

PRESSURE SENSITIVE SYSTEMS (INDIA) LIMITED PSS

**20TH
ANNUAL REPORT
2006 – 2007**

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
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)

Executive Directors

Name	Salary	Commission on	Perquisites	Retirement Benefits
Mr. Raj Prehar	560000	NIL	44575	57600
Mr. Suresh Prehar	420000	NIL	-	43200

Following is the list of Non-Executive Directors and their Shareholdings in the Company.

<u>Sr. No.</u>	<u>Name of the Non-Executive Directors</u>	<u>Number of Equity Shares</u>	<u>Sitting fees</u>	<u>Non convertible Instruments</u>
1.	Mr. Rajiv Datta	NIL	NIL	NIL
2.	Mr. Bali Yadav	NIL	NIL	NIL
3.	Mr. R. X. Pinto	200	NIL	NIL

Shareholders/Investors Grievance Committee

The Shareholder/Investors Grievance Committee has been constituted. The committee consists of three Non Ex. & Independent Directors. The Committee is chaired by Mr. Bali Yadav. The committee looks into the shareholder and investors grievance that are not settled at the level of Compliance Officer and helps to expedite the share transfers and related matters.

Following are the members of the Committee.

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

THE ATTENDANCE AT THE SHAREHOLDERS/INVESTORS GRIEVANCE COMMITTEE MEETING WAS AS UNDER:

<u>Director</u>	<u>No. of Committee meetings held</u>	<u>No. of Committee meetings attend.</u>
Mr. Bali D. Yadav – Chairman	4	4
Mr. Rajiv Datta – Member	4	4
Mr. Ralph X. Pinto – Member	4	4
Mr. Raj Prehar – Compliance Officer	4	4

The company received 4 Complaints from the shareholders during the year, out of which only none remained pending at the end of the year. Further, during the year, requests for transfer of 88 Shares in physical form were received and processed for transfer.

The committee met four times during the year ended on 31st March, 2007.

6. General Body Meetings:

Details of last three Annual General Meetings are given below:

<u>Financial Year</u>	<u>Date</u>	<u>Time</u>	<u>Venue</u>	<u>Special Resolution(s)</u>
2003-04	23 rd September, 2004	11.00 a.m.	Regd. Office	N.A.
2004-05	29 th September, 2005	11.00 a.m.	Regd. Office	N.A.
2005-06	27 th September, 2006	11.00 a.m.	Regd. Office	N.A.

No special resolutions were put through postal ballot as all the above special resolutions were voted unanimously by show of hands.

7. Disclosures:

During the year under review, besides the transactions reported elsewhere, there were no other related party transactions of material nature with the promoters, Directors, the management or their subsidiaries or relatives during the year.

There were no instances of Non-compliance on any matter related to the capital market during the past three years and that no penalties or strictures were imposed on the Company by any Stock Exchange or SEBI. Except a notice dated 23rd July, 2004 for violations of regulations 6 & 8 of SEBI (Substantial acquisition of shares and Takeover) Regulation 1997 was received from SEBI. The company submitted the said disclosures after receiving the communication from SEBI.

8. Means of Communication:

Since the company's registered office is situated at Pen the Quarterly/ yearly results are normally published in the local News Paper, the Un-audited results are also put on the Companies web site at pssindialtd.com

The quarterly/yearly results are submitted to the concerned stock exchanges after approval by the Board in due course.

No presentation was made during the year either Institutional Investors or to the analysts.

Management discussion & Analysis Report is attached herewith forming part of the Annual Report.

9. General Shareholders Information:

- i. The 20th Annual General Meeting is scheduled to be held on Thursday, the 27th September, 2007 at 11.00 a.m. at Regd. Office of the Company.
- ii. The Financial year of the company is from April to March. The financial calendar is as per following.

First quarter results (30th June)
 Second quarter results (30th September)
 Third quarter results (31st December)
 Fourth quarter / Annual Results
 Registered Office

End of July.
 End of October
 End of January
 End of May
 Pen Khopoli Road,
 Pimpalgaon, Pen,
 Dist. Raigad – 402 107.

Registrar & Transfer System

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

- iii. Book Closure dates are from Thursday the 20th September, 2007 to Thursday the 27th September, 2007 (both days inclusive).
- iv. The Board of Directors have not proposed any dividend for the current financial year.
- v. The company's shares are listed at Mumbai & Ahmedabad, Stock Exchanges out of which Mumbai is a Regional Stock Exchange. The Listing Fees for the year 2007-08 for all these Stock Exchanges have been paid.
- vi. Stock Code: 526773

The Stock Exchange, Mumbai
 Security in Physical Form No. BSE: 526773
 Electronic Form No. INE891E01016
 Scrip Name: Pressure Sensitive Systems (I) Ltd.

The Stock Exchange, Ahmedabad.
 Security in Physical Form No. ASE

- vii. Market price data:

(All figures in Indian Rupees)

Months	Price		Volume (No. Of Shares)
	High	Low	
April-06	1.99	1.67	9868
May-06	2.46	1.78	15740
June-06	2.8	2.14	46054
July-06	2.34	1.55	20335
August-06	2.58	1.77	26368
September-06	3.52	2.1	76582
October-06	3.65	2.75	38470
November-06	3.54	2.56	62242
December-06	7.94	3	227616
January-07	6.48	5.13	118738
February-07	6.02	4.1	78086
March-07	5.28	3.95	37018

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

ix. Share Transfer System.

The Share transfer of Securities in Physical form are registered, duly transferred and despatched within one month of the receipt, if the transfer documents are in order. The shares in de-materialized form are normally processed and transferred with 21 days from receipt of dematerialization requests.

x. Distribution of Shareholding as on 31st March, 2007.

Share holding of <u>Rs.</u>	Nominal Value of <u>Rs.</u>	Shareholders No.	% of Total	Share Amt. <u>Rs.</u>	% of Total
1	5000	5943	83.2240	152240410	24.0530
5001	10000	728	10.1950	6192860	9.7740
10001	20000	251	3.5150	3987610	6.2930
20001	30000	85	1.1900	2239120	3.5340
30001	40000	26	0.3640	940530	1.4840
40001	50000	38	0.5320	1857000	2.9310
50001	100000	34	0.4760	2370200	3.7410
100001	*****	36	0.5040	30534270	48.1900
Total:		7141	100.00	63362000	100.00

xi. Dematerialization of securities

The company's shares were dematerialized w.e.f. 21st December, 2001 vide a Tripartite agreement executed between NSDL, CDSL and the Company as on 31st March, 2007 20,30,200 Equity Shares representing 32.04% were held in Demat form & the balance 43,06,000 Equity Shares representing 67.96% were in physical form.

xii. Company has not issued either ESOP or any GDRs/ADRs/Warrants/Convertible instrument.

xiii. The Company's Plants are located as under.

a) Pen Khopoli Road,
Pimpalgaon, Pen,
Dist. Raigad – 402 107.

b) 677/2, Village Kishanpura
Baddi - Nalagarh Highway,
Tehsil : Nalagarh, Dist. : Solan,
H. P. - 174 101.

xiv. Address for correspondence :

Shareholders of the company can send correspondence at company's share & Transfer Agent's Office or the corporate office of the company situated at following address

B-130, Oshiwara Industrial Centre,
New Link Road, Opp. Oshiwara Bus Depot,
Goregaon (W),
Mumbai - 400 104

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

- A) INDUSTRY STRUCTURE AND DEVELOPMENT:**
The self adhesive industry is virtually non-existent in the medium scale industry.
- B) SEGMENTWISE PERFORMANCE:**
The Company has only one reportable primary segment consisting of coatings on different materials, the performance of which has been detailed in my Annual Report.
- C) OPPORTUNITIES / OUTLOOK:**
Due to reasons mentioned in (A) above, opportunities/outlook are not very encouraging. The management feels this situation will worsen, However, some new opportunities in the coating field have been identified. The Company has been successful in exploiting the same.
- D) THREATS:**
The main threats are from very cheap large volume imports from low cost countries and very Small Scale Industries. The management is in the process of phasing out loss making products and replacing them with products giving higher yields. The management is also in the process of drastic reduction in over heads and running costs.
- E) RISKS AND CONCERNS:**
These have been mentioned in details in (A) and (D) above. The management is taking adequate measures to safeguard the interests of the Company.
- F) INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY:**
The Company has put in place sufficient quality and inventory control systems, required for the company of our size. Monthly Purchase prices are cross checked by the Directors. The company also has a full fledged in - house laboratory which is recognized by various Government Agencies such as Railways, Defence, DOT etc. for quality checks at every stage of production.
- G) HUMAN RESOURCES POLICIES:**
The company has adequate human resources to run its operations efficiently.
- H) CAUTIONARY STATEMENT :**
In light of large scale dumping of self adhesive tapes in India by countries such as China, Malaysia etc. the Company is facing severe profitability problems. However the management has identified new markets which are not affected by imports and has successfully entered the same.

