+D)		295,866,358	348,158,273
<u>SCHEDULE : M : MANUFACTURING EXPENSES</u>			
Excise Duty on Finished Goods		(689,684)	616,843
Expenses of Patterns		74,800	295,576
Freight Inwards		7,931,774	8,426,011
Power and Fuel		11,118,045	32,223,255
Repairs to Machinery		1,538,747	1,410,897
Stores and Spares Consumed		7,156,155	22,673,711
Sub-Contracts		33,984,712	48,511,232
Total		61,114,549	114,157,525
<u>SCHEDULE : N : EMPLOYEES' COST</u>			
Bonus		126,383	123,706
Contribution to P.F.& ESIC		1,603,953	1,648,399
Directors' Sitting Fees		85,000	65,500
Ex-Gratia payment		240,345	203,254
Gratuity		(375,190)	773,496
Retirement Compensation		596,000	638,000
Salaries and Wages		20,226,669	19,599,235
Staff Welfare		2,590,340	4,661,869
Total		25,093,500	27,713,459



PARTICULARS	SCH.	2009-10	2008-09
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SCHEDULE : O : ADMINISTRATION & OTHER EXPENSES

Auditors' Remuneration		325,000	230,000
Computer Expenses		865,112	1,316,805
Donations		5,100	150,000
Insurance		351,263	484,446
Legal and Professional Charges		9,209,569	14,028,021
Miscellaneous Expenses		635,179	2,049,140
Office Expenses		124,448	109,526
Postage, Telephone & Telegrams		1,820,767	2,625,898
Printing & Stationery		533,118	857,298
Rates and Taxes		1,149,465	1,623,820
Rent		5,408,606	10,258,385
Repairs - Building		958,099	737,759
Repairs - others		366,334	788,586
Travelling, Conveyance and Motor Car Expenses		6,728,868	8,434,035
Foreign Exchange Fluctuation loss (See note no. I-i, II-11 in Sch S)		3,436,890	75,131,961
Total		31,917,818	118,825,680

SCHEDULE : P : FINANCE EXPENSES

Interest on Term Loans		15,277,871	5,479,098
Interest on Working capital		14,379,191	16,803,706
Bank Charges and L/C Charges		12,176,492	9,168,855
		<u>41,833,554</u>	<u>31,451,659</u>
Less : Interest Income		3,672,096	1,312,959
(TDS Rs. 357639/- P.Y. Rs. 305892/-)			
Total		38,161,458	30,138,700

SCHEDULE : Q : SELLING EXPENSES

Advertisement and Publicity		316,852	242,727
Commission to Selling Agents		17,671,251	22,194,789
Freight Outward and Transportation		11,242,190	7,984,903
Sales Promotion Expenses		526,374	250,278
Total		29,756,667	30,672,697

SCHEDULE : R : PRIOR PERIOD INCOME / (EXPENSES)

Rent		250,000	-
Rates & Taxes		25,405	40,589
Selling expenses & others		235,934	126,494
Total		511,339	167,083

PERMANENT MAGNETS LIMITED

SCHEDULE: S: SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

I) SIGNIFICANT ACCOUNTING POLICIES

The financial statements are prepared to comply in all material aspects with the applicable accounting principles in India, the accounting standards issued by the Institute of Chartered Accountants of India and the relevant provisions of "The Companies Act, 1956. 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. Accounting policies are suitably disclosed as notes annexed to the Balance Sheet and Profit & Loss Account.

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 upto the date of readiness of use. There has been no revaluation of fixed assets.

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

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

d) Depreciation:

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 addition and disposals, depreciation is provided on pro-rata for the year of use.

e) Revenue Recognition:

1) Revenue in respect of sale of goods is recognized on dispatch of goods from the factory on the basis of excise invoice. Sales are accounted net of Excise Duty, Sales Tax, Discounts, Returns and Rejections. Materials returned/rejected are accounted for in the year of return/rejection.

2) For services rendered, the Company recognizes revenue on the basis of Completed Contract Method.

