



DELTA *MAGNETS LIMITED*

Annual Report
2011-12

THE BOARD OF DIRECTORS

Mr. Jaydev Mody Chairman
Dr. Ram Shroff
Ms. Urvi Piramal
Capt. Ratnakar Barick Whole-Time Director
Mr. Mahesh Gupta
Mr. Rajesh Jaggi
Mr. Javed Tapia
Ms. Ambika Kothari
Dr. Vrajesh Udani

COMPANY SECRETARY & COMPLIANCE OFFICER

Ms. Snehal Oak

REGISTERED OFFICE

B-87, MIDC, Ambad,
Nasik - 422 010, Maharashtra.

PLANT LOCATION

B-87, MIDC, Ambad,
Nasik - 422 010, Maharashtra.

STATUTORY AUDITORS

M/s. Amit Desai & Co
Chartered Accountants

BANKERS

The Ratnakar Bank Limited
HDFC Bank Limited

SHARE TRANSFER AGENTS

Freedom Registry Limited
Plot No. 101/102, MIDC, 19th Street,
Satpur, Nasik - 422 007, Maharashtra.
Phone : (0253) 2354032
Facsimile : (0253) 2351126
e-mail : support@freedomregistry.in

SHARES LISTED ON

Bombay Stock Exchange Limited
National Stock Exchange of India Limited

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NOTICE

Notice is hereby given that the 30th Annual General Meeting of Members of Delta Magnets Limited will be held on Monday, 24th September 2012 at 3.00 p.m. at The Gateway Hotel, Ambad, Nasik - 422 010, Maharashtra, to transact the following business:

Ordinary Business:

1. To receive, consider and adopt the Audited Profit and Loss Account for the year ended 31st March, 2012 and the Balance Sheet as at that date together with the Reports of the Board of Directors and the Auditors thereon.
2. To appoint a Director in place of Mr. Javed Tapia, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. Rajesh Jaggi, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint auditors and to fix their remuneration.

Notes:

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF ONLY ON A POLL AND A PROXY NEED NOT BE A MEMBER. THE INSTRUMENT APPOINTING A PROXY SHOULD HOWEVER BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY-EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
 2. Corporate members intending to send their authorised representatives to attend the Meeting are requested to send to the Company a certified copy of the Board Resolution authorising their representative to attend and vote on their behalf at the Meeting.
 3. In terms of the Articles of Association of the Company, read with Section 256 of the Companies Act, 1956, Mr. Javed Tapia and Mr. Rajesh Jaggi, Directors, retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for reappointment. The Board of Directors of the Company recommends their respective re-appointments.
 4. Brief resume of the Directors proposed to be re - appointed, nature of their expertise in specific functional areas, names of the companies in which they hold directorships and memberships/chairmanships of Board Committees, shareholding and relationships between directors inter-se as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges are attached as Annexure to this notice.
 5. Members are requested to bring their attendance slip duly completed and signed along with their copy of annual report to the Meeting.
 6. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
 7. The Register of Beneficial Owners, Register of Members and Share Transfer Books of the Company will remain closed from Tuesday, 18th September, 2012 to Monday, 24th September, 2012 (both days inclusive).
 8. Members holding shares in physical form are requested to consider converting their holding to dematerialized form to eliminate all risks associated with physical shares and for ease in portfolio management. Members can contact the Company or Share Transfer Agents (STA) of the Company, for assistance in this regard.
 9. Members holding shares in electronic form are requested to intimate immediately any change in their address, email ID or bank mandates to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form are requested to advise any change of address immediately to the Company / STA.
 10. Non-Resident Indian Members are requested to inform STA of the Company, immediately of:
 - a) Change in their residential status on return to India for permanent settlement.
 - b) Particulars of their bank account maintained in India with complete name, branch, account type, account number and address of the bank with pin code number, if not furnished earlier.
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11. Members may please note that, Securities and Exchange Board of India (SEBI) has made Permanent Account Number (PAN) as the sole identification number for all participants transacting in the securities market, irrespective of the amount of such transactions. SEBI has also mandated that for securities market transactions and off market/private transactions involving transfer of shares in physical form, it shall be necessary for the transferee(s) to furnish copy of PAN card to the Company/STA for registration of such transfer of shares.

Members may please note that, SEBI has also made it mandatory for submission of PAN in the following cases viz., (i) Deletion of name of the deceased shareholder(s) (ii) Transmission of shares to the legal heir(s) and (iii) Transposition of shares.

12. In order to render better and efficient services, we request you to consolidate the multiple folios which are in the same names and in identical order. Consolidation of folios does not amount to transfer of shares and therefore no stamp duty or other expenses are payable by you. In case you decide to consolidate your folios, you are requested to forward your share certificates to the STA of the Company at their Nashik address.
13. To prevent fraudulent transactions, we urge the members to exercise due diligence and notify the Company of any change in address/stay in abroad or demise of any shareholder as soon as possible. Members are requested not to leave their demat account dormant for long. Periodic statement of holdings should be obtained from the concerned Depository Participant and holdings should be verified.
14. Members desirous of asking any questions at the Annual General Meeting are requested to send in their questions so as to reach the Company at least 10 days before the Annual General Meeting, so that the same can be suitably replied.
15. The Ministry of Corporate Affairs (MCA), has taken a "Green Initiative in Corporate Governance" (Circular No. 17/2011 dated 21.04.2011 and Circular No. 18/2011 dated 29.04.2011) allowing paperless compliances by companies through electronic mode. Accordingly companies are now allowed to send various notices /Annual Reports / documents to its members through electronic mode to those shareholders whose email ids are registered with the respective Depository Participants and downloaded from the depositories viz. National Securities Depository Limited (NSDL)/Central Depository Services (India) Limited (CDSL).

SEBI in line with the aforesaid MCA circulars allowed supply of soft copies of full annual reports to those members of the Company, who have registered their email addresses for the purpose, by way of amending the Clause 32 of the Equity Listing Agreement vide its Circular No. CIR/CFD/DIL/7/2011 dated 5th October, 2011.

Further, in terms of the Circular No. NSDL/CIR/II/10/2012 dated 9th March, 2012 issued by NSDL, email addresses made available by the Depository as part of the beneficiary position downloaded from the Depositories from time to time will be deemed to be members registered email address for serving notices/documents including those covered under Section 219 of the Companies Act, 1956 read with Section 53 of the Companies Act, 1956.

In light of the above, soft copy of the Annual Report for the year ended 31st March, 2012 has been sent to all the members whose email address is registered with the Company/Depository Participant(s) unless any member has requested for a hard copy of the same. Members of the Company are requested to support this green initiative by registering / updating their email addresses, in respect of shares held in dematerialized form with their respective DP and in respect of shares held in physical form with STA of the Company, M/s. Freedom Registry Limited. Even after registering for e-communication, members are entitled to receive such communication in physical form, upon receipt of request for the same, by post/courier free of cost. The Annual Report of the Company will also be displayed on the website of the Company.

By Order of the Board of Directors,

**SNEHAL OAK
Company Secretary**

Mumbai, 7th August, 2012.

Registered Office:

B-87, MIDC,
Ambad, Nasik-422 010,
Maharashtra.

BRIEF RESUME OF DIRECTORS SEEKING APPOINTMENT / REAPPOINTMENT AT THIS ANNUAL GENERAL MEETING (IN PURSUANCE OF CLAUSE 49 OF THE LISTING AGREEMENT)



Name of Director

Mr. Javed Tapia

Date of Birth

12th August, 1966

Date of Appointment

14th March, 2008

Qualification

Post graduation in Business Administration

Profile and Expertise

Mr. Javed Tapia, 46 years of age, is a graduate from Sydenham College, Mumbai and completed his post graduation in Business Administration from Duke University, USA. Mr. Tapia is the founder of Duke University's Fuqua Alumni Club in India and also serves on the interview panel for prospective applicants to Fuqua School of Business. With strong background in corporate finance and management, Mr. Tapia has over 20 years of experience in building and growing a varied range of companies.

Mr. Tapia is currently the Managing Director at Clover Infotech Private Limited (CIPL) based in Mumbai, a leading technology services and solutions provider. CIPL's expertise lies in supporting technology products related to Application, Database, Middleware and Infrastructure.

Mr. Tapia is also managing the real estate division of Clover Realty and Infrastructure Private Limited (CRIPL) is into building residential and commercial complexes, lifestyle malls and warehouse. Mr. Tapia also oversees Deccan Warehousing, 5,00,000 sq.ft. of modern, stat-of-the-art warehouse, located at Talegaon near Pune.

The issue of climate changes and the abundant supply of sunshine that India enjoys, motivated him to start a new venture on Renewable sources of energy that would lead to the betterment of India and World at large. The venture Clover Solar Private Limited (CSPL) aspires to be a major player in the solar PV and solar thermal area.

Number of shares held in the Company, Individually or Jointly/ on a beneficial basis.

Nil

Directorship and Committee memberships (Excluding Delta Magnets Limited)

i) Directorships held in other Companies

Beverly Hills Realty Private Limited

Bayside Properties Private Limited

Clover Estates Private Limited

Clover Holdings and Trading Private Limited
Clover Hotels & Projects Private Limited
Clover Housing and Development Private Limited
Clover Infotech Private Limited
Clover Livestock Private Limited
Clover Realty and Infrastructure Private Limited
Clover Solar Private Limited
Clover Technologies Private Limited
Clover Transaction Systems Private Limited
Coardial Agro Farms Private Limited
Concurrent Renewable Energy Resources Private Limited
Corniche Farms Private Limited
Corniche Realty Private Limited
Delta Renewable Energy Resources Private Limited
Deluxe Developers Private Limited
Hexagon Renewable Energy Resources Private Limited
Intertrade Mercantile Co. Private Limited
Logical Properties Private Limited
MMG India Private Limited
Oasis Renewable Energy Resources Private Limited
Sanguine Fresh Farms Private Limited
Sienna Renewable Energy Resources Private Limited
Voyager Renewable Energy Resources Private Limited
Worthwhile Properties Private Limited

ii) Chairman of Board Committees

Nil

iii) Member of Board Committees

Nil

**Name of Director**

Mr. Rajesh Jaggi

Date of Birth

7th January, 1969

Date of Appointment

29th June, 2009

Qualification

MBA (Boston, U.S.A)

Profile and Expertise

Mr. Rajesh Jaggi, is 43 years of age and a Management professional from Babson Graduate School of Business, Boston. Mr. Jaggi has over thirteen years of experience in every sector of the real estate business, from sourcing new ventures, construction management, facility management, marketing and sales. Mr. Jaggi has been featured as one of India's Hottest Young Executives by Business Today in their 8th February, 2009 issue, for his contribution in expanding Peninsula Land's reach out of Mumbai.

Number of shares held in the Company, Individually or Jointly/ on a beneficial basis.

Nil

Directorship and Committee memberships (Excluding Delta Magnets Limited)**i) Directorships held in other Companies**

Addvalue Trading Company Private Limited
Antarctica Trading Company Private Limited
Ashok Piramal Mega Properties Private Limited
Ashok Piramal Mega-City Development Private Limited
Ashok Piramal Township Development Private Limited
Peninsula Integrated Land Developers Private Limited
Red Rocket Entertainment Private Limited
Peninsula Brookfield Investment Managers Private Limited
Peninsula Brookfield Trustee Private Limited
City Parks Private Limited
Delta Corp Limited

Highstreet Cruises and Entertainment Private Limited

Inox Mercantile Company Private Limited

Peninsula Crossroads Private Limited

Peninsula Holdings and Investments Private Limited

Peninsula Investment Management Company Limited

Peninsula Land Limited

Peninsula Mega Township Developers Private Limited

Planetview Mercantile Company Private Limited

Rockfirst Real Estate Limited

RR Real Estate Development Private Limited

Takenow Property Developers Private Limited

ii) Chairman of Board Committees

NIL

iii) Member of Board Committees

Delta Corp Limited – Audit Committee

Delta Corp Limited – Compensation Committee

DIRECTORS' REPORT

Your Directors are pleased to present their 30th Annual Report together with the Audited Statement of Accounts for the year ended 31st March 2012.

Financial Highlights

(₹ in '000)

Particulars	Standalone	
	Year ended 31.03.2012	Year ended 31.03.2011
Income for the year	128,156.25	126,596.80
Profit before Interest, Depreciation and Tax	5,941.10	20,227.15
Less :		
Finance Charges	4,037.34	387.63
Depreciation	9,899.68	11,213.81
Provisions for Taxation/ Deferred Tax	-	(146.22)
Prior Period Items / Extra Ordinary Items	78.36	103.69
Net Profit/ Loss for the Current Year	(8,074.28)	8,375.80

Dividend

The Directors do not recommend any dividend for the Financial Year ended 31st March, 2012.

Operations

During the year under review, your Company recorded a total income of ₹ 128,156.25/- (₹ in Thousands). For further information, kindly refer to Management Discussion and Analysis Report, forming part of this Annual report.

Subsidiary Companies

The Ministry of Corporate Affairs has vide General Circular No. 2/2011 dated February 8, 2011 granted general exemption from attaching the accounts and financial statements of subsidiary Companies as provided under Section 212 (8) of the Companies Act, 1956, provided conditions specified in the said circular are fulfilled. The Company has complied with all the conditions mentioned in the above circular. Therefore, Annual Accounts of subsidiary of the Company have not been annexed to this report. However, the same are open for the inspection at the Registered as well as Corporate Office of the Company. Any member desirous of obtaining the same may request the Company in writing.

Corporate Governance Report

Pursuant to Clause 49 of the Listing Agreement with the Stock Exchange, the Management Discussion & Analysis Report and Corporate Governance Report together with Certificate from Practicing Company Secretary, on compliance with the conditions of Corporate Governance as laid down, forms part of this report.

Particulars of Employees

There are no employees in the Company drawing remuneration above the limit specified in terms of provisions of Section 217(2A) of Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 during the year.

Particulars Regarding Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

The particulars as required under Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, are furnished in the Annexure A to this Report.

Directors

At the ensuing Annual General Meeting Mr. Javed Tapia and Mr. Rajesh Jaggi will retire by rotation, and being eligible, offer themselves for re-appointment in terms of provisions of Articles of Association of the Company.

The brief resume/details relating to directors, who are proposed to be re-appointed are furnished as an Annexure to the notice of the ensuing Annual General Meeting.

Your directors recommend their reappointment at the ensuing Annual General Meeting.

Issue of Equity Shares by way of Preferential Allotment

The Company has allotted 1,212,800 fully paid-up Equity Shares of Re.10/- each, at a price of ₹ 28.10/- per Equity Share (including a premium of ₹ 18.10/- per Equity Share) by way of Preferential Allotment to M/s. SSI Trading Private Limited on 17th July, 2012 which was approved by the members of the Company at an Extra Ordinary General Meeting of the members of the Company held on 21st June, 2012.

M/s. SSI Trading Private Limited has been inducted as promoter at the meeting of the Board of Directors of the Company held on 25th May, 2012. This induction as promoter and aforementioned preferential allotment, attracted an obligation on M/s. SSI Trading Private Limited to make an Open Offer in terms of Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011. Accordingly, the Company has received Public Announcement and Detail Public Statement dated 25th May, 2012 and 29th May, 2012 respectively, from M/s. SSI Trading Private Limited and M/s. Delta Real Estate Consultancy Private Limited in this regard.

Directors' Responsibility Statement

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, the Directors confirm that:

1. In the preparation of the annual accounts for the financial year ended 31st March, 2012, the applicable accounting standards have been followed along with proper explanation relating to material departures;
2. The Directors have 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 as at 31st March, 2012 and of the loss of the Company for the year under review;
3. The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
4. The Directors have prepared the accounts for the financial year ended 31st March, 2012 on 'going concern' basis.

Fixed Deposits

During the year under review, the Company has not accepted any fixed deposits from the public.

Auditors

The Board of Directors recommends re-appointment of M/s. Amit Desai & Co., Chartered Accountants as Statutory Auditors of the Company, who retire at the conclusion of forthcoming Annual General Meeting and are eligible for re-appointment. M/s. Amit Desai & Co. have given their consent to act as auditors, if re-appointed. Members are requested to consider their re-appointment. The auditors comments on the Company's accounts for the year ended on 31st March, 2012 are self explanatory in nature and do not require any explanation as per the provisions of Section 217(3) of the Companies Act, 1956.

Cost Auditor

The Company has come under the purview of Cost Audit for the first time in Financial Year 2011-12. Accordingly, the Board of Directors of your Company has, upon recommendations of the Audit Committee, appointed CMA R. K. Deodhar, Cost Accountant as Cost Auditors for conducting an audit of Cost Accounting Records maintained by the Company for the Financial Year 2011-12. As required under the provisions of Section 224(1B) read with Section 233B(2) of the Companies Act, 1956, the Company has obtained a written confirmation from CMA R. K. Deodhar to the effect that they are eligible for appointment as Cost Auditors under Section 233B of the Companies Act, 1956. The Audit Committee has also received a certificate from the Cost Auditor certifying their independence and arm's length relationship with the Company. The Cost Auditors shall forward their report to the Central Government, Ministry of Corporate Affairs, New Delhi for the Financial Year 2011-12, within the prescribed time limit.

Acknowledgements

Your Directors express their sincere appreciation of the co-operation received from shareholders, bankers and other business constituents during the year under review. Your Directors also wish to place on record their deep sense of appreciation for the commitment displayed by all executives, officers and staff, resulting in the successful performance of the Company during the year.

By Order of the Board of Directors,

JAYDEV MODY
Chairman

Mumbai, 7th August, 2012

Registered Office:

B-87, MIDC,
Nasik-422 010,
Maharashtra.

ANNEXURE A

INFORMATION UNDER SECTION 217(1) (e) OF THE COMPANIES ACT,1956, READ WITH THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF THE BOARD OF DIRECTORS) RULES, 1988 AND FORMING PART OF DIRECTORS' REPORT FOR THE YEAR ENDED 31st MARCH, 2012.

A CONSERVATION OF ENERGY

a) Energy conservation measures taken:

The Company continues its policy of giving priority to energy conservation measures including regular review of energy generation and consumption and effective control on utilization of energy.

The following energy conservation methods were implemented during the year:

- a) Use of energy efficient equipments
- b) Intensified Internal Audit aimed at detecting wastage of electricity.
- c) Campaign based synchronization of utilities with plant operations.

b) Additional investments:

- a) The Company is continuously installing electronic devices to improve quality of power and reduction of energy consumption.
- b) Continuing with energy conservation measures on above lines.
- c) Impact of above measures:

The adoption of energy conservation measures have resulted in savings and increased level of awareness amongst the employees. The energy conservation measures have also resulted in improvement of power factor, consequential tariff benefits.

- d) Total energy consumption and energy consumption per unit of production As per Form A

B TECHNOLOGY ABSORPTION

As per Form B

FORM - A

DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

	<u>2011-2012</u>	<u>2010-2011</u>
A. Power and Fuel consumption:		
1. Electricity:		
a. Purchased		
Unit: ('000 KWH)	2878.78	2821.94
Total Amount (₹ in '000)	17196.55	14468.62
Rate / per unit (KWH)	5.97	5.13
b. Own Generation		
(i) Through diesel generator	Nil	Nil
(ii) Through steam turbine/generator	Nil	Nil
2. LPG:		
Purchased		
Unit: ('000 Kg)	472.21	496.69
Total Amount (₹ in '000)	24209.14	21027.73
Rate / per unit (Kg)	51.27	42.17
3. Coal:	Not Applicable	Not Applicable
4. Others / Internal Generation	Not Applicable	Not Applicable
B. Consumption per unit of Production:		
ELECTRICITY		
Hard Ferrite Segment :Power units/MT of production -	2955	2314
The consumption of electricity depends upon the product mix used and the nature of the product manufactured.		
Thus the above indicates an average consumption per unit of production.		
LPG		
Hard Ferrite Segment :Power units/MT of production -	485	409

FORM - B
(See Rule 2)

FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO TECHNOLOGY ABSORPTION

1. Specific areas in which R & D activities were carried out by the company –

- Development of new raw material source for improvement in quality and cost.
- Development of alternate recipes for flexibility in using synthetic iron oxide.
- Development of starter motor magnets for high performance.
- Development of products for exploring overseas business.
- Value engineering projects.
- Process design for productivity and energy saving.
- Cycle time reductions on molding presses.
- Prototypes and virtual validations.
- Order finalized for world class powder testing equipment.

2. Benefits derived as a result of above R & D –

- Technology development and commercialization.
- Developed advanced products gear reduction starter magnets for motors used in passenger cars.
- Reduced development cycles.
- Product performance enhancement.
- Improvement in productivity and cost.
- Product range expansion.
- Benefits to customer in cost and performance.

3. Future plans of action –

- Setting up advance QA lab.
- Develop all ranges of high grade properties of magnets.
- Development of magnets for auto –
 - Starter motor magnets
 - Wiper motor magnets
 - Magnets for gen sets

4. Expenditures on R & D

(in '000)

	<u>2011-12</u>	<u>2010-11</u>
a) Capital :	1716.94 p.a	2247.03 p.a.
b) Recurring :	375.00 p.a.	235.05 p.a.
c) Total :	2091.94 p.a.	2482.08 p.a.
d) R & D expenditure as % to total turnover :	1.76%	1.99%

5. Technology Absorption, Adaptation and Innovation –

- Efforts, in brief, made towards technology absorption, adaptation and innovation –
 - The technology developments mentioned above were validated and implemented.
- Benefits derived as a result of the above efforts e.g. product improvement, cost reduction, product development etc
 - New products developed to the specific requirements of Customers.
 - Development of starter motor grade magnets.
 - Flexibility in usages of raw materials.
 - Achieved higher productivity.

Others

a) Technology imported :	Nil
b) Year of import :	N/A
c) Has technology been fully absorbed? :	N/A
d) If not fully absorbed, areas where this has not taken place, reasons thereof and future plans :	N/A

Foreign Exchange Earnings and Outgo:

During the year, the foreign exchange outgo was ₹ 12,430.42 (₹ '000) ((Last year 164,354.30 ₹ '000) the foreign exchange earned was ₹ Nil (Last year Nil)

By Order of the Board of Directors,

JAYDEV MODY
Chairman

Date: 7th August, 2012

Registered Office:
B-87, MIDC, Ambad,
Nasik-422 010,
Maharashtra.

MANAGEMENT DISCUSSIONS & ANALYSIS REPORT

Economic Overview

International economic conditions continued to worsen through 2011. The negative developments in the Eurozone outweighed the small improvements in evidence in the US economy. Large scale liquidity injection by the European Central Bank (ECB) since December 2011 has lowered yields on the government bonds of those countries under the magnifying glass. Though there is yet no resolution in sight and affected countries have large volumes of debt due for roll over, there is some improvement in the situation with Germany predicting a growth of 1.8% and USA 2.1% while France goes flat with 0% and UK negative.

Indian Economy

Indian economy was projected to grow in the range of 8% to 8.5% during 2011-12. But as the year progressed, the global conditions specially the turbulent Eurozone debt crisis stunted the growth rate which consistently fell quarter over quarter to a new low of 6.1% in the third quarter of 2011-12. With the exception of Services, Agriculture and Industry sector have recorded lower growth as compared to last year.

Business Overview

Delta Magnets Limited, Nashik along with its two subsidiary companies namely MMG India Private Limited, Chennai (MMG(I)) and MagDev Limited, UK (MagDev) are present in varieties of industrial sectors. While Delta Magnets is mainly in to the automotive sector, MMG(I) primarily deals with the electronic industry and MagDev's business pans across electronics, retail, non-conventional energy, aerospace and automotive. Overall all the three companies put together, a sizeable business comes from the auto sector which in comparison to previous year has performed poorly.

Moreover, both MMG(I) and MagDev are highly dependent on the UK and Eurozone market. The negative sentiments in these countries have adversely affected the companies sales.

Sales of MagDev remained more or less flat due to certain major customers directly importing from China. The company was able to maintain the total sales revenue in magnets by significantly growing the remaining magnet accounts and winning new customers. With the extremely tough market conditions being experienced, sales of Ferrites and Assembly sales also declined over this period. We did see significant growth in the 1st half of FY11/12 then sales declined in September to December with and upward trend starting in January 2012.

MMG(I) saw a moderate growth of 7% in overall sales compared to last year. Though the ferrite sales to MagDev and other domestic companies were low, MMG(I) compensated the loss by substantially increasing its wound products business. The company witnessed growth in sectors like Automotive, Telecom, Television and Computers, Defence, Renewable Energy and Sensor Industry. The major loss in sale was in Railways, Lighting Industry, Industrial Sector and Trading.

Despite all the adversity, your company is happy to report growth, though small and profitability at consolidated level.

Market Segment

Delta Magnets Ltd ("the company")

Automotive Market Environment – India

India ranks just behind China with the world's second largest population at over 1 billion people. Less than 1% of the population currently owns automobiles, which is a much smaller proportion than the rest of the Southeast Asia region. The Indian auto market is currently small with potential for dramatic growth. While the regional average is for 16.45%

of the population to own a car, less than 1% of the Indian population owns one. Given the large size of the middle class with increasing purchasing power and the youthful population (over half the population is less than 25 years of age and India has the highest proportion of population below 35), there is potential to penetrate a largely untapped market.

Domestic Sales

The growth rate for overall domestic sales for 2011-12 was 12.24% amounting to 17,376,624 vehicles. In the month of only March 2012, domestic sales grew at a rate of 10.11% as compared to March 2011.

Passenger Cars - India's car sales grew by just 2.19% for the previous financial year 2011-12 due to slowing economy, high interest rate and rising fuel prices, as per the data published by the Industry body Society of Indian Automobile Manufacturers (SIAM). India's total car sales stood at 20,16,115 units in 2011-12 compared to 19,72,845 units in the previous fiscal year 2010-11. With this annual sales figure, India maintained its position as the 5th largest car producing nation in the world.

Three Wheelers sales recorded a decline of (-) 2.43% in April-March 2012 over same period last year. While Goods Carriers grew by 6.31% during April-March 2012, Passenger Carriers registered decline by (-) 4.50%. In March 2012, total Three Wheelers sales declined by (-) 9.11% over March 2011.

Total Two Wheelers sales registered a growth of 14.16% during April-March 2012. Mopeds, Motorcycles and Scooters grew by 11.39%, 12.01% and 24.55% respectively. If we compare sales figures of March 2012 to March 2011, the growth for two wheelers was 8.27%.

Opportunities and Threats

Opportunities

- The starter motor industry is huge and offers tremendous potential for growth.
- The share of business with magneto manufacturers will continue to grow keeping pace with two wheeler industry.
- The export market still remains an un-tapped source for the company.
- MagDev has got a huge growth potential in the USA market where its presence is non-existence now.

Threats

- China continues to pose a serious threat to ferrite industry in India with its low priced products.
- China's monopoly on raw material for neodymium magnet.
- Non-availability of high purity Natural Ferric Oxide due to ban on mining at Bellary region.
- High cost of petrol and diesel coupled with high interest rates are affecting auto sales in India.
- The economic slowdown in Europe and USA can adversely affect operations of MagDev and consequently MMG(I).

Outlook

Automotive -Your company's business is primarily driven by the automotive industry. As per SIAM estimates, growth rate in the Auto sector is estimated to be 10%-12% in FY 13. An expanding middle class population, growing earning power, industrial development and Government's focus to build infrastructure, the demand for passenger cars and commercial vehicles shall continue to drive long term growth of the Indian automotive sector.

Audio

The UK remains a major centre for the design and build of high end audio products which will give MagDev opportunities to grow in this sector. Our marketing efforts and strong relationship with customers will enable us to get back lost business to direct imports from China.

Retail

Demand continues to grow in the security tag sector. We have a number of projects at different stages of the design cycle all using ferrite material.

Renewable

With most European governments reducing or in some cases removing altogether the subsidies for the use of solar panels this sector has seen a decline in the last 12 months. This is being compensated by the increase in demand for electric motors for Hybrid and electric vehicles. MagDev is working with a number of customers for supplying not only the required magnets but rotor plate assemblies.

Aerospace

MagDev continue to supply a number of magnetic assemblies used in both military and commercial aircraft. Sales of planes remains strong globally especially with the need for the airlines to replace their older fleets with new economical aircrafts.

Industrial

MagDev supplies a number of permanent magnets, soft magnetic components and assemblies into this sector. The key drivers remain cost competitiveness, reliability, efficiency and weight. We continue to win new customers in this sector as we are able to provide the technical assistance to enable the customer to achieve their design goals.

Risks and Concerns

Your company along with its two subsidiaries is exposed to both external and internal risks.

Growth of the company is one hundred percent dependent on Indian automotive sector which in turn depends on general economic condition. In order to overcome this shortcoming we are broadening the product profile, enhancing geographic reach and diversifying to other sectors.

Strong competition from China remains a matter of serious concern. Your company continually remains engaged in process and product improvement to remain competitive.

Like all other industry, your company is exposed to risks arising from interest rate rise, currency fluctuations and government policies on exports / imports.

There is always price pressure from OEMs despite rise in various input costs.

Internal Controls and Systems

All up-gradation of the ERP system pertaining to commercial activities is complete in all the three companies. The accounting system is audited by qualified Internal Audit firms in all three locations.

All the three companies are ISO-9001-2008 certified and undergo audits by the certifying bodies periodically. The senior management team conducts periodical Management Review Meetings (MRMs) to take stock of Quality System Implementation.

The Audit Committee and the Board of Directors review the operations and financial performance quarterly.

Financial & Operational Performance

The Company's revenue comes through the following streams of business activities:

- Hard Ferrite: Income from hard ferrite was at ₹ 125,718 thousand, as a flat growth over the previous year despite steep rise in input costs.
- Soft Ferrite & Rare Earth Magnets: Income from these two product categories was at ₹ 318,172.41 thousand, this is additional income contributed by subsidiary companies, acquired during FY 2010-11

The interest cost has increased to ₹ 6,676.73 thousand against ₹ 1,586.68 thousand in last year due to utilization of bank Term Loan & Cash Credit Limit and rise in bank interest rate.

The working capital level has increased due to increase in finished goods stock and debtors. Strict monitoring of material dispatch and collection is being done to bring down the debtors level which stood at ₹ 80,867.10 thousand as against ₹ 77,959.93 thousand as on 31st March 11.

The company invested ₹ 17,781.84 thousand in building, plant & machinery to facilitate enhancement of production capacity.

The Depreciation for the year decreased over the last year due to some assets being fully depreciated and no more dilapidation charges of lease property at UK.

Human Resources

Your company appreciates the human values and believes in developing people through work. Span of Management have been defined & crystallised to achieve organisational goals. Pools of talented people in all functions are in place to discharge their duties effectively & efficiently. Training & evaluation system is in place to enhance & hone skills at all levels. All HODs impart training to their departmental personnel on the training day every week. External Trainers are also invited for imparting training. Good HR practices are put in place to boost the morale of the people. Actions are initiated to apply MBO at Supervisory level for better performance.

The company and MMG(I) have internal unions. Wage agreements with the internal unions are valid till 31st March 2012 and 15th December 2013 respectively. MagDev does not have any union. Wage Agreement for the company has expired on 31st March 2012 and talks for the new wage settlement are going on with the Union. The total employee strength as on 31st March 2012 stood at 173, same as last year.

Cautionary Statement:

Statement in the "Management Discussions and Analysis" describing the Company's objectives, estimates, expectations or projections may be 'forward looking statements' within the meaning of applicable laws and regulations. Actual results could differ materially from those expressed or implied.

CORPORATE GOVERNANCE REPORT

Company's Philosophy on Corporate Governance

The Company fully subscribes to the principles and spirit of Corporate Governance. The Company has adopted transparency, disclosure, accountability and ethics as its business practices. The management believes that these principles will enable it to achieve the long-term objectives and goals. As part of its Corporate Governance philosophy, the Company focuses its energies in safeguarding the interests of its stakeholders and utilising its resources for the maximizing the benefits to them.

The Company constantly reviews its Corporate Governance policy to not only comply with the business, legal and social framework in which it operates but also to implement the best international practices in that regard.

A report on compliance with the Code of Corporate Governance as prescribed by the Securities and Exchange Board of India and incorporated in the Listing Agreement with the Stock Exchanges is given below.

Board of Directors

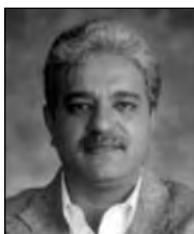
A. Composition of the Board

The Board of Directors consists of professionals drawn from diverse fields, who bring in a wide range of skills and experience to the Board. The majority of the Directors on the Board including the Chairman are Non-Executive Directors. Fifty percent of the Board comprises of Independent Directors. The composition of the Board is in conformity with Clause 49 of the Listing Agreement, as amended from time to time.

None of the Director of the Company is a member of the Board of more than fifteen Public Companies (including Private Companies which are subsidiary of Public Companies) or a member of more than ten Board level committees or Chairman of more than five such committees.

The Board reviews and approves strategy and oversees the results of management to ensure that the long term objectives of enhancing stakeholder's value are met. The day-to-day management of the Company is conducted by the Whole-Time Director subject to the supervision and control of the Board of Directors.

The brief profile of your Company's Board of Directors is as under:



Mr. Jaydev Mody

Mr. Jaydev Mody, 57 years of age, is a well known businessman and has been in business for more than 35 years. Mr. Mody has over 25 years of experience in the field of real estate development and has played a key role in building and developing Crossroads, one of India's first shopping malls of international standards. A graduate in Arts from Mumbai University, Mr. Mody has been instrumental in the development of several large residential complexes, office complexes and retail destinations in and around Mumbai like Peninsula Corporate Park, Ashok Towers, Ashok Gardens, Peninsula I.T. Park to name a few.



Dr. Ram Shroff

Dr. Ram H. Shroff, 41 years of age, is a qualified medical doctor. Dr. Shroff has an experience of more than 13 years in Charak Pharma where he is a Director, and in charge of sales and marketing.

Charak is one of the leading Herbal and Ayurvedic Company's in India. Through his initiatives the company has grown its market share substantially and has introduced several new products which have helped bring a new dimension in medical treatment of patients.

Dr. Shroff has also initiated Charak Pharma's international presence. Charak is now available in more than 45 countries around the world. In addition, he has participated in several local and international medical conferences impressing the need of alternative medicines for the treatment of patients.

Dr. Shroff has also started a new venture called Digimed Healthcare which is in the business of medical tourism with a focus towards markets in Africa.



Ms. Urvi A. Piramal

Ms. Urvi A. Piramal, is 59 years of age and oversees a professionally managed business conglomerate in India which is present in real estate, textiles, engineering, infrastructure, education, entertainment and sports sectors.

Ms. Piramal has a Bachelor of Science degree and has attended the Advanced Management Program at Harvard Business School.

Ms. Piramal has been a member of Technology and Quality Improvement Committee of the Indian Merchants' Chamber since its inception in 1994, and also the Chairperson of Supply Chain and Retail Business (Internal Trade) Committee (2004-2005).

Ms. Piramal has received a number of awards for her contribution to business. Ms. Piramal was awarded the Qimpro Gold Standard Award for excellence in Managing Quality Improvement programmes across the Group. Ms. Piramal has won the Outstanding Woman Industrialist Award presented by the Marinelines Junior Chamber and the Yami Woman Award for her outstanding contribution to business by The ITC Grand Central. Ms. Piramal also has to her credit the Cheminor Award from the Indian Institute of Materials Management.



Capt. Ratnakar Barick

Capt. Ratnakar Barick, 65 years of age, has done B.E. (Electrical) and professional courses like Advance Electrical and Electronics Engineering for 2 years from Naval Electrical School and Marine Equipment Training from erst- while USSR.

Capt. Barick has 42 years of enriched experience in the field of engineering. Capt. Barick has worked in various capacities in a large number of Naval Ships and Establishments, notable ones being:

- Submarine rescue ship
- Modern Frigates built by Mazagon Dock
- Naval Dockyard, Mumbai
- Naval Dockyard, Visakhapatnam
- Naval Electrical Training College, Jamnagar as head of training.

Capt. Barick received two Commendations by Flag Officer, Commanding Western Naval Command, Indian Navy for meritorious service. Capt. Barick also participated in 1971 war.

Capt. Barick was the General Manager (Works) of a medium sized process plant and also the Vice-President (Operations) of Peerless Fabrikernne (India), a 100% EOU from 1996 till 1999.



Mr. Mahesh Gupta

Mr. Mahesh S. Gupta, is 55 years of age has an Honours Degree in B.Com; L.L.B (Gen). Fellow Member of The Institute of Chartered Accountants and The Institute of Company Secretaries of India. Mr. Gupta had an outstanding academic record and rank holder and a Silver Medalist in Company Secretaries Final examination.

Mr. Gupta has over 3 decades of professional experience in business management and in all aspects of Corporate Finance such as treasury management, mergers and acquisitions, strategic planning, direct taxation, Company law matters etc.

Mr. Gupta has received a number of recognitions for his business and professional acumen. Mr. Gupta is on the Board of several Public Listed Companies. From time to time, Mr. Gupta has also been associated with various Committees of The Institute of Chartered Accountants of India (ICAI), Member Governing Council of Indian Association Corporate CFOs and Treasurers (In ACT), Advisory Board of Chennai Business School.



Mr. Rajesh Jaggi

Mr. Rajesh Jaggi, is 43 years of age and a Management professional from Babson Graduate School of Business, Boston. Mr. Jaggi has over thirteen years of experience in every sector of the real estate business, from sourcing new ventures, construction management, facility management, marketing and sales. Mr. Jaggi has been featured as one of India's Hottest Young Executives by Business Today in their 8th February, 2009 issue, for his contribution in expanding Peninsula Land's reach out of Mumbai.



Mr. Javed Tapia

Mr. Javed Tapia, 46 years of age, is a graduate from Sydenham College, Mumbai and completed his post graduation in Business Administration from Duke University, USA. Mr. Tapia is the founder of Duke University's Fuqua Alumni Club in India and also serves on the interview panel for prospective applicants to Fuqua School of Business. With strong background in corporate finance and management, Mr. Tapia has over 20 years of experience in building and growing a varied range of companies.

Mr. Tapia is currently the Managing Director at Clover Infotech Private Limited (CIPL) based in Mumbai, a leading technology services and solutions provider. CIPL's expertise lies in supporting technology products related to Application, Database, Middleware and Infrastructure.

Mr. Tapia is also managing the real estate division of Clover Realty and Infrastructure Private Limited CR IPL is into building residential and commercial complexes, lifestyle malls and warehouse. Mr. Tapia also oversees Deccan Warehousing, 5,00,000 sq.ft. of modern, stat-of-the-art warehouse, located at Talegaon near Pune.