**A REPORT ON CORPORATE GOVERNANCE BY COMPANY
SECRETARY IN PRACTICE.**

To,

The Board of Directors,

PRESSURE SENSITIVE SYSTEMS (INDIA) LIMITED

Pen-Khopoli Road,

Pimpalgaon, Pen,

Dist. Raigad – 402 107.

We have reviewed the implementation of Corporate Governance produced by the company during the year ended 31st March, 2007 with the relevant records and documents maintained by the company, furnished to us for our review and the report on Corporate Governance as approved by the Board of Directors.

The Compliance of the conditions of the Corporate Governance is the responsibility of the Management. Our examination is neither an audit nor an expression of opinion of the financial statements of the company.

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

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

For **HS Associates,**

Company Secretaries

Sd/-

Hemant Shetye

Partner

31st May, 2007 Mumbai,

FCS – 2827

COP - 1483

PSS

**CERTIFICATION BY
CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER**

To,
The Board of Directors,
PRESSURE SENSITIVE SYSTEMS (INDIA) LIMITED
Pen-Khopoli Road,
Pimpalgaon, Pen,
Dist. Raigad – 402 107.

We hereby certify that for the financial year, ending 31st March, 2007 on the basis of the review of the financial statements and the cash flow statement and to the best of our knowledge and belief that:-

1. These statements do not contain any materially untrue statement or omit any material fact or contain statement that might be misleading;
2. These statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
3. There are, to the best of our knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
4. We accept responsibility for establishing and maintaining internal controls and that we have evaluated the effectiveness of the internal control systems of the Company and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
5. We further certify that:
 - a. There have been no significant changes in internal control during the year;
 - b. There have been no significant changes in accounting policies during the year.
 - c. There have been no instances of significant fraud of which we are become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system.

Sd/-

RAJ PREHAR
(Managing Director & CFO)

Sd/-

SURESH PREHAR
(Whole Time Director & CEO)

Date: 31st May, 2007.

Place: Mumbai.

DECLARATION

I, Mr. Suresh Prehar, CEO of the Company hereby declare that all Board members and senior management personnel have affirmed compliance with the code on an annual basis.

FOR PRESSURE SENSITIVE SYSTEMS (INDIA) LIMITED

Sd/-

SURESH PREHAR
(CEO)

Date: 31st May, 2007.
Place: Mumbai.

AUDITORS' REPORT

To,
The Members of,
Pressure Sensitive Systems (India) Limited.

I have audited the attached Balance Sheet of Pressure Sensitive Systems (India) Limited; as at March 31, 2007 and also the Profit and Loss Account and Cash Flow Statement of the company for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's management, my responsibility is to express an opinion on these financial statements based on my Audit.

I conducted my audit in accordance with auditing standards generally accepted in India. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining on test basis evidence supporting the amounts and disclosures in financial statements. An audit also includes assessing the accounting principals used and significant estimate made by management as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

As required by the Companies (Auditor's Report) Order, 2003, (as amended) issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, I enclose in the Annexure a statement on the matters specified in paragraph 4 and 5 of the said order.

Further to my comments in the Annexure referred to above, I report that;

- a) I have obtained all the information and explanation which to the best of my knowledge and belief were necessary for the purpose of my audit;
- b) In my opinion, proper Books of Accounts as required by law have been kept by the company so far as appears from my examination of those books;
- c) The Balance Sheet, the Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of accounts;
- d) In my opinion, the Balance Sheet, the Profit and Loss Account and Cash Flow Statement dealt with by this report, subject to non provision of doubtful inter-corporate deposits and of current year's interest thereon comply with the Accounting Standard referred to in sub-section (3C) of section of Companies Act, 1956;
- e) On the basis of written representation received from the directors, as on March 31, 2007, and taken on record by the Board Of Directors, I report that none of the directors is disqualified as on March 31, 2007 from being appointed as a director in terms of clause section 274 (1)(g) of Companies Act, 1956;
- f) In my opinion and to the best of my information and according to the explanation given to me the said accounts subject to note number 2 regarding non provision of doubtful inter-corporate deposit and of current year's interest thereon, give a true and fair view in conformity with the accounting principals generally accepted in India;
 - (i) In the case of Balance Sheet, of the state of affairs of the company as at 31st March, 2007;
 - (ii) In the case of the Profit and Loss Account, of the Profit of the company for the year ended on that date; and
 - (iii) In the case of cash Flow Statement, of the cash flow of the company for the year ended on that date.

Place : Navi - Mumbai
Date : 31ST MAY, 2007.

For DULANI & CO.
Chartered Accountants
Sd/-
Mr P.T. Dulani
[Proprietor]
(M. No.31405)

ANNEXTURE TO THE AUDITORS' REPORT

The Annexure referred to in auditors' report to the members of Pressure Sensitive Systems (India) Limited, for the year ended March, 31, 2007. I report that:

- (I) The company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

The fixed assets have been physically verified by the management during the year, and no material discrepancies were noticed on such verification. In my opinion, the frequency of verification is reasonable, having regard to the size of the company and nature of its business.

There was no substantial disposal of fixed assets during the year.

- (II) The inventories have been, physically verified during the year by the management. In my opinion, the frequency of the verification is reasonable.

In my opinion and according to the information and explanations given to me procedure of physical verifications of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.

The Company is maintaining proper records of inventory and no discrepancies were noticed on physical verification.

- (III) The company has neither granted nor taken any loans, secured or unsecured, to or from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. accordingly, paragraph 4 (iii) of the order is not applicable.

- (IV) In my opinion and according to the information and explanations given to me, there are adequate internal control procedure commensurate with the size of the company and the nature of its business with regard to purchase of inventory and fixed assets and for the sale of good. I have not observed any major weakness in the internal controls during the course of the audit.

- (V) In my opinion and according to the information and explanations given to me, the transactions that need to be entered in to register in pursuance of section 301 of the Companies Act, 1956 have been entered.

In my opinion and according to the information and explanation given to me, the transactions made in pursuance of such contracts or arrangement and exceeding the value of five lakhs rupees entered into during the financial year, have been made at prices, which are not comparable, as according to the management the purchases are of products made exclusively for the company having special technical requirements and quality consideration.

- (VI) The company has not accepted any deposits from the public. Accordingly paragraph 4(vi) of the order is not applicable.

- (VII) In my opinion, the company has an internal audit systems commensurate with the size and the nature of its business.

- (VIII) The Central Government has not prescribed the maintenance of cost records under section 209 (1) (d) of the Companies Act, 1956 in respect of companies products. Accordingly paragraph 4(viii) of the order is not applicable.

- (IX) According to the information and explanation given to me and on the basis of my examination of the records of the company amounts deducted / accrued in the books of accounts in respect of undisputed statutory dues including provident fund, income tax, sales tax, custom duty, excise duty, service tax and other statutory dues have been regularly deposited during the year by the company with the appropriate authorities. As explained to me the company did not have any dues on account of employees state insurance.

According to the information and explanation given to me no undisputed dues payable in respect of provident fund, income tax, sales tax, custom duty, excise duty, service tax were outstanding at march 31, 2007 for period of more than six months from the date they become payable.

According to the information and explanation given to me there are no dues of income tax, sales tax, custom duty, excise duty, service tax, and wealth tax which have not been deposited with the appropriate authorities on account of any dispute.

- (X) The accumulated losses of the company as on 31st March 2007 are not more than fifty percent of its net worth. The company has not incurred cash losses during the financial year, and in the immediately presiding financial year.
- (XI) According to the information and explanation given to me, the company has not defaulted in repayment of dues to bank. The companies has neither taken any loan from the financial institution nor issued any debenture and other securities.
- (XII) The company has not granted loans and advances on the basis of security by way of pledge of shares, debentures, and other securities. Accordingly paragraph 4(xii)of the order is not applicable.
- (XIII) In my opinion and according to the information and explanation given to me the company is not a chit fund or Nidhi/ mutual benefit fund / society. Accordingly paragraph 4(xiii)of the order is not applicable.
- (XIV) According to the information and explanation given to me, the company is not dealing or trading in the shares, securities, debentures, and other investments. Accordingly paragraph 4(xiv)of the order is not applicable.
- (XV) According to the information and explanation given to me, the company has not given any guarantee for loans taken by others from bank or financial institutions. Accordingly paragraph 4 (xv) of the order is not applicable.
- (XVI) The company did not have any term loans outstanding during the year. Accordingly paragraph 4(xvi)of the order is not applicable.
- (XVII) The company has not raised any funds on short term basis. Accordingly paragraph 4(xvii)of the order is not applicable.
- (XVIII) The Company has not made any preferential allotment of shares to companies/firms/parties covered in the register maintained under section 301 of the companies act, 1956. Accordingly paragraph 4(xviii)of the order is not applicable.
- (XIX) The company did not have any outstanding debentures during the year. Accordingly paragraph 4(xix)of the order is not applicable.
- (XX) The company has not raised any money by public issues during the year. Accordingly paragraph 4(xx)of the order is not applicable.
- (XXI) According to the information and explanation given to me, no fraud on or by company has been noticed or reported during the course of my audit.

Place : NAVI MUMBAI
Date : 31ST MAY ,2007.

For & ON BEHALF OF
—DULANI & CO.
CHARTERED ACCOUNTANTS.

Sd/-
MR P.T. DULANI
[PROPRIETOR]
(M. NO.31405)

BALANCE SHEET AS AT 31ST MARCH 2007

	SCHEDULE NO.	AS AT 31-03-07	AS AT 31-03-06
I SOURCE OF FUNDS			
1 SHARE HOLDERS FUNDS :			
a) SHARE CAPITALS	1	63327000	63327000
b) RESERVE & SURPLUS	2	850982	1022359
		<u>64177982</u>	<u>64349359</u>
2 LOAN FUNDS SECURED	3	0	444963
TOTAL FUNDS EMPLOYED		<u>64177982</u>	<u>64794322</u>
II APPLICATION OF FUNDS			
1 FIXED ASSETS :	4		
a) GROSS BLOCK		31034225	30522751
b) LESS : DEPRICIATION		12228846	10866243
c) NET BLOCK		<u>18805379</u>	<u>19656508</u>
2 CURRENT ASSETS, LOANS AND ADVANCES:			
a) INVENTORIES	5	5662017	6886557
b) SUNDRY DEBTORS	6	1729723	37541677
c) CASH AND BANK BALANCES	7	10579874	7462890
d) LOANS AND ADVANCES	8	7426127	5945798
		<u>25397741</u>	<u>57836922</u>
LESS CURRENT LIABILITIES AND PROVISION	9		
a) CURRENT LIABILITIES		2211489	40433135
b) PROVISIONS		829582	632615
		<u>3041071</u>	<u>41065750</u>
NET CURRENT ASSETS		<u>22356670</u>	<u>16771172</u>
3 MISCELLANEOUS EXPENDITURE [TO THE EXTENT NOT WRITTEN OF OR ADJUSTED] PROFIT AND LOSS ACCOUNT	10	103557	192726
		<u>22912376</u>	<u>28173916</u>
		<u>23015933</u>	<u>28366642</u>
TOTAL FUNDS UTILISED		<u>64177982</u>	<u>64794322</u>
STATEMENT OF SIGNIFICANT - ACCOUNTING POLICIES	18		
NOTES FORMING PART OF THE ACCOUNT SCHEDULE 1 TO 10 ARE ANNEXED TO AND FORMING PART OF THIS BALANCE SHEET	19		
AS PER MY ATTACHED REPORT OF EVEN DATE			
FOR & ON BEHALF OF DULANI & CO. CHARTERED ACCOUNTANTS		FOR & BEHALF OF BOARD PRESSURE SENSITIVE SYSTEMS (INDIA) LIMITED	
MR. P. T. DULANI [PROPRIETOR]	MR. RAJ PREHAR [CHAIRMAN & MANAGING DIRECTOR]	MR. SURESH PREHAR [WHOLE TIME DIRECTOR]	MR. RAJIV S. DATTA [DIRECTOR]
M. NO. 31405. PLACE NAVI MUMBAI DATE : 31ST MAY 2007.	PLACE : MUMBAI DATE : 31ST MAY, 2007		

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 ST MARCH, 2007

	SCHEDULE NO.	2006-2007 Rs.	2005-2006 Rs.
I INCOME			
SALES AND OTHER INCOMES	11	67772266	54853678
INCREASE (DECREASE) IN STOCKS	12	(1056520)	4922086
		<u>66715746</u>	<u>59775764</u>
II EXPENDITURE			
CONSUMPTION OF RAW MATERIALS	13	52694182	47687659
PURCHASE OF TRADED GOODS		0	1141279
POWER & FUEL		305859	300366
EXCISE DUTY PAID		1886325	642647
OTHER MANUFACTURING EXPENSES	14	105155	49201
PAYMENT TO AND PROVISIONS FOR EMPLOYEES	15	2471127	1720596
OTHER EXPENSES	16	2648944	6751903
INTEREST	17	28870	50153
PRIOR PERIOD ADJUSTMENT		65518	30426
		<u>60205980</u>	<u>58374230</u>
III PROFIT / (LOSS) BEFORE DEPRICIATION		6509766	1401534
IV DEPRICIATION FOR THE YEAR		1362603	1415346
V TRANSFERE FROM REVALUATION RESEREVE		171377	171377
VI PROFIT / (LOSS) BEFORE TAX		5318540	157565
VII PROVISION FOR FRINGE BENEFITS TAX		57000	32000
VIII NET PROFIT (LOSS) FOR THE YEAR		5201540	125565
IX BALANCE BROUGHT FROM PREVIOUS YEAR		(28173916)	(28299481)
X BALANCE CARRIED OVER TO BALANCE SHEET		(22912376)	(28173916)
EARNING PER SHARE (RS. 0 - BASIC DILUTED STATEMENT OF SIGNIFICANT ACCOUNTING POLICES NOTES FORMING PART OF THE ACCOUNT SCHEDULE 11 TO 17 ARE ANNEXED TO AND FORMING PART OF THIS PROFIT AND LOSS ACCOUNT	18	0.83	0.02
	19		

AS PER MY ATTACHED REPORT OF EVEN DATE

FOR & ON BEHALF OF
DULANI & CO.
CHARTERED ACCOUNTANTS

FOR & ON BEHALF OF BOARD
PRESSURE SENSITIVE SYSTEMS (INDIA) LIMITED

MR. P. T. DULANI
[PROPRIETOR]

MR. RAJ PREHAR
[CHAIRMAN &
MANAGING DIRECTOR]

MR. SURESH PREHAR
[WHOLE TIME
DIRECTOR]

MR. RAJIV S. DATTA
[DIRECTOR]

M. NO. 31405
PLACE NAVI MUMBAI
DATE : 31ST MAY 2007.

PLACE : MUMBAI
DATE : 31ST MAY, 2007

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2007.