3) Export Sales are recognized on dispatch of material from the premises of the Company irrespective of the date of shipping document.

4) According to Maharashtra Value Added Tax Act, dealer is required to pay sales tax on entire sales and is allowed credit of entire Value added tax suffered on purchases. Accordingly, the balance of Value added tax suffered on purchases not utilised against current years Sales is available for either refund or set-off in future. Therefore, all the transaction are accounted net of Value added tax and the balance in Value added tax account is included under the head recoverable from Tax department under Loans and Advances.

5) Export incentives, interest and other incomes are accounted on accrual basis except Dividend which is accounted in the year of receipt.



f) Export Benefits:

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

g) Excise Duty:

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

h) Retirement Benefits:

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

Defined benefit plans like gratuity & Leave Encashment are determined based on actuarial valuation carried out by an independent actuary at the balance sheet date using the Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit, and measures each unit separately to build up final obligation. The obligation is measured at the present value of the estimated future cash flows. The discount rate used for determining the present value of the obligation under defined benefit plans, is based on the market yields on government securities at the balance sheet date. Actuarial gains and losses are recognized immediately in the profit and loss account.

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

i) Foreign Currency Transactions:

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

j) Inventories:

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

- 1) The inventory of raw material is valued at cost plus all incidental expenses up to receipt of raw material in factory. The method of arriving at cost is FIFO basis.
- 2) The inventory of Work-in-Process is valued at Raw Material cost plus appropriate share of manufacturing overheads or at net realizable value whichever is lower. The method of arriving at cost is FIFO basis.
- 3) Finished goods are valued at lower of Raw Material cost, manufacturing overheads or net realizable value. The method of arriving at the cost is FIFO basis.
- 4) Stores and spares are valued at cost. The method of arriving at the cost is FIFO basis.

PERMANENT MAGNETS LIMITED

- 5) Re-usable metallurgical residue is valued at the realizable value, as reduced by the estimated cost of purification/conversion, to render the material realizable.
 - 6) Cost of imported raw materials, components, and consumable in-transit, is taken at the equivalent rupee calculated at the rate of exchange prevailing at the year-end and excludes the subsequent expenditure to be incurred.
- k) Investments:**
- 1) Current investments are carried at the lower of cost and quoted/fair value, computed category wise.
 - 2) Investments, intended to be held for more than a year, from the date of acquisition, are classified as long-term. & they are stated at cost. Provision for diminution in the value of long-term investments is made only if such a decline is other than temporary in the opinion of the management.
- l) Taxation:**
- 1) Current Tax
The amount of Current tax is determined as the amount of tax payable in respect of taxable income for the year as per the provisions of the Income Tax Act, 1961 applicable to the current financial year.
 - 2) Deferred tax
Deferred 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 only when there is a virtual certainty of their realization.
- m) Borrowing Costs:**
Borrowing costs which are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets. All other borrowings costs are expensed out.
- n) Provisions, Contingent Liabilities & Contingent Assets:**
The company creates a provision when there is present obligation because of a past event that will probably result in the outflow of resources and a reliable estimate can be made of the amount of obligation. Provisions are reviewed at each balance sheet date and adjusted to reflect current best estimate.
- Contingent Liabilities are disclosed when there is a possible obligation or a present obligation but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of resources is remote, no provision or disclosure is made.
- Contingent assets are neither recognized nor disclosed in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that inflow of economic benefit will arise, the asset and related income are recognized in the period in which such change occur.
- o) Leases:**
There are no assets taken on finance lease. Lease arrangements, where the risk and rewards incidental to the ownership of asset substantially vests with the lessor are recognized as operating lease. Lease payments under operating leases are recognized as an expense in the Profit and Loss Account.
- p) Contingencies and Event Occurring after the Balance Sheet Date:**
There are no contingencies and events after the Balance Sheet dates that affect the financial position of the company.