The issue of climate changes and the abundant supply of sunshine that India enjoys, motivated him to start a new venture on Renewable sources of energy that would lead to the betterment of India and World at large. The venture Clover Solar Private Limited (CSPL) aspires to be a major player in the solar PV and solar thermal area.



Ms. Ambika Kothari

Ms. Ambika Kothari, 35 years of age, is B.A. Economics with Honours through Wellesley College. Ms. Kothari has also studied Accounting and Business at MIT Sloan School of Management and Harvard University. Ms. Kothari is experienced in the fields of business administration, management and as analyst. Ms. Kothari has worked with reputed international analyst firms such as Goldman Sachs & Company, New York and Moody's Investor Service, Singapore. Ms. Kothari also worked with DSP Merrill Lynch, Mumbai in the Equities Division. Ms. Kothari is a Director in several companies and is currently managing investments for GK International Pvt. Ltd.



Dr. Vrajesh Udani

Dr. Vrajesh Udani, 56 years of age, is a Pediatric Neurologist. Dr. Udani is a consultant at the Hinduja National Hospital and Medical Research Centre, Saifee Hospital and Breach Candy Hospital and Medical Research Centre. Dr. Udani is also an Assistant Professor of Paediatrics at the Grant Medical College and JJ Group of Hospitals, Mumbai. Dr. Udani is also a Member of the Indian Academy of Paediatrics, Neurological Society of India and Indian Academy of Neurology.

B. Board Procedure

A detailed Agenda folder is sent to each Director in advance of Board and Committee meetings. The Board members, in consultation with the Chairman, may bring up any matter for the consideration of the Board. All major agenda items are backed by comprehensive background notes and other material information to enable the Board to take informed decisions. Agenda papers are circulated atleast a week in advance to the Board meeting.

C. Information placed before the Board

Apart from the items that are required under the statutes, to be placed before the Board for its approval, the following are placed before the Board periodically for its review / information in compliance with the Listing Agreement as amended from time to time.

1. Annual operating plans and budgets, Capital budgets and any updates.
2. Quarterly results for the Company.
3. Minutes of meetings of Audit Committee and other Committees of the Board.
4. The information on recruitment and remuneration of senior officers just below the Board level, including appointment or removal of Chief Financial Officer and the Company Secretary.
5. Materially important show cause, demand, prosecution notices and penalty notices.
6. Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems.
7. Any material default in financial obligations to and by the Company, or substantial non-payment for goods sold by the Company.
8. Any issue, which involves possible public or product liability claims of substantial nature, including any judgment or order which, may have passed strictures on the Conduct of the Company or taken an adverse view regarding another enterprise that can have negative implications on the Company.
9. Details of any joint venture or collaboration agreement.
10. Transactions that involve substantial payment towards goodwill, brand equity or intellectual property.

-
11. Significant labour problems and their proposed solutions. Any significant development in Human Resources/ Industrial Relations front.
 12. Sale of material nature, of investments, subsidiaries, assets, which is not in normal course of business.
 13. Quarterly details of foreign exchange exposures and the steps taken by management to limit the risks of adverse exchange rate movement, if material.
 14. Non-compliance of any regulatory, statutory or listing requirements and shareholders service such as non-payment of dividend, delay in share transfer etc.

D. Post - meeting follow - up systems

The Governance system in the Company includes an effective post - meeting follow-up, review and reporting process for action taken / pending for decisions of the Board and its Committees.

E. Board Support

The Company Secretary of the Company attends all the meetings of the Board and its Committees and advises / assures the Board and Committee on compliance and governance principles.

F. Code of Conduct

The Board has laid down Code of Conduct for the Board members and for senior Management and Employees of the Company. The same has been posted on the website of the Company. All Board members and Senior Management Personnel have affirmed compliance with this Code.

G. CEO / CFO Certification

As required under Clause 49 V of the Listing Agreement with the Stock Exchanges, the Whole-Time Director and the Group C.F.O. of the Company have certified to the Board regarding the Financial Statements for the year ended 31stMarch, 2012.

H. Details of the Board Meetings held during the financial year

During the financial year ended 31stMarch, 2012, 4 (four) meetings of the Board were held, as follows:

No.	Date	Board Strength	No. of Directors present
1	2 nd May, 2011	8	5
2	1 st August, 2011	9	8
3	2 nd November, 2011	9	8
4	1 st February, 2012	9	9

The maximum gap between two Board Meetings was less than four months.

I. Attendance at the Board Meetings and at Annual General Meeting (AGM), no. of Directorship in other Public Companies, no. of Committee positions held in other Public Companies

The current composition of the Board of Directors as on date and attendance of the Directors at the Board Meetings as well as their directorship/membership in Committees of Public Companies as on 31stMarch, 2012, is as follows:

(Other Directorships do not include Alternate Directorships, Directorships of Private Limited Companies, Unlimited Companies, Section 25 Companies and Companies incorporated outside India. Chairmanships/Memberships of Board Committees include only Audit and Shareholders/ Investors Grievance Committees of other Public Companies.)

Name of the Director	Category	Number of Board Meetings during the year 2011-2012		Whether attended the last AGM held on 29.09.11	Number of Directorships in other Public Companies	Number of Committee positions held in other Companies	
		Held	Attended			Chairman	Member
Mr. Jaydev Mody (Chairman)	Non-Executive, Promoter	4	3	No	7	2	0
# Dr. Ram Shroff	Non-Executive, Promoter	4	3	No	0	0	0
Ms. Urvi Piramal	Non-Executive	4	3	No	9	0	1
Capt. Ratnakar Barick	Whole-Time Director	4	3	Yes	1	0	0
Mr. Mahesh Gupta	Non-Executive, Independent	4	4	Yes	12	3	5
Mr. Rajesh Jaggi	Non-Executive, Independent	4	4	No	14	0	1
Mr. Javed Tapia	Non-Executive, Independent	4	3	No	1	0	0
Ms. Ambika Kothari	Non-Executive, Independent	4	4	No	0	0	0
Dr. Vrajesh Udani	Non-Executive, Independent	4	3	No	1	0	0

Dr. Ram Shroff has been appointed as an Additional Director of the Company w.e.f. 1stAugust, 2011.

Details of the Directors being re - appointed

Mr. Javed Tapia and Mr. Rajesh Jaggi are the Directors of the Company, who are retiring by rotation at the ensuing Annual General Meeting of the Company. Their detailed profile in line with Clause 49 of the Listing Agreement is forming the part of the Notice of the Annual General Meeting.

Committees of the Board

A. Audit Committee

The Audit Committee acts as a link between Statutory and internal Auditors and the Board of Directors.

The Audit Committee provides reassurance to the Board regarding the existence of an effective internal control environment that ensures:

- Efficiency and effectiveness of operations.
- Safeguarding of assets and adequacy of provisions for all liabilities;
- Reliability of financial and other management information and adequacy of disclosures;
- Compliance with all relevant statutes.

Powers

The Audit Committee is empowered, pursuant to its terms of reference, to:

- Investigate any activity within its terms of reference
- Seek any information it requires from any employee
- Obtain legal or other independent professional advice and
- Secure the attendance of outsiders with relevant experience and expertise, when considered necessary.

Terms of Reference

The terms of reference of Audit Committee are in accordance with Section 292A of the Companies Act, 1956 and the guidelines set out in Clause 49 of the Listing Agreement with the Stock Exchanges. The Audit Committee is entrusted with the responsibility to supervise the Company's financial control and reporting process and inter-alia perform the following functions:

- Overseeing the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible;
- Recommending to the Board the appointment and removal of external auditors, fixation of audit fees and approval of payment of fees for any other services rendered by the auditors;
- Reviewing with the management the quarterly and annual financial statements before submission to the Board for approval;
- Reviewing with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
- Reviewing with the management performance of statutory and internal auditors, the adequacy of internal control systems;
- Reviewing the adequacy of the internal audit function, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure, , coverage and frequency of internal audit;
- Discussion with internal auditors any significant finding and follow up thereon;
- Reviewing reports of internal audit and discussion with internal auditors on any significant findings and follow-up thereon;
- Reviewing the findings of any internal investigations by the internal auditors and the executive management's response on matters where there is suspected fraud or irregularity or failure of internal control systems of a material nature and reporting the matter to the Board;
- Discussion with the statutory auditors, before the audit commences, on nature and scope of audit, as well as after conclusion of the audit, to ascertain any areas of concern and review the comments contained in their management letter;
- Reviewing the Company's financial and risk management policies;
- Looking into the reasons for substantial defaults, if any, in payment to shareholders (in case of non-payment of declared dividends) and creditors;
- Approval of appointment of CFO;
- Considering such other matters as may be required by the Board;

- Reviewing any other areas which may be specified as role of the Audit Committee under the Listing Agreement, Companies Act and other statutes, as amended from time to time.

Review of Information

The Company has systems and procedures in place to ensure that the Audit Committee mandatorily reviews:

- Management discussion and analysis of financial condition and results of operations;
- Statement of significant related party transactions (as defined by the audit committee), submitted by management;
- Management letters / letters of internal control weaknesses issued by the statutory auditors;
- Internal audit reports relating to internal control weaknesses; and
- The appointment, removal and terms of remuneration of the Chief internal auditor;
- Financial statements as well as investments made by unlisted subsidiaries.

Composition

The Audit Committee of the Company presently comprises of three Directors i.e. Mr. Mahesh Gupta, Mr. Rajesh Jaggi and Mr. Javed Tapia, all are independent directors. The constitution of the Committee is in line with Clause 49 of the Listing Agreement with the Stock Exchanges read with Section 292A of the Companies Act, 1956.

The Chairman of the Committee is Mr. Mahesh Gupta, who is an Independent Director. The Group C.F.O., Internal Auditors and the Statutory Auditors are invitee to the meetings of the Audit Committee. The Secretary of the Company acts as the Secretary to the Committee. All the members of the Committee are financially literate and have accounting and financial management expertise.

Meeting and attendance

During the financial year ended 31st March, 2012, 4 (four) meetings of the Audit Committee were held, as follows:

No.	Date	Committee Strength	No. of Members present
1	2 nd May, 2011	3	2
2	1 st August, 2011	3	3
3	2 nd November, 2011	3	3
4	1 st February, 2012	3	3

The maximum gap between any two meetings of the Audit Committee of the Company was not more than four months.

The previous Annual General Meeting of the Company held on Thursday, 29th September, 2011 was attended by Mr. Mahesh Gupta, Chairman of the Audit Committee.

B. Remuneration Committee

Terms of reference

- Recommending remuneration including periodic revision, performance bonus, incentives, commission, stock options, other services, perquisites and benefits payable to the executive directors;
- Formulation of the detailed terms and conditions of stock options, granting of administration and superintendence thereof;
- Such other matters as the Board may from time to time request the Compensation Committee to examine and recommend / approve.

Composition

The Remuneration Committee as on date comprises of three members i.e. Mr. Jaydev Mody, Mr. Rajesh Jaggi and Mr. Javed Tapia. All of them are Non Executive Directors. The Chairman of the Committee is Mr. Javed Tapia, who is a Non-Executive and Independent Director.

The Secretary of the Company acts as the Secretary to the Committee.

Meeting and attendance

During the financial year ended 31st March, 2012, 1 (one) meeting of the Remuneration Committee was held on 1st August, 2011 which was attended by majority members of the committee .

Remuneration Policy

The remuneration policy of the Company for the Executive Directors is based on the following criteria:

- Performance of the Company and its associate and subsidiary companies;
- Performance of the individual Executive Director;
- External competitive environment.

Service contract, Severance Fee and Notice Period

The Company has not entered into any service contract.

Employee Stock Option Scheme

The Company does not have any Employee Stock Option Scheme.

Executive Director

Name	Relationship with other Directors	Salary	Benefits, perks and allowances	Commission	Contribution to Provident Fund	Stock Option granted upto 31 st March, 2012
Capt. Ratnakar Barick	None	35,67,452	1,71,918	5,00,000	1,92,136	Nil

Non Executive Directors

Name	Relationship with other Directors	Sitting Fees	Commission	Total
Mr. Jaydev Mody	Brother of Ms. Urvi Piramal	6000	-	6000
Dr. Ram Shroff	None	6000	-	6000
Ms. Urvi Piramal	Sister of Mr. Jaydev Mody	6000	-	6000
Mr. Mahesh Gupta	None	16000	-	16000
Mr. Rajesh Jaggi	None	16000	-	16000
Mr. Javed Tapia	None	12000	-	12000
Ms. Ambika Kothari	None	8000	-	8000
Dr. Vrajesh Udani	None	6000	-	6000

During the financial year ended 31st March, 2012, except payment of sitting fees to the Non - Executive Directors, the Company does not have any pecuniary relationship or transactions with the Non - Executive Directors.

Shareholding of Non-executive Directors

The Individual shareholding of Non-executive Directors (including shareholding as joint holder) as on 31st March, 2012 are given below:

Name	No. of shares held
Mr. Jaydev Mody	1125
Dr. Ram Shroff	2115
Ms. Urvi Piramal	0
Capt. Ratnakar Barick	0
Mr. Mahesh Gupta	104
Mr. Rajesh Jaggi	0
Mr. Javed Tapia	0
Ms. Ambika Kothari	1950
Dr. Vrajesh Udani	0

C. Share Transfer and Investors Grievance Committee

Terms of reference

The Committee oversees and reviews all matters connected with transfer of securities and also approves issue of duplicate, split of share certificates, etc. Also the Committee looks into redressal of Shareholders'/ Investors' complaints/ grievances pertaining to transfer or credit of shares / transmissions / dematerialisation / rematerialisation / split / issue of duplicate Share Certificates, non-receipt of annual reports, dividend payments and other miscellaneous complaints. The Committee reviews performance of the Registrar and Transfer Agent and recommends measures for overall improvement in the quality of investor services.

Composition

The Share Transfer and Investors Grievance Committee as on date comprises of three members i.e. Mr. Jaydev Mody, Mr. Rajesh Jaggi and Capt. Ratnakar Barick. Majority of them are Non-Executive Directors. The Chairman of the Committee is Mr. Jaydev Mody.

Meeting and attendance

During the financial year ended 31st March, 2012, 3 (Three) meetings of the Share Transfer and Investors Grievance Committee were held on 30th June, 2011, 5th October, 2011 and 9th January, 2012 which were attended by all members of the Committee.

Compliance officer

Ms. Snehal Oak, Company Secretary is the Compliance Officer for complying with the requirements of SEBI Regulations and the Listing Agreement with the Stock Exchanges.

Listing fees:

The Company has paid the listing fees to all the Stock Exchanges till 31st March, 2012.

Redressal of Investors Grievances

The Company addresses all complaints, suggestions and grievances expeditiously and replies have been sent / issued usually within 7-10 days except in case of dispute over facts or other legal impediments.

During the financial year under review, total 3 investors' complaints were received and resolved. No investor complaints were pending as at the end of the financial year.

Details of Annual General Meetings:

Location, date and time of Annual General Meetings held during the last 3 years:

Year	Location	Date	Day	Time	No. of Special Resolutions
2008 – 09	Ping Pong Hall, Club Peninsula, Peninsula Corporate Park, Ganpat Rao Kadam Marg, Lower Parel, Mumbai-400 013, Maharashtra.	September 29, 2009	Tuesday	2.30 p.m.	1
2009 – 10	The Gateway Hotel, Ambad, Nasik-422 010, Maharashtra.	September 23, 2010	Thursday	2.00 p.m.	0
2010 – 11	The Gateway Hotel, Ambad, Nasik-422 010, Maharashtra.	September 29, 2011	Thursday	2.30 p.m.	1

During the last year, no resolution was passed by Postal Ballot. At present there is no proposal to pass any resolution by Postal Ballot.

Disclosures

- a) During the financial year 2011-2012 there were no materially significant transactions entered into between the Company and its promoters, Directors or the management or relatives etc. that may have potential conflict with the interests of the Company at large.

The Register of Contracts detailing the transactions, in which the Directors are interested, is placed before the Board /Audit Committee regularly. Transactions with related parties are disclosed by way of Notes to the Accounts, which forms part of this Annual Report.

- b) The Company has complied with the requirements of Stock Exchanges, SEBI and all other statutory authorities on all matters related to the capital markets during the last three years. There were no penalty imposed nor did any strictures pass on the Company by Stock Exchanges, SEBI and all other statutory authorities relating to above.
- c) The Company has adopted a Code of Conduct for its Directors and Employees. This Code of Conduct has been communicated to each of them. The Code of Conduct has also been put on the Company's website www.deltamagnets.com.

- d) The Company is fully compliant with the applicable mandatory requirements of Clause 49 of the Listing Agreement. As far as Non-mandatory requirements are concerned, the Company has constituted Remuneration Committee.

The financial statements of the Company are unqualified. The Company has not adopted other non-mandatory requirements.

Means of Communication

Financial Results

Quarterly financial results are regularly submitted to the Stock Exchanges in accordance with the Listing Agreement and published in following newspapers:

- Free Press Journal (English)
- Navshakti (Marathi)

The financial results are displayed on Company's website on www.deltamagnets.com.

The Management Discussion & Analysis Report forms part of this Annual Report.

General Shareholder Information

Annual General Meeting:

Date and Time : Monday, 24th September, 2012 at 3.00 p.m.

Venue : The Gateway Hotel, Ambad, Nasik-422 010, Maharashtra.

As required under Clause 49 (IV) (G)(i) of the Listing Agreements with the Stock Exchanges, particulars of Directors seeking appointment/re-appointment at the forthcoming Annual General Meeting (AGM) are given in the Annexure to the Notice of the AGM to be held on Monday, 24th September, 2012.

Financial Year : 1st April to 31st March.

Dates of Book Closure : From Tuesday, 18th day of September, 2012
To Monday, 24th day of September, 2012 (both days inclusive.)

Dividend payment date : Not Applicable

Stock Exchange where
Company's Shares are listed : Bombay Stock Exchange Limited
Phiroz Jeejeebhoy Towers, Dalal Street,
Mumbai 400 001, Maharashtra.

