20TH ANNUAL REPORT 2009-2010

INDIAN TONERS & DEVELOPERS LIMITED

CORPORATE INFORMATION

BOARD OF DIRECTORS	Shri Sushil Jain Chairman & Managing Director Shri P. K. Kanoria Director Shri J. S. Varshneya Director Shri Vikram Parkash Director Dr. M. R. Jain Director Shri N. S. Sharma Director Shri Sanjeev Goel Director
EXECUTIVE DIRECTOR & COMPANY SECRETARY	Shri. S. C. Singhal
BANKERS	State Bank of India
AUDITORS	K. N. Gutgutia & Co. Chartered Accountants 11-K, Gopala Towers, 25, Rajendra Place, New Delhi – 110 008.
REGISTERED OFFICE & WORKS	10.5 KM, Rampur – Bareilly Road, Rampur 224 901 (U.P.) Tel : 09219410588
CORPORATE OFFICE	5F, Gopala Tower, 25, Rajendra Place, New Delhi – 110008 Tel : (011) 45017000 (30 Lines) Fax No. (011) 25751422 E-Mail : info@indiantoners.com Website : http://www.indiantoners.com

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NOTICE

Notice is hereby given that the 20th Annual General Meeting of the Shareholders of **INDIA TONERS & DEVELOPERS LIMITED** will be held on Monday, the 16th August, 2010 at 2.00 p.m. at the Registered Office of the Company at 10.5 K.M. Rampur – Bareilly Road, Rampur – 244901 (U.P.) to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Profit & Loss Account for the Year Ended March, 31st, 2010 and the Balance Sheet as at March, 31st, 2010 and the Directors' Report and the Auditors' Report thereon.
2. To appoint a Director in place of **Shri J. S. Varshneya** who retires by rotation, and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of **Dr. M. R. Jain** who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company and to authorize the Board of Directors to fix their remuneration and the mode of payment. M/s. K. N. Gutgutia & Co. Chartered Accountants, are the retiring Auditors.

SPECIAL BUSINESS:

5. To consider and if thought fit to pass with or without modification(s) the following resolution as a **SPECIAL RESOLUTION**

"**RESOLVED THAT** pursuant to the provisions of section 198, 269, 309 and 310 read with Schedule XIII and all other applicable provisions of the Companies Act, 1956, if any, (including any statutory modification or re-enactment thereof, for the time being in force) consent of the Company be and is hereby accorded to the re-appointment of Shri Sushil Jain, as the Chairman & Managing Director of the Company for a period of 5 (five) years with effect from **01.08.2010** on the terms & Conditions including remuneration as set out in the explanatory statement, with liberty to the board of Directors (hereinafter referred to as "The Board" which term shall be deemed to include any committee which the Board may constitute to exercise its powers conferred by this resolution) to alter and to vary the terms & conditions of the said appointment and/or remuneration within the limit as specified in Schedule XIII to the Companies Act 1956 including any statutory modification or re-enactment thereof, for the time being in force or any amendments and / or modifications that may hereafter be made thereto by the Central Government in that behalf from time to time, or any amendments thereto as may be agreed to between the Board and Shri Sushil Jain.

FURTHER RESOLVED THAT the aforesaid remuneration of Shri Sushil Jain, Chairman & Managing Director of the Company as recommended by the remuneration Committee be treated as minimum remuneration to be paid to Shri Sushil Jain even if the Company has no profits or its profits are inadequate in any financial year.

FURTHER RESOLVED THAT the aforesaid minimum remuneration, the total of which

may exceed the ceiling limit as specified in Part II, section II (C) of schedule XIII of the Act is or will be payable to Shri Sushil Jain notwithstanding anything contained in any clause, section or part of Schedule XIII to the Companies Act, 1956 or any where else and nothing will come in the way of the company for the payment of such minimum remuneration

FURTHER RESOLVED that the approval of the Central Government be obtained as per provisions and guidelines of the Companies Act, 1956

RESOLVED FURTHER THAT the Board be and is hereby authorised to take all such steps as may be necessary, proper or expedient to give effect to this resolution

ANNEXURE TO THE NOTICE

EXPLANATORY STATEMENT (Pursuant to Section 173 (2) of the Companies Act, 1956)

ITEM NO. 5.

The Board in its meeting held on 30.05.2010 has re-appointed Mr Sushil Jain as Chairman & Managing Director of the Company for a period of 5 years

The details of appointment and remuneration payable to Shri Sushil Jain are as under:

Name	Shri Sushil Jain
Designation	Chairman & Managing Director
Period	5 years w e f **01.08.2010** to **31.07.2015**

1. Basic Salary Rs 2,50,000/- (Rupees Two Lac and fifty Thousand only) p.m. with annual increment of 25% of basic salary
2. Personal Pay Rs 1,25,000/- (Rupees One Lac and twenty five thousand only) p.m.
3. Management Allowance Rs 50,000/- (Rupees Fifty Thousand only) p.m.
4. Commission As may be decided by the Board of Directors from time to time but not more than 2% of the profits of the Company
5. Perquisites/Amenities

(1) **Housing** - Fully furnished Co.'s accommodation with water, gas and electricity. However, till Sh. Sushil Jain, does not avail/occupy the Co.'s accommodation, he will be entitled to House Rent Allowance @ 60% of the bas

(2) **Reimbursement of Medical Expenses** - Reimbursement of medical expenses (including Mediclaim insurance premium) on self and his family subject to a ceiling of one month's basic salary in a year.

(3) **Leave Travel Concession** - The expenses incurred on leave travel on self and his family shall be reimbursed once in a year equivalent to one month's basic salary.

(4) **Leave Encashment** - As per rules and policy of the Co payable at the time of expiry of each service tenure. However, it will not be included in the computation of

ceiling on perquisites.

(5) **Club Fees** - Fees of clubs subject to a maximum of 2 clubs. The admission fees for 2 clubs will be allowed only once during all tenures of service with the Co. However, refundable security deposit in the name of the company, if any, will not be treated as a perquisite.

(6) **Personal Accident Insurance** - Premium not to exceed Rs. 10,000/- per annum.

(7) **Car and Telephone** - Free use of Co.'s two cars for official work as well as for personal purposes alongwith Driver and telephones, telefax and other communication facilities at residence.

(8) **Assignment of Keyman Policy** : As and when approved by the Board, to assign Keyman Policy at Guaranteed Surrender Value as per L.I.C. norms and as per the provisions of Income Tax Act, 1961.

(9) **Provident Fund** - Contribution to Provident Fund, Super Annunation Fund or Annuity Fund will not be included in the computation of the ceiling on perquisites to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.

(10) **Gratuity** - Gratuity payable at the time of expiry of each service tenure and will not exceed half a month's salary for each completed year of service and this will not be included in the computation of the ceiling on perquisites. This will, however, be subject to ceiling prescribed under the Payment of Gratuity Act by the Central Govt from time to time.

Explanation

Perquisites shall be evaluated as per Income Tax Rules, wherever applicable, and in the absence of any such rules at actual cost.

Other Terms :

Subject to the superintendence, control and direction of the Board, Shri Sushil Jain shall manage and conduct the business and affairs of the Company as Chairman & Managing Director. He shall not be paid any sitting fees for attending meeting of the Board or Committee thereof of the Company and its Subsidiary Company.