II) NOTES TO ACCOUNTS:

1) In the opinion of Directors, the Current Assets, Loans & Advances and Investments have a value on realization at least equal to the amount at which they are stated in the Balance Sheet

2) Contingent Liabilities:

(Rs. in Lakhs)

Particulars	As at 31.03.10	As at 31.03.09
a) Unutilized Letters of Credit with Bankers	160.61	17.96
b) Bank Guarantee	19.25	19.25
c) Bills discounted with Banks and not realized (Secured by hypothecation of all moveable assets and second Charge on all Fixed Assets.)	558.27	633.42
d) Labour cases in the court for reinstatement and/or higher compensation, which in the opinion of the management demand no provision of liability than what is recorded in accounts.	31.73	28.80
e) Excise Department has rejected the appeal filed by the company and has raised demand as regards inter-unit transfers. The Company has filed appeal against the said order in CESTAT and has made payment of Rs. 5 Lakh for stay order. Stay order against recovery of the dues has been granted. In the opinion of Company's Consultant, since there is no suppression of facts by the Company, penalty imposed will be quashed. In case, if the case is decided against the Company, there will be no actual outflow to the Company due to availability of Cenvat credit. Further, in similar cases the Commissioner of Central Excise has ruled in favour of the company and has set aside the show cause notices. Duty Demanded Penalty	 31.59 31.59	 31.59 31.59
f) Interest on Central Excise loan (Operated through ICICI). Represents difference between (a) Simple interest provided for in books on overdue instalments of interest-free excise loan and (b) Compounded interest computed thereon by the erstwhile agency ICICI Ltd. The Company views former as the correct basis and does not expect any additional liability.	148.24	131.27
g) During the year, credit balances had been written back under the head Misc. Balances Written back". According to the company those amounts are not payable since all have become time barred.	6.26	0.52
h) Income tax Department has raised a demand of Rs. 2,59,318 in respect of Suyog Agency Ltd. (Company merged with PML) for the A. Y. 07-08 of which Rs. 53,517 is recognized in the books and for the balance amount the company has filed an appeal with CIT (A).	2.06	-

PERMANENT MAGNETS LIMITED

3) Extra Ordinary Income/Expenses:

(Rs. in Lakhs)

Particulars	As at 31.03.10	As at 31.03.09
A) Deferred VRS expenses written off During the F.Y. 2005-06, 111 workers of the Company accepted Voluntary Retirement. The Expenditure on VRS relates to number of years and not the current year alone. Therefore, the company has regrouped the write off of expenditure on VRS as an extra ordinary item to present correct impact on current year's results.	66.92	94.58

4) Remuneration to Auditors:

(Rs. in Lakhs)

Particulars	As at 31.03.10	As at 31.03.09
a) As Auditors	2.60	1.65
b) As Tax Auditors	0.65	0.65
Total	3.25	2.30
(Note: Above figures are excluding service tax)		

5) Managerial Remuneration :

No managerial remuneration has been paid during the year. Thus the provisions of section 198 of the Companies Act, 1956 have been complied with.

- 6) The details of amount payable to Micro & small industrial undertakings, in excess of Rs.1Lakh and outstanding for a period of more than 30 days are not ascertainable as the suppliers have not disclosed their status.
- 7) 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 Rs. 11.80 Lakhs (Previous Year Rs. 18.70 lakhs). The same amount has been included in the calculation of cost for valuation of finished goods.
- 8) Donation made by the Company is within the limits prescribed u/s. 293(1) (e) of the Companies Act 1956.
- 9) Balance under the head 'Sundry Debtors', 'Sundry Creditors', '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.

10) Deferred Revenue Expenditure:

The company has made a provision of Rs. 1,38,29,296 during the year 2004-05, and Rs.3,34,59,639 during the year 2005-06 towards retirement compensation, to be written off in 5 years. Accordingly Rs. 66,91,927 (Previous year Rs. 94,57,787) is written off during the year.

- 11) During the year Rs 34,36,890/- (Previous Year Rs. 7,51,31,961) has been Debited to the Profit and Loss account in respect of the Foreign Exchange Differences.

12) 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.

During the year under review, the company has paid Rs. 54.09 Lakhs on account of rent.



- 13) Loans and Advances include Rs.169.21 lakhs (Previous Year Rs. 158.15 lakhs) due from the Company in which Directors are interested.

14) Related Party Transaction:

As per the accounting standard 18 issued by the Institute of Chartered Accountants of India, the list of related parties are given below:

The list of related parties and nature of their relationship as on 31.3.2010:

Subsidiaries	NIL
Joint Ventures	NIL
Associate Companies	NIL
Directors / Key Management Personnel and their relatives:	
Shri Shyamsunder Taparia	Managing Director
Shri Sharad Taparia	Executive Director
Enterprises in control of Key Management Persons :	
a) Pregna International Limited	h) Shriorient Corporation
b) Permanent Infotech (I) Pvt. Ltd.	i) Suraj Agency
c) Taparia Loudspeakers Pvt. Ltd	j) Suyog Agency
d) Taparia Audio Component Pvt.Ltd.	k) Kymsap Enterprises
e) Nymph Properties Pvt. Ltd.	l) Shriniwas Company Pvt. Ltd
f) Varij Plantation Ltd.	m) Nova Audio systems Pvt. Ltd.
g) Jalaj Plantations Ltd.	n) Nutal realties

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

(Rs. In Lakhs)

Particulars	Directors / Key Management Personnel and their relatives		Companies / firms Controlled by the Directors		Total		Outstanding Balance (as on)	
	09-10	08-09	09-10	08-09	09-10	08-09	31.3.10	31.3.09
Directors' Remuneration & Fees	0.85	0.93	-	-	0.85	0.93	0.30	-
ICD taken	-	-	(22.00)	40.00	(22.00)	40.00	2.80	24.80
Security Deposit received	-	-	-	-	-	-	1.00	1.00
Selling Commission	-	-	176.71	221.23	176.71	221.23	-	-
Advance Given	-	-	(28.95)	1.71	(28.95)	1.71	68.23	97.18
ICD Given	-	-	11.07	124.52	13.56	124.52	169.21	158.14

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.

15) Segment Reporting:

The company is operating in single segment i.e. manufacturing of Cast Magnets & Assemblies. Hence AS-17 is not applicable.

16) Impairment of Assets:

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

PERMANENT MAGNETS LIMITED

17) Disclosure as per amendment to clause 32 of the Listing Agreement:

(Rs. in Lakhs)					
Sr. No.	Name of the Parties	Maximum balance outstanding during the year ended		Outstanding Balance as on	
		31.03.10	31.03.09	31.03.10	31.03.09
1.	Loans to Subsidiary Co.	NIL	NIL	NIL	NIL
2.	Unsecured Loans given where there are no Repayment Schedule				
	Nova Audio Visual Pvt. Ltd.	5.00	5.00	5.00	5.00
	Shriniwas Company Pvt. Ltd.	155.42	142.59	155.42	142.59
	Synogoge Impex Ltd.	8.79	8.06	8.79	8.06

18) Earnings per share:

Particulars		2009-10	2008-09
Net Profit before extra ordinary items attributable to Equity Shareholders	(A)	9279519	29348948
Extra ordinary items (Deferred Rev. Exp. w/off)		6691928	9457787
Net Profit after extra ordinary items attributable to Equity Shareholders	(B)	2587591	19891161
Weighted Number of equity shares	(C)	85,98,453	85,98,453
Basic and diluted Earning per share before extra ordinary items (in Rupees)	(A/C)	1.08	3.41
Diluted and diluted Earning per Share after extra ordinary items (in Rupees)	(B/C)	0.3	2.31

19) As on 31.3.2010, the company has Deferred Tax Assets of Rs. 89.99 Lakhs (Previous Year Rs. 81.24 Lakhs). Break up of the Deferred Tax assets and Liabilities in to Major Components of the respective balances are as under:

(Rs. in Lakhs)		
	As on 31.03.10	As on 31.3.09
Deferred Tax Asset :		
Retirement benefits	22.00	26.01
Expenses covered u/s. 43B of the Income Tax Act	37.84	26.05
Depreciation	30.15	29.18
Total Asset (A)	89.99	81.24
Deferred Tax Liabilities (B)	--	--
Net Deferred tax Asset (A - B)	89.99	81.24



20) Additional information's pursuant to paragraphs 3 and 4 of part II of Schedule VI to the Companies Act 1956

1. Turnover:

Class of Product	Unit	2009-10		2008-09	
		Qty. ('000)	Amount (in Lakhs)	Qty. ('000)	Amount (in Lakhs)
Cast Magnets including Assemblies & part & accessories of electricity Meter	Nos	172.82	4791.37	163.87	5964.85

*(Excludes Operational Income, and excise duty)

2. Purchases of Finished Goods: NIL

3. Opening & Closing Stock of Finished Goods:

Particulars	As at 31.03.10		As at 31.03.09	
	Qty (in Nos)	Amount (in Lakhs)	Qty (in Nos)	Amount (in Lakhs)
Cast Magnets Including Assemblies & Part & Accessories of Electricity Meter	6.83	126.33	9.26	212.52

4. Value of Raw Materials Consumed:

Particulars	Quantity (M.T.)		Amount (in Lakhs)	
	2009-10	2008-09	2009-10	2008-09
Cobalt / NICO Shots	3.83	55.63	70.63	1013.05
Nickel	2.41	14.89	27.23	166.75
Iron	6.54	46.09	7.03	29.55
Aluminum	1.41	13.15	1.57	17.69
Copper	11.82	2.25	38.65	8.45
Nickel Strips	94.25	103.67	1347.34	1746.85
Magnets	--	--	984.97	540.52
Others	--	--	490.11	211.81
Total	--	--	2967.54	3734.67

5. Capacities & production:

Particular	Licensed Capacity		Installed Capacity		Actual Production	
	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09
Cast Magnet Including assemblies (M.T.)	400	400	400	400	119.80	148.54
Part & Accessories of Electricity Meter (Pcs in Lakhs)	78	78	78	78	50.81	36

6. Expenditure and Earning in Foreign Currencies:

A) CIF Value of Imports:

Particulars	Amount (In Lakhs)	
	2009-10	2008-09
Raw Materials & component	2791.53	3202.68

PERMANENT MAGNETS LIMITED

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

Particulars	2009-10		2008-09	
	Amount (In Lakhs)	%	Amount (In Lakhs)	%
Raw Materials				
Imported	2488	83.84	3496.72	93.62
Indigenous	479.54	16.16	237.95	6.38
Total	2967.54	100	3734.67	100

C) Expenditure in foreign currencies incurred during the year:

Particulars	Amount (In Lakhs)	
	2009-10	2008-09
Travelling Expenses	18.23	19.04
Books & Periodicals	-	0.06
Others	7.70	7.70
Financial Charges	23.05	20.29

D) Earnings in foreign currencies during the year:

Particulars	Amount (In Lakhs)	
	2009-10	2008-09
FOB Value of Exports	3436.53	4440.40

- 21) 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. (Rs. in Lakhs)

Particulars	As at 31.03.10	As at 31.03.09
Reconciliation of opening and closing balance of present value of the defined benefit obligation and plan assets:		
Obligation at the beginning	60.30	65.69
Interest Cost	4.29	4.23
Service Cost	5.11	5.11
Actuarial (Gain)/Loss	(13.15)	(1.63)
Benefit Paid	(3.50)	(13.10)
Obligation at the period end	53.05	60.30
Defined benefit obligation liability as at the Balance Sheet is wholly funded by the company :		
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	3.50	13.10
Benefit paid	(3.50)	(13.10)
Fair Value of plan asset at the end of the year	0	0
Reconciliation of present value of obligation and fair value of plan asset:		
Fair Value of plan asset at the end of the year	0	0
Present Value of defined obligation at the end of the period	53.05	60.30
Liability recognized in the balance sheet	53.05	60.30
Gratuity Cost for the period:		
Service cost	5.11	5.11
Interest cost	4.29	4.23
Expected return on plan assets	0	0
Actuarial (gain)/loss	(13.15)	(1.61)
Expense recognized in Profit and Loss Account	(3.75)	7.73



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

(Rs. in Lakhs)

Particulars	As at 31.03.10	As at 31.03.09
Reconciliation of opening and closing balance of present value of the defined benefit obligation and plan assets:		
Obligation at the beginning	26.01	30.08
Interest Cost	1.52	0
Service Cost	10.11	11.87
Actuarial (Gain)/Loss	(4.63)	(11.12)
Benefit Paid	(5.31)	(4.82)
Obligation at the period end	27.70	26.01
Defined benefit obligation liability as at the Balance Sheet is wholly funded by the company:		
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	5.31	4.82
Benefit paid	(5.31)	(4.82)
Fair Value of plan asset at the end of the year	0	0
Reconciliation of present value of obligation and fair value of plan asset:		
Fair Value of plan asset at the end of the year	0	0
Present Value of defined obligation at the end of the period.	27.70	26.01
Liability recognized in the balance sheet	27.70	26.01
Leave Encashment Cost for the period		
Service cost	10.11	11.87
Interest cost	1.52	0
Expected return on plan assets	0	0
Actuarial (gain)/loss	(4.63)	(11.12)
Expense recognized in Profit and Loss Account	7.00	0.75

c) Valuation Assumptions

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

Particulars	As at 31.03.10	As at 31.03.09
Mortality Rate	LIC (1994-96)	LIC (1994-96)
Discount Rate	8%	7%
Salary Escalation Rate	4%	4%
Withdrawal Rate	1% throughout	1% throughout
Retirement Age	60 Years	60 Years

22) Previous years figures have been recast or regrouped wherever necessary to make them comparable with current year's figures.

As per our attached report of even date
For Jayesh Sanghrajka & Co.
Registration No. 104184W
Chartered Accountants
Sd/-
Ashish Sheth
Partner
M.No. 107162

For and on behalf of the Board

Sd/-
Arun Binani
Chairman

Sd/-
Sharad Taparia
Executive Director

Sd/-
Shyam Sunder Taparia
Managing Director

Sd/-
Dinesh Lahoti
Company Secretary

Place : Mumbai
Date : 29th May, 2010

PERMANENT MAGNETS LIMITED

CASH FLOW STATEMENT FOR THE YEAR 2009-10

	(Rs. in Lakhs)	(Rs. in Lakhs)
Particulars	2009-10	2008-09
(A) Cash Flow From Operating Activities		
Net Profit before Tax (See Note No.: 'B-11' of Sch. 'S')	23.36	233.46
Adjusted for :		
Depreciation	98.03	110.27
(Profit) / Loss on Sale of Assets	(206.19)	(1,156.16)
Taxes Paid	(30.90)	(14.21)
Finance Expenses (Net)	381.61	301.39
Deferred Revenue Expenses written off	66.92	94.58
Operating Profit before Working Capital Changes (A1)	332.84	(430.68)
Trade and Other Receivables	(467.00)	485.59
Inventories	(79.16)	(559.31)
Other Current Assets	720.31	(496.44)
Trade Payables	(425.91)	465.61
Other Current Liabilities	(114.00)	(639.56)
Cash Generated from Operations (A2)	(365.77)	(744.11)
Net Cash from Operating Activities (A=A1+A2)	(32.92)	(1,174.78)
(B) Cash Flow From Investing Activities		
Purchase of Fixed Assets	(213.93)	(68.55)
Sale of Fixed Assets	208.89	1,214.76
Increase in Investment in Rudrapur	(0.50)	-
Net Cash used in Investment Activities (B)	(5.54)	1,146.21
(C) Cash Flow From Financing Activities		
Proceeds From Long Term Borrowings	735.15	(106.29)
Proceeds From Unsecured Loans	(58.62)	10.50
Proceeds From Bank Borrowings	(60.91)	352.69
Interest Paid	(381.61)	(301.39)
Net Cash Used in Financing Activities (C)	234.00	(44.49)
Net Increase/(Decrease) in Cash & Cash Equivalent (A+B+C)	195.54	(73.06)
Opening Balance of Cash and Cash Equivalent	276.54	349.60
Closing Balance of Cash and Cash Equivalent	472.08	276.54
	(195.54)	73.06

As per our Report of even date
For Jayesh Sanghrajka & Co.
Registration No: 104184W
Chartered Accountants

Sd/-
Ashish Sheth
(M.No. 107162)
Partner
Place : Mumbai
ate: 29th May,2010

For & On Behalf of the Board

Sd/-
Arun Binani
Chairman

Sd/-
Shyam Sunder Taparia
Managing Director

Sd/-
Sharad Taparia
Executive Director

Sd/-
Dinesh Lahoti
Company Secretary



**STATEMENT PURSUANT TO PART IV OF SCHEDULE VI TO THE COMPANIES ACT, 1956
BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**

I. Registration Details:

Registration No.	1002	State Code	04
Balance Sheet	31.03.2010	(Refer Code List 1)	

II Capital Raised during the year (Amount in Thousands)

Public Issue	Nil	Right Issue	Nil
Bonus Issue	Nil	Private Placement (on amalgamation)	Nil

III Position of Mobilisation and Deployment of Funds (Amount in Thousands)

Total Liabilities	597823	Total Assets	597823
Sources of Funds			
Paid-up Capital	85985	Reserves & Surplus	72382
Secured/Unsecured Loans	223305	Deferred Liabilities	Nil
Application of Funds			
Net Fixed Assets	55590	Investments	69
Net Current Assets	317014	Misc. Expenditure	Nil
Accumulated Losses	Nil		

IV. Performance of Company (Amount in Thousands)

Turnover and other Income	516319	Total Expenditure	507291
+ - Profit / Loss Before Tax	2336	+ - Profit / Loss After Tax	2588

✓

✓

(Please tick Appropriate box + for Profit - for Loss)

Earning Per Share in `	0.30	Dividend @ %	0
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V Generic Names of Three Principal Products / Services of Company (as per monetary terms)

Item Code No. (ITC Code)	85051190	Product Description	Cast Alloy Permanent Magnets
	90289010		Parts and accessories for electricity meter

As per our Report of even date
For Jayesh Sanghrajka & Co.
Registration No: 104184W
Chartered Accountants

For & On Behalf of the Board

Sd/-
Arun Binani
Chairman

Sd/-
Shyam Sunder Taparia
Managing Director

Sd/-
Ashish Sheth
(M.No. 107162)
Partner
Place : Mumbai
Date: 29th May,2010

Sd/-
Sharad Taparia
Executive Director

Sd/-
Dinesh Lahoti
Company Secretary

PERMANENT MAGNETS LIMITED

PERMANENT MAGNETS LIMITED

Registered Office: Lohana Boarding House, Raopura, Vadodara – 390 001.

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 49th **ANNUAL
GENERAL MEETING** of the Company to be held at Shree Premanad Sahitya Bhavan on Thursday the 30th September
2010 at 2.00 p.m. and at any adjournment thereof.

Signed this day of, 2010

Reg. Folio No.

No. of Shares

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

Registered Office: Lohana Boarding House, Raopura, Vadodara – 390 001.

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 30th September 2010
at.....

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

BOOK-POST

*In Case of Any Complaints, Queries, Change of Address etc. please write us on
investors@pmlindia.com*

If undelivered please return to :
ADROIT CORPORATE SERVICES PRIVATE LIMITED
UNIT :PERMANENT MAGNETS LIMITED
19, Jafferbhoy Industrial Estate, 1st Floor,
Makwana Road, Marol Naka, Andheri (East),
Mumbai - 400 059.