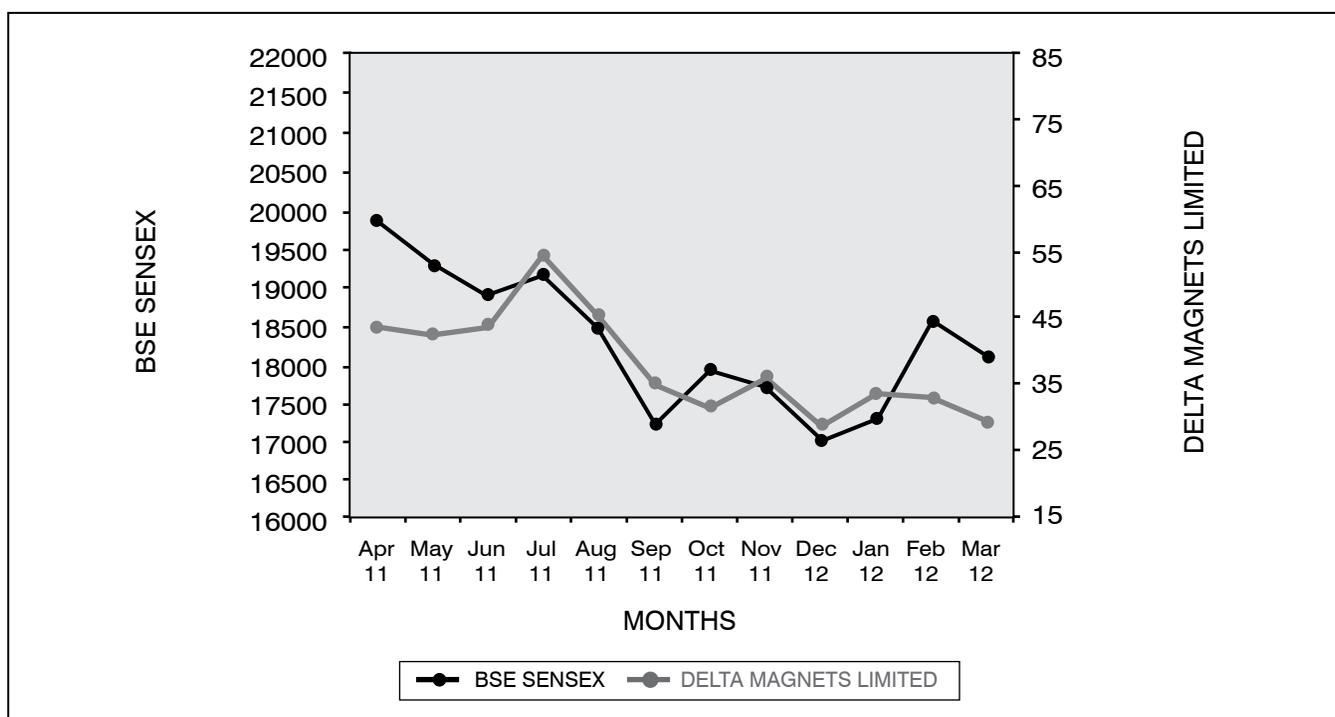
Scrip Code : 504286

National Stock Exchange of India Limited
Exchange Plaza, Bandra Kurla Complex,
Bandra (East), Mumbai 400 051, Maharashtra.

Scrip Symbol : DELTAMAGNT

Stock Market Price data : High /Low during each month for the financial year ended 31st March, 2012

Month	Bombay Stock Exchange		National Stock Exchange	
	High (₹)	Low (₹)	High (₹)	Low (₹)
April 2011	43.6	34.05	43.25	32.15
May 2011	42.5	31.4	42.4	32
June 2011	43.65	33.05	39	29
July 2011	54.45	40	53	38.95
August 2011	45.15	31	40.65	31.15
September 2011	35	29	34	30
October 2011	31.7	27.3	31	29.45
November 2011	36	27.5	33.2	26
December 2011	29.05	25.1	29.9	26
January 2012	33.6	26.8	28.35	27
February 2012	33	27	29.8	27
March 2012	29.5	25.6	29.65	23.55



Share Transfer Agents

Freedom Registry Limited
Plot No. 101 / 102, 19th Street,
MIDC, Satpur,
Nasik - 422 007, Maharashtra

Tel: (0253) 2354032, 2363372
Fax: (0253) 2351126
Email: support@freedomregistry.in

Share Transfer Process

Shares in physical form are processed by the Share Transfer Agent within 15 days from the date of receipt, if the documents are complete in all respects. Chairman, Whole-Time Director and Company Secretary have been severally empowered to approve transfers. The same shall be ratified by the Share Transfer and Investors Grievances Committee.

Distribution of Shareholding according to Numbers as at 31st March, 2012

Category	No. of holders	Percentage	No of shares held in that slab	% to total number of shares
1 to 5000	4172	98.76	1024542	21.08
5001 to 10000	26	0.62	181132	3.73
10001 to 20000	15	0.36	203614	4.19
20001 to 50000	4	0.10	117068	2.41
50001 to 100000	3	0.07	210453	4.33
100001 & above	4	0.09	3124054	64.26
TOTAL	4224	100.00	4860863	100.00

Distribution of Equity Shareholding according to categories of Shareholders as at 31st March, 2012

Sr. No.	Category of Shareholder	Number of Share holders	Number of shares	%
(A)	Shareholding of Promoter and Promoter Group	4	3019062	62.11
(B)	Public shareholding			
1	Institutions			
	(a) Mutual Funds/ UTI	5	7375	0.15
	(b) Financial Institutions / Banks	2	1750	0.04
	(c) Insurance Companies	0	0	0
	(d) Foreign Institutional Investors	0	0	0
2	Non-Institutions			
	(a) Bodies Corporate	89	378700	7.79
	(b) Individuals			
	(i) holding nominal share capital up to ₹ 1 Lacs	4096	1108776	22.81
	(ii) holding nominal share capital in excess of ₹ 1 Lacs	18	340410	7
	(c) NRI's	10	4790	0.10
	Total Public Shareholding	4220	1841801	37.89
	TOTAL (A) + (B)	4224	4860863	100

Dematerialisation of shares and liquidity

As on 31st March, 2012, 4,507,279 Equity Shares (92.73 % of the total number of shares) are in dematerialised form as compared to 4,502,552 Equity Shares (92.63 % of the total number of shares) as on 31st March, 2011.

Outstanding GDRs/ ADRs / Warrants or any convertible instruments

The Company has not issued any GDR's/ADR's/ Warrants or any convertible instruments during the financial year.

Plant Location

Delta Magnets Limited

B-87, MIDC, Ambad, Nasik-422 010, Maharashtra.

Investor Correspondence

Shareholders can contact the following official for secretarial matters of the Company.

Name	Address	Telephone No. / Fax No.	Email id
Ms. Snehal Oak Company Secretary & Compliance Officer	109, Bayside Mall, 1 st Floor, Opp. Sobo Central Mall, Tardeo Road, Haji Ali, Mumbai - 400 034 Maharashtra.	(022) 4079 4700 (022) 4079 4777	secretarial@jmggroup.in

DECLARATION

I, Capt. Ratnakar Barick, Whole-Time Director of Delta Magnets Limited hereby declare that all the members of the Board of Directors and Senior Management Personnel have affirmed Compliance with the Code of Conduct, applicable to them as laid down by the Board of Directors in terms of Clause 49(1)(D)(ii) of the Listing Agreement entered into with the Stock Exchanges, for the year ended 31st March, 2012.

For Delta Magnets Limited

CAPT. RATNAKAR BARICK
Whole-Time Director

Date: 7th August, 2012

CERTIFICATE ON CORPORATE GOVERNANCE

To

The Members of Delta Magnets Limited

We have examined the compliance of conditions of Corporate Governance by Delta Magnets Limited [“the Company”] for the year ended 31st March 2012 as stipulated in Clause 49 of the Listing Agreement of the Company with the Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to a review of the procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the Directors and the Management, we certify that the Company has generally complied with the conditions of the Corporate Governance as stipulated in the above mentioned Listing Agreement.

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

HITESH D. BUCH
Proprietor

For Hitesh Buch & Associates
Company Secretaries
FCS 3145; COP No. 8195

Date: 7th August, 2012
Place: Ahmedabad

AUDITORS' REPORT TO THE MEMBERS OF DELTA MAGNETS LIMITED

We have audited the attached Balance Sheet of Delta Magnets Limited as at 31st March, 2012, the Profit & Loss Account 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.

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 the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

- I. As required by the Companies (Auditors' Report) Order, 2003 and amended by Companies (Auditors' Report) (Amendment) Order, 2004 issued by the Central Government of India in terms of Section 227 (4A) of the Companies Act, 1956, and on the basis of such checks of the books and records as we considered appropriate and according to the information and explanations given to us, we annex hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order.
- II. Further to our comments in the Annexure referred to in paragraph I above:
 - 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 these 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 & Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub section (3C) of Section 211 of the Act.
 - e) On the basis of the written representations received from the Directors and taken on record by the Board of Directors, we report that none of the Directors are disqualified as on 31st March, 2012 from being appointed as a Director in terms of clause (g) of sub section (1) of section 274 of the Companies Act, 1956.
 - f) In our opinion and to the best of information and according to the explanations given to us, the said accounts, give the information required by the Act, in the manner so required, read together with the notes thereon, give a true and fair view in conformity with the accounting principles generally accepted in India:
 - i) in case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2012.
 - ii) in case of the Profit & Loss Account, of the Loss of the Company for the year ended on that date, and
 - iii) In the case of Cash Flow Statement, of the cash flows for the year ended on that date.

For Amit Desai & Co
Chartered Accountants
Firm's Regn No.130710W

(Amit Desai)
Proprietor

Mumbai: 25th May, 2012

M.No. 032926

**ANNEXURE TO AUDITORS' REPORT
TO THE MEMBERS OF DELTA MAGNETS LIMITED
(REFERRED TO IN PARAGRAPH I OUR REPORT OF EVEN DATE)**

- (i) (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) As explained to us, the Company has a policy to carry out a physical verification of fixed assets in a phased manner which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. We are informed that no material discrepancies were noticed on such physical verification.
- (c) In our opinion, the Company has not disposed off a substantial part of fixed assets during the period and the going concern status of the Company is not affected.
- (ii) (a) The management carried out physical verification of the inventory at reasonable intervals during the year.
- (b) In our opinion, and according to the information and explanations given to us, the procedure of physical verification of inventory followed by the management is reasonable and adequate in relation to the size of the Company and nature of its business.
- (c) The Company maintains proper records of inventory. Discrepancies noticed on physical verification of inventory as compared to the book records were not material.
- (iii) The Company has neither granted nor taken any loan to/from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956, and the requirements of Clauses (iii) (a) to (g) of paragraph 4 of the Order are not applicable.
- (iv) In our opinion and according to the information and explanations given to us, there is adequate internal control procedure commensurate with the size of the Company and nature of its business with regard to purchases of inventory, fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system.
- (v) (a) According to the information and explanations given to us, the particulars of contracts or arrangement referred to in Section 301 of the Act, have been entered in the register maintained, if any, under that Section.
- (b) In our opinion and according to the information and explanations given to us, there are no such transactions made in pursuance of such contracts or arrangements and which exceeds the value of ₹ Five Lacs.
- (vi) The Company has not accepted any deposits from the public to which the directives issued by the Reserve Bank of India and the provisions of Section 58A and 58AA or any other relevant provisions of the Act and the Rules framed there under are applicable.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (viii) The Central Government has prescribed u/s 209(1)(d) read with Companies (Cost Accounting Records), Rules 2011, maintenance of cost records for the Company. We have been informed that the Company is in process of making and maintaining such accounts and records and inform us that the same will be ready before the due date under the relevant regulations.
- (ix) (a) According to the information and explanations given to us, the Company is generally regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and any other statutory dues as applicable to it during the year with the appropriate authorities and there were no such outstanding dues as at 31st March, 2012 for a period more than six months from the date they became payable.

- (b) (b) According to the records of the Company, Income tax, Sales tax, Wealth tax, Service Tax, Custom Duty, Excise Duty and Cess which have not been deposited on account of any dispute, are as follows:

Sr. No.	Name of the statute	Nature of the dues	Amount (₹)	Period to which amount relates	Forum where dispute is pending
1	Finance Act, 1994	Service Tax	28,26,095	F.Y 1998-99 to 01-02	Commissioner of Excise
2	Income Tax Act, 1961	Income Tax	23,29,859	A.Y 1990-91,1994-95 and1995-96	Income Tax Appellant Tribunal
TOTAL			51,55,954		

- (x) The Company has accumulated losses which exceed 50% of its net worth at the end of the financial year and has not incurred cash losses during the year and immediately preceding financial year.
- (xi) On the basis of our examination of records and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to any Bank.
- (xii) In our opinion and according to the information and explanations 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.
- (xiii) Clause (xiii) relating to applicability of provisions for special statute applicable to Chit Fund, or relating to Nidhi, Mutual Benefit Funds/Societies, is not applicable to the Company.
- (xiv) In our opinion, the Company is not a dealer or trader, in shares, securities, debentures and other investments.
- (xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
- (xvi) In our opinion, the Term Loan has been applied for the purpose for which it was obtained.
- (xvii) According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that the Company has not, prima facie, used funds raised on short term for long term Investment or vice versa.
- (xviii) In our opinion and according to the information and explanations given to us, the Company has not made any preferential allotment of shares to parties covered in the Register maintained under Section 301 of the Companies Act, 1956.
- (xix) The Company has not issued any debentures during the period.
- (xx) The Company has not raised any money by way of public issues during the year.
- (xxi) To the best of our knowledge and according to the information and explanations given to us, there have been no cases of fraud on or by the Company noticed or reported during the year.

For Amit Desai & Co
Chartered Accountants
Firm's Regn. No.130710W

(Amit Desai)
Proprietor
M.No. 032926

Mumbai: 25th May, 2012

BALANCE SHEET AS AT 31ST MARCH, 2012

(₹ in '000)

Particulars	Note No.	As at 31 st March, 2012		As at 31 st March, 2011	
I. EQUITY AND LIABILITIES					
Shareholder's Funds					
(a) Share Capital	2	48,608.63		48,608.63	
(b) Reserves And Surplus	3	162,224.80	210,833.43	170,912.80	219,521.43
Non-Current Liabilities					
(a) Long-Term Borrowings	4	129,875.00		151,498.17	
(b) Long-Term Provisions	5	3,983.65	133,858.65	1,033.51	152,531.68
Current Liabilities					
(a) Short-Term Borrowings	6	9,964.54		133.64	
(b) Trade Payables	7	4,858.82		6,368.82	
(c) Other Current Liabilities	8	9,481.85		11,988.18	
(d) Short-Term Provisions	9	1,064.33	25,369.55	327.92	18,818.57
TOTAL			370,061.63		390,871.67
II. ASSETS					
Non-Current Assets					
(a) Fixed assets	10				
(i) Tangible Assets		163,106.39		168,369.00	
(ii) Capital Work-in-Progress		9,266.59		813.53	
		172,372.99		169,182.53	
(b) Non-Current Investments	11	139,794.65		139,794.65	
(c) Deferred Tax Assets (net)	12	4,821.00		4,821.00	
(d) Long-Term Loans and Advances	13	3,422.56	320,411.20	3,376.00	317,174.18
Current assets					
(a) Inventories	14	18,578.50		14,997.31	
(b) Trade Receivables	15	25,872.28		25,449.71	
(c) Cash and Bank Balances	16	749.81		6,978.99	
(d) Short-Term Loans and Advances	17	4,358.81		25,602.31	
(e) Other Current Assets	18	91.03	49,650.43	669.17	73,697.49
TOTAL			370,061.63		390,871.67
Significant Accounting Policies and Notes on Financial Statements	1				

As Per Our Report of Even Date
For Amit Desai & Co
Chartered Accountants

(Amit Desai)
Proprietor

Mumbai: 25th May, 2012

Snehal Oak
Company Secretary

For Delta Magnets Limited

Jaydev Mody
Chairman

Capt. R Barick
Whole-Time Director

Ambika Kothari
Director

Ram Shroff
Director

Mahesh Gupta
Director

Javed Tapia
Director

Urvi Piramal
Director

Rajesh Jaggi
Director

Dr. Vrajesh Udani
Director

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

(₹ in '000)

Particulars	Note No.	Year Ended 31 st March, 2012	Year Ended 31 st March, 2011
INCOME			
Revenue From Operations	19	125,718.00	125,279.83
Other Income	20	2,438.25	1,316.97
Total Revenue		128,156.25	126,596.80
EXPENSES			
Cost of Raw Materials Consumed	21	17,016.74	15,212.86
Purchase of Stock-in-Trade		-	917.26
Changes In Inventories Of Finished Goods, Work-in-Progress And Stock-in-Trade	22	(2,316.95)	(300.93)
Employee Benefit Expense	23	33,284.76	24,872.85
Finance Costs	24	4,037.34	387.63
Depreciation And Amortization Expense	25	9,899.68	11,213.81
Manufacturing And Other Expenses	26	74,230.61	65,667.62
Total Expenses		136,152.17	117,971.09
Profit Before Exceptional, Extraordinary Items and Tax		(7,995.92)	8,625.71
Exceptional Items		-	-
Profit Before Extraordinary Items and Tax		(7,995.92)	8,625.71
Extraordinary Items		-	-
Profit Before Tax		(7,995.92)	8,625.71
Tax Expense:			
(1) Current Tax		-	(1,646.21)
(2) Deferred Tax		-	1,500.00
Profit After Tax		(7,995.92)	8,479.49
Prior Period Items		78.36	103.69
Profit/(Loss) for the Period		(8,074.28)	8,375.80
Earning Per Equity Share: (Face Value of ₹10/- Each)			
Basic & Diluted		(1.66)	1.72
Significant Accounting Policies and Notes on Financial Statements	1		

As Per Our Report of Even Date
For Amit Desai & Co
Chartered Accountants

(Amit Desai)
Proprietor

Mumbai: 25th May, 2012

Snehal Oak
Company Secretary

For Delta Magnets Limited

Jaydev Mody
Chairman

Capt. R Barick
Whole-Time Director

Ambika Kothari
Director

Ram Shroff
Director

Mahesh Gupta
Director

Javed Tapia
Director

Urvi Piramal
Director

Rajesh Jaggi
Director

Dr. Vrajesh Udani
Director

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012

(₹ in '000)

Sr. No.	Particulars	Year Ended 31 st March, 2012	Year Ended 31 st March, 2011
A. CASH FLOW FROM OPERATING ACTIVITIES			
	Net Profit/(Loss) Before Tax and Extraordinary Items	(7,995.92)	8,625.71
	Adjustments For:-		
	Depreciation	9,899.68	11,213.81
	Profit on sale of Fixed Assets	(473.57)	-
	Employee Benefits	3,686.55	219.64
	Finance Costs	4,037.34	387.63
	Interest Income	(109.41)	(956.78)
		<u>17,040.58</u>	<u>10,864.31</u>
	Operating Profit Before Working Capital Changes	9,044.66	19,490.01
	Adjustment For:		
	Trade and Other Receivables	21,356.79	(15,041.55)
	Inventories	(3,581.18)	(1,337.62)
	Trade Payables	(4,016.33)	1,301.09
	Taxes Paid	(4.28)	(1,288.47)
	Prior Period Expense	(78.36)	(103.69)
		<u>13,676.64</u>	<u>(16,470.23)</u>
	Net Cash Flow From Operating Activities	<u>22,721.29</u>	<u>3,019.78</u>
B. CASH FLOW FROM INVESTING ACTIVITIES			
	Purchase of Fixed Assets , Capital Work in Progress	(13,703.86)	(10,970.11)
	Investment in shares of Subsidiaries	-	(139,794.65)
	Sale of Fixed Assets	473.57	-
	Interest Income	109.41	956.78
	Net Cash Used In Investing Activities	<u>(13,120.87)</u>	<u>(149,807.98)</u>

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012

(₹ in '000)

Sr. No.	Particulars	Year Ended 31 st March, 2012	Year Ended 31 st March, 2011
C. CASH FLOW FROM FINANCING ACTIVITIES			
	Finance Cost	(4,037.34)	(387.63)
	Proceeding/(Repayment) of Long Term Borrowing	(21,623.17)	21,649.83
	Proceeding From Short Term Borrowing	9,830.90	129,305.07
	Net Cash Used In Financing Activites	(15,829.60)	150,567.27
	Net Changes In Cash And Cash Equivalents (A+B+C)	(6,229.18)	3,779.06
	Cash And Cash Equivalents at the beginning of year	6,978.99	3,199.93
	Cash And Cash Equivalents at the end of year	<u>749.81</u>	<u>6,978.99</u>
Cash and Cash Equivalent includes:			
	Cash and Cheques in Hand	71.57	36.73
	Balance with Banks	278.24	3,909.18
	Deposit Accounts	400.00	3,033.08

Notes:

- 1) The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard - 3 on Cash Flow Statement issued by The Institute of Chartered Accountants of India.
- 2) Previous year's figures have been regrouped or rearranged wherever necessary to confirm the current year's classification.

As Per Our Report of Even Date
For Amit Desai & Co
Chartered Accountants

(Amit Desai)
Proprietor

Mumbai: 25th May, 2012

Snehal Oak
Company Secretary

For Delta Magnets Limited

Jaydev Mody
Chairman

Capt. R Barick
Whole-Time Director

Ambika Kothari
Director

Ram Shroff
Director

Mahesh Gupta
Director

Javed Tapia
Director

Urvi Piramal
Director

Rajesh Jaggi
Director

Dr. Vrajesh Udani
Director

**NOTES FORMING PART OF FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2012**

I SIGNIFICANT ACCOUNTING POLICIES

a. Basis of Accounting

The financial statements are prepared under the historical cost convention, on accrual basis and in accordance with the generally accepted accounting principles in India ("GAAP"), the Accounting Standards ("AS") issued by the Institute of Chartered Accountants of India and the applicable relevant provisions of the Companies Act, 1956.

b. Revenue Recognition

Income from sale of goods is recognized upon transfer of significant risk and reward of ownership of the goods to the customer which generally coincides with delivery and acceptance of the goods sold. Income from services is recognized when there is no uncertainty as to its ultimate collectability. Interest and other income is recognized on accrual basis.

c. Fixed Assets

All fixed assets are stated at cost of acquisition and include amounts added on revaluation, less accumulated depreciation, and impairment loss, if any. In the case of fixed assets acquired for new projects / expansion, finance cost on borrowings and other related expenses up to the date of commercial production, incurred towards acquiring fixed assets are capitalized.

Capital Work-In-Progress

Expenses incurred for acquisition of Capital Assets outstanding at each balance sheet date are disclosed under Capital Work-in-Progress. From current year onwards advances given towards the acquisition of Fixed Assets are shown separately as Capital advances under head long term loans & advances.

d. Depreciation

Depreciation on fixed assets is provided as per the straight line method at the rates and in the manner specified in Schedule XIV of the Companies Act, 1956. Depreciation on additions / deletions of assets during the year is provided on a pro-rata basis.

e. Retirement Benefits

Retirement benefit in the form of contribution to Provident Fund is charged to the Profit and Loss Account of the year when the contributions to the respective funds are due. The Company has Gratuity Scheme with Life Insurance Corporation of India. Liabilities with regard to Gratuity plan and Leave Encashment are determined by actuarial valuation at each Balance Sheet date. Short term and Long term employee benefit are recognized as expenses in the Profit and Loss Account.

f. Inventories

Raw Materials, Stores, Spares, Consumables, Packing Materials, and Work-in-Progress are valued at cost or net realizable value whichever is lower. Cost is ascertained on weighted average basis. Finished Goods are

valued at lower of cost or net realizable value. Cost comprises of cost of purchase, cost of conversion, and other cost including manufacturing overheads incurred in bring them to their present location and condition. In accordance with Accounting Standard 2 issued by the Institute of Chartered Accountants of India, provision is made for excise duty on closing stock of finished goods.

g. Investments

Investments that are readily realizable and intended to be held but not more than a year are classified as Current Investments. All other investments are classified as Long Term Investment. Carrying amount of the individual investment is determined on the basis of the average carrying amount of the total holding of the investments.

h. Impairment of Assets

An asset is treated as impaired when the carrying cost of asset exceeds its recoverable value. An impairment loss is charged to the Profit & Loss Accounts in the year to 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.

i. Taxation

Tax expenses are the aggregate of current tax and deferred tax charged or credited in the statement of profit and loss for the period.

i Current Tax

The current charge for Income Tax is calculated in accordance with the relevant tax regulations applicable to the Company.

ii Deferred Tax

Deferred tax charge or credit reflects the tax effects of timing differences between accounting income and taxable income for the period. The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognized using the tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognized only to the extent there is reasonable certainty that the assets can be realized in future; however, where there is unabsorbed depreciation or carry forward of losses, deferred tax assets are recognized only if there is virtual certainty of realization of such assets. Deferred tax assets are reviewed at each balance sheet date.

iii Minimum Alternate Tax (MAT)

In case the Company is liable to pay income tax under provision of Minimum Alternate Tax u/s. 115JB of Income Tax Act, 1961, the amount of tax paid in excess of normal income tax liability is recognized as an asset only if there is convincing evidence for realization of such asset during the specified period. MAT Credit Entitlement is recognized in accordance with the Guidance Note on accounting treatment in respect of Minimum Alternate Tax (MAT) issued by The Institute of Chartered Accountants of India.

j. Contingent Liabilities and Provisions

- i. Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources and the amount of which can be reliably estimated.

-
- ii. Contingent Liabilities are not recognized but are disclosed in the Notes. Contingent liabilities are disclosed in respect of possible obligations that arise from past events but their existence is confirmed by the occurrence or non occurrence of one or more uncertain future event not wholly within the control of the Company.
 - iii. Contingent assets are neither recognized nor disclosed in the financial statements. Provisions, contingent liabilities and contingent assets are reviewed at each Balance Sheet date.

k. Foreign Currency Transactions:

Transactions denominated in foreign currencies are recorded at the exchange rate prevailing on the date of transaction. Monetary items denominated in foreign currencies, if any at year end are restated at the yearend rate. Non monetary foreign currency items are carried at cost. Any gain or loss on account of exchange difference either on settlement or on translation is recognized in the Profit & Loss Account. Non monetary foreign currency items are carried at costs.

l. Borrowing Costs

Borrowing costs that are directly attributable to and incurred on acquiring qualifying assets (assets that necessarily takes a substantial period of time for its intended use) are capitalized. Other borrowing costs are recognized as expenses in the period in which same are incurred.

m. Miscellaneous Expenditure

Preliminary expenditures are fully charged off in the year in which it has incurred.

(₹ in '000)

Particulars	As at 31 st March 2012	As at 31 st March 2011
2 SHARE CAPITAL		
Authorised		
50,00,000 Equity Shares of ₹ 10/- each	50,000.00	50,000.00
50,00,000 Unclassified Shares of ₹ 10/- each	50,000.00	50,000.00
TOTAL	100,000.00	100,000.00
Issued, Subscribed and Paid up		
48,60,863 Equity Shares of ₹ 10/- each fully paid up	48,608.63	48,608.63
TOTAL	48,608.63	48,608.63

(a) Terms/Rights attached to Equity Shares

The Company has only one class of Equity Shares having a par value of ₹ 10/- per share. Each holder of Equity Shares is entitled to one vote per Share.

(b) Details of Shareholders holding more than 5 % Shares in the Company

Equity Shares	As at 31 st March, 2012		As at 31 st March, 2011	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Aryanish Finance and Investments Private Limited *	1,005,977	20.70	1,005,977	20.70
Bayside Property Developers Private Limited *	1,005,979	20.70	1,005,979	20.70
Delta Real Estate Consultancy Private Limited *	1,005,981	20.70	1,005,981	20.70

Note:

*Aryanish Finance and Investments Private Ltd, Bayside Property Developers Private Ltd and Delta Real Estate Consultancy Private Ltd are holding Equity shares in the capacity of trustees for Aarti J Mody Trust, Aditi J Mody Trust and Anjali J. Mody Trust, respectively.

(₹ in '000)

Particulars	As at 31 st March 2012	As at 31 st March 2011
3 RESERVES AND SURPLUS		
Capital Reserves :		
Opening Balance	3,504.25	3,504.25
Addition/(deletion) during the year	-	-
Closing Balance	<u>3,504.25</u>	<u>3,504.25</u>
Securities Premium Reserve :		
Opening Balance	76,531.45	76,531.45
Addition/(deletion) during the year	-	-
Closing Balance	<u>76,531.45</u>	<u>76,531.45</u>
Revaluation Reserve :		
Opening Balance	131,185.39	131,799.12
Addition/(deletion) during the year	(613.72)	(613.72)
Closing Balance	<u>130,571.67</u>	<u>131,185.39</u>
General Reserve :		
Opening Balance	39,075.20	39,075.20
Addition/(deletion) during the year	-	-
Closing Balance	<u>39,075.20</u>	<u>39,075.20</u>
Surplus (debit balance in surplus account)	(79,383.49)	(87,759.29)
Add: Profit /(loss) during the year	(8,074.28)	8,375.80
	<u>(87,457.76)</u>	<u>(79,383.49)</u>
TOTAL	<u>162,224.80</u>	<u>170,912.80</u>
4 LONG TERM BORROWINGS		
Secured Loans:		
Term Loan From Bank	-	21,500.00
(Secured by entire Fixed Assets of the Company present and future by way of hypothecation of Plant & Machinery / equitable mortgage of Land & Building) (Repayment from Mar. 12, rate of Interest 12% to 16% p.a.)		
Deferred payment liabilities:		
Sales Tax Loan	-	123.17
Unsecured Loan:		
Loans and Advances from Related Parties	129,875.00	129,875.00
TOTAL	<u>129,875.00</u>	<u>151,498.17</u>

(₹ in '000)

Particulars	As at 31 st March 2012	As at 31 st March 2011
5 LONG TERM PROVISIONS		
Provision for Employee Benefits:		
Gratuity	3,183.75	702.77
Leave Encashment	799.90	330.74
TOTAL	3,983.65	1,033.51
6 SHORT TERM BORROWINGS		
Secured Loan:		
Loans Repayable on Demand		
From a Bank	1,464.54	133.64
(Security of first hypothecation charge on Current Assets of the Company, present and future)		
Unsecured Loan:		
Loans and Advances from Related Parties	8,500.00	-
TOTAL	9,964.54	133.64
7 TRADE PAYABLES		
Micro, Small and Medium Enterprises	3,089.72	-
Others	1,769.10	6,368.82
TOTAL	4,858.82	6,368.82
8 OTHER CURRENT LIABILITIES		
Interest Accrued and Due on Borrowings	-	149.83
Other Current Liabilities	5,459.22	7,637.40
Advance Received from Customers	3,899.47	3,926.74
Sales Tax Deferral Loan	123.17	274.22
TOTAL	9,481.85	11,988.18
9 SHORT TERM PROVISIONS		
Provision for Employee Benefits :		
Gratuity	581.88	128.44
Leave Encashment	482.45	199.48
TOTAL	1,064.33	327.92

10 TANGIBLE ASSETS

(₹ in '000)

Particulars	Land	Factory Building	Plant & Machineries	Equipments	Furniture and Fixtures	Vehicles	Computers	Total
Cost or Valuation at 1 st April, 2010	114,558.00	44,257.60	274,868.13	11,319.08	3,663.28	1,632.61	-	450,298.71
Additions	-	-	8,940.50	2,468.60	128.80	-	920.42	12,458.33
As at 31 st March, 2011	114,558.00	44,257.60	283,808.63	13,787.68	3,792.08	1,632.61	920.42	462,757.04
Additions	-	-	3,355.62	1,804.09	17.15	-	73.94	5,250.79
Disposal	-	-	11,236.53	4,471.99	-	-	-	15,708.52
As at 31st March, 2012	114,558.00	44,257.60	275,927.72	11,119.78	3,809.23	1,632.61	994.36	452,299.31
Accumulated Depreciation								
at 1 st April, 2010	-	14,228.48	255,606.48	8,873.34	3,379.12	473.08	-	282,560.51
Additions	-	1,454.54	9,619.25	535.19	60.99	155.10	2.45	11,827.52
As at 31 st March, 2011	-	15,683.02	265,225.73	9,408.53	3,440.11	628.18	2.45	294,388.03
Charge for the Year	-	1,454.55	8,073.27	605.50	66.53	158.45	155.10	10,513.40
Disposal for the Year	-	-	11,893.65	3,814.88	-	-	-	15,708.52
As at 31st March, 2012	-	17,137.57	261,405.35	6,199.16	3,506.64	786.63	157.55	289,192.91
Net Block								
as at 31 st March, 2011	114,558.00	28,574.58	18,582.90	4,379.15	351.97	1,004.43	917.97	168,369.01
as at 31st March, 2012	114,558.00	27,120.04	14,522.37	4,920.62	302.59	845.98	836.81	163,106.40

The Company has revalued all its Land and Building as on 31/03/2009 at the fair values determined by an independent external Value.

Capital WIP

(₹ in '000)

Net Block	Opening	Addition	Deduction	Total
as at 31 st March, 2011	2,301.75	-	1,488.22	813.53
as at 31 st March, 2012	813.53	8,453.07	-	9,266.59

(₹ in '000)

Particulars	As at 31 st March 2012	As at 31 st March 2011
11 NON CURRENT INVESTMENTS		
Investments in Subsidiary Companies		
Unquoted Fully Paid-up Equity Shares:		
MMG India Pvt.Ltd.	76,810.89	76,810.89
(1,38,65,870 Equity Shares of ₹10 each)		
MMG MagDev Ltd. (Foreign Company)	62,983.76	62,983.76
(762,500 Equity Shares of £ 1. each 2,500 Deferred Shares of £ 1. each)		
TOTAL	139,794.65	139,794.65
12 DEFERRED TAX ASSETS (NET)		
Deferred Tax Asset On:		
Carried Forward Losses	4,821.00	4,821.00
Net Deferred Tax Asset	4,821.00	4,821.00
Net Deferred Tax Adjustments Recognized	4,821.00	4,821.00
13 LONG TERM LOANS AND ADVANCES		
Security Deposits (Unsecured, considered good)		
With Public Bodies	3,417.56	3,371.00
With Others	5.00	5.00
TOTAL	3,422.56	3,376.00
14 INVENTORIES		
Raw Materials	2,035.88	1,829.38
Work-in-Progress	7,896.84	7,260.32
Finished Goods	4,850.62	3,170.19
Stores and Spares	3,760.23	2,663.91
Loose Tools	34.92	73.51
TOTAL	18,578.50	14,997.31

(₹ in '000)

Particulars	As at 31 st March 2012	As at 31 st March 2011
15 TRADE RECEIVABLES (UNSECURED)		
Over Six Months - Considered Good	596.96	-
Over Six Months - Considered Doubtful	190.61	81.42
Less: Provision for Doubtful Debts	(190.61)	(81.42)
Others Receivables - Considered Good	25,275.32	25,449.71
TOTAL	25,872.28	25,449.71
Provision for Doubtful Debts		
The Company periodically evaluate all customers dues, the need for provision is amended based on various factors including collectability of specific dues, risk, perceptions of the industry in which customer operate general economy factors.		
16 CASH AND BANK BALANCE		
Cash and Cash Equivalents:		
Balances with Banks	278.24	3,909.18
Cash on Hand	71.57	36.73
Deposit Account	400.00	3,033.08
TOTAL	749.81	6,978.99
17 SHORT TERM LOANS AND ADVANCES		
Deposit:		
With Public Bodies	985.20	1,086.03
With Others	67.16	20.96
Loans and Advances to Related Parties:		
Inter Corporate Deposit to Wholly Owned Subsidiary Company, namely MMG MagDev Ltd. UK	-	20,162.63
Other Loans and Advances:		
Advances Recoverable in Cash or in Kind for Value to be Received	1,167.53	2,622.76
Advance Income Tax (Net)	2,138.92	1,709.94
TOTAL	4,358.81	25,602.31
18 OTHER CURRENT ASSETS		
Accrued Interest Receivable	91.03	669.17
TOTAL	91.03	669.17

(₹ in '000)

Particulars	Year ended 31 st March 2012	Year ended 31 st March 2011
19 REVENUE FROM OPERATIONS		
Sale of Products	131,752.93	137,485.75
Sale of Services	6,000.00	-
Other Operating Revenues	600.66	686.35
Less: Excise Duty	(12,635.59)	(12,892.27)
TOTAL	125,718.00	125,279.83
20 OTHER INCOME		
Interest Income	109.41	956.78
Exchange Rate Fluctuation Income	1,667.97	26.29
Net Gain on Sale of Fixed Assets	473.57	-
Other Non-Operating Income .	187.30	333.90
TOTAL	2,438.25	1,316.97
21 COST OF MATERIAL CONSUMED		
Opening Stocks	1,829.38	237.88
Add: Purchases	17,223.24	16,804.36
	19,052.62	17,042.24
Less: Closing Stocks	(2,035.88)	(1,829.38)
TOTAL	17,016.74	15,212.86

(₹ in '000)

Particulars	Year ended 31 st March 2012	Year ended 31 st March 2011
22 CHANGE IN STOCK OF FINISHED GOODS & WORK-IN-PROGRESS		
Stocks At the End		
Finished Goods	4,850.62	3,170.19
Work-in-Progress	7,896.84	7,260.32
	(A) <u>12,747.46</u>	<u>10,430.51</u>
Stocks At the Beginning		
Finished Goods	3,170.19	347.56
Work-in-Progress	7,260.32	9,782.02
	(B) <u>10,430.51</u>	<u>10,129.58</u>
	(A - B) <u>2,316.95</u>	<u>300.93</u>
23 EMPLOYEE BENEFITS EXPENSE		
Salaries and Wages	26,746.74	22,240.05
Contribution to Provident and Other Funds	2,059.52	1,718.80
Staff Welfare Expenses	272.59	256.70
Contribution to Gratuity Fund and Leave Encashment	4,205.92	657.29
TOTAL	<u>33,284.76</u>	<u>24,872.85</u>
24 FINANCE COSTS		
Interest Expenses	3,138.57	205.27
Other Borrowing Costs	898.76	182.36
TOTAL	<u>4,037.34</u>	<u>387.63</u>

(₹ in '000)

Particulars	Year ended 31 st March 2012	Year ended 31 st March 2011
25 DEPRECIATION AND AMORTIZATION EXPENSE		
Depreciation for the year	10,513.40	11,827.53
Less: Transfer from Revaluation Reserve	(613.72)	(613.72)
TOTAL	9,899.68	11,213.81
26 MANUFACTURING AND OTHER EXPENSES		
Consumption of Stores, Spares, Consumables, Packing Materials etc.	20,198.83	17,863.03
Power and Fuel	41,951.84	36,266.54
Rent, Rates and Taxes	310.13	356.14
Repairs and Maintenance		
- Plant & Machinery	2,810.62	1,838.93
- Building	409.64	299.79
- Others	88.11	737.64
Excise Duty variation on Opening / Closing Stock	237.55	296.04
Insurance Charges	129.23	143.31
Travelling Expenses	1,049.45	708.29
Freight Charges	2,984.39	3,719.10
Directors' Sitting Fees	76.00	72.00
Bad Debts	123.96	80.83
Miscellaneous Expenses	2,112.79	2,527.39
Remuneration to Auditors		
- For Audit Fees	110.00	154.82
- For Taxation Matters	33.00	28.75
- For Other Services	111.81	95.87
- For Reimbursement of Expenses	7.58	6.87
	262.39	286.31
Legal & Professional Fees	1,485.71	472.29
TOTAL	74,230.61	65,667.62

28 NOTES TO THE ACCOUNTS:

A. Contingent Liabilities

- i. Disputed (net) demands for Income tax pending with various Appellate authorities ₹ 2,329.86('000) ((Previous year ₹ 2,329.86('000)).
- ii. Disputed excise demands ₹ Nil ((Previous year ₹ 1,556.10 ('000)).
- iii. Disputed service tax demand ₹ 2,826.10('000) ((Previous year ₹ 2,826.10('000))

B. Commitment on capital contract yet to be executed ₹ Nil ((Previous year ₹ 4981.09 ('000))

C. Value of Direct Imports on C.I.F. Basis

(₹ '000)

Particulars	2011-12	2010-11
i. Raw Materials	8,097.88	6,193.56
ii. Capital Goods	1,490.84	3,193.36
iii. Stores, Spares and Components	1,493.86	464.30
iv. Traded Goods	Nil	917.28

D. Expenditure in Foreign Currency

(₹ '000)

Particulars	2011-12	2010-11
i. Purchase of Shares of Subsidiary Companies	-	131,389.53
ii. Loan to Subsidiary Companies	-	20,162.63
iii. Professional Fees	-	2,350.52

E. Consumption of Raw Materials

Description	2011-12		2010-11	
	Qty-Mt	₹ '000	Qty-Mt	₹ '000
Ferric Oxide	200.48	2,099.91	174.74	1,554.11
Special Ferric Oxide	888.32	6,137.41	1014.73	6,852.89
Strontium Carbonate	176.46	5,759.19	190.63	6,005.51
Semi-finished Magnets(Imported)	23.03	2,338.69	-	-
Traded Goods	-	-	18.80	917.28
Others	-	681.54	-	800.33
TOTAL	-	17,016.74	-	16,130.12

- F.** Disclosure of Sundry Creditors under Trade Payables is based on the information available with the Company regarding the status of the suppliers as defined under the “Micro, Small and Medium Enterprises Development Act, 2006”. Amount overdue as on 31st March 2012 to Micro, Small and Medium Enterprises on account of principle amount together with interest, aggregate to ₹ 3,089.72 (‘000) Previous Year Nil.
- G.** The Company is engaged manufacture of hard ferrite magnet, which as per Accounting Standard 17 - ‘Segment Reporting’ issued by The Institute of Chartered Accountants of India, is considered the only reportable segment. The geographical segment is not relevant as there are no exports.

H. Acquisitions

Last year, the Company has acquired following Subsidiary Companies:

Company has acquired 7,62,500 equity shares of £ 1 each and 2,500 deferred shares of £ 1 each of MMG MagDev Ltd, (UK), for ₹ 62,983.76 (‘000).

Company has acquired 1,38,65,870 equity shares of ₹ 10 each of MMG India Pvt. Ltd, for ₹ 76,810.89 (‘000).

- I.** Disclosure required by clause 32 of the Listing Agreement. Amount of Loans and Advances in the nature of Loans outstanding to Subsidiaries /Step down Subsidiaries / Associates etc.
- i) Loans and Advances in the nature of Loans

(₹ in ‘000)

Name of the Subsidiaries	Closing Balance		Maximum Balance outstanding during the year	
	2011-12	2010-11	2011-12	2010-11
MMG India Private Limited	-	-	-	3000.00
MMG MagDev Limited	Nil	20,162.63	20,162.63	20162.63

Notes:

- Loans and Advances shown above, to subsidiaries and associates fall under the category of Loans and Advances in nature of Loans where there is no repayment schedule and are re-payable on demand.
- Loan to employees as per Company’s policy is not considered

- ii) Investment by the loanee in the share of the Company

None of the loanees and loanees of subsidiary companies has, per se, made investments in shares of the Company.

J. Value of imported and indigenous Raw Material, Stores, and Spares consumed

(Figures in bracket pertains to previous year)

	Imported		Indigenous		Total	
	(₹ in ‘000)	%	(₹ in ‘000)	%	(₹ in ‘000)	%
Raw Material	8,097.88	47.59	8,918.86	52.41	17,016.74	100.00
	(6,922.79)	(42.92)	(9,207.41)	(57.08)	(16,130.20)	(100.00)
Stores, Spares and Components	1,493.86	7.40	18,704.97	92.60	20,198.83	100.00
	(464.30)	(2.60)	(17,398.73)	(97.40)	(17,863.03)	(100.00)

K. Details of Turnover during the year

(Figures in bracket pertain to previous year)

Particulars	Turnover	
	Qty (Units in 000's pcs)	₹ ('000)
Hard Ferrite	17,717.08	131,753
	(17,899.53)	(137,486)

L. As required by Accounting Standard – AS 18 'Related Party Disclosure' issued by The Institute of Chartered Accountants of India, are as follows:

List of Related Parties with whom transactions have taken place during the year:

(i) Subsidiaries

- MMG India Pvt. Ltd. (MMG I)
- MMG MagDev Ltd. (MMG UK)

(ii) Key Management Personnel

- Capt. R Barick - Whole-Time Director

(iii) Individual owning directly or indirectly interest in the voting power that gives him significant Influence:

- Mr. Jaydev Mody (JM) - Chairman
- Mrs. Zia Mody (ZM) - Wife of Chairman
- Mrs. Urvi Piramal (UP) - Sister of Chairman

(iv) Enterprises over which Key Management Personnel/Individual or their Relatives mentioned in (ii) or (iii) above exercise Significant Influence.

- AZB and Partners (AZB)
- Freedom Registry Limited (FRL)
- Aarti Managements Pvt. Ltd (AAMPL)
- Aditi Managements Pvt. Ltd.(ADMPL)
- Anjoss Trading Co (ATC)
- Delta Corp Limited (DCL)

Details of transactions carried out with Related Parties in the ordinary course of Business (excluding reimbursements):

(₹ in '000)

Particulars	Subsidiaries		Key Management Personnel		Enterprises Over which Key Management Personnel Exercise Significant Influence		Total	
	2012	2011	2012	2011	2012	2011	2012	2011
Remuneration Paid								
Capt. R Barick	-	-	4,431.51	3,000.00	-	-	4,431.51	3,000.00
Director Sitting Fees								
J M	-	-	6.00	10.00	-	-	6.00	10.00
U P	-	-	6.00	6.00	-	-	6.00	6.00
Sub Total	-	-	12.00	16.00	-	-	12.00	16.00
Sale of Goods								
M M G – I	-	128.01	-	-	-	-	-	128.01
Sale of Services								
M M G – I	6,000.00	-	-	-	-	-	6,000.00	-
Purchase of Goods								
M M G – I	112.51	-	-	-	-	-	112.51	-
Expenses								
A Z B	-	-	-	-	-	1,117.06	-	1,117.06
F R L	-	-	-	-	68.27	41.30	68.27	41.30
Sub Total	-	-	-	-	68.27	1,158.36	68.27	1,158.36
Sharing of Resources #								
D C L	-	-	-	-	-	-	-	-
Loan Received								
A A M P L	-	-	-	-	-	46,300.00	-	46,300.00
A D M P L	-	-	-	-	-	46,300.00	-	46,300.00
A T C	-	-	-	-	-	46,400.00	-	46,400.00
M M G – I	11,500.00	-	-	-	-	-	11,500.00	-
Sub Total	11,500.00	-	-	-	-	1,39,000.00	11,500.00	1,39,000.00
Repayment of Loan								
M M G – I	3,000.00	-	-	-	-	-	3,000.00	-

Transactions are of non monetary condition.

Particulars	Subsidiaries		Key Management Personnel		Enterprises Over which Key Management Personnel Exercise Significant Influence		Total	
	2012	2011	2012	2011	2012	2011	2012	2011
Loan – Received Back								
MMG – I	-	3,000.00	-	-	-	-	-	3,000.00
MMM – UK	20,162.63	-	-	-	-	-	20,162.63	-
Sub Total	20,162.63	3,000.00	-	-	-	-	20,162.63	3,000.00
Loan Given								
MMG – I	-	3,000.00	-	-	-	-	-	3,000.00
MMM – UK	-	20,162.63	-	-	-	-	-	20,162.63
Sub Total	-	23,162.63	-	-	-	-	-	23,162.63
Outstanding as on 31st March								
Loan Payable								
AAMPL	-	-	-	-	43,875.00	43,875.00	43,875.00	43,875.00
ADMPL	-	-	-	-	43,000.00	43,000.00	43,000.00	43,000.00
ATC	-	-	-	-	43,000.00	43,000.00	43,000.00	43,000.00
MMG – I	8,500.00	-	-	-	-	-	8,500.00	-
Sub Total	8,500.00	-	-	-	1,29,875.00	1,29,875.00	1,38,375.00	1,29,875.00
Loan Receivable								
MMG – UK	-	20,162.63	-	-	-	-	-	20,162.63
Expenses Payable								
FRL	-	-	-	-	12.81	12.36	12.81	12.36

M. Earning Per Share (Basic and Diluted)

(₹ in '000 unless specified)

Particulars	2011-12	2010-11
Profit/(Loss) after tax for the year	(8,074.28)	8,375.80
Number of Equity Shares	48,60,863	48,60,863
Earning Per Share – Basic & Diluted	(1.66)	1.72
Nominal Value per Equity Share (₹)	10	10

- N.** In accordance with Accounting Standard 22 “Accounting for Taxes on Income” issued by the Institute of Chartered Accountants of India, the Company has accounted for Deferred Tax during the year.

The components of Deferred Tax Assets to the extent recognized and Deferred Tax Liabilities as on 31stMarch, 2012 are as follows:

(₹ in ‘000)

Particulars	2011-12	2010-11
Deferred Tax Asset On:		
Carried Forward Losses	4,821.00	4,821.00
Net Deferred Tax Asset	4,821.00	4,821.00
Net Deferred Tax Adjustments Recognized	4,821.00	4,821.00

Deferred Tax Asset recognized on carried forwards losses on the basis of Management’s reasonable certainty that sufficient future taxable income will be available. Future, sales trend for first two months of FY 2012-13 also revealed that Company is likely to generate sizable amount of profit in future years.

O. Employee Benefits

Disclosure required under Accounting Standard – 15 (revised 2005) for “employee benefits” are as under:

- The Company has recognized the expected liability arising out of the compensated absence and Gratuity as at 31stMarch, 2012 based on actuarial valuation carried out using the Project Credit Method.
- The below disclosure have been obtained from independent actuary. The other disclosures are made in accordance with AS – 15 (revised) pertaining to the Defined Benefit Plan is as given below :

(₹ in ‘000)

Sr. No.	Particulars	Gratuity		Leave Encashment	
		(Funded)	(Funded)	(Unfunded)	(Unfunded)
		2011-12	2010-11	2011-12	2010-11
1	Assumptions :				
	Discount Rate	8.50%	8.25%	8.50%	8.25%
	Salary Escalation	5.00%	5.00%	5.00%	5.00%
2	Change in Benefit Obligation :				
	Liability at the beginning of the year	4,834.22	3,949.44	530.22	689.45
	Interest Cost	398.82	325.83	43.74	66.77
	Current Service Cost	300.88	244.03	120.32	173.72
	Past Service Cost (Non Vested Benefit)	Nil	Nil	Nil	Nil

(₹ in '000)

Sr. No.	Particulars	Gratuity		Leave Encashment	
		(Funded)	(Funded)	(Unfunded)	(Unfunded)
		2011-12	2010-11	2011-12	2010-11
	Past Service Cost (Vested Benefit)	Nil	Nil	Nil	Nil
	Liability Transfer in	Nil	Nil	Nil	Nil
	Liability Transfer out	Nil	Nil	Nil	Nil
	Benefit Paid	(107.89)	(141.35)	(141.62)	(107.68)
	Actuarial (Gain) / Loss on obligations	2,975.12	456.28	729.69	(292.04)
	Liability at the end of the year	8,401.15	4,834.22	1,282.35	530.22
3	Amount recognized in the Balance Sheet:				
	Liability at the end of the year	8,401.15	4,834.22	1,282.35	530.22
	Fair value of Plant Assets at the end of the year	4,635.52	4,003.01	Nil	Nil
	Difference	(3,765.63)	(831.21)	(1,282.35)	(530.22)
	Unrecognized Past Service Cost	Nil	Nil	Nil	Nil
	Unrecognized Transition Liability	Nil	Nil	Nil	Nil
	Amount recognized in the Balance Sheet	(3765.63)	(831.21)	(1,282.35)	(530.22)
4	Expenses recognized in the Profit and Loss Account:				
	Current Service Cost	300.88	244.03	120.32	173.72
	Interest Cost	398.82	325.83	43.74	66.77
	Expected return on Plan assets	(320.24)	(288.51)	Nil	Nil
	Actuarial (Gain) or Loss	2,932.71	427.49	729.69	(292.04)
	Expenses recognized in the Profit and Loss Account	3,312.17	708.84	893.75	(51.55)
5	Balance Sheet Reconciliation :				
	Liability as on 01.04.11	831.21	452.34	530.22	689.45
	Liability Transfer in	Nil	Nil	Nil	Nil
	Expenses as above	3,312.17	708.84	893.75	(51.55)
	Employer's Contribution	(377.75)	(329.97)	(141.62)	(107.68)
	Excess Provision Written Back	Nil	Nil	Nil	Nil
	Short Provision of Previous Year now Provided	Nil	Nil	Nil	Nil
	Closing Net Liability	3,765.63	831.21	1,282.35	530.22

iii. Under Defined Contribution Plan

(₹ in '000)

Particular	2011-12	2010-11
Contribution to Provident Fund	1,443.44	678.06

- P.** Details of dues to Micro and Small Enterprises as defined under the MSMED Act,2006. Company has sent letters to suppliers to confirm whether they are covered under Micro, Small and Medium Enterprises Development Act 2006 as well as they have file required memorandum with the prescribed authorities. Out of the letters sent to the parties, some confirmations have been received till the date of finalization of Balance Sheet. Based on the confirmation received the detail of outstanding are furnished in Note 7.
- Q.** The Ministry of Corporate Affairs, Government of India, vide General Circular No.2 and 3 dated 8th February 2011 and 23stFebruary 2011 respectively has granted a general exemption from compliance with Section 212 of the Companies Act, 1956. Necessary information relating to subsidiaries has been included in the Consolidated Financial Statements.
- R.** As notified by Ministry of Corporate Affairs, Revised Schedule VI under the Companies Act, 1956 is applicable to the Financial Statements for the financial year commencing on or after 1stApril, 2011. Accordingly, the financial statements for the year ended March 31, 2012 are prepared in accordance with the Revised Schedule VI. The amounts and disclosures included in the financial statements of the previous year have been reclassified to conform to the requirements of Revised Schedule VI.

For Delta Magnets Limited

Jaydev Mody Ram Shroff Urvi Piramal
Chairman Director Director

Capt. R Barick Mahesh Gupta Rajesh Jaggi
Whole-Time Director Director Director

Ambika Kothari Javed Tapia Dr. Vrajesh Udani
Director Director Director

Mumbai: 25th May, 2012

Snehal Oak
Company Secretary

FINANCIAL INFORMATION OF SUBSIDIARIES

(₹ in '000)

Sr. No.	Name of Subsidiary Company	Reporting Currency	Capital	Reserves	Total Liabilities	Total Assets	Investment	Turnover	Profit before taxation	Provision for Taxation	Profit after Taxation	Proposed Dividend	Country of Company
1.	MMG India Private Limited	INR	138,658.70	(31,172.65)	22,240.61	129,726.66	-	125,768.87	10,572.39	(11,635.92)	22,208.31	-	India
2.	MMG Magdev Limited	GBP	765.00	282.46	683.67	1,731.13	-	2,898.83	250.65	-	250.65	-	UK
		INR	62,576.39	23,105.34	55,923.55	141,605.28	-	222,322.92	19,223.21	-	19,223.21	-	

* Exchange rate as on 31.03.2012 1GBP= Closing Rate ₹ 81.7992 Average Rate ₹ 76.69405

AUDITORS' REPORT TO THE BOARD OF DIRECTORS OF DELTA MAGNETS LIMITED ON THE CONSOLIDATED FINANCIAL STATEMENTS

1. We have audited the attached Consolidated Balance Sheet of Delta Magnets Ltd. ("the Company") and its Subsidiaries (collectively referred to as "the group") as at 31st March, 2012 and also the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management and have been prepared by the Management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of one of foreign subsidiary whose financial statement reflect total net assets of ₹ 78,130.95 (in '000) as at 31st March, 2012, total net revenues of ₹ 2,23,443.52 (in '000) and net cash inflows of ₹ (14,942.99) (in '000) for the year then ended were reviewed by other auditors who have furnished their report to us. We have not reviewed the financial statements of the said subsidiary and our opinion is based solely on the report of the auditors.
4. We report that the consolidated financial statements have been prepared by the Company's Management in accordance with the requirements of Accounting Standards (AS) 21, "Consolidated financial statements" issued by the Institute of Chartered Accountants of India.
5. Based on our audit and on consideration of reports of other auditors on separate financial statements and on the other financial information of the components, and to the best of our information and according to the explanations given to us, we are of the opinion that the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at 31st March, 2012;
 - (b) in the case of the Consolidated Profit and Loss Account, of the profit of the Group for the year ended on that date; and
 - (c) in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

For Amit Desai & Co
Chartered Accountants
Firm's Regn No.130710W

(Amit Desai)
Proprietor

M.No. 032926

Mumbai: 25th May, 2012

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2012

(₹ in '000)

Particulars	Note No.	As at 31 st March, 2012		As at 31 st March, 2011	
I EQUITY AND LIABILITIES					
Shareholder's Funds					
(a) Share Capital	2	48,608.63		48,608.63	
(b) Reserves And Surplus	3	223,188.27	271,796.90	193,495.40	242,104.03
Non-Current Liabilities					
(a) Long-Term Borrowings	4	159,847.28		181,062.26	
(b) Long-Term Provisions	5	11,513.25	171,360.53	4,897.28	185,959.54
Current Liabilities					
(a) Short-Term Borrowings	6	1,464.54		6,476.69	
(b) Trade Payables	7	29,990.96		37,171.54	
(c) Other Current Liabilities	8	26,238.79		12,639.17	
(d) Short-Term Provisions	9	1,317.76	59,012.06	4,306.86	60,594.26
TOTAL			502,169.49		488,657.83
II ASSETS					
Non-Current Assets					
(a) Fixed Assets					
(i) Tangible Assets	10	261,533.20		261,912.14	
(ii) Intangible Assets	11	280.76		-	
(iii) Capital Work-in-Progress		9,163.59		813.53	
		270,977.55		262,725.67	
(b) Goodwill on Consolidation		17,452.41		17,452.41	
(c) Deferred Tax Assets (net)		15,909.93		4,821.00	
(d) Long-Term Loans and Advances	12	8,671.69	313,011.57	16,120.58	301,119.66
Current assets					
(a) Inventories	13	75,965.18		59,400.17	
(b) Trade Receivables	14	80,867.10		77,959.92	
(c) Cash and Bank Balances	15	19,522.93		39,665.17	
(d) Short-Term Loans and Advances	16	9,987.15		9,752.23	
(e) Other Current Assets	17	2,815.56	189,157.92	760.68	187,538.17
TOTAL			502,169.49		488,657.83
Significant Accounting Policies and Notes on Financial Statements	1				

As Per Our Report of Even Date
For Amit Desai & Co
Chartered Accountants

(Amit Desai)
Proprietor

Mumbai: 25th May, 2012

Snehal Oak
Company Secretary

For Delta Magnets Limited

Jaydev Mody
Chairman

Capt. R Barick
Whole-Time Director

Ambika Kothari
Director

Ram Shroff
Director

Mahesh Gupta
Director

Javed Tapia
Director

Urvi Piramal
Director

Rajesh Jaggi
Director

Dr. Vrajesh Udani
Director

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

(₹ in '000)

Particulars	Note No.	Year Ended 31 st March, 2012	Year Ended 31 st March, 2011
INCOME:			
Revenue From Operations	18	443,890.41	365,625.08
Other Income	19	4,661.11	1,489.51
Total Revenue		448,551.52	367,114.59
EXPENSES:			
Cost of Raw Materials Consumed	20	51,687.58	44,995.52
Purchase of Stock-in-Trade	21	110,707.64	79,409.69
Changes In Inventories Of Finished Goods, Work-in-Progress And Stock-in-Trade	22	(15,053.71)	(3,424.51)
Employee Benefit Expense	23	109,972.67	79,776.56
Finance Costs	24	6,676.73	1,586.68
Depreciation And Amortization Expense	25	17,602.84	21,683.57
Manufacturing And Other Expenses	26	145,963.51	111,891.91
Total Expenses		427,557.26	335,919.42
Profit Before Exceptional, Extraordinary Items and Tax Exceptional Items		20,994.26	31,195.17
Profit Before Extraordinary Items and Tax Extraordinary items		-	-
Profit Before Tax		20,994.26	31,195.17
Tax Expense:			
1) Current Tax			
-Income Tax (MAT)		2,147.02	1,646.21
-MAT Credit Entitlement		(2,869.46)	-
-Past Year Tax Adjustments		815.76	-
2) Deferred Tax		(11,088.93)	(1,500.00)
Profit After Tax		31,989.87	31,050.96
Prior Period Items		(561.94)	95.06
Profit/(Loss) for the Period		32,551.81	30,955.90
Earning Per Equity Share: (Face Value of ₹ 10/- Each)			
Basic & Diluted		6.70	6.37
Significant Accounting Policies and Notes on Financial Statements	1		

As Per Our Report of Even Date
For Amit Desai & Co
Chartered Accountants

(Amit Desai)
Proprietor

Mumbai: 25th May, 2012

Snehal Oak
Company Secretary

For Delta Magnets Limited

Jaydev Mody
Chairman

Capt. R Barick
Whole-Time Director

Ambika Kothari
Director

Ram Shroff
Director

Mahesh Gupta
Director

Javed Tapia
Director

Urvi Piramal
Director

Rajesh Jaggi
Director

Dr. Vrajesh Udani
Director

CONSOLIDATED CASH FLOW STATEMENT AS ON 31ST MARCH, 2012

(₹ in '000)

Sr. No.	Particulars	Year Ended 31 ST March, 2012	Year Ended 31 ST March, 2011
A.	CASH FLOW FROM OPERATING ACTIVITIES		
	Net Profit/(Loss) Before Tax and Extraordinary Items	20,994.26	31,195.17
	Adjustments For:-		
	Depreciation	17,602.84	21,683.57
	Profit on sale of Fixed Assets	(502.26)	-
	Employee Benefits	6,288.24	3,784.24
	Finance Costs	6,676.73	1,586.68
	Interest Income	<u>(1,016.78)</u>	<u>(1,099.79)</u>
	Operating Profit Before Working Capital Changes	50,043.04	57,149.87
	Adjustments for:		
	Trade and Other Receivables	2,461.49	(63,055.37)
	Inventories	(16,565.01)	(45,740.48)
	Trade Payables	3,757.67	43,017.62
	Taxes Paid	(302.90)	(2,770.86)
	Exchange Rate Difference	(2,245.23)	71.96
	Prior Period (Expense)/ Income	561.94	(93.06)
	Net Cash Flow From Operating Activities	<u>37,711.02</u>	<u>(11,420.32)</u>
B.	CASH FLOW FROM INVESTING ACTIVITIES		
	Purchase of Fixed Assets , Capital Work in Progress	(26,468.44)	(115,971.60)
	Purchase of Intangible Assets	-	(17,452.41)
	Sale of Fixed Assets	502.26	919.15
	Interest Income	1,016.78	1,099.79
	Net Cash Used In Investing Activities	<u>(24,949.41)</u>	<u>(131,405.07)</u>

CONSOLIDATED CASH FLOW STATEMENT AS ON 31ST MARCH, 2012

(₹ in '000)

Sr. No.	Particulars	Year Ended 31 ST March, 2012	Year Ended 31 ST March, 2011
C. CASH FLOW FROM FINANCING ACTIVITIES			
	Finance Costs	(6,676.73)	(1,586.68)
	Proceeding/(Repayment) of Long Term Borrowing	(21,214.98)	51,572.25
	Proceeding/(Repayment) of Short Term Borrowing	(5,012.14)	129,305.07
	Net Cash Used In Financing Activites	(32,903.86)	179,290.64
	Net Changes In Cash And Cash Equivalents (A+B+C)	(20,142.24)	36,465.25
	Cash And Cash Equivalents at the beginning of year	39,665.17	3,199.92
	Cash And Cash Equivalents at the end of year	19,522.93	39,665.17
Cash and Cash Equivalent includes:			
	Cash and Cheques in Hand	141.21	139.07
	Balance with Banks	12,407.59	29,853.10
	Deposit Accounts	6,974.13	9,673.00

Notes:

- 1) The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard - 3 on Cash Flow Statement issued by The Institute of Chartered Accountants of India.
- 2) Previous year's figures have been regrouped or rearranged wherever necessary to confirm the current year's classification.

As Per Our Report of Even Date
For Amit Desai & Co
Chartered Accountants

(Amit Desai)
Proprietor

Mumbai: 25th May, 2012

Snehal Oak
Company Secretary

For Delta Magnets Limited

Jaydev Mody
Chairman

Capt. R Barick
Whole-Time Director

Ambika Kothari
Director

Ram Shroff
Director

Mahesh Gupta
Director

Javed Tapia
Director

Urvi Piramal
Director

Rajesh Jaggi
Director

Dr. Vrajesh Udani
Director

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

I SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Accounting

The consolidated financial statements have been prepared and presented on the accrual basis of accounting principles in India ("GAAP") and comply with accounting standard prescribed in Companies (Accounting Standards) Rules, 2006 to the extent applicable and the provisions of The Companies Act, 1956.

b) Principles of Consolidation

The consolidated financial statements related to Delta Magnets Limited ('the Company') and its subsidiary companies have been prepared on following basis:

- i) The financial statements of the Company and its subsidiary companies have been combined on a line-by-line basis by adding together like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra group transactions in accordance with Accounting Standard (AS) 21 – "Consolidated Financial Statements".
- ii) In case of foreign subsidiaries, being non-integral foreign operations, revenue items are consolidated at the average rate prevailing during the year. All assets and liabilities are converted at rates prevailing at the end of the year. Any exchange difference arising on consolidation is recognized in the foreign currency translation reserve.
- iii) The difference between the costs of the investment in the subsidiaries, over the net assets at the time of acquisition of shares in the subsidiaries is recognized in the financial statements as Goodwill or Capital Reserve as the case may be.
- iv) The difference between the proceeds from disposal of investment in a subsidiary and the carrying amount of its assets less liabilities as on the date of the disposal is recognized in the consolidated statement of Profit and Loss account.
- v) The consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented in the same manner as the Company's separate financial statements.

c) Revenue Recognition

- i) Sale of Products and Services is recognized when significant risks and rewards of ownership of products are passed on to customers or when the full / complete services have been provided. Sales are stated at contractual realizable value.
- ii) Interest income is generally recognized on time proportion method.
- iii) Claims for price variation/exchange rate variation in case of contracts are accounted for on acceptance.

d) Fixed Assets

Fixed Assets are stated at cost less accumulated depreciation. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Finance cost relates to acquisition of fixed assets are included to the extent they relate to the period till such assets are ready to be put to use.

Capital Work - In- Progress

Expenses incurred for acquisition of Capital Assets outstanding at each balance sheet date are disclosed under Capital Work-In-Progress. From Current year onwards the acquisition of Fixed Assets are shown separately as Capital advance under head long term loans & advances.

e) Depreciation

Depreciation is provided as prescribed in Schedule XIV of the Companies Act, 1956. Depreciation is provided from the date of acquisition till the date of sale of assets.

f) Inventories

- i) Inventories are valued at lower of cost or net realizable value.
- ii) Inventories comprises of Raw Material, Stores, Spares and Consumables, Finished Goods and Realty Work In Progress.
- iii) Cost of inventories comprises of cost of purchases, cost of conversion and other cost incurred in bringing the inventories to their present location and condition.

g) Employee Benefits

Liability is provided for retirement benefits for provident fund, gratuity and leave encashment in respect of all eligible employees. Contributions under the defined contribution schemes are charged to revenue. The liability in respect of defined benefit schemes like gratuity and leave encashment is provided in the accounts on the basis of actuarial valuations as at the year end.

h) Foreign Currency Transactions

- i) Foreign exchange transactions are recorded at the closing rate prevailing on the dates of the respective transaction. Exchange difference arising on foreign exchange transactions settled during the year is recognized in the profit and loss account.
- ii) Monetary assets and liabilities denominated in foreign currencies are converted at the closing rate as on Balance Sheet date. The resultant exchange difference is recognized in the profit and loss account.
- iii) Exchange rate differences arising on a monetary item that, in substance, forms part of the Company's net investment in a non-integral foreign operation are accumulated in a foreign currency translation reserve in the Company's financial statements until the disposal of the net investment.
- iv) Non monetary assets and liabilities denominated in foreign currencies are carried at the exchange rate prevalent on the date of the transaction.

i) Borrowing Costs

Borrowing costs that are directly attributable to and incurred on acquiring qualifying assets (assets that necessarily takes a substantial period of time for its intended use) are capitalized. Other borrowing costs are recognized as expenses in the year in which same are incurred.

j) Accounting for Taxes on Income

Tax expenses are the aggregate of current tax and deferred tax charged or credited in the statement of profit and loss for the year.

i) Current Tax

The current charge for income tax is calculated in accordance with the relevant tax regulations applicable to the Company.

ii) Deferred Tax

Deferred tax charge or credit reflects the tax effects of timing differences between accounting income and taxable income for the year. The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognized using the tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognized only to the extent there is reasonable certainty that the assets can be realized in future; however, where there is unabsorbed depreciation or carry forward of losses, deferred tax assets are recognized only if there is virtual certainty of realization of such assets. Deferred tax assets are reviewed at each balance sheet date.

iii) Minimum Alternate Tax (MAT)

In case the Company is liable to pay income tax under provision of Minimum Alternate Tax u/s. 115JB of Income Tax Act, 1961, the amount of tax paid in excess of normal income tax liability is recognized as an asset only if there is convincing evidence for realization of such asset during the specified period. MAT Credit Entitlement is recognized in accordance with the Guidance Note on accounting treatment in respect of Minimum Alternate Tax (MAT) issued by The Institute of Chartered Accountants of India.

k) Impairment of Assets

The Company evaluates all its assets for assessing any impairment and accordingly recognizes the impairment, wherever applicable, as provided in Accounting Standard 28, "Impairment of Assets".

l) Provisions, Contingent Liabilities and Contingent Assets

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources and the amount of which can be reliably estimated.

Contingent Liabilities are not recognized but are disclosed in the Notes. Contingent liabilities are disclosed in respect of possible obligations that arise from past events but their existence is confirmed by the occurrence or non occurrence of one or more uncertain future event not wholly within the control of the Company.

Contingent assets are neither recognized nor disclosed in the financial statements. Provisions, contingent liabilities and contingent assets are reviewed at each balance sheet date.

m) Operating Leases

Rental applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against Profit and Loss Account as per the terms of lease agreement over the period lease.

n) Preliminary Expenditure

Preliminary expenditures are fully charged off in the year in which it has incurred.

(₹ in '000)

Particulars	As at	
	31 st March 2012	31 st March 2011
2 SHARE CAPITAL		
Authorised		
50,00,000 Equity Shares of ₹ 10/- each	50,000.00	50,000.00
50,00,000 Unclassified Shares of ₹ 10/- each	50,000.00	50,000.00
TOTAL	100,000.00	100,000.00
Issued, Subscribed and Paid up		
48,60,863 Equity Shares of ₹ 10/- each fully paid up	48,608.63	48,608.63
TOTAL	48,608.63	48,608.63

A reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period

Share Capital	As at 31 st March, 2012		As at 31 st March, 2011	
	No. of Shares	(Amt. in '000)	No. of Shares	(Amt. in '000)
Shares outstanding at the beginning of the year	4,860,863	48,608.63	4,860,863	48,608.63
Add: Issued during the year	-	-	-	-
Less: Buy back, cancelled etc. during the year	-	-	-	-
Shares outstanding at the end of the year	4,860,863	48,608.63	4,860,863	48,608.63

(a) Terms/Rights attached to Equity Shares

The Company has only one class of Equity Shares having a par value of ₹ 10/- per share.

Each holder of Equity Shares is entitled to one vote per share.

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.

(b) Details of shareholders holding more than 5 % shares in the Company

Equity Shares	As at 31 st March, 2012		As at 31 st March, 2011	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Aryanish Finance and Investments Private Limited *	1,005,977	20.70	1,005,977	20.70
Bayside Property Developers Private Limited *	1,005,979	20.70	1,005,979	20.70
Delta Real Estate Consultancy Private Limited *	1,005,981	20.70	1,005,981	20.70

Note:

*Aryanish Finance and Investments Private Limited, Bayside Property Developers Private Limited and Delta Real Estate Consultancy Private Limited are holding Equity Shares in the capacity of trustees for Aarti J Mody Trust, Aditi J Mody Trust and Anjali J. Mody Trust respectively.

(₹ in '000)

Particulars	As at 31 st March 2012	As at 31 st March 2011
3 RESERVES AND SURPLUS		
Capital Reserves :		
Opening Balance	3,504.25	3,504.25
Addition/(deletion) during the year	-	-
Closing Balance	<u>3,504.25</u>	<u>3,504.25</u>
Securities Premium Reserve :		
Opening Balance	76,531.45	76,531.45
Addition/(deletion) during the year	-	-
Closing Balance	<u>76,531.45</u>	<u>76,531.45</u>
Revaluation Reserve :		
Opening Balance	131,185.39	131,799.11
Addition/(deletion) during the year	(613.72)	(613.72)
Closing Balance	<u>130,571.67</u>	<u>131,185.39</u>
General Reserves:		
Opening Balance	39,075.20	39,075.20
Addition/(deletion) during the year	-	-
Closing Balance	<u>39,075.20</u>	<u>39,075.20</u>
Foreign Currency Translation Reserve :		
Opening Balance	2.52	-
Addition/(deletion) during the year	(2,245.23)	2.52
Closing Balance	<u>(2,242.71)</u>	<u>2.52</u>
Surplus (debit balance in surplus account):		
Opening Balance	(56,803.40)	(87,759.29)
Add: Profit /(Loss) during the Year	32,551.81	30,955.90
Closing Balance	<u>(24,251.59)</u>	<u>(56,803.39)</u>
TOTAL	<u>223,188.27</u>	<u>193,495.40</u>

(₹ in '000)

Particulars	As at 31 st March 2012	As at 31 st March 2011
4 LONG TERM BORROWINGS		
Secured Loans:		
Term Loan From Bank	29,972.28	51,064.09
Term Loan of £ 434K @ Interest 3.8% over base rate, base rate currently @ 5% (Repayment terms are 19 quarterly instalments of £14248.32 Which covers loan and interest, last installment is due on March 2016) Security offered First Charge on Entire Building in Swindon, United Kingdom		
Deferred payment liabilities:		
Sales Tax Loan	-	123.17
Unsecured Loan:		
Loans and Advances from Related Parties	129,875.00	129,875.00
TOTAL	159,847.28	181,062.26
5 LONG TERM PROVISIONS		
Provision for Employee Benefits:		
Gratuity	9,172.22	3,328.47
Leave Encashment	2,341.03	1,568.82
TOTAL	11,513.25	4,897.28
6 SHORT TERM BORROWINGS		
Secured Loan:		
Loans Repayable on Demand		
From a Bank	1,464.54	6,476.69
(Overdraft Facility of ₹ 10,000 ('000) Security of first hypothecation charge on Current Assets of the Company, present and future, Interest Rate is PLR + 4%)		
TOTAL	1,464.54	6,476.69

(₹ in '000)

Particulars	As at 31 st March 2012	As at 31 st March 2011
7 TRADE PAYABLES		
Micro, Small and Medium Enterprises	3,201.25	-
Others	26,789.71	37,171.54
TOTAL	29,990.96	37,171.54
8 OTHER CURRENT LIABILITIES		
Duties & Taxes	2,193.22	1,332.70
Current Maturity of Long Term Debts -Secured	4,646.24	358.33
Other Current Liabilities	8,901.57	2,517.52
Advance Received from Customers	3,899.47	3,926.74
Current Maturity of Long Term Debts -Unsecured	123.17	274.22
Interest accrued but not due on borrowings	-	149.83
Statutory Dues	629.98	363.07
Employee Liabilities	5,845.15	3,716.76
TOTAL	26,238.79	12,639.17
9 SHORT TERM PROVISIONS		
Provision for Employee Benefits:		
Gratuity	738.18	1,130.67
Leave Encashment	579.58	514.82
Others	-	2,661.37
TOTAL	1,317.76	4,306.86

10 TANGIBLE ASSETS

(₹ in '000)

Particulars	Freehold Land	Factory Building	Leasehold Land & Building	Plant & Machineries	Furniture & Fittings	Equipments	Vehicle	Computers	Total
Cost or Valuation at 1 st April, 2010	-	44,257.60	114,558.00	274,868.13	3,663.28	11,319.08	1,632.61	-	450,298.70
Acquisition	10,945.43	28,181.40	4,315.73	297,241.23	6,575.21	5,654.06	612.20	9,810.82	363,336.09
Additions	49,774.80	-	-	10,872.15	136.05	3,021.51	-	920.42	64,724.94
Disposal	-	-	-	14,553.94	-	-	-	-	14,553.94
Transfer to Intangible	-	-	-	-	-	-	-	574.42	574.42
As at 31 st March, 2011	60,720.23	72,439.00	118,873.73	568,427.57	10,374.54	19,994.65	2,244.81	10,731.24	863,805.79
Additions	10,898.22	-	-	3,840.65	52.94	2,346.11	-	643.57	17,781.48
Disposal	-	-	4,315.73	28,598.78	24.60	4,471.99	-	107.37	37,518.47
As at 31st March, 2012	71,618.45	72,439.00	114,558.00	543,669.44	10,402.89	17,868.77	2,244.81	10,693.02	843,494.37
Accumulated Depreciation									
at 1 st April, 2010	-	14,228.48	-	255,606.48	3,379.12	8,873.34	473.08	-	282,560.50
Acquisition	-	8,169.36	2,027.43	277,086.17	4,516.71	4,790.65	199.77	8,306.11	305,096.20
Additions	-	2,668.89	2,099.49	20,800.95	539.69	1,267.01	307.73	130.52	27,814.29
Reversal on disposals	-	-	-	13,634.79	-	-	-	11.90	13,646.69
Exchange Rate Difference	-	-	44.96	24.39	-	-	-	-	69.35
Transfer to Intangible	-	-	-	-	-	-	-	574.42	574.42
As at 31 st March, 2011	-	25,066.73	4,171.88	539,883.20	8,435.52	14,931.00	980.58	8,424.73	601,893.64
Charge for the year	988.97	2,428.69	143.85	11,671.64	446.84	1,077.38	280.89	1,122.15	18,160.43
Disposal for the year	-	-	4,315.73	29,255.89	24.60	3,814.88	-	107.37	37,518.47
As at 31st March, 2012	988.97	27,495.42	-	522,298.95	8,857.76	12,193.51	1,261.47	8,865.09	581,961.17
Net Block									
as at 31 st March 2011	60,720.23	47,372.27	114,701.85	28,544.37	1,939.02	5,063.65	1,264.23	2,306.51	261,912.14
as at 31st March 2012	70,629.48	44,943.58	114,558.00	21,370.49	1,545.12	5,675.26	983.34	1,827.93	261,533.20

(₹ in '000)

Particulars	As at 31 st March 2012
11 INTANGIBLE ASSETS	
Computer Software	
Cost or Valuation at 1 st April, 2010	-
Additions (transfer from computers)	574.42
Disposal	-
As at 31 st March, 2011	574.42
Additions	336.90
Disposal	-
As at 31st March, 2012	911.32
Accumalated Depreciation	
at 1 st April, 2010	574.42
Additions	-
Reversal on disposals	-
As at 31 st March, 2011	574.42
Charge for the year	56.14
Disposal for the year	-
As at 31st March, 2012	630.56
Net Block	
as at 31 st March 2011	-
as at 31st March 2012	280.76

Capital WIP

(₹ in '000)

Net Block	Opening	Addition	Deduction	Total
as at 31 st March, 2011	2,301.75	-	1,488.22	813.53
as at 31 st March, 2012	813.53	8,453.07	103.00	9,163.59

(₹ in '000)

Particulars	As at 31 st March 2012	As at 31 st March 2011
12 LONG TERM LOANS AND ADVANCES		
Capital Advances	300.00	1,616.43
Security Deposits:		
With Public bodies	5,486.23	6,046.56
With Others	16.00	36.96
Other Loans and Advances:		
Advances Recoverable in Cash or in Kind for Value to be Received	-	8,420.63
MAT Credit Entitlement	2,869.46	-
TOTAL	8,671.69	16,120.58
13 INVENTORIES		
Raw Materials	5,570.10	4,236.46
Work-in-Progress	11,143.82	11,432.93
Finished Goods	52,316.96	36,974.15
Stores and Spares	6,899.38	6,683.12
Loose Tools	34.92	73.51
TOTAL	75,965.18	59,400.17
14 TRADE RECEIVABLES (UNSECURED)		
Over Six Months - Considered Good	1,609.02	1,914.36
Over Six Months - Considered Doubtful	1,926.22	1,959.70
Less: Provision for Doubtful Debts	(1,926.22)	(1,959.70)
Others Receivables - Considered Good	79,258.08	76,045.56
TOTAL	80,867.10	77,959.92

Provision for Doubtful Debts

The Company periodically evaluates all customer dues. The need for provision is amended based on various factors including collectability of specific dues, risk, perceptions of the industry in which customer operates and general economy factors.

(₹ in '000)

Particulars	As at 31 st March 2012	As at 31 st March 2011
15 CASH AND BANK BALANCE		
Cash and Cash Equivalents:		
Balances with Banks	12,407.59	29,853.10
Cash On Hand	141.21	139.07
Deposit Account:		
Deposits with maturity more than 3 months but less than one year	400.00	-
Deposits with maturity more than one year	6,574.13	9,673.00
TOTAL	19,522.93	39,665.17
16 SHORT TERM LOANS AND ADVANCES		
Deposit:		
With Public Bodies	985.20	1,086.03
With Others	67.16	25.96
Other Loans and Advances:		
Advance to Employees	692.38	505.34
Balance With Revenue Authorities	6,997.22	4,050.75
Advances recoverable in Cash or in Kind for Value to be Received	515.97	515.97
Advance Tax	27.76	2,687.64
Prepaid Expenses	701.47	880.54
TOTAL	9,987.15	9,752.23
17 OTHER CURRENT ASSETS		
Other Receivables	2,407.90	-
Interest Accrued on Deposits	57.50	669.17
Interest Accrued on Fixed Deposits	323.64	64.99
Insurance Claim	26.52	26.52
TOTAL	2,815.56	760.68

(₹ in '000)

Particulars	Year Ended 31 st March 2012	Year Ended 31 st March 2011
18 REVENUE FROM OPERATIONS		
Sale of Products	451,709.58	377,837.24
Sale of Services	4,736.74	-
Other Operating Revenues	2,540.28	2,184.45
Less: Excise Duty	(15,096.19)	(14,396.61)
TOTAL	443,890.41	365,625.08
19 OTHER INCOME		
Interest Income	1,016.78	1,099.79
Sale of Spare parts	1,081.63	-
Net Gain on Sale of Fixed Assets	502.26	-
Other Non-Operating Income	2,050.95	389.72
Bad Debts Recovery	9.49	-
TOTAL	4,661.11	1,489.51
20 COST OF MATERIAL CONSUMED		
Opening Stocks	4,236.46	237.88
Add: Purchases	53,021.22	48,994.10
	57,257.69	49,231.98
Less: Closing Stocks	(5,570.10)	(4,236.46)
TOTAL	51,687.58	44,995.52
21 PURCHASE OF TRADED GOODS		
Ferrite	110,707.64	79,409.69
TOTAL	110,707.64	79,409.69

(₹ in '000)

Particulars	Year Ended 31 st March 2012	Year Ended 31 st March 2011
22 CHANGE IN STOCK OF FINISHED GOODS & WORK-IN-PROGRESS		
Stocks At the End		
Finished Goods	52,316.96	36,974.14
Work-in-Progress	11,143.82	11,432.93
	(A) <u>63,460.78</u>	<u>48,407.07</u>
Stocks At the Beginning		
Finished Goods	36,974.14	32,464.41
Work-in-Progress	11,432.93	12,518.15
	(B) <u>48,407.07</u>	<u>44,982.56</u>
	(A - B) <u>15,053.71</u>	<u>3,424.51</u>
23 EMPLOYEE BENEFITS EXPENSE		
Salaries and Wages	89,289.74	69,892.81
Contribution to Provident and Other Funds	12,475.69	6,099.51
Contribution to Gratuity Fund and Leave Encashment	8,207.23	3,784.24
TOTAL	<u>109,972.67</u>	<u>79,776.56</u>
24 FINANCE COSTS		
Interest Expense	4,795.23	666.35
Other Borrowing Costs	898.76	-
Bank Charges	929.25	920.33
Interest on Delayed Payment of Taxes	53.49	-
TOTAL	<u>6,676.73</u>	<u>1,586.68</u>
25 DEPRECIATION AND AMORTIZATION EXPENSE		
Depreciation for the year	18,216.57	22,297.30
Less: Transfer from Revaluation Reserve	(613.72)	(613.72)
TOTAL	<u>17,602.84</u>	<u>21,683.57</u>

(₹ in '000)

Particulars	Year Ended 31 st March 2012	Year Ended 31 st March 2011
26 MANUFACTURING AND OTHER EXPENSES		
Consumption of Stores, Spares, Consumables, Packing Materials etc.	34,711.02	23,867.12
Power and Fuel	54,659.00	46,681.93
Job work Charges	7,045.14	-
Production Overheads	1,152.77	607.84
Rent, Rates and Taxes	5,662.64	7,714.30
Repairs and Maintenance Expenses		
- Plant & Machinery	3,847.24	3,294.19
- Building	719.27	299.79
- Others	1,325.07	1,795.62
Other Distribution Expenses	2,256.84	2,226.67
Excise Duty Variation on Opening / Closing Stocks	579.93	1,047.65
Insurance Charges	2,150.64	1,938.71
Travelling Expenses	4,805.84	5,426.98
Freight Charges	4,415.76	4,527.46
Directors' Sitting Fees	76.00	72.00
Miscellaneous Expenses	11,294.80	9,031.38
Net (Gain)/Loss on Foreign Currency Fluctuation	1,843.74	2,002.58
Auditors Remuneration		
- For Audit Fees	1,112.28	595.06
- For Taxation Matters	186.39	124.62
- For Other Services	709.22	-
- For Reimbursement of Expenses	7.58	58.11
	2,015.46	777.79
Legal & Professional Fees	7,402.34	579.91
TOTAL	145,963.51	111,891.91

27 NOTES TO THE ACCOUNTS

A. In the opinion of the Board, the current assets, loans and advances are approximately of the value stated if realized in the ordinary course of business. The provisions for all known liabilities are adequate.

B. Contingent Liabilities

- i) Claims against the Company not acknowledged as debts:
- Disputed (net) demands for Income Tax pending with various Appellate Authorities ₹ 2,329.86 ('000) ((Previous year ₹ 2,329.86 ('000)).
 - Disputed Service Tax Demand ₹ 3,159.95 ('000) ((Previous year ₹ 2,826.10 ('000))
 - Disputed Excise Demands ₹ 2,424.30 ('000) (Previous year ₹ 4,436.64 ('000))
 - Disputed ESIC Demands ₹ 89.69 ('000) (Previous year ₹ 89.69 ('000))
 - Disputed Sales Tax Demands ₹ 585.91 ('000) (Previous year ₹ 224.82 ('000))
 - Outstanding Bank Guarantee ₹ Nil (Previous year ₹ 173.00 ('000))
- ii) Commitment on capital contracts yet to be executed ₹ 990.00 ('000) (Previous year ₹ Nil)

C. The Subsidiary Companies considered in the consolidated financial statements are:

(₹ in '000)

Name of the Subsidiaries	Country of Incorporation	Percentage of Voting Right as on 31 st March	
		2011-12	2010-11
MMG MagDev Limited (From 30.06.2010)	UK	100.00	100.00
MMG India Private Limited (From 30.06.2010)	India	100.00	100.00

D. Segments Disclosures

The Company is engaged in the business of Magnets which is being the only business of the Company and hence disclosure of segment-wise information is not applicable under Accounting Standard 17- 'Segment Reporting' issued by The Institute of Chartered Accountants of India.

E. Employee Benefits

Disclosure required as per AS – 15 are as under:

- The Company has recognized the expected liability arising out of the compensated absence and gratuity as at 31st March, 2012 based on actuarial valuation carried out using the Project Credit Method.
- The below disclosure have been obtained from independent actuary. The other disclosures are made in accordance with AS – 15 (revised) pertaining to the Defined Benefit Plan is as given below :

(₹ in '000)

Sr. No.	Particulars	Gratuity (Funded)		Leave Encashment (Unfunded)	
		2011-12	2010-11	2011-12	2010-11
1	Assumptions :				
	Discount Rate	8.5%	8.25%	8.5%	8.25%
	Salary Escalation	10.00%	5.00%	10.00%	5.00%
2	Changes in benefit obligations :				
	Liability at the beginning of year	11,930.10	3,949.44	2,083.62	2,245.61
	Interest Cost	398.82	325.83	43.74	66.77
	Current Service Cost	3,819.96	2,577.32	602.55	815.44
	Liability Transfer in	-	5,623.16	-	-
	Benefit Paid	(1,110.12)	(1,001.92)	(539.01)	(752.16)
	Actuarial (Gain) / Loss on obligations	2,975.12	456.28	729.69	(292.04)
	Present value of obligations as at end of year	18,013.88	1,1930.10	2,920.61	2,083.62
3	Amount recognized in the Balance Sheet:				
	Liability at the end of the year	18,013.88	11,930.10	2,920.61	2,083.62
	Fair value of Plant Assets at the end of the year	8,103.47	7,470.96	-	-
	Difference	(9,910.41)	(4,459.14)	(2,920.61)	(2,083.62)
	Amount recognized in the Balance Sheet	(9,910.41)	(4,459.14)	(2,920.61)	(2,083.62)
4	Expenses recognized in the Profit and Loss Account:				
	Current Service Cost	3,819.96	2,577.32	602.55	815.44
	Interest Cost	398.82	325.83	43.74	66.77
	Expected return on Plant assets	(320.24)	(702.36)	-	-
	Actuarial Gain or (Loss)	(2,932.71)	427.49	(729.69)	(292.04)
	Expenses recognized in the Profit and Loss Account	6,831.25	2,628.29	1,375.98	590.17
5	Balance Sheet Reconciliation :				
	Liability at the beginning of year	4,459.14	452.34	2,083.26	2,245.61
	Liability Transfer in	-	2,569.05	-	-
	Expenses as above	6,831.25	2,628.29	1,375.98	590.17
	Employer's Contribution	(1,379.98)	(1,190.54)	(539.01)	(752.16)
	Closing Net Liability at end of year	9,910.41	4,459.14	2,920.61	2,083.62

iii) Under Defined Contribution Plan

(₹ in '000)

Particular	2011-12	2010-11
Contribution to Provident Fund	4,301.14	3,778.75

F. Related Party Disclosures :

(A) Related parties and transactions with them during the year as identified by Management are given below:

(i) Individuals or their relatives owning directly or indirectly an Interest in the voting power giving them significant influence:

- Mr. Jaydev Mody (JM) - Chairman
- Mrs. Zia Mody (ZM) - Wife of Chairman
- Mrs. Urvi Piralal (UP) - Sister of Chairman

(ii) Key Management Personnels:

- Mr. Capt. Ratnakar B Barick - Executive Director

(iii) Enterprises over which persons mentioned in (i) and (ii) above exercise significant influence:

- AZB & Partners (AZB)
- Freedom Registry Limited (FRL)
- Aarti Management Consultancy Private Limited (AAMPL)
- Aditi Management Consultancy Private Limited (ADMPL)
- Anjoss Trading Company Private Limited (ATC)
- Delta Corp Ltd (DCL)

Details of Transactions carried out with Related Parties in the ordinary course of Business (excluding reimbursement):
(₹ in '000)

Particulars	Key Management Personnel / Individual owing directly or indirectly interest in voting power		Enterprises Over which individual / Key Management Personnel Exercise Significant Influence		Total	
	2012	2011	2012	2011	2012	2011
Remuneration Paid						
Capt. R Barick	4,431.51	3,000.00	-	-	4,431.51	3,000.00
Director Sitting Fees						
J M	6.00	10.00	-	-	6.00	10.00
U P	6.00	6.00	-	-	6.00	6.00
Sub-Total	12.00	16.00	-	-	12.00	16.00
Expenses						
A Z B	-	-	-	1,117.06	-	1,117.06
F R L	-	-	68.27	41.30	68.27	41.30
Sub-Total	-	-	68.27	1,158.36	68.27	1,158.36
Sharing of Resources #						
D C L	-	-	-	-	-	-
Loan Received						
A A M P L	-	-	-	46,300.00	-	46,300.00
A D M P L	-	-	-	46,300.00	-	46,300.00
A T C	-	-	-	46,400.00	-	46,400.00
Sub-Total	-	-	-	1,39,000.00	-	1,39,000.00
Repayment of Loan						
A A M P L	-	-	-	2,425.00	-	2,425.00
A D M P L	-	-	-	3,300.00	-	3,300.00
A T C	-	-	-	3,400.00	-	3,400.00
Sub-Total	-	-	-	9,125.00	-	9,125.00
Outstanding as on 31st March						
A A M P L	-	-	43,875.00	43,875.00	43,875.00	43,875.00
A D M P L	-	-	43,000.00	43,000.00	43,000.00	43,000.00
A T C	-	-	43,000.00	43,000.00	43,000.00	43,000.00
Sub-Total	-	-	1,29,875.00	1,29,875.00	1,29,875.00	1,29,875.00
Expenses Outstanding						
F R L	-	-	12.81	12.36	12.81	12.36

Transactions are of non monetary consideration.

G. Deferred Tax

In accordance with Accounting Standard 22 "Accounting for Taxes on Income" issued by the Institute of Chartered Accountants of India, the Company has accounted for Deferred Tax during the year.

Deferred Tax Asset recognized on carried forwards losses is on the basis of Management's view of reasonable certainty of availability sufficient future taxable income.

The components of Deferred Tax Assets to the extent recognized and Deferred Tax Liabilities as on March 31, 2012 are as follows:

(₹ in '000)

Particular	2011-12	2010-11
Deferred Tax Liability on:		
Difference between book value and tax WDV of Fixed Asset	<u>6,102.49</u>	<u>6,102.49</u>
Total Deferred Tax Liability (A)	<u>6,102.49</u>	<u>6,102.49</u>
Deferred Tax Asset on :		
Carry Forward Losses	<u>22,012.42</u>	<u>10,923.49</u>
Total Deferred Tax Asset : (B)	<u>22,012.42</u>	<u>10,923.49</u>
Net Deferred Tax Liability (A - B)	<u>(15,909.93)</u>	<u>(4,821.00)</u>

H. Earnings Per Share

(₹ in '000) (Unless Specified)

Particular	2011-12	2010-11
Net Profit after Tax	<u>32,551.81</u>	<u>30,955.90</u>
Number of Equity Shares	<u>48,60,863</u>	<u>48,60,863</u>
Basic & Diluted Earnings Per Share	<u>6.70</u>	<u>6.37</u>
Nominal value per Equity Share (₹)	<u>10</u>	<u>10</u>

I. The Group has taken on operating lease, certain assets, the minimum future lease rentals are as follows:

- Operating Lease Expense Disclosure:

The Company has charged the lease premium on operating lease fully to Profit & Loss accounts.

The Company has non cancelable operating expenses for leasing of assets:

(₹ in '000)

Particular	2011-12	2010-11
Up to 1 Year	1,610.50	1,766.00
1 Year to 5 Year	997.00	2,502.00
Above 5 Year	-	-
TOTAL	2,607.50	4,268.00

- J.** Details of dues to Micro and Small Enterprises as defined under the MSMED Act, 2006. Company has sent letters to suppliers to confirm whether they are covered under Micro, Small and Medium Enterprises Development Act 2006 as well as they have file required memorandum with the prescribed authorities. Out of the letters sent to the parties, some confirmations have been received till the date of finalization of Balance Sheet. Based on the confirmation received the detail of outstanding are furnished in Note 7.
- K.** The Ministry of Corporate Affairs, Government of India, vide General Circular No.2 and 3 dated 8th February 2011 and 23rd February 2011 respectively has granted a general exemption from compliance with Section 212 of the Companies Act, 1956. Necessary information relating to subsidiaries has been included in the Consolidated Financial Statements.

L. Previous Year Comparatives

As notified by Ministry of Corporate Affairs, Revised Schedule VI under the Companies Act, 1956 is applicable to the Financial Statements for the financial year commencing on or after 1st April, 2011. Accordingly, the financial statements for the year ended March 31, 2012 are prepared in accordance with the Revised Schedule VI. The amounts and disclosures included in the financial statements of the previous year have been reclassified to conform to the requirements of Revised Schedule VI.

For Delta Magnets Limited

Jaydev Mody Ram Shroff Urvi Piramal
Chairman Director Director

Capt. R Barick Mahesh Gupta Rajesh Jaggi
Whole-Time Director Director Director

Ambika Kothari Javed Tapia Dr. Vrajesh Udani
Director Director Director

Mumbai: 25th May, 2012 Snehal Oak
Company Secretary

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