A statement as required under the first proviso (sub-clause (iv) of Clause (C) of Section II of Part II of Schedule XIII of the Companies Act, 1956 is as follows :

I. **General Information** :

The industry falls under the Ministry of Chemicals and Petro-Chemicals and is engaged in the manufacturer of compatible black toners for Photocopiers, Laser Printers, Digital Machines and Multi Function Printers. The Company started its commercial production in 1992. During the current year, the Company has achieved revenues (including other income) of Rs.3243.60 lacs and has reported Profit After Tax of Rs. 222.25 lacs. During the year, the Company earned foreign exchange earnings of Rs.2061.95 lacs.

II. **Information about the Appointee :**

Mr. Sushil Jain, aged 51 years, is a young and dynamic qualified engineer from Delhi School of Engineering, New Delhi and is associated with the Company from its inception. He has more than 27 years experience to his credit in managing the affairs of Industrial Undertakings at top management levels. He has very efficiently and suitably managed the affaires of the Company as its Chairman and Managing Director and under his guidance and supervision, the Company has become the leading Toner Company of the country. He is also a member of the Shareholders / Investors Grievance Committee of the Company. Mr. Sushil Jain is also on the Board of Directors of P.K. Business Enterprises Limited, Mahavir Phototech (Pvt.) Ltd., ITDL (USA) Inc. and ITDL Imagetec Limited. The remuneration payable to Mr. Sushil Jain as Chairman and Managing Director of the Company is given in the mentioned resolution. The recommended proposed revision in remuneration is in line with the trend and appropriate to the size of the Company and is also considering the increase in the duties and responsibilities being performed by him.

III. **Other information :**

The Company has grown during the last 10 years but is facing tough competition from the importers of toners in the unorganized sector. However, the Company has taken steps to deal with the situation and gone for various methods of cost control and reduction. Approximately 64% revenues of the Company are generated from exports. The profits of the company are expected to rise in future with the increase in revenues.

IV Disclosures :

The remuneration payable to Mr. Sushil Jain as Chairman & Managing Director during the tenure of his appointment will comprise of salary, allowances, commission and other perquisites as mentioned in item No. 5 of the Notice of the Annual General Meeting. The perquisites and allowance payable to Shri Sushil Jain will include company owned / leased accommodation or house rent allowance in lieu thereof, medical reimbursements, leave travel concession for self and family including dependents, medical insurance, car and telephone, club fees, assignment of Keyman Policy and such other perquisites and or allowances as specified in the resolution. The said perquisites and allowances shall be evaluated wherever applicable as per Income Tax Act, 1961 or any rules there under (including any statutory modification(s) or re-enactments thereof for the time being in force). The Board or any committee thereof, subject to requisite approval(s), if necessary, is entitled and authorized to revise at any time, the salary, allowance and perquisite payable to the Chairman and Managing Director of the Company.

Except Shri Sushil Jain and Shri P.K. Kanoria, being self and a relative of Shri Sushil Jain respectively, no other Director of the Company is in any way concerned or interested in the resolution.

The above may also be treated as an abstract of the Memorandum of Interest of the Chairman & Managing Director, Shri Sushil Jain, pursuant to Section 302 of the Companies Act, 1956.

The Board recommends passing of the Resolution.

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 / herself and the proxy need not be a member. Proxies in order to be effective, must be received at the Registered Office / Head Office of the Company not less than Forty Eight Hours before the Meeting. A Proxy form is appended with the attendance slip.
2. The Register of Members and Share Transfer Books of the Company will remain closed from 12th August, 2010 to 16th August, 2010 (both days inclusive)
3. All documents referred to in the accompanying Notice are open for inspection at the Registered Office of the Company during Office hours on all working days except Saturday and Holidays between 11.00 a.m. to 1.00 p.m. up to the date of Annual General Meeting.
4. Members, who hold shares in de-materialised form are requested to bring their client ID and DP ID Nos. for easier Identification of attendance at the Meeting.
5. Members are requested to notify immediately any change in their addresses to the Company or to their respective depository participants without any delay.
6. In all correspondence with the Company members are requested to quote their Account / Folio Numbers and in case their Shares are held in the dematerialized form they must quote their Client ID No. and their DP ID No.

By Order of the Board
for INDIAN TONERS & DEVELOPERS LTD.
(S.C. SINGHAL)
EXE. DIRECTOR & COMPANY SECRETARY

PLACE : New Delhi
Dated : 30th May 2010

DIRECTORS' REPORT

To
The Members,

Your Directors have pleasure in presenting the 20th Annual Report alongwith the Accounts for the year ended March 31, 2010.

Working Results

Rs. in Lacs

	For the year ended 31st March 2010		For the year ended 31st March 2009
Turnover (including Excise Duty)	3187		4759
Operating Gross Profit	543		687
Less: Financial Charges 26		26	
Depreciation & Other Amortisations 186	212	181	207
Profit (Loss) before Tax	331		480
Less: Provision for tax-Current Year	139		204
Net Profit (Loss) before Deferred Tax	192		276
Add: Deferred Tax Liability	30		39
Surplus Available for appropriation	222		315

OPERATIONS

During the year, your Company achieved turnover of Rs. 3187 lacs as against Rs. 4759 Lacs during preceding year. The exports of your Company during the year were Rs. 2062 lacs as against Rs. 1637 lacs in the previous year showing an increase of 26.%. The production during the year was 788 MT as against 475 MT in the last year. The Company is hopeful in posting a much better performance in the current year.

The consolidated financial results during the year including that of its Subsidiary Companies were better i.e. sales Rs. 5970 lacs, profit before tax Rs. 803 lacs and profit after tax Rs. 501 lacs.

FUTURE OUTLOOK AND PLANS

Your Company foresees a good scope for the exports of its products. However, fluctuation in foreign currency and tough competition in the international market will continue to be a challenge for your Company.

Your Company has planned to enter into the Colour Toner Market and has already started working on it by taking various positive and proactive steps and its R&D efforts in this direction is going on. It is expected that your Company will enter the Color Toner market in the coming year ITDL Imagetec Limited a subsidiary of your Company has set up in Sitarganj (Uttrakhand) for the manufacture of Toners & Developers with a manufacturing capacity of 1200 MT, has started commercial production from April 2009 and given satisfactory results which are attached with the Annual Report.

The fight against clandestine import by unethical means is an ongoing process and your Company is quite hopeful that despite of these odds, it will be able to manage and maintain its race to increase its turnover and profits by increasing its market share both in domestic and international markets.

Your company is always conscious for customers' satisfaction and strengthening its established brand image. Therefore, it is always the aim of your company to offer quality products at reasonable prices, develop more effective

logistics, and expand the distribution channels so that customers' needs are catered by providing faster service through better presence and greater market penetration.

RESEARCH AND DEVELOPMENT ACTIVITIES

Research and Development has always been the cornerstone of your Company's success. With the help of the Pilot Plant, your Company has successfully developed new quality products at competitive prices to face the global competition and is very optimistic to develop many more products including Color Toner in the times to come.

Continuing recognition by the Department of Scientific and Industrial Research, Ministry of Science & Technology to your In – House R & D Unit is a moral boosting and an encouraging feature for the team of your Research & Development Centre.

Your Company has already started R & D on Colour Toner and is quite hopeful to introduce the same in the market in the coming year.

During the year the Company has incurred R & D expenses of Rs.53.58 lacs in various heads (including Raw Material Consumption of Rs. 10.28 lacs) in addition to Rs. 4.07 lacs for purchase of capital items. Your Company has exhaustive programme of R & D activities in the coming years.

FIXED DEPOSITS

The Company has not invited any deposits within the meaning of Section 58A of the companies Act, 1956 and the rules made thereunder.

DIRECTORS

Shri J.S. Varshneya and Dr. M. R. Jain, Directors of your Company will retire by rotation at the forthcoming Annual General Meeting and being eligible offer themselves for re-appointment.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217 (2AA) of the Companies Act, 1956, with respect to Directors' Responsbility Statement, it is hereby confirmed that:-

(i) in the preparation of the annual accounts, the applicable accounting standards have been followed alongwith proper explanation relating to material departures;

(ii) the directors have selected such accounting policies and applied them consistently and made judgements 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 profit or loss of the company for that period;

(iii) the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities; and

(iv) the directors have prepared the annual accounts on a going concern basis.

AUDITORS

M/s K. N. Gutgutia & Co., Chartered Accountants, New Delhi, Auditors of the Company retire at the ensuing Annual General Meeting of the Company and being eligible, offer themselves for re-appointment. The Requisite Certificate Under Section 224 (1B) of The Companies Act, 1956 has been received from them.

The reports and accounts of the Subsidiary Companies as well as consolidated accounts along with the Statement pursuant to Section 212 of the Companies Act, 1956 are annexed.

OTHER INFORMATION

The other information required u/s 217 (1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 is given in Annexure "A" of this report.

PERSONNEL

Cordial Industrial relations continue to prevail thereby further strengthening employees'

commitment to the growth of the Company.

The Board wishes to express its deep appreciation to all sections of the Employees for their whole hearted efforts, co-operation and outstanding contribution to the growth of the Company during the year.

Particulars of employees as required under section 217 (2A) of the Companies Act, 1956 read with Company (Particulars of Employees) Rules, 1975 form part of this Report. However, the information is not being sent alongwith the Annual Report as per Section 219 (I) (b) (iv) of the Act. Any shareholder interested in obtaining such particulars may write to the Company at its Corporate/Registered Office.

ENERGY, TECHNOLOGY & FOREIGN EXCHANGE

Additional information to the extent applicable on conservation of energy, technology absorption, foreign exchange earning and outgo is required to be disclosed in terms of Section 217(1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, is annexed hereto and forms part of this report.

DISCLOSURES UNDER LISTING AGREEMENT

Your Company is now listed only with Mumbai Stock Exchange Limited. The Company is regular in paying the listing fees on demand and it has paid fee upto the current financial year.

DEMATERIALISATION OF SECURITIES

As informed earlier, the shares of your Company were included in the compulsory list for trading in dematerialisation form with effect from 30.10.2000 and your company had entered into necessary agreements with both the Depositories i.e. NSDL (National Securities Depository Limited) and CDSL (Central Depository Securities Limited). It is, therefore, advisable to trade in the shares of the company in dematerialisation form which is convenient and safe.

CORPORATE GOVERNANCE

In terms of Clause 49 of the Listing Agreement, a Report on Corporate Governance alongwith a certificate from the Auditors of the Company on the compliance of the conditions of Corporate Governance is provided elsewhere in this Annual Report.

ACKNOWLEDGEMENT

Your Directors acknowledge the cooperation and assistance extended by various agencies of the Central and State Governments, Financial Institutions, State Bank of India and Customers. Your Directors also thank the shareholders for their continued support.

Place : New Delhi
Date : 30th May, 2010

For & on behalf of the Board
(SUSHIL JAIN)
Chairman & Managing Director

ANNEXURE "A " TO DIRECTORS' REPORT

ANNEXURE "A " TO DIRECTORS' REPORT

Information pursuant to Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988

(A) **Conservation of Energy**

Regular Supervision and controls are being maintained in areas where steps have already been taken for the conservation of energy.

(B) **Technology Absorption**

1.	Specific areas in which R&D carried out by the Company.	::	Development & Introduction of new Toners compatible for the upcoming photocopiers, digital machines & laser printers.
2.	Benefits derived as a result of the above R&D.	::	Availability of extended range of products resulting in procurement & servicing of orders for additional products in the export & domestic markets.
3.	Further plan of action	::	Development of more toner formulations as well as their packaging.
		::	Re-sourcing of raw materials from other economical sources.
		::	Import substitution of plant/machinery items by developing indigenous ones for economy in working.
		::	Development of Colour Toner formulations as well as their packaging.
4	Expenditure on R&D	::	Charged under the respective head of accounts.

Technology Absorption, Adaption and Innovation

1.	Efforts in brief	::	The technology & know-how given by the collaborator has been absorbed. The Company is in continuous touch with the developments taking place in the international field.
2.	Benefits derived	::	Efficient plant operation, achieving international product quality, self development of products and their packaging, substituting raw materials from economical sources.
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:		
	(a) Technology import,	::	Augmenting Production capacity of Toners.

(b)	Year of import	::	2005-06, 2006-07
(c)	Has technology been fully absorbed?	::	Yes
(d)	If not fully absorbed area where this has not taken place reason therefore and future plans of action	::	Not applicable, since Technology is fully absorbed.

(c) Foreign Exchange Earnings / Outgo

1. Activities Relating to Exports

The Company has been able to increase its exports both quantity wise and value wise by 25% and 26% respectively during the year ending 31st March, 2010 as compared to 31st March, 2009.

2. Total Foreign Exchange used and earned

	2009-2010	Rs. in Lacs 2008-2009
a) Total Foreign Exchange used		
i) Import of Plant & Machinery	2.27	1.61
ii) Import of Raw Materials	1052.67	1414.71
iii) Import of Stores & Spres and Packing material	37.18	64.53
iv) Foreign Travel	25.24	9.85
v) Consultancy Charges	34.75	0.27
vi) Others	27.53	52.45
TOTAL	1179.64	1543.42
b) Total Foreign Exchange earned (on FOB basis)	2038.59	1561.96

MANAGEMENT DISCUSSIONS AND ANALYSIS REPORT

INDUSTRY AND OUTLOOK

The Company manufactures Compatible Toners and Developers for Photocopiers, Laser Printers and Digital Machines. The Industry is affected by the clandestine import of Toners.

The long term aim of the Company is to strengthen its established brand image by offering customers quality products at reasonable prices. The aim of the Quality Policy of the Company is to provide satisfaction to its customers. To achieve this, the Company is committed to develop, produce and market products that cater continuously to the need and expectations of customers and giving the Company competitive advantage. The Pilot Plant installed by the Company is giving good results as the Company has developed several new products at competitive prices which helps in facing competition and boosting export.

The newly formed subsidiary, ITDL Imagetec Limited which set up a new project of 1200 MT capacity in Sitarganj (Utranchal) for the manufacturer of Toners & Developers has shown excellent results in its first year of production.

RISKS & CONCERNS

Nearly 65% of the Company's sales is through exports and hence the growth and profitability of the Company depends upon the demand of Company's products in the international market and stability of the foreign currency. Since 97% raw materials of the Company is imported, Foreign Exchange fluctuations, increase in oil prices and international freight etc. may have adverse effect on the costing of the Co.'s products. The Company's ability to pass on the cost increase by corresponding increase in the selling prices of its products is constrained due to tough competition in the market.

Unfavourable trends in import tariffs on raw materials and products may adversely affect the input cost or sales realisation thereby reducing the profitability.

OPPORTUNITIES

Exports present the biggest opportunity for the Company for increasing the capacity utilisation and improving profitability. The Company has taken several steps to increase its presence in other countries and has been successful in increasing its exports.

In the domestic market, the Company is concentrating more on bulk sales to control expenses.

In its efforts to go in for diversification / expansion, the Company has been successful in setting up a new project in its subsidiary, ITDL Imagetec Ltd. in Uttrakhand.

FINANCIAL PERFORMANCE

The sales (including Excise Duty) for the year were Rs. 3187 Lacs as compared to Rs. 4759 Lacs for previous year. The Company earned a profit before tax of Rs. 331 Lacs as compared to Rs. 480 Lacs in the previous year. This does not include the sales and profit of the subsidiary Companies. However, the consolidated sales and profit before tax (including sales and profit of the subsidiary Companies) for the year are Rs. 5970 lacs and Rs. 803 lacs respectively. The nearly debt free status of the Company and improved liquidity resulted in significantly lowering the interest cost.

The Company has been able to increase its exports both quantity wise and value wise by 25% and 26% respectively during the year ending 31st March, 2010 as compared to previous year.

INTERNAL CONTROL SYSTEM

The Company has proper and adequate Internal Control System to ensure that its assets are safeguarded and that transactions are properly authorized, reported and recorded. The Company has also a system of internal audit and management reviews to ensure compliance with the prescribed procedures and authority levels.

HUMAN RESOURCES

Industrial relations remained cordial during the year. The total number of employees as on 31.03.2010 were 100 Nos.

CORPORATE GOVERNANCE REPORT

(ANNEXURE TO THE DIRECTORS' REPORT)

As required under Clause 49 of the Listing Agreement of the Stock Exchange(s)

A. MANDATORY REQUIREMENTS

1. **Company's Philosophy on Corporate Governance**

Corporate Governance to Indian Toners & Developers Limited means not only compliance with the provisions of Company Law, allied Acts and listing agreement but also directors' responsibility to work with morality ethics and accountability towards shareholders for their acts and decisions

The Company aims at conducting its business efficiently, by following professionally acknowledged good governance policies, thus meeting its obligations to all stakeholders in a balanced and accountable manner and its policies are towards creation of Shareholders value in terms of long term sustainability of the Company's business.

2. **Composition of Board of Directors as on 31st March, 2010**

a) The Board of Directors has a mix of Executive and Non-Executive Directors. The Board comprises 2 Executive Directors and 5 Non Executive Directors. Accordingly, the composition of the Board meets the stipulated requirements

Name of the Director	Category	No. of Equity Shares held as on 31.03.2010	Attendance Particulars		No. of other Directorship and Committee Memberships / Chairmanships		
			Board Meeting	Last AGM	Other Director Ships*	Committees Member Ships	Committees Chair-man Ships
Shri Sushil Jain	CMD#	351130	4	Present	4	----	----
Shri P.K. Kanona	NED	NIL	2	Not Present	6	--	----
Shri J. S. Varshneya	NED-I	NIL	1	Not Present	9	---	3
Shri Vikram Prakash	NED-I	NIL	4	Not Present	5	2	3
Dr. M. R. Jain	NED-I	NIL	4	Not Present	4	----	----
Shri N. S. Sharma	ED**	200	4	Present	2	-	----
Shri Sanjeev Goel	NED-I	2500	4	Present	2	----	----

* Directorship in Private Limited Companies are included in the above table

\# Chairman & Managing Director

** ED - Executive Director (Whole Time), NED-I - Non Executive Director - Independent, NED - Non Executive Director

During the Year 2009 - 2010 the Board of Directors met 4 times on 30th May, 2009, 31st July, 2009, 31st October, 2009 and 31st, January 2010.

3. **Committees of the Board**

A. Audit Committee

The purpose of the Audit Committee is to ensure the objectivity, credibility and correctness of the Company's financial reporting and disclosure process, internal controls, risk management policies and processes, tax policies, compliance and legal requirements and associated matters. The Audit Committee consists of three Directors, all of whom are Independent Directors.

Shri Sanjeev Goel is the Chairman of the Audit Committee. The other members of the Committee are Shri Vikram Prakash and Dr. M. R. Jain.

The gist of terms of reference of the Audit Committee is as follows:

1. Regular review of accounts, accounting policies, disclosures, etc
2. Review of the major accounting entries based on exercise of judgment by management and review of significant adjustments arising out of audit.
3. Qualifications in the draft audit report.
4. Establishing and reviewing the scope of the independent audit including the observations of the auditors and review of the quarterly, half yearly and annual financial statements before submission to the Board.
5. Conducting post audit discussions with the independent auditors to ascertain any area of concern
6. Establishing the scope of and frequency of internal audit, reviewing the findings of the internal auditors and ensuring the adequacy of internal control systems
7. To look into the matters pertaining to the Directors' Responsibility Statement with respect to compliance with Accounting Standards and accounting policies
8. Compliance with Stock Exchange legal requirements concerning financial statements, to the extent applicable.
9. The Committee shall look into any related party transactions i.e., transactions of the Company of material nature, with promoters or management their subsidiaries or relatives etc. that may have potential conflict with the interests of Company at large
10. Appointment and remuneration of Statutory and Internal Auditors.
11. Such other matters as may from time to time be required by any statutory, contractual or other regulatory requirements to be attended to by the Audit Committee

The Audit Committee met 4 times during the year on 30.05.2009, 31.07.2009, 31.10.2009 and 31.01.2010 to deliberate on the aforesaid matters. The Minutes of the meetings are place before the Board at the succeeding Board Meeting for information.

Details of the attendance of Directors are given below:

Sr.No	Name of Members	Audit Committee	
		Held	Attended
1	Sh. Sanjeev Goel	4	4
2	Sh. Vikram Prakash	4	4
3	Dr. M. R. Jain	4	4

4. **Remuneration Committee (Non- Mandatory)**

Brief Description of Terms of reference.

- To review, assess and recommend the appointment of Managing / wholetime Directors.
- To periodically review the remuneration package of working Directors and recommend suitable revision to the Board.

Composition and Attendance at the Meeting

The Remuneration Committee comprises of two independent Directors viz Shri Sanjeev Goel and Dr M R Jain who elect the Chairman between themselves in every meeting.

The Committee met on 31.05.2009 & 31.10.2009 where all the members were present The Remuneration paid to Executive Directors and their relatives, if any is reviewed / recommended by the Remuneration Committee, approved by the Board and is within the limits set by the shareholders at Annual General Meetings and as approved by the Central Government under the provision of the Companies Act 1956 The remuneration package of Chairman and Managing Director and whole time Director comprises of salary, prerequisites and allowances, commission and contributions to Provident and other Funds The Remuneration Policy is directed towards rewarding performance, based on review of achievements It is aimed at attracting and retaining high caliber talent. Non-Executive Directors are not paid any remuneration except sitting fees

Remuneration to Chairman & Managing Director and Whole - time Director is subject to review and recommendation by the Remuneration Committee to the Board and thereafter approved by shareholders in General Meeting

Presently, the Company does not have any stock option plan or performance linked incentives for its Directors

Details of remuneration paid / payable during the period from 01.04.2009 to 31.03.2010 is as under

AMOUNT IN Rs.

Name of Director	Salary	HRA	Bonus	Commi-ssion	Perquisites + PF	Sitting Fee (Meeting)		Total
						Board	Committee	
Sh. Sushil Jain*	3600000	1260000	-----	-----	544208	-----	-----	5404208
Sh. P.K. Kanoria	-----	-----	-----	-----	-----	5000	-----	5000
Sh. J.S. Varshneya	-----	-----	-----	-----	-----	2500	-----	2500
Sh.Vikram Prakash	-----	-----	-----	-----	-----	10000	10000	20000
Dr. M. R. Jain	-----	-----	-----	-----	-----	10000	15000	25000
Sh. N. S. Sharma**	1102500	-----	-----	-----	-----	-----	-----	1102500
Sh. Sanjeev Goel	-----	-----	-----	-----	-----	10000	17500	27500

* Chairman & Managing Director, ** Executive Director

5. **Shareholder's / Investors' Grievances Committee**

Terms of Reference

The Board constituted a Shareholders / Investors Grievance Committee on 31.05.2002 to look into redressal of Shareholders/ Investors' grievances like Transfer and Transmission of Shares, non-receipt of Balance Sheet and dematerialisation of shares and matters relating to share certificates, deletion of name, splitting & consolidation of shares and also to delegate any of its responsibilities, oversee the performance of the Registrar and Share Transfer Agents as well as recommend suggestions to improve the Investors' Services.

During the Year 2009 - 2010, only one meeting of the committee was held.

During the Year 2009 - 2010, 4 complaints were received from Shareholders / Investors. All the complaints have been resolved to the satisfaction of the complaints. There was no complaint pending as at 31.03.2010.

All valid share transfers received during the year 2009 - 2010 have been acted upon by the Company. There were no transfers pending as on 31st March, 2010.

Constitution, Meeting & Attendance thereat :-

The Shareholders' / Investors Grievance Committee Comprise of following Members:

Name of Members	Category	Committee Meetings Held	Committee Meetings Attended
Shri Sanjeev Goel	N E D I*	1	1
Shri Sushil Jain	E D (CMD)**	1	1

* Non Executive Independent Director. ** Executive Director (Chairman & Managing Director)

The Name and designation of the Compliance Officer is Sh. S C Singhal, Executive Director (not a member of the Board) & Company Secretary, email : investors@indiantoners.com

6. **Share Transfer Committee**

The Share Committee Meeting is in existence from the inception of the Company. It Comprise of following members:

Name of Members	Category	Held	Committee Meetings Attended
Shri Sushil Jain	CMD	18	18
Shri N. S. Sharma	Director	18	18
Shri A K Chandna	DGM (F & A)	18	1
Shri S C Singhal	Co. Secretary	18	18

Every effort is made to clear share transfers/ transmissions and split / consolidation requests with in 15 days

7. **General Body Meetings**

Details of last three Annual General Meetings (AGMs) held are given below

Financial Year	Date	Time
2008 - 2009	29.08.2009	2.30 P.M
2007 - 2008	29.08.2008	2.30 P.M
2006 - 2007	22.08.2007	2.30 P.M

All the aforesaid Annual General Meetings have been held at the Regd Office of the Co i.e 10.5 km Milestone, Rampur - Bareilly Road, Rampur - 244901 (U.P.)

Postal Ballot

During the year ended 31st March, 2010, there have been no ordinary or special resol[illegible] passed by the Company's shareholders through postal ballot.

8. **Reappointment of Directors**

Shri J. S. VARSHNEYA, (81 years) has been a first Divisioner Topper throughout his academic career He is M. Com., L.L.B. and CAIIB besides being a recipient of various Gold Medals and Merit Scholarships. He has over 50 years experience in various aspects of Banking and Finance. After serving as a Lecturer in the Nagpur College of Commerce and Economics, he joined State Bank of India in the year 1953 and reached to the position of Deputy Managing Director (Development and Planning). He was Chairman & Managing Director of Punjab National Bank from February 1985 to December 1989 and Principal Advisor to National Housing Bank for two years. He joined the Board of the Company on 04.12.1991. He is also on the Board of M/s. Gujarat Ambuja Exports Limited, Pasupati Fabrics Limited, Shri Lakshmi Cotsyn Ltd., Sutlej Industries Limited, Universal Starch Chem Alied Limited, Dominant Offset Limited, Prince Denims Limited, Titan Bio Tech

Limited, Ganganjay Commotrade Private Limited, Jagesh Commercial Private Limited, Maina Polysters Pvt. Ltd., Swan Securities Pvt. Ltd., and is also the Chairman of the Audit Committee of Sutlej Industries Limited, Gujarat Ambuja Exports Limited, Pasupati Fabrics Limited, and Universal Starch Chem. Allied Ltd.

(ii) **Dr. M. R. Jain**, aged 77 years is a M. Sc. from Pilani (Rajasthan) securing 1st position in the University and received Gold Medal. He is Ph.D in Highpolymer from Canada where he completed in record period of 26th Months. He worked with D C M, J. K. Synthetics Ltd. in senior position and as Chief Executive of Modipon Ltd. Dr. M. R. Jain is Well known to all leading Technology and Equipment suppliers like Dupont, British Nylon Spinner, Lurgi, Zimmer, Barmag, Inventa, Scragg, Teijin, Korea Nylon BP etc. and travelled Western Europe, Eastern Europe, Canada, North America, South America, North African Countries, South Asia etc. Dr. Jain is promoter of Panipat Weaving & Processing Pvt. Ltd., Pushpsons Fibrol Pvt. Ltd., Pushpsons Balbro Pvt. Ltd. and Pushpsons Industries Ltd. Dr. Jain was Honoured with Rashtriya Udyog Award for outstanding services, achievements and contribution in Textile Industry. The Award was given by Former President Shri R. Venktaraman in August 1993. Dr. M. R. Jain joined the Board of the Company on 10.01.1990 and is also the Chairman / Member of Remuneration Committee & Audit Committee. He is also on the Board of Panipat Weaving & Processing Pvt. Ltd., Pushpsons Balbro Pvt. Ltd., Pushpsons Fibrol Pvt. Ltd. & Pushpsons Industries Ltd.

9. **Disclosures of Non-compliances, Related Party Transactions, if any**

The Company has complied with the requirement of regulatory authorities on capital market and hence there was no question of penalties / strictures being imposed by SEBI or the Stock Exchange against the Company in the last three years.

Related party transaction have been disclosed in No. B-24 of Schedule "G" of the Notes to the Accounts

10. **Means of Communication**

- The Board of Directors of the Company approves and takes on record the quarterly half yearly and yearly financial results in the proforma prescribed by Clause 41 of the Listing Agreement within one month of the close of the respective period.
- The approved financial results are forthwith sent to the Listed Stock Exchanges and are published in the news papers namely The Pioneer/Money Maker and Mahalaxmi Vyapaar within forty - eight hours of approval thereof
- The results are displayed on EDIFAR web-site i.e. sebiedifar.nic.in and are being sent to all the Stock Exchanges where the Shares of the company are listed, for putting, in their own web-site
- No formal presentations were made to the institutional investors and analysts during the year under review
- Management discussion and Analysis forms part of the Annual Report, which is posted to the Shareholders of the Company.

11. **CEO / CFO Certificate**

Certificate from CEO / CFO for the Financial Year ended March 31, 2010 has been provided elsewhere in the Annual Report.

12. **General Shareholders' information**

a) Next Annual General Meeting : As indicated in the Notice to our Shareholders, the Annual General Meeting of the Company will be held on 16.08.2010. The time and venue of the meeting is as indicated in the notice.

b). Financial Year : April 1st, 2009 to March 31st, 2010.

c). Date of Book Closure : 12.08.2010 to 16.08.2010

d). Dividend payment : N.A.

e). Listing on Stock Exchanges :

- Bombay Stock Exchange Limited, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 023

f). Stock Code

- Bombay Stock Exchange Limited, Mumbai — 523586
- ISIN Number for NSDL / CDSL — INE826B01018

g) Market Price Data : High, Low during each month in last financial year

Month	BSE High (Rs.)	BSE Low (Rs.)
April, 2009	10.51	7.10
May, 2009	13.28	9.07
June, 2009	16.49	13.12
July, 2009	14.50	10.76
August, 2009	22.63	13.60
September, 2009	32.10	23.00
October, 2009	40.20	25.20
November, 2009	33.60	27.70
December, 2009	31.55	25.25
January, 2010	30.75	22.40
February, 2010	24.85	17.35
March, 2010	24.65	18.15

[Source: www.bseindia.com]

h) Share Transfer Procedure : Every effort is made to clear share transfers/ transmissions and split / consolidation requests with in 15 days.

Share Transfer Agents: Alankit Assignments Limited, 2E/8, Alankit House, Jhandewalan Extension, New Delhi - 110 055. Ph. No. (011) 43541234, 42541234, Fax No. (011) 42541967.

i) **Distribution Schedule** : The distribution of Company's shareholding as on 31st March, 2010 was as follows

No. of Equity Shares held			Shareholders No.	Shareholders (%)	No. of Shares	% of Total Shares
1	to	250	12589	86.214	1352483	16.782
251	to	500	1103	7.554	461786	5.730
501	to	1000	505	3.458	440659	5.468
1001	to	2000	202	1.383	319018	3.959
2001	to	3000	63	0.431	162190	2.013
3001	to	4000	30	0.205	109318	1.356
4001	to	5000	27	0.185	128991	1.601
5001	to	10000	42	0.288	310503	3.853
10001	&	Above	41	0.281	4773952	59.238
			14602	100.000	8058900	100.000

Shareholding Pattern as on 31st March, 2010

Category Code		Category of Shareholder	Number of Share Holders	Total No. of Shares	No. of Shares held in dematerialized form	Total shareholding as a percentage of total no. of shares As a % of (A+B)	As a % of (A+B+C)
(A)		**Shareholding of Promoter & Promoter Group[2]**					
	(1)	**Indian**					
	(a)	Individuals / Hindu Undivided Family	10	875330	302230	10.86166	10.86166
	(b)	Central Govt / State Government(s)	-	-	-	-	-
	(c)	Bodies Corporate	4	2828924	411024	35.10310	35.10310
	(d)	Financial Institutions / Banks	-	-	-	-	-
	(e)	Any other (specify)	-	-	-	-	-
		Sub – Total (A)(1)	14	3704254	713254	45.96476	45.96476
	(2)	**Foreign**					
	(a)	Individuals (NRI / Foreign individual's)	-	-	-	-	-
	(b)	Bodies Corporate	-	-	-	-	-
	(c)	Institutions	-	-	-	-	-
	(d)	Any Other (Specify)	-	-	-	-	-
		Sub-Total (A) (2)	0	0	0	0	0
		Total Shareholding of Promoter and Promoter Group (A) = (A)(1)+(A)(2)	14	3704254	713254	45.96476	45.96476
(B)		**Public Shareholding[3]**					
	(1)	**Institutions**					
	(a)	Mutual Funds/UT	2	3200	0	0.03971	0.03971
	(b)	Financial Institutions / Banks	-	-	-	-	-
	(c)	Central Govt / State Govt (s)	-	-	-	-	-
	(d)	Venture Capital Funds	-	-	-	-	-
	(e)	Insurance Companies	-	-	-	-	-
	(f)	Foreign Institutional Investor	-	-	-	-	-
	(g)	Foreign Venture Capital Investors	-	-	-	-	-
	(h)	Any Other (Specify)	-	-	-	-	-
		Sub-Total(B) (1)	2	3200	0	0.03971	0.03971
	(2)	**Non-Institutions**					
	(a)	Bodies Corporate	174	755553	461153	9.37539	9.37539
	(b)	Individuals					
		i) Individual Shareholders holding nominal Share Capital up to Rs. 1 lakh	14267	3004924	1785443	37.28702	37.28702
		ii) Individual shareholders holding nominal shares capital in excess of Rs. 1 lakh	17	469018	469018	5.81988	5.81988
	(c)	Any other					
		(i) Directors & their relatives	2	2700	2500	0.03350	0.3350
		(ii) Non Resident Indians	11	24740	24740	0.30699	0.30699
		(iii) Clearing Members	11	3743	3743	0.04645	0.04645
		(iv) Hindu Undivided Families	104	90768	90768	1.12631	1.12631
		Sub-Total (B)(2)	14586	4351446	2837365	53.99553	53.99553
		Total Public Shareholding (B) = (B)(1)+(B)(2)	14588	4354646	2837365	54.03524	54.03524
			14602	8058900	3550619	100.00000	100.00000
(C)		**Shares Held by custodians and against which Depository Receipts have been issued**					
		GRAND TOTAL (A)+(B)+(C)	14602	8058900	3550619	100.00000	100.00000

NOTE : NO SHARES ARE PLEDGED OR ENCUMBERED.

j) Dematerialisation of Shares : Approximately 44.05 % of the total paid up share capital of the Company has been dematerialized upto March, 31, 2010

k) Prevention of Insider Trading : The Company has taken necessary steps to prevent Insider Trading in terms of Securities Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 as amended from time to time to ensure protection of general Shareholders rights and interests. The Executive Director & Company Secretary is the Compliance officer in this regard.

l) Outstanding GDR/ADR/Warrants or any convertible instruments, conversion date and impact on equity The Company has not issued any GDRs / ADRs / Warrants or any convertible instruments.

m) Plant Location : 10.5 K.M. Rampur-Bareilly Road, Rampur-224 901, UP & D-11, Phase – II, Eldeco-Sidcul Industrial Park Sitarganj – 262405, Dist Udham Singh Nagar, Uttrakhand for its subsidiary

n) Address for correspondence Sh. S. C Singhal, E D & Company Secretary 5 E Gopala Tower, 25 Rajendra Place, New Delhi - 110 008 Ph No (011) 45017000

B. **Non-Mandatory Requirements :**

(i) The Company has constituted a Remuneration Committee as mentioned in Para under the heading Mandatory Requirements

(ii) The Executive Chairman of the company maintains an office at his residence for which company reimburses him

C. **Code of Conduct :**

The Code of Conduct for Directors and Senior Management Personnel was approved and adopted by the Company in the Board Meeting held on 31.10.2005

CERTIFICATE

The Annual Compliance Confirmation for compliance of the Code of Conduct for the year ending 31.03.2010 has been received from all the Directors and Senior management Personnel of the Company

New Delhi Sushil Jain

30th May, 2010. Chairman & Managing Director

D. **Compliance Certificate from the Auditors :**

The Company has obtained a certificate from the Statutory Auditors regarding compliance of conditions of Corporate Governance as stipulated vide clause 49 of the Listing Agreement. The Certificate is annexed

AUDITORS' CERTIFICATE

ON COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE

TO THE MEMBERS OF INDIAN TONERS & DEVELOPERS LTD

We have examined the compliance of conditions of corporate governance by **INDIAN TONERS & DEVELOPERS LTD.** for the year ended on 31st March, 2010, as stipulated in clause 49 of the listing agreements of the said company with stock exchanges in India.

The compliance of conditions of Corporate Governance is the responsibility of the Company's management. Our examination was limited to procedure and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned listing

agreements

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

FOR K.N GUTGUTIA & CO.,

(B.R.GOYAL)
PARTNER
CHARTERED ACCOUNTANTS
Membership No. 12172

Date 30th, May 2010
Place New Delhi

CEO / CFO Certificate

We certify to the Board that :

(a) We have reviewed financial statements and the cash flow statement for the year and that to the best of our knowledge and belief

(i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

(ii) These statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards applicable laws and regulations

(b) There are, to the best of our knowledge and belief, no transactions entered into by the company during the year which are fraudulent illegal or violative of the company's code of conduct

(c) We accept responsibility for establishing and maintaining internal controls and that they we 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 international controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies

(d) We have indicated to the auditors and the Audit Committee that :

(i) there has not been any significant changes in internal control over financial reporting during the year under reference;

(ii) there has not been any significant changes in accounting policies during the year requiring disclosure in the notes to the financial statements; and

(iii) there has not been any instances during the year of significant fraud of which we had become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

(Sushil Jain)
Chairman & Managing Director

(S. C. Singhal)
Executive Director & C. S.
& Acting C.F.O

Date: 30.05.2010
Place : New Delhi

AUDITORS' REPORT

TO THE MEMBERS OF INDIAN TONERS AND DEVELOPERS LIMITED

1. We have audited the attached Balance Sheet of INDIAN TONERS & DEVELOPERS LTD as at 31st March 2010, the related Profit and Loss Account and the cash flow statement of the company for the year ended on that date annexed thereto, which we have signed under reference to this report. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An Audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion
3. As required by the Companies (Auditors' Report) Order, 2003 issued by the Central Government of India in terms of Section 227 (4A) of the Companies Act, 1956, and on the basis of such checks as considered appropriate and according to the information and explanation given to us during the course of our audit, we enclose in the Annexure hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order
4. Further to our comments mentioned in the Annexure referred to in above paragraph we report that.
   a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
   b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of the books of the Company.
   c) The Balance Sheet, Profit and Loss Account and the Cash Flow Statement dealt with by the report are in agreement with the Books of Account of the Company.
   d) In our opinion, the Balance Sheet, the Profit & Loss Account and Cash Flow Statement comply with the mandatory Accounting Standards referred to in Sub-Section 3 (c) of Section 211 of the Companies Act, 1956.
   e) According to the information and explanation given to us and on the basis of written representations received from the Directors as on 31st March 2010 of the Company and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March 2010, from being appointed as a Director in terms of clause (g) of Sub Section (1) of Section 274 of the Companies Act, 1956.
   f) In our opinion and to the best of our information and according to the explanations given to us, the said Accounts read with the notes and Significant Accounting Policies thereon give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India
   (i) In the case of the Balance Sheet, of the state of affairs of the company as at 31st March 2010
   (ii) In the case of the Profit and Loss Account, of the Profit for the year ended on that date.

   And

   (iii) In the case of the Cash Flow Statement of the Cash Flows for the year ended on that date.

FOR K.N.GUTGUTIA & CO.,

(B.R.GOYAL)
PARTNER
CHARTERED ACCOUNTANTS
Membership No. 12172
ICAI'S FRN 304153E

New Delhi
30th May, 2010

ANNEXURE TO THE AUDITORS' REPORT

Re: INDIAN TONERS & DEVELOPERS LIMITED

i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.

(b) As per the information and explanation given to us Physical verification of fixed assets has been carried out by the Management during the year and no discrepancy was noticed on such verification.

(c) During the year the Company has not disposed off any substantial/ major part of fixed assets.

ii) (a) As per the information furnished, the inventories have been physically verified during the year by the management. In our opinion having regard to the nature and location of stock, the frequency of the physical verification is reasonable.

(b) In our opinion and according to the information and explanations given to us, procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.

(c) The Company is maintaining proper records of inventory. In our opinion, discrepancies noticed on physical verification of stocks were not material in relation to the operations of the Company and the same have been properly dealt with in the books of account.

iii) (a) The company has granted loans to its subsidiary namely ITDL Imagetec Ltd. listed in the register maintained under Section 301 of the Companies Act, 1956. The maximum amount involved during the year and outstanding as at balance sheet date was Rs171273756. According to the information and explanations given to us, in our opinion, the terms and condition of the said loan are not prima –facie prejudicial to the interest of the Company.

(b) As informed, the Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under Section 301 of the companies Act, 1956 and hence the requirements of sub clauses (f) and (g) of clause (iii) of the order are not applicable.

iv) In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the company and the nature of its business with regard to purchase of inventory and fixed assets and for the sale of goods. During the course of our audit, we have not observed any continuing failure to correct major weakness in internal controls in respect of these areas.

v) a) According to the information and explanations provided by the management, we are of the opinion that the particulars of contracts or arrangements referred to in Section 301 of the Act that need to be entered into the register maintained under section 301 have been so entered.

b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements exceeding value of Rupees five lakhs have been entered into during the financial year with its subsidiary, at such consideration which are reasonable having regard to the nature of strategic relationship with the company.

vi) The Company has not accepted any public deposits. Accordingly, paragraph (vi) of the Order is not applicable to it.

vii) In our opinion, the company has an internal audit system commensurate with the size of the company and the nature of its business.

viii) The Central Government has not prescribed maintenance of the cost records under section 209(1)(d) of the Companies Act, 1956 in respect to the companies' products.

ix) (a) According to the information's and explanations given to us and records examined by us, the company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees state insurance, income tax, sales-tax, service tax, custom duty, excise duty, cess and other statutory dues wherever applicable. According to the information and explanations

given to us, no undisputed arrears of statutory dues of the aforesaid nature were outstanding as at 31st March, 2010 for a period of more than six months from the date they became payable.

(b) According to the records of the Company, the dues as at 31st March,2010 of sales tax, income-tax, customs, wealth-tax, service tax, excise duty, cess which have not been deposited on account of disputes and the forum where the dispute is pending are as under:

Name of the Statue	Nature of the Dues	Amount Rs.	Period to which the amount relates	Forum where dispute is pending
U.P. Sales Tax Act	Trade Tax	8,26,252.00	1994 -1995 & 1995-1996	High Court (Allahabad)
	Trade Tax	1,07,443.00	1999-2000	Tribunal (Moradabad)
	Trade Tax	5,82,009.00	2002-2003	Tribunal (Moradabad)
	Trade Tax	33,40,229.00	2000-2005	Supreme Court (Delhi)

x) There are no accumulated losses of the Company as on 31st March, 2010. The company has not incurred any cash losses during the financial year covered by our audit and in the immediately preceding financial year.

xi) Based on our audit procedures and the information given by the management, we are of the opinion that the company has not defaulted in repayment of dues to a financial institutions or banks.

xii) Based on our examination of the records and the information and explanations given to us, the Company has not granted any loans and/ or advances on the basis of security by way of pledge of shares, debentures and other securities.

xiii) Clause (xiii) of the Order is not applicable to the Company as the Company is not a Chit fund Company or nidhi mutual benefit fund/ society.

xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures, and other investments. Accordingly, the provisions of clause 4 (xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.

xv) According to the information and explanations given to us, the Company has given corporate guarantees for loans taken by its subsidiary, namely, ITDL Imagetec Ltd. and the terms of such guarantee are not prejudicial to the interest of the company in view of holding/subsidiary relationship.

xvi) According to the information and explanations given to us, no term loan has been raised by the Company during the year.

xvii) According to the information & explanation given to us and on an overall examination of the balance sheet of the company, we report that no funds raised on short-term basis have been used for long term investments.

xviii) The Company has not made any preferential allotment of shares during the year.

xix) During the year covered by our audit report the Company has not issued secured debentures.

xx) The Company has not raised any money by public issues during the year covered by our report.

xxi) Based upon the audit procedures performed and the information and explanations given to us by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

FOR K.N.GUTGUTIA & CO.,

(S.P.GOYAL)
PARTNER
CHARTERED ACCOUNTANTS
Membership No. 12172
ICAI'S FRN 304153E

Place : New Delhi
Date: 30th May, 2010

BALANCE SHEET AS AT 31ST MARCH 2010

PARTICULARS	SCHEDULE	As at 31st March 2010 (Rs.)		As at 31st March 2009 (Rs.)	
SOURCES OF FUNDS					
SHARE CAPITAL					
AUTHORISED					
17000000 Equity Shares of Rs. 10/- each			170000000		170000000
ISSUED, SUBSCRIBED AND PAID UP					
8058900 Equity shares of Rs. 10/- each fully paid up in cash			80589000		80589000
RESERVE & SURPLUS					
Surplus as per Annexed Profit & Loss Account			293226441		271001002
LOAN FUNDS					
Secured Loans	A		4663483		2945856
DEFERRED TAX LIABILITY (NET)			25469788		28446653
TOTAL			403948712		382982511
APPLICATION OF FUNDS					
FIXED ASSETS	B				
Gross Block		340388181		332919614	
Less Depreciation		218973605		202100612	
NET BLOCK		12141756		130819002	
			12141756		130819002
INVESTMENTS	C		20026948		31005100
CURRENT ASSETS, LOANS AND ADVANCES	D				
Inventories		44034140		77180682	
Sundry Debtors		39891470		66260113	
Cash & Bank Balances		37328416		19776687	
Loans & Advances		290160446		291547216	
		411394472		454764728	
LESS : CURRENT LIABILITIES AND PROVISIONS	E				
Current Liabilities		50565894		112043819	
Provisions		98314390		121562500	
		148880284		233606319	
Net Current Assets			262504188		221158409
TOTAL			403948712		382982511
SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS	H				

Schedule 'A' to 'H' are integral part of Account

As per our Report of Even Date Attached
For K.N. GUTGUTIA & COMPANY
Chartered Accountants
(B.R.GOYAL)
Partner
Membership No. 12172
11K, Gopala Tower
25, Rajendra Place, New Delhi
The 30th Day of May 2010

For and on Behalf of the Board of Directors

(S.C. SINGHAL)
Executive Director
& Company Secretary

(N. S. SHARMA)
(SANJEEV GOEL)
Directors

(SUSHIL JAIN)
Chairman & Managing Director

Profit & Loss Account for the year ended on 31st March, 2010

PARTICULARS	SCHEDULE	For the Year Ended 31st March, 2010 Rs.		For the Year Ended 31st March,2009 Rs.
INCOME				
Sales (including export benefits Rs. 6923531/- Previous year Rs. 4959864/-)		318681371		475987637
(Refer Note No. B-6 of Schedule - H)				
Increase (Decrease) in Finished goods/stock in process		(9291173)		(4656987)
Increase (Decrease) in Stock of Laser Printer spare Parts		0		(1134167)
Other Income including Interest on Deposits with Banks	F			
(TDS Rs. 1053057/- & previous year Rs. 2211577/-)		14969236		12054372
TOTAL		324359434		482250855
EXPENDITURE				
Manufacturing and other Expenses	G	270067219		413589760
Interest Cost		2554775		2585747
(Refer Note No. B-5 of Schedule - H)				
Depreciation		18629187		18079259
TOTAL		291251181		434254766
PROFIT BEFORE TAX		33108253		47996089
Provision for Income Tax - Current	(-)	14565000	(-)	19037000
Provision for FBT		0	(-)	1426100
Tax Adjustment Related to Previous Year	(+)	705321		0
Deferred Tax Credit	(+)	2976865	(+)	3931000
Profit after Tax For The year		22225439		31463989
BALANCE BROUGHT FORWARD		271001002		239537013
Total Balance being Surplus Carried to Balance Sheet		293226441		271001002
Earning Per Share (Basic) (Face value of Rs. 10/-)		2.76		3.90
SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS	H			

Schedule A to H are integral part of Accounts.

As per our Report of Even Date Attached
For K.N. GUTGUTIA & COMPANY
Chartered Accountants
(B.R.GOYAL)
Partner
Membership No. 12172
11K, Gopala Tower
25, Rajendra Place, New Delhi
The 30th Day of May 2010

For and on Behalf of the Board of Directors

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(N. S. SHARMA)
(SANJEEV GOEL)
Directors

(SUSHIL JAIN)
Chairman & Managing Director

SCHEDULE 'A'

Schedule of Secured Loans as at 31st March, 2010

PARTICULARS	As at 31st March 2010	As at 31st March 2009
(A) WORKING CAPITAL FROM STATE BANK OF INDIA		
Cash Credit	22933	2803324
(B) OTHER LOANS		
From ICICI Bank Ltd - Car Loans	4640550	142532
TOTAL	4663483	2945856

NOTES :

1 Working Capital facilities from State Bank of India are secured against hypothecation of raw materials, stock in transit, finished goods, stock in process, chemicals, spares and stores and book debts etc. alongwith personal guarantee of the Chairman & Managing Director and second charge over all the immoveable assets both present and future of the Company

2 Car Loan from the Banks are secured against the specific vehicles purchase out of the loan funds

SCHEDULE 'B'

Schedule of Fixed Assets as at 31st March, 2010

S.No.	Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		Cost as at 01.04.2009 Rs.	Additions Rs.	Adjustments Rs.	Cost as at 31.03.2010 Rs.	Upto 31.03.2009 Rs.	For the year Rs.	Adjustments Rs.	Total Upto 31-3-2010 Rs.	Net Block as at 31.03.2010 Rs.	Net Block as at 31.03.2009 Rs.
1	Land (Free Hold)	350255	0	0	350255	0	0	0	0	350255	350255
2	Building	17897326	0	0	17897326	7216671	597771	0	7814442	10082884	10680655
3	Plant and Machinery	284871616	1466465	285587	286052493	181572053	14872246	46930	196397369	89655124	103299563
4	Electric Installations	5313145	0	0	5313145	2942826	252376	0	3195202	2117943	2370319
5	Furniture & Fixtures	3578803	87575	0	3666378	1730059	229248	0	1959307	1707071	1848744
6	Office Equipments	9514863	411137	0	9926000	4561979	1371698	0	5933677	3992323	4952883
7	Vehicles	11393607	8944625	3155648	17182584	4077024	1305848	1712264	3670608	13511976	7316583
	TOTAL	332919614	10909802	3441235	340388181	202100612	18629187	1759194	218970605	121417576	130819002
8	Capital Work in Progress	0	0						0	0	0
	Current Year :	332919614	10909802	3441235	340388181	202100612	18629187	1759194	218970605	121417576	130819002
	Previous Year :	332405988	[illegible]	3919863	332919614	185459109	18079259	1437756	202100612	130819002	146946878

Note :- Building, Plant & M[illegible] and Electrical Installation includes Rs. 2298055/-, Rs. 354182 95/- (including Rs. 407592/- during the year) & Rs. 817511/- [illegible] towards assets for R & D purposes

SCHEDULE "C" SCHEDULE OF INVESTMENTS AS AT 31ST MARCH 2010

	UNITS* As at 31st March 2010	COST As at 31st March 2009	UNITS* As at 31st March 2010	COST As at 31st March 2009
	Rs	Rs	Rs	Rs
A UNQUOTED INVESTMENTS (LONG TERM)(NON TRADE)				
Equity Shares in ITDL USA Inc - Subsidiary (Face value of USD $1 00 each)	50000	2259562	50000	2259562
Equity Share in ITDL Imagetec Ltd. - Subsidiary Co. (Face value of Rs 10 each)	510000	5100000	510000	5100000
Equity Share in Alankar Securities Pvt. Ltd. (Face value of Rs. 10 each)	123000	3690000	123000	3690000
Equity Share in Triveni Securities Pvt. Ltd (Face value of Rs 10 each)	100000	3000000	100000	3000000
Equity Share in Mahavir Phototech Pvt Ltd (Face value of Rs 10 each)	97000	2910000	97000	2910000
TOTAL		16959562		16959562
B INVESTMENTS IN MUTUAL FUND (UNQUOTED) (CURRENT) (NON TRADE)				
Reliance Monