

PRESSURE SENSITIVE SYSTEMS (INDIA) LIMITED PSS



**20TH
ANNUAL REPORT
2006 – 2007**

PRESSURE SENSITIVE SYSTEMS (INDIA) LIMITED**PSS****BOARD OF DIRECTORS:**

| | |
|--------------------|--------------------------------|
| Mr. Raj Prehar | : Chairman & Managing Director |
| Mr. Suresh Prehar | : Whole Time Director |
| Mr. Rajiv Datta | : Independent Non-Ex. Director |
| Mr. Bali D. Yadav | : Independent Non-Ex. Director |
| Mr. Ralph X. Pinto | : Independent Non-Ex. Director |

AUDITORS:

DULANI & Co.
Chartered Accountants,
Navi Mumbai.

CORPORATE GOVERNANCE REPORT:

HS Associates
Company Secretaries.

BANKERS:

Bank of Maharashtra.

REGISTRARS & SHARE TRANSFER AGENTS:

Intime Spectrum Registry Limited.
C-13, Pannalal Silk Mills Compound,
L.B.S. Marg, Bhandup (W), Mumbai – 400 078

REGISTERED OFFICE & WORKS:

Pen-Khopoli Road,
Pimpalgaon, Pen,
Dist. Raigad – 402 107.

SHARES LISTED AT:

The Stock Exchange - Mumbai
 - Ahmedabad
(Listing Fees paid for 2007-08)

20th ANNUAL GENERAL MEETING

Date : 27th September, 2007
Day : Thursday
Time : 11.00 a.m.
Place : Pen Khopoli Road,
 Pimpalgaon, Pen,
 Dist.: Raigad – 402 107

DIRECTORS' REPORT

To,
The Members,
PRESSURE SENSITIVE SYSTEMS (INDIA) LIMITED.

Your Directors have great pleasure in presenting **20TH ANNUAL REPORT** along with the **Audited Balance Sheet and Profit And Loss Account**, for the year ended **31st March, 2007.**

1. FINANCIAL RESULTS :

| | (Rs. In '000) | |
|--|---------------|---------|
| | Year ended | |
| | 2007 | 2006 |
| Gross Profit | 6509.77 | 1432 |
| Add/Less: Depreciation (Net) | 1362.60 | 1244 |
| Profit/(Loss) before Taxation | 5318.54 | 188 |
| Less: Provision for Taxation | 57.00 | 32 |
| Less: Prior year adjustments | 30 | 30 |
| Net Profit transferred to Balance sheet | 5261.54 | 126 |
| Balance Brought forward from previous year | (28173.92) | (28299) |
| Balance carried forward to Balance Sheet | (22912.38) | (28173) |

2. OPERATIONS :

During the year your Company reported total sales of Rs. 6,67,15,746/- (Rupees Six Crore Sixty Seven Lacs Fifteen Thousand Seven Hundred Forty Six only) in comparison to Rs. 5,97,75,764/- (Rupees Five Crore Ninety Seven Lacs Seventy Five Thousand Seven Hundred Sixty Four only) of previous year. After making necessary provisions, the net profit is of Rs.52,61,540/- (Rupees Fifty Two Lacs Sixty One Thousand Five Hundred Forty Only) in comparison to Rs. 1,25,565/- (Rupees One Lacs Twenty Five Thousand Five Hundred Sixty Five Only) of previous year. Your Directors expect better financial results in the coming years.

3. DIVIDEND:

In view of carry forward losses, on dividend is recommended for this year.

4. **DEPOSITS:**

Your company did not accept any deposits from the public during the current year.

5. **AUDITORS:**

M/s. Dulani & Co., Chartered Accountants, Navi Mumbai Statutory Auditors of the company is holding the office till the conclusion of ensuing Annual General Meeting and has confirmed his availability for the re-appointment.

6. **AUDITORS REPORT:**

As regards to auditors observations in Item No. (d)(f) of the auditors report, and Item No.(III) and (V) of annexure to the auditors report, the notes to the accounts are self explanatory and hence no explanation is required from the Board as such.

7. **SUBSIDIARIES:**

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

8. **DIRECTORS:**

During the year **Mr. Bali D. Yadav, Director** of the company is retiring by rotation & being eligible offers himself for reappointment.

The managerial remuneration of **Mr. Raj Prehar, Managing Director and Mr. Suresh Prehar**, Whole Time Director was revised w.e.f. **1st October, 2007** subject to approval of shareholders in the forthcoming Annual General Meeting.

9. **DIRECTORS RESPONSIBILITY STATEMENT:**

The Board of Directors hereby confirm

- i. That in the preparation of the Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures.
- ii. That 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 of the company at the end of the financial year and of the financial year and of the Profit or Loss of the Company for that period.
- iii. That the Directors have taken proper and sufficient care for the maintenances of adequate accounting records in accordance with the provision of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- iv. That the Directors have prepared the Annual accounts on a going concern basis.

10. CORPORATE GOVERNANCE CODE:

The Board had implemented Corporate Governance Code in pursuance of clause 49 of Listing Agreement during the year. The report on Corporate Governance is annexed hereto forming part of this report. The requisite certificate from HS Associates, Company Secretaries, on implementation of requirements of the Corporate Governance is also annexed herewith forming part of this report.

11. STOCK EXCHANGE REQUIREMENT:

Being listed at Mumbai & Ahmedabad Stock Exchanges, your company has paid listing fees till March, 2008

12. PARTICULARS OF EMPLOYEES:

There were no employees during the whole or part of the year who were in receipt of remuneration aggregating to Rs. 2,00,000/- p.m. or Rs. 24,00,000/- p.a. Hence no particulars are given.

13. PARTICULARS OF CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNING AND OUTGO AS PER SECTION 217(1) COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988.**A) CONSERVATION OF ENERGY: 31.03.2007**

a) Energy conservation measures taken: NIL

b) Additional investments and proposals, if any, being implemented for reduction of consumption of energy : NIL

c) Impact of the measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods : NIL

d) Total energy consumption and energy consumption per unit of production as per Form A of the Annexure in respect of industries specified in the schedule thereto :-
Enclosed as per Annexure 'A'.

B) TECHNOLOGY ABSORPTION.**I. Research & Development: (R&D)**

1. Specific areas in which R & D carried out by the Company : NIL
2. Benefits derived as results of the above efforts : NIL

II. Technology absorption, adaptation and innovation.

1. Efforts, in brief, made towards technology absorption, adaptation and innovation : NIL
2. Benefits derived as a result of the above efforts, e.g. product improvement, cost reduction, product development, import substitution etc. : NIL
3. In case of imported technology imported during the last 5 years reckoned from the beginning of the financial year), following information may be furnished : NIL
 - (a) Technology imported : NIL
 - (b) Year of import : NIL
 - (c) Has technology been fully absorbed : NIL
 - (d) If not fully absorbed, areas where this has not taken place, reasons therefore and future plans of action : NIL

C) FOREIGN EXCHANGE EARNINGS & OUTGO:

- (1) Earning in Foreign Exchange : NIL
- (2) Outgo in Foreign Exchange : Rs. 1,48,481 /-

ANNEXURE**FORM A**

Form for disclosure of particulars with respect to conservation of energy.

| | Current year | Previous year |
|------------------------------|--------------|---------------|
| 1. Electricity | | |
| a) Purchased | | |
| Unit | 10,223 | 15,800 |
| Total Amount | Rs. 1,70,900 | Rs. 2,04,800 |
| Rate/Unit | Rs. 16.717 | Rs. 12.96 |
| b) Own Generation | - | - |
| (i) Through diesel generator | | |
| Units | - | - |
| Units per ltr. Of diesel oil | - | - |
| Cost/unit | - | - |

| | | |
|---|------------|------------|
| (ii) Through steam turbine generator | - | - |
| Units | - | - |
| Units per ltr. Of fuel oil/gas | - | - |
| Cost/unit | - | - |
| 2. Coal (specify quality and where used) | - | - |
| Quantity (tones) | - | - |
| Total cost | - | - |
| Average rate | - | - |
| 3. Diesel | | |
| Quantity (ltrs.) | 1,156 | 2,744 |
| Total amount | Rs. 44,700 | Rs. 95,560 |
| Average rate | Rs. 38.60 | Rs. 34.82 |
| 4. Others/internal generation (Please give details) | | - |
| Quantity | | - |
| Total cost | | - |
| Rate/Unit | | - |

Form B

Form for disclosure of particulars with respect to absorption of technology.

Research and development (R & D)

1. Specific areas in which R & D carried out by the Company : NIL
2. Benefits derived as a result of the above R&D : NIL
3. Future plan of action : NIL
4. Expenditure on R&D : NIL

14. APPRECIATION:

The Directors take this opportunity to thank all the employees, Banks & Customers for their contribution to the company's performance during the year under review.

BY ORDER OF THE BOARD
PRESSURE SENSITIVE SYSTEMS (INDIA) LIMITED

DATE: 31st May, 2007.
PLACE: Mumbai

Sd/-

RAJ PREHAR
(CHAIRMAN & MANAGING DIRECTOR)

CORPORATE GOVERNANCE REPORT

1. Company's philosophy:

The Corporate Governance code as introduced by Security and Exchange Board of India (SEBI) in pursuance of clause 49 of Listing Agreement and subsequently amended w.e.f.1st January, 2006 has implemented by the Company.

The company believes in maximum utilization of resources at minimum cost and attaining maximum long term shareholders value. The company has also consistently followed good corporate policy and enhanced its value in the eyes of shareholders, Bankers, Customers and Employees.