	2006-2007 RUPEES.	2005-2006 RUPEES.
A) CASH FLOW FROM OPERATING ACTIVITIES :		
NET PROFIT BEFORE TAX AND EXCEPTIONAL ITEMS	5318540	157565
ADJUSTMENT TO RECONCILE NET PROFIT BEFORE TAX TO CASH PROVIDED BY OPERATING ACTIVITIES		
DEPRECIATION	1191226	1243969
INTEREST INCOME	(485422)	(93458)
OTHER INCOME	0	(97,095)
MISCELLANEOUS EXPENDITURE WRITTEN OFF	89169	89170
INTEREST PAID	28870	50153
LAIBILITIES NO MORE REQUIRED WRITTEN BACK	0	(64056)
INTEREST ON INTERCORPORATE DEPOSITS WRITTENOFF	0	1584479
LOSS ON SALE OF ASSETS	0	3184576
NET CASH GENERATED BY OPERATING ACTIVITIES	<u>6142383</u>	<u>6055303</u>
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES ADJUSTMENT FOR :		
INVENTORIES	1224540	(5575260)
SUNDRY DEBTORS	35811954	(36157407)
LOANS & ADVANCES	(1480329)	3180633
CURRENT LAIBILITIES & PROVISIONS	(38024679)	26400324
INCREASE/(DECREASE) IN CURRENT ASSETS	<u>(2468514)</u>	<u>(12151710)</u>
CASH GENERATED FROM OPERATIONS	3673869	(6096407)
LESS : TAXES PAID	57000	32000
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>3616869</u>	<u>(6128407)</u>
EXTRAORDINARY ITEMS :		
LAIBILITIES NO MORE REQUIRED WRITTEN BACK	0	64056
OTHER INCOMES	0	97095
INTEREST ON INTERCORPORATE DEPOSIT WRITTEN BOOK	0	(1584479)
	<u>0</u>	<u>(1423328)</u>
NET CASH FROM OPERATING ACTIVITIES	<u>3616869</u>	<u>(7551735)</u>
B) CASH FLOW FROM INVESTING ACTIVITIES		
PURCHASE OF FIXED ASSETS	(511474)	(5921160)
PROCEEDS FROM SALE OF FIXED ASSETS	0	1898016
INTEREST RECEIVED	485422	93458
PROCEEDS FROM INTER CORPORATE DEPOSITS	0	1850000
NET CASH FROM INVESTING ACTIVITIES	<u>(26052)</u>	<u>(2079686)</u>

	2006-2007 RUPEES.	2005-2006 RUPEES.
C) CASH FLOW FROM FINANCING ACTIVITIES		
REPAYMENT OF UNSECURED LOANS	0	(502034)
SECURED LOANS	(444963)	444963
INTEREST PAID	(28870)	(50153)
NET CASH USED FOR FINANCING ACTIVITIES	<u>(473833)</u>	<u>(107224)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	3116984	(9738645)
CASH AND CASH EQUIVALENTS ON OPENING DATE	7462890	17201535
CASH AND CASH EQUIVALENTS ON CLOSING DATE	10579874	7462890

THIS IS THE CASH FLOW STATEMENT REFERRED TO IN OUR REPORTS OF EVEN DATE.

FOR & ON BEHALF OF
DULANI & CO.,
CHARTERED ACCOUNTANTS

FOR AND ON BEHALF OF THE BOARD
PRESSURE SENSITIVE SYSTEMS (INDIA) LIMITED

MR P.T.DULANI
(PROPRIETOR)
M.NO.31405

MR RAJ PRÉHAR
(CHAIRMAN AND
MANAGING DIRECTOR)

SURESH PREHAR
WHOLETEIME DIRECTOR

RAJIV S.DATTA
[DIRECTOR]

PLACE: NAVI MUMBAI
DATED: 31st MAY ,2007

PLACE: MUMBAI
DATED: 31st MAY ;2007

**SCHEDULE 1 TO 10 ANNEXED TO AND FORMING PART OF
BALANCE SHEET AS AT 31ST MARCH, 2007**

	AS AT 31.03.07 [RS]	AS AT 31.03.06 [RS]
SCHEDULE -1		
SHARE CAPITAL AUTHORISED		
70,00,000 EQUITY SHARES OF RS. 10 EACH	70000000	70000000
	<u>70000000</u>	<u>70000000</u>
6,336,200 EQUITY SHARES OF RS 10 EACH FULLY PAID UP	63362000	63362000
LESS: CALLS IN ARREARS ON 3500 EQUITY SHARES OF RS 10/- EACH	35000	35000
	<u>63327000</u>	<u>63327000</u>

NOTE S:

- 1) OF THE ABOVE EQUITY SHARES 1,15,000 SHARES OF RS 10/- EACH ARE ALLOTTED AS FULLY PAID BONUS SHARES BY CAPITALISATION OF REVALUATION RESERVE
- 2) CALLS IN ARREARS RS. 35000/- (PREVIOUS YEAR RS. 35000/-) REPRESENTS STOCK INVEST RETURNED UNPAID AND ARE SUBJECT TO REALIZATION.

SCHEDULE -2

RESERVE AND SURPLUS

1) CAPITAL RESERVE		
BALANCE AS PER LAST BALANCE SHEET	750000	750000
2) REVALUATION RESERVE		
BALANCE AS PER LAST BALANCE SHEET	272359	443736
LESS: TRANSFERRED TO PROFIT AND LOSS ACCOUNT	(171377)	(171377)
	<u>850982</u>	<u>1022359</u>

SCHEDULE -3

SECURED LOANS

FROM BANK	0	444963
(AGAINST HYPOTHICATION OF VEHICLE)	0	0
	<u>0</u>	<u>444963</u>

SCHEDULE -4 OF FIXED ASSETS

Sr. No.	PARTICULARS	GROSS BLOCK AT COST				DEPRECIATION				NET BLOCK	
		AS AT 01.04.2006	ADDITIONS	SALE / ADJUSTMENT	AS AT 31.03.2007	UP TO 31.03.2006	FOR THE YEAR	SALE / ADJUSTMENT	UP TO 31.03.2007	AS AT 31.03.2007	AS AT 31.03.2006
1	FREEHOLD LAND	781196	0	0	781196	0	0	0	0	781196	781196
2	BUILDING	9269986	0	0	9269986	2590417	309616	0	2900035	6369951	6679569
3	PLANT & MACHINERY	17159806	0	0	17159806	6759832	815090	0	7574922	9584884	10399974
4	ELECTRICAL INSTALLATION	1781346	2615	0	1788961	1036420	83705	0	1120125	643836	724926
5	FURNITURE & FIXTURES	182600	38000	0	220600	72894	13176	0	86070	134530	109706
6	LABORATORY EQUIPMENT	342934	0	0	342934	122802	16289	0	139091	203843	220132
7	WEIGHING SCALE	73226	0	0	73226	35668	3479	0	39147	34079	37558
8	FIRE FITTING EQUIPMENT	67025	0	0	67025	36923	3184	0	40107	26918	30102
9	OFFICE EQUIPMENT	169018	30000	0	199018	45437	8657	0	54094	144924	123581
10	COMPUTERS	167679	0	0	167679	116004	27181	0	143185	24494	51675
11	VEHICLE	567936	440859	0	1008795	49846	82224	0	132070	876725	518090
	TOTAL	30522751	511474	0	31034225	10866243	1362603	0	12228846	18805379	19656508
	TOTAL	30522751	511474	0	31034224	10866243	1362603	0	12228846	18805379	19656508
	PREVIOUS PERIOD	33986340	6994108	10457697	30522751	13753054	1418346	4302157	10866243	19656508	

NOTES:

FIXED ASSETS OF THE COMPANY OTHER THAN FURNITURE & FIXTURE WERE REVALUED AS AT 31.03.1993, WHICH HAD RESULTED IN AGGREGATE INCREASE IN THEIR BOOK VALUE BY RS. 39,68,070.68 (GROSS) AND RS. 38,25,148.43 (NET). DEPRECIATION FOR THE YEAR INCLUDES RS. 1,71,377/- (PREVIOUS YEAR RS. 1,71,377/-) IN RESPECT OF INCREASE VALUE OF FIXED ASSETS DUE TO REVALUATION AND AN EQUIVALENT AMOUNT HAS BEEN RECOUPED FROM REVALUATION RESERVE.

	AS AT 31.03.07 [RS]	AS AT 31.03.06 [RS]
SCHEDULE - 5		
INVENTORIES		
(AS PER INVENTORIES TAKEN , VALUED AND CERTIFIED BY THE MANAGEMENT)		
STORES AND SPARE PARTS	585090	377455
RAW MATERIALS	950106	1350816
PACKING MATERIALS	73915	48860
FINISHED GOODS	129873	4966611
WORK IN PROGRESS	3923033	142815
	<u>5662017</u>	<u>6886557</u>
SCHEDULE -6		
SUNDRY DEBTORS		
(UNSECURED CONSIDERED GOOD)		
EXCEEDING SIX MONTHS	1729723	504983
OTHERS	0	37036694
	<u>1729723</u>	<u>37541677</u>
SCHEDULE -7		
CASH AND BANK BALANCES		
CASH ON HAND	364968	599508
IN PLA A/C WITH EXCISE WITH SCHEDULED BANK	477	107
IN CURRENT ACCOUNT	1356962	4615425
IN FIXED DEPOSIT ACCOUNT	8857467	2247850
	<u>10579874</u>	<u>7462890</u>
SCHEDULE -8		
LOANS AND ADVANCES		
(UNSECURED CONSIDERED GOOD)		
ADVANCE TO SUPPLIERS	245000	245000
ADVANCE RECOVERABLE IN CASH OR IN KIND FOR VALUE TO BE RECEIVED	4209752	2770998
LOANS TO STAFF	0	9000
INTERCORPORATE DEPOSITS	1850000	1850000
DEPOSITS WITH PUBLIC BODIES	114875	64300
OTHERS	1006500	1006500
	<u>7426127</u>	<u>5945798</u>
SCHEDULE - 9		
CURRENT LIABILITIES AND PROVISIONS		
a) CURRENT LIABILITIES		
SUNDRY CREDITORS	1804614	40011892
OTHER LIABILITIES	406875	421243
	<u>2211489</u>	<u>40433135</u>

	AS AT 31.03.07 [RS]	AS AT 31.03.06 [RS]
b) PROVISIONS		
FRINGE BENEFIT TAX	89000	32000
PROVISION FOR GRATUITY	631450	600615
PROVISION FOR LEAVE ENCASHMENT	109132	0
	<u>829582</u>	<u>632615</u>
TOTAL (A+B)	<u>3041071</u>	<u>41065750</u>
 SCHEDULE - 10		
MISCELLANEOUS EXPENDITURES		
(TO THE EXTENT NOT WRITTEN OFF OR ADJUSTED)		
VOLUNTARY RETIREMENT SCHEME	103557	192726
	<u>103557</u>	<u>192726</u>

SCHEDULE 11 TO 17 ANNEXED TO AND FORMING PART OF PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED

	2006-2007 [RS]	2005-2006 [RS]
SCHEDULE -11		
SALES AND OTHER INCOME		
SALE OF GOODS MANUFACTURES	67286844	52096337
SALE OF GOODS TRADED	0	2336736
JOB WORK RECEIVED	0	165996
INTEREST RECEIVED (TDS RS. 96003)	485113	93458
SUNDRY BALANCE WRITTEN OFF	309	0
OTHER INCOME	0	97095
LIABILITIES NO MORE REQUIRED WRITTEN BACK	0	64056
	<u>67772266</u>	<u>54853678</u>
 SCHEDULE -12		
INCREASE (DECREASE) IN STOCKS		
OPENING STOCK		
WORK IN PROGRESS	142815	151897
FINISHED GOODS	4966611	35443
	<u>5109426</u>	<u>187340</u>
 LESS: CLOSING STOCKS		
WORK IN PROGRESS	3923033	142815
FINISHED GOODS	129873	4966611
	<u>4052906</u>	<u>5109426</u>
NET INCREASE /(DECREASE)	<u>(1056520)</u>	<u>4922086</u>
 SCHEDULE -13		
CONSUMPTION OF RAW MATERIALS		
OPENING STOCKS		
ADD: PURCHASES	1350816	765467
	<u>52293472</u>	<u>48273008</u>
 LESS: CLOSING STOCKS		
	53644288	49038475
	<u>950106</u>	<u>1350816</u>
	<u>52694182</u>	<u>47687659</u>

	AS AT 31.03.07 [RS]	AS AT 31.03.06 [RS]
SCHEDULE -14		
OTHER MANUFACTURING EXPENSES		
PROCESSING AND PRINTING CHARGES	39326	0
CONSUMPTION OF STORES AND SPARES	65829	49201
	<u>105155</u>	<u>49201</u>
SCHEDULE -15		
PAYMENT TO AND PROVISION FOR EMPLOYEES		
SALARIES AND WAGES	1981590	1341547
STAFF WELFARE EXPENSES	80824	70282
STAFF QUARTERS RENT	32000	32000
CONTRIBUTION TO PROVIDENT FUND & OTHER FUNDS	147577	132098
GRATUITY	30835	44400
LEAVE ENCASHMENT	109132	11100
COMPENSATION TO WORKERS ON		
VOLUNTARY RETIREMENT	89169	89169
	<u>2471127</u>	<u>1720596</u>
SCHEDULE -16		
OTHER EXPENSES		
TRAVELLING AND CONVEYANCE	287902	131212
INSURANCE	226525	57759
RENT RATES AND TAXES	94497	47228
REPAIRS TO BUILDINGS	16585	35343
REPAIRS TO PLANT AND MACHINERY	6272	16567
REPAIRS TO OTHERS	28776	6170
LEGAL AND PROFESSIONAL CHARGES	199961	178606
PAYMENT TO AUDITORS	203307	147670
PRINTING AND STATIONERY	29784	12366
POSTAGE, TELEGRAMS , AND TELEPHONES	141267	168821
FREIGHT , OCTROI, AND CARRIAGE	246746	209814
BUSINESS PROMOTION EXPENSES	32256	30775
VEHICLE MAINTENANCE	204572	92844
PACKING MATERIAL CONSUMED	120813	149207
BANK GUARANTEE COMMISSION AND CHARGES	184217	252020
SALES TAX	6	266363
MISCELLANEOUS EXPENSES	272407	180083
DELAYED PAYMENT CHARGES	353051	0
INTEREST ON INTER CORPORATE DEPOSIT WRITTEN OFF	0	1584479
LOSS ON SALE OF ASSETS	0	3184576
BAD LOANS AND ADVANCES WRITTEN OFF	0	0
	<u>2648944</u>	<u>6751903</u>
SCHEDULE -17		
INTEREST		
ON FIXED LOANS	1747	48463
OTHERS	27123	1690
	<u>28870</u>	<u>50153</u>

**SCHEDULE 18 :-
SIGNIFICANT ACCOUNTING POLICIES**

PSS

1. ACCOUNTING CONCEPTS :

The Company maintains its accounts on accrual basis, following the historical cost convention , except for revaluation of Fixed Assets (except Furniture & fixtures), and as a going concern, in compliance with applicable accounting standards referred to in Section 211 (3c) and other requirements of the Companies Act, 1956. However, interest on loans given as inter corporate deposits has not been provided. Accounting policies not specifically referred to otherwise are consistent with generally accepted accounting principles.

2. FIXED ASSETS

Fixed Assets are stated at original cost net of CENVAT credits availed, if any , and those which are revalued as on 31st March, 1993. are stated at the value determine by the valuer . Cost of acquisition includes shipment duties , taxes, installation, interest and expenditure during the construction up to the date of commercial production have been capitalized.

3. DEPRECIATION

Depreciation (other than freehold land) is calculated on Straight Line Method as per Schedule XIV to the Companies Act 1956, on pro-rata time basis with reference to the month of additions , depreciation on revalued assets is also provided on the same basis and the equal amount is recouped from the revaluation reserve.

4. IMPAIRMENT

The Company assesses at each Balance Sheet date whether there is any indication of impairment of assets / cash generating unit based on internal / external factors. An impairment loss is recognized wherever the carrying amount of an assets / cash generating unit exceeds its recoverable amount. The recoverable amount is measured as the higher of the net selling price and value in use of such assets / cash generating unit which is determine by the present value of the estimated future cash flow . For the purpose of accounting of impairment , due consideration is given to revaluation reserve if any.

5. GOVERNMENT GRANTS AND SUBSIDIES

Grants and subsidies from the government are recognized when there is reasonable assurance that the grants / subsidies will be received and all attaching conditions will be complied with. where the grant or subsidy relates to an assets , its value is deducted in arriving at the carrying amount of the related assets and those in the nature of project subsidy are credited to capital reserve.

6. INVENTORIES

Inventories are valued as under after providing for obsolescence :

- a) Raw materials, *Stores and Spares, Packing material, are valued at cost.
- b) Finished good are valued at lower of the cost or estimated net realisable value, cost includes overhead and excise duty paid / payable on such goods.
- c) Work - in-progress is valued at estimated cost.
*Printing cylinder are written-off as 10% of the balance cost each year.

7. REVENUE RECOGNITION

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the company and revenue can be reliably measured.

Sales of goods

Revenue is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer. Sales figures are inclusive of Excise duty but are net of sales returns and rate difference adjustment.

INTEREST

revenue is recognized on a time proportion bases taking into account the amount outstanding and the rate applicable

8. CENVAT

CENVAT benefits is accounted by reducing the purchase cost of the raw materials , packing material, stores and spares and fixed assets.

9. FOREIGN EXCHANGE TRANSACTION

- i) Transaction denominated in foreign exchange currencies are recorded at the exchange rate prevailing at the time of transactions .
- ii) Monetary items denominated in foreign currencies at the year end are translated at year end rates.