2. Board of Directors:

Details of Directors Seeking Appointment/Reappointment at the Forthcoming Annual general meeting (pursuant to clause 49 VI (IA) of the Listing Agreement)

| | |
|--|--------------------|
| Name of the Director | Mr. Bali D. Yadav. |
| Age | 37 Yrs. |
| Qualification | B. COM |
| Expertise in specific functional areas | Accounts |
| Directorship in other Indian Public Limited Company & other firms as on 31.03.2007 | NIL |
| Shareholding | NIL |

The Board of the Company comprises of five Directors out of which Chairman is Managing Director while one other Director is a Whole Time Director. The other three Directors are independent Non Executive Directors. There are no nominee or Institutional Directors in the Company.

None of Directors has pecuniary or Business relationship with the Company except managerial remuneration, Mr. Raj Prehar, Chairman & Managing Director, is a partner in M/s. Bright Plastics Industries with whom the company has business relationship. Both Mr. Raj Prehar & Mr. Suresh Prehar Directors, have interest in M/s. Laminar, whose office the company uses & pays society maintenance & Electricity charges. No Director of the Company is either member in more than ten committees and/or Chairman of more than five committees across all Companies in which he is Director.

Non Executive Directors:

As per revised code of Corporate Governance, the composition of the Board should be as such that the Board of Directors of the company shall have an optimum combination of executive and non-executive Directors with not less than fifty percent of the Board of Directors comprising of non Executive Directors.

During the year there were in total 5 (Five) Board Meetings were held i.e. on 24th April, 2006, 31st May, 2006, 31st July, 2006 31st October, 2006 and 31st January, 2007 The time gap between the two meetings was not more than 4 months. All the information required to be furnished to the Board was made available to them along with detailed Agenda notes.

| Sr. No. | Name of Director | Category | No. of Meetings Attended | Attendance at Last AGM | No. Of Other Directorship | No. Of Other Committee membership In other Companies |
|---------|--------------------|------------------------------|--------------------------|------------------------|--------------------------------|--|
| 1. | Mr. Raj Prehar | Chairman & Managing Director | 5 | Yes | Nil | Nil |
| 2. | Mr. Suresh Prehar | Whole Time Director | 5 | Yes | Nil | Nil |
| 3. | Mr. Rajiv Datta | Director | 4 | No | Nil | Nil |
| 4. | Mr. Bali D. Yadav | Director | 4 | No | Nil | Nil |
| 5. | Mr. Ralph X. Pinto | Director | 4 | Yes | Junish International Pvt. Ltd. | Nil |

3. Audit Committee

Pursuant to the provisions of section 292(A) of The Companies Act, 1956 & clause 49 of Listing Agreement, an Audit Committee comprising of 3 Non Ex. Directors has been constituted.

Following are the members of the Committee.

1. Mr. Rajiv Datta – Chairman
2. Mr. Bali D. Yadav – Member
3. Mr. Ralph X. Pinto -- Member.

THE ATTENDANCE AT THE AUDIT COMMITTEE MEETING WAS AS UNDER:

| Director | No. of Committee meetings held | No. of Committee meetings attend. |
|-------------------------------------|--------------------------------|-----------------------------------|
| Mr. Rajiv Datta – Chairman | 4 | 4 |
| Mr. Ralph X. Pinto – Member | 4 | 4 |
| Mr. Bali D. Yadav – Member | 4 | 4 |
| Mr. P. T. Dulani, Statutory Auditor | 4 | 4 |

Broad terms of reference of the Audit Committee are as per following:

- Approving and implementing the Audit procedures and techniques.
- Reviewing audit reports of statutory auditors.
- Reviewing financial reporting systems, internal control systems and control procedures.
- Ensuring compliance with regulatory guidelines.
- Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
- Reviewing, with the management, the quarterly financial statements before submission to the board for approval.
- Reviewing, with management, performance of statutory and internal auditors, adequacy of the internal control systems.
- Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- Review of Related party Transactions.

4. Remuneration Committee

The Stock Exchange Listing Agreement stipulates that the Remuneration Committee should comprise of at least three Non Ex. Independent Directors accordingly the company constituted the Remuneration Committee. Except Chairman, all the three members of the committee are Non Ex. & Independent Directors.

Following are the members of the Committee.

1. **Mr. Raj Prehar – Chairman**
2. **Mr. Bali D. Yadav– Member**
3. **Mr. Rajiv Datta – Member**
4. **Mr. Ralph X. Pinto – Member.**

Disclosure on Remuneration of Directors

1. All element of remuneration package of individual directors summarized under major groups, such as salary benefits, bonuses, stock option, pension etc. – Mr. Raj Prehar and Mr. Suresh Prehar have drawn remuneration aggregating to Rs. 11,25,375 in the year ended 31st March, 2007 as Managing Director and Whole time Director respectively.
2. Details of fixed component and performance linked incentives, along with the performance criteria - NIL
3. Service contracts, notice period, severance fees – NIL
4. Stock option details, if any - and whether issued at a discount as well as the period over which accrued and over which exercisable - NIL

Details of remuneration paid to Directors for the year ended 31st March, 2007.

(Amt. In Rupees)