10. RETIRMENT BENEFITS

- i) Provident Fund and Family Pension : Contribution to provident fund and family pension fund are provided for and payments in respect their of are made to the relevant authorities on actual basis.

- ii) *Gratuity*
In respect of gratuity, the provision is made on actuarial basis at the year end subject to creation of the fund.
- iii) *Leave Encashment*
Provision is made for leave encashment liability at the year end.

11. INCOME TAX

- i) Current Income Tax is measured at the amount expected to be paid to the Tax authorities in accordance with Indian Income Tax Act, after taking credit for allowances and exemptions.
- ii) Fringe Benefit Tax is measured at the amount expected to be paid to the Tax authorities in accordance with Indian Income Tax Act.
- iii) Differed tax assets are recognized only if there is reasonable certainty that sufficient future taxable income will be available against which differed tax assets can be realised, if the company has unabsorbed depreciation or carry forward tax losses, differed tax assets are recognized only if there is virtual certainty supported by convincing evidence that such differed tax asset can be realised against future taxable profits.

12. MISCELLANEOUS EXPENDITURE

Compensation paid under voluntary retirement scheme are amortized over a period of sixteen months.

13. CONTINGENT LIABILITY

Contingent Liability are not provided for and are disclosed by way of notes.

SCHEDULE 19:

NOTES ON ACCOUNTS

1. CONTINGENT LIABILITIES NOT PROVIDED FOR

Bank Guarantee given by the Bank on behalf of the Company, Rs.1,17,97,075/- (Previous Year Rs. 1,36,47,649/-)

- 2. a) The other inter corporate deposit outstanding amounting to Rs.18,50,000/- (Previous Year Rs. 18,50,000/-). The directors are hopeful of recovering the same, however no legal steps have been taken for recovery of the same. Under the circumstances the company has not provided interest for the year amounting to Rs. 2,22,000/- (Previous Year 2,22,000/-). The total amount outstanding as per books together with interest as on 31st March,2007 amounts to Rs.30,30,437/- (Previous Year Rs. 30,30,437/-). no provision for doubtful debts have been made.
- b) The company has not provided interest on inter-corporate deposits amounting to Rs. 2,22,000/- (Previous Year Rs. 6,61,322/-). [as mentioned in (a) above] and as result the profit shown for the year is lower by the said amount.
- 3. The cash credit facility from Bank of Maharashtra, Kurla is secured by hypothecation of inventories, Book debts and receivables and by creating first charge and security by way of equitable mortgage by deposit of title deeds of immovable properties and fixed assets at present and future and by the personal guarantee of the two Directors.
- 4. In the opinion of the board and to the best of their knowledge and belief, the current assets, loans and advances are approximately the value stated, if realized in the ordinary course of the business and the provisions for all known liabilities is adequate and not in excess of the amount reasonably required.
- 5. The Company has undertaken manufacturing of custom made products, the process scrap generated has no realisable value and hence the value for the same has been taken as Nil.
- 6. Previous Year's income / expenditure now ascertained/ arises have been charged as follows :

	2006-2007 Rs.	2005-2006 Rs.
EXPENDITURE		
1) Bank Guarantee commission and charges	65,518/-	-
2) Travelling & Conveyance Exp.	-	3,500/-
3) Professional Charges	-	1,200/-
4) Staff welfare	-	600/-
5) Electricity	-	19,110/-
6) Staff Salaries	-	2,700/-
7) Telephone	-	3,316/-
EXPENDITURE	65,518/-	30,426/-

7. Details of payment to Auditors	2006-2007 Rs.	2005-2006 Rs.
Statutory Audit Fees	70,000/-	60,000/-
Tax Audit Fees	25,000/-	17,500/-
Vat Audit Fees	30,000/-	-
Taxation Matters	55,000/-	61,500/-
Service Tax	23,307/-	8,670/-
	<u>2,03,307/-</u>	<u>1,47,670/-</u>

8. The outstanding balance of Debtors, Creditors, Deposit and Loans & Advances are subject to confirmation
9. The small scale under taking to whom the amount exceeding Rs. 1,00,000/- outstanding as at 31st March, 2007 for more than 30 days are as follows:
- a) Bright Plastic Industries
10. The company has unabsorbed depreciation and carried forward losses under the Income Tax Act, 1956. In the absence of virtual certainty of sufficient future taxable income, deferred tax assets are not recognized in the accounts
11. The company is exclusively engaged in the business of coating and slitting on films, fabrics, papers etc., which is considered as the only reportable segment referred to in statement on accounting standards (AS 17) for segment reporting
12. The figures for the current year and previous year have been rounded off to nearest Rupees and previous years figures have been regrouped/rearranged wherever necessary so as to make them comparable with those of the current year.
13. Information given in accordance with the requirements of Accounting Standards 18 on related party disclosure issued by the Institute of the Chartered Accountant of India:
- A. List of related parties with whom transactions have taken place during the year.
- i) Associates: Bright plastic Industries, Laminar, Security products.
- ii) Names of the key management personal of the companies
- a) Chairman & Managing Director Mr. Raj Prehar
- b) Whole Time Director Mr. Suresh Prehar
- B. Transactions with associates:

	2006-2007	2005-2006
i) Purchase of Raw Materials	Rs. 5,47,59,813/-	5,01,02,813/-
ii) Compensation for use of office premises (Society maintenance & Electricity)	Rs. 89,696/-	87,867/-
iii) Outstanding Liability as at year end.	Rs. 16,64,390/-	3,98,29,511/-

C. Transactions with key management personal:

Details of managerial remuneration is disclosed in Notes No. 14.

14. The total amount of Directors Remuneration charged to these accounts under various heads is set out below :-

	Managing Director		Whole Time Directors	
	2006-2007	2005-2006	2006-2007	2005-2006
Remuneration	5,60,000/-	4,80,000/-	4,20,000/-	3,60,000/-
Provident Fund	57,600/-	57,600/-	43,200/-	43,200/-
Monetary Value of parquets	44,575/-	59,410/-	-	22,591/-
	<u>6,62,175/-</u>	<u>5,97,010/-</u>	<u>4,63,200/-</u>	<u>4,25,791/-</u>

15 Additional information as required by para 3, 4c and 4d of part II of schedule VI to the companies act, 1956.

(As certified by the Managing Director of the company)

A) Details of licensed capacity, installed capacity, production, opening stock turnover and closing stock of products manufactured

I) License capacity - Not Applicable

II) Installed capacity -

(a) COATINGS SQ.MTRS 10,00,000 (PREVIOUS YEAR 6600000 SQ.MTRS)

(b) REGISTERED MICRO SLITTINGS 60,000 KGS (or 15,00,000 kms.),
[PREVIOUS YEAR -60,000 KGS (OR 15,00,000, KMS.)]

III) Details of opening stock, production, turnover & closing stock.

SR NO.	Name of product	year	Units of measurement	production QNTY	Opening stock		Turn Over		Closing Stock	
					QNTY	Rupees	QNTY	Rupees	QNTY	Rupees
	A) GOODS MANUFACTURED									
1	Electrical Insulations	2006-2007	Rolls	6150	1861	56619	*6842	468257	1169	35520
	Industrial Tape	2005-2006	Rolls	3662	1214	35443	*3015	190040	1861	56619
2	Metalised Thread	2006-2007	Kgs	3025	0	0	3000	11519085	25	94353
		2005-2006	Kgs	1379	0	0	1379	3976110	0	0
3	Magnetic Thread	2006-2007	Kms.	35212	3675	4909992	**38887	55299502	0	0
		2005-2006	Kms.	35522	0	0	31847	47930187	3675	4909992
TOTAL		2006-2007				4966611		67286844		129873
		2005-2006				35443		52096337		4966611

Notes:

Sales are net of returns

*Includes 694 rolls obsolete quantity (previous year 49 rolls)

** Includes rejections / shortages 1775 kms.

B)	Goods traded									
	1 Metalised Thread	2006-2007	Kms	--	--	--	--	--	--	--
		2005-2006	Kms	--	--	--	1500	2257500	--	--
	2 Parryware Stickers	2006-2007	Nos	--	--	--	--	--	--	--
		2005-2006	Nos	--	--	--	840	16461	--	--
	3 Spindels	2006-2007	Nos	--	--	--	--	--	--	--
		2005-2006	Nos	--	--	--	30	62775	--	--
TOTAL		2006-2007		--	--	--	--	--	--	--
		2005-2006		--	--	--	--	2336736	--	--

B) Statement of consumption of Raw materials :

SR NO	Name of the Raw materials	units of measurement	QTY	2006--2007 values (Rs)	QTY	2005-2006 values (Rs)
1	Rubber	KG	441	37444	246	20536
2	Cloth	MTR	4565	94189	1465	33790
3	Chemicals	KG	1032	90700	366	32963
4	Resins	KG	133	13046	112	11901
5	Release paper	KG	----	----	166	166323
6	Demetalised polyester film	KG	3477	7909038	1626	1900916
7	Tolvane	LTR	590	26218	950	37671
8	Solvents	KG	659	42470	310	20366
9	Demetalised Laminated Magnetic Coated polyester film	KG	2262.35	44481077	2238	45463193
TOTAL				52694182		47687659

C) Details of purchase of goods traded

1	Metallised thread	kms	----	----	1500	1112129
2	Parryware Stickers	Nos	----	----	840	6650
3	Spindles	Nos	----	----	30	22500
TOTAL				0	----	1141279

D) Value of imports calculated on CIF basis

Stores & Spares	92325	295172
Traded goods	----	816658
Capital goods	----	2418270

E) Value of imported and indigeneous Raw materials , spare parts & components consumed

1	Raw materials					
	imported		----		----	----
	indigeneous	100%	52694182	100%	47687659	100%
TOTAL		100%	52694182	100%	47687659	100%
2	stores & spares consumed :					
	imported	56%	37088	84%	41209	96%
	indigeneous	44%	28742	16%	7992	4%
TOTAL		100%	65830	100%	49201	100%

F) Expenditure in foreign currency

1	Travelling Expenses	69105	NIL
2	Seminar Expenses	79376	NIL

G) Earning in foreign Exchange Exports (FOB)

----- 62775

SIGNATURE TO SCHEDULE 1 TO 19

FOR AND ON BEHALF OF
DULANI & CO.
Chartered Accountants.

For and on behalf of the board
PRESSURE SENSITIVE SYSTEMS (INDIA) LTD.

MR P. T. DULANI
(PROPRIETOR)
(M. NO. -31405)

RAJ PREHAR
(CHAIRMAN AND
MANAGING DIRECTOR)

SURESH PREHAR
(WHOLE TIME
DIRECTOR)

RAJIV S. DATTA
(DIRECTOR)

PLACE - NAVI MUMBAI
DATE - 31st May 2007

PLACE - MUMBAI
DATE - 31st May 2007

NOTICE

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NOTICE IS HEREBY GIVEN THAT THE **20TH ANNUAL GENERAL MEETING** OF THE MEMBERS OF PRESSURE SENSITIVE SYSTEMS (INDIA) LIMITED WILL BE HELD ON THURSDAY THE 27th SEPTEMBER, 2007 AT 11.00 A.M. AT THE REGISTERED OFFICE OF THE COMPANY SITUATED AT PEN KHOPOLI ROAD, PIMPALGAON, PEN, DIST. RAIGAD – 402 107 TO TRANSACT THE FOLLOWING BUSINESS.

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited accounts for the year ended 31st March 2007 along with notes and schedules thereon as on that date and the reports of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Bali D. Yadav, Director of the company who retires by rotation & being eligible offers himself for re-appointment.
3. To appoint auditors of the Company to hold office from the conclusion of this Annual General Meeting, until the conclusion next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS:

4. To consider and if thought fit to pass, with or without modification, the following resolution as an Ordinary resolution.

“RESOLVED THAT subject to the provisions of the section 198, 269, 309, 310, 314 of the Companies Act, 1956, Schedule XIII and other applicable provisions and subject to consent of shareholders, the Managerial remuneration of Mr. Raj Prehar, Managing Director is hereby varied w.e.f. 1st October, 2007 on such terms and conditions as approved by the Board.”

“RESOLVED FURTHER THAT the Board is also authorized to vary/revise the aforesaid remuneration from time to time within the limits of Schedule XIII of the Companies Act, 1956 & also authorized to take necessary steps for implementing the aforesaid resolution.”

5. To consider and if thought fit to pass, with or without modification, the following resolution as an Ordinary resolution.

“RESOLVED THAT subject to the provisions of the section 198, 269, 309, 310, 314 of the Companies Act, 1956, Schedule XIII and other applicable provisions and subject to consent of shareholders, the Managerial remuneration of Mr. Suresh Prehar, Whole Time Director is hereby varied w.e.f. 1st October, 2007 on such terms and conditions as approved by the Board.”

“RESOLVED FURTHER THAT the Board is also authorized to vary/revise the aforesaid remuneration from time to time within the limits of Schedule XIII of the Companies Act, 1956 & also authorized to take necessary steps for implementing the aforesaid resolution.”

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

Sd/-

DATE: 31st May, 2007.
PLACE: Mumbai

RAJ PREHAR
(MANAGING DIRECTOR)

NOTES

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. The proxies, in order to be effective should be deposited with the company not less than 48 hours before the time fixed for the commencement of the meeting.
3. The Register of Members and Share Transfer Register shall remain closed from Thursday the 20th September, 2007 to Thursday the 27th September, 2007 (both days inclusive)
4. As a measure of economy, copies of the Annual Reports and Accounts will not be distributed at the Meeting. Members are therefore, requested to bring their copies to the meeting.
5. Members are requested to produce the attendance slip duly signed, sent along with the Annual Report and Accounts, for admission to the meeting hall.
6. Members who are holding shares in identical order or names in more than one folio are requested to write to the company to enable the company to consolidation their holdings in one folio.
7. Any member requiring further information on accounts at the meeting is requested to send their queries in writing to the Managing Director of the Company before 26th September 2007.

EXPLANATORY STATEMENT

AS REQUIRED BY SECTION 173(2) OF THE COMPANIES ACT, 1956

ITEM NO. 4 and 5:

Due to efforts of both these managerial persons, the company posted improved financial performance the current year. Board in their meeting held on 31st May, 2007 proposed to increase their remuneration subject to approval of shareholders. The said remuneration is also approved by remuneration committee. The major terms & conditions of their revised remuneration are as per following.

- a. Major Terms of revised in the remuneration of Mr. Raj Prehar, Managing Director.

I) TERMS & CONDITIONS:

1. Name & Designation of Director : Mr. Raj Prehar, Managing Director.
2. Variation in Remuneration : W.e.f. 1st October, 2007.
3. Period : For remaining tenure of his appointment i.e. upto 1st July, 2008.
4. Salary (p.m) : Rs.90,000/-p.m. with power to Board to vary from time to time within the limits of schedule XIII of the Companies Act, 1956.

II) PERQUISITES:

Mr. Raj Prehar as a Managing Director will be entitled for following perquisites, which shall not be part of the ceiling of remuneration.

1. **Salary:** Not to exceed Rs.90,000/- p.m. (Rupees Ninety Thousand Only) and the Board of Directors be authorised to determine the salary and grant such increases from time to time within the limits of Schedule XIII of the Companies Act, 1956.
2. **Commission:** Such remuneration by way of commission to the above salary and perquisites, calculated with reference to the net profits of the company in a particular financial year and as may be determine by the Board of Directors from the Company subject to the overall ceilings stipulated under Section 198 and 309 of the Companies Act, 1956. The specific amount payable to Mr. Raj Prehar. Managing Director will be payable annually. The overall commission limit not to exceed 1% of the net profit of the Company computed in the manner specified in the Companies Act, 1956 & the actual commission be determined by the Board of Directors of the Company computed in the manner specified in the Companies Act, 1956 and the actual commission be determined by the Board of Directors of the Company.
3. **Perquisites :** The Managing Director shall be entitled to the following perquisites as classified in three categories 'A', 'B' & 'C'

CATEGORY 'A'

Housing facility, Medical Reimbursement, Club fees, Personal Accident Insurance, Children's Education Allowance, Holiday Passage & Leave Travel Concessions. These will be provided as under.

- **Housing:** The Managing Director will be provided with furnished Company accommodation.
- **Medical Reimbursement:** Expenses incurred for the Managing Director and the family subject to a ceiling of one month's salary in a year or three month's salary over a period of three years.
- **Club Fees:** Fees of clubs subject to a maximum of three clubs. This will not include admission and life membership fees.
- **Personal Accident Insurance:** Premium not to exceed Rs.4000/- p.a.
- **Children's Education Allowance:** In case of children studying in or outside India, and allowance limited to a maximum of Rs.5000/- p.m. per child or actual expenses incurred whichever is less.

Such allowances are admissible upto maximum of two children.

- Leave Travel Concession: Return passage for self and family in accordance with the rules specified by the company where it is proposed that the leave be spent in the home country instead of anywhere in India.
- Explanation: for the purpose of category 'A' "Family" means the spouse and the dependent children of the Managing Director.

CATEGORY 'B'

1. Contribution to provident Fund, Superannuation fund or annuity fund to the extent such contributions either singly or put together are not taxable under the Income Tax Act, 1961.
2. Gratuity payable will not exceed half a month's salary for each completed year of service.
3. Encashment of leave at the end of the tenure.

CATEGORY 'C': Provision of car with driver and also provision of telephone at residence will not be considered as perquisites.

Bonus : The Managing Director is also entitled for performance bonus as approved by the Board within the limits of Schedule XIII.

- a) Salary and perquisites specified herein shall be payable to the Managing Director notwithstanding the inadequacy or no profits in any financial year during the currency of tenure of his office as such.
- b) The Managing Director shall not be paid any sitting fee for attending the meetings of the Board of Directors or committee thereof.
- c) The Managing Director shall not become interested or otherwise concerned directly or through his wife or minor children in any selling agency of the Company as per the provisions of the Law in force as applicable to the Company.
- d) The terms and conditions of the said appointment and/or may be altered and varied from time to time by the board as it may, in its discretion, deem fit so as not to exceed the limits specified in Schedule XIII the Companies Act, 1956, or any amendment hereafter in that regard.

OTHER BENEFITS: Apart from the aforesaid remuneration, the Managing Director shall be entitled to reimbursement of all the medical expenses of his and his dependents, all fringe benefits and all other expenses incurred in connection with the business of the Company.

- b. Major Terms of variation in remuneration of Mr. Suresh Prehar, Whole Time Director.

I) TERMS & CONDITIONS:

- | | | |
|-----------------------------------|---|---|
| 1. Name & Designation of Director | : | Suresh Prehar Whole Time Director. |
| 2. Variation in remuneration | : | W.e.f. 1 st October, 2007. |
| 3. Period | : | For remaining tenure of his appointment |

i.e. upto 1st July, 2008.

4. Salary (p.m)

Rs.90,000/- with power to Board to vary from time to time within the limits of schedule XIII of the Companies Act, 1956.

Mr. Suresh Prehar as a Whole Director will be entitled for following perquisites, which shall not be part of the ceiling of remuneration.

1. Salary: Not to exceed Rs.90,000/- (Rupees Ninety Thousand Only) and the Board of Directors be authorised to determine the salary and grant such increases from time to time within the limits of Schedule XIII of the Companies Act, 1956.

2. Commission: Such remuneration by way of commission to the above salary and perquisites, calculated with reference to the net profits of the company in a particular financial year and as may be determine by the Board of Directors from the Company subject to the overall ceilings stipulated under Section 198 and 309 of the Companies Act, 1956. The specific amount payable to Mr. Suresh Prehar, Whole Time Director will be payable annually. The overall commission limit not to exceed 1% of the net profit of the Company computed in the manner specified in the Companies Act, 1956 & the actual commission be determined by the Board of Directors of the Company computed in the manner specified in the Companies Act, 1956 and the actual commission be determined by the Board of Directors of the Company.

3. Perquisites: The Whole Time Director shall be entitled to the following perquisites as classified in three categories 'A', 'B' & 'C'

CATERGORY 'A'

Housing facility, Medical Reimbursement, Club fees, Personal Accident Insurance, Children's Education Allowance, Holiday Passage & Leave Travel Concessions. These will be provided as under.

- Housing: The Whole Time Director will be provided with furnished Company accommodation.
- Medical Reimbursement: Expenses incurred for the Whole Time Director and the family subject to a ceiling of one month's salary in a year or three month's salary over a period of three years.
- Club Fees: Fees of clubs subject to a maximum of three clubs. This will not include admission and life membership fees.
- Personal Accident Insurance: Premium not to exceed Rs.4000/- p.a.
- Children's Education Allowance: In case of children studying in or outside India, and allowance limited to a maximum of Rs.5000/- p.m. per child or actual expenses incurred whichever is less. Such allowances are admissible upto maximum of two children.
- Leave Travel Concession: Return passage for self and family in accordance with the rules specified by the company where it is proposed that the leave be spent in the home Country instead of anywhere in India.
- Explanation: for the purpose of category 'A' "Family" means the spouse and the dependent children of the Managing Director.
- Explanation: for the purpose of category 'A' "Family" means the spouse and the dependent children of the Managing Director.

CATEGORY 'B'

1. Contribution to provident Fund, Superannuation fund or annuity fund to the extent such contribution either singly or put together are not taxable under the Income Tax Act, 1961.
2. Gratuity payable will not exceed half a month's salary for each completed year of service.
3. Encashment of leave at the end of the tenure.

CATEGORY 'C': Provision of car with driver and also provision of telephone at residence will not be considered as perquisites.

Bonus: The Whole Time Director also entitled for performance bonus as approved by the Board within the limits of Schedule XIII.

- a) Salary and perquisites specified herein shall be payable to the Whole Time Director notwithstanding the inadequacy or no profits in any financial year during the currency of tenure of his office as such.
- b) The Whole Time Director shall not be paid any sitting fee for attending the meetings of the Board of Directors or committee thereof.
- c) The Whole Time Director shall not become interested or otherwise concerned directly or through his wife or minor children in any selling agency of the Company as per the provisions of the Law in force as applicable to the Company.
- d) The terms and conditions of the said appointment and/or may be altered and varied from time to time by the board as it may, in its discretion, deem fit so as not to exceed the limits specified in Schedule XIII of the Companies Act, 1956, or any amendment hereafter in that regard.

OTHER BENEFITS : Apart from the aforesaid remuneration, the Whole Time Director shall be entitled to reimbursement of medical expenses, all fringe benefits and all expenses incurred in connection with the business of the Company.

Mr. Raj Prehar, Managing Director and Mr. Suresh Prehar, Whole Time Director are interested in the resolutions about variation of managerial remuneration.

This explanatory statement, along with relevant resolutions may be treated as abstract pursuant to provisions of section 302 of the Companies Act, 1956 and will be open for inspection at the corporate office of the Company during the business hours till the date of Annual General Meeting.

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

Sd/-

RAJ PREHAR
(MANAGING DIRECTOR)

DATE : 31st May, 2007.
PLACE : Mumbai.

PRESSURE SENSITIVE SYSTEMS (INDIA) LIMITED

PEN-KHOPOLI ROAD, PIMPALGAON, PEN,
DIST. RAIGAD – 402 107.

ATTENDANCE SLIP

I hereby record my presence at the 20th Annual General Meeting of the Company at Regd. Office of the company on Thursday the 27th September, 2007 at 11.00 a.m.

Name of the Shareholder

Signature

Folio No. _____

(Full name of Proxy)

Note : Shareholders attending the meeting in person or by proxy are requested to complete the attendance slip and hand it over at the entrance of the meeting hall.

No Duplicate Attendance Slip will be issued at the meeting hall. You are requested to bring your copy of Annual Report to the Meeting.

PRESSURE SENSITIVE SYSTEMS (INDIA) LIMITED

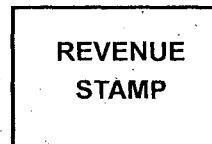
PEN-KHOPOLI ROAD, PIMPALGAON, PEN,
DIST. RAIGAD - 402 107. °

PROXY FORM

I/We.....of.....
.....in the district of being a member/members
of the above named Company hereby appoint
..... of in
the district of..... or failing him
..... of
.....In the district of
..... as my / our proxy to vote for me/us on
my our behalf at the 20th ANNUAL GENERAL MEETING of the Company to be held at Regd.
Office of the company, on Thursday the 27th September, 2007, and at any adjournment
thereof.

Signed this..... day of, 2007.

Signature _____



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

BOOK-POST / UPC

PSS

PRESSURE SENSITIVE SYSTEMS [INDIA] LTD.

Pen-Khopoli Road,
Pimpalgaon, Taluka Pen,
Dist. : Raigad - 402 107.

Annual Report 2006-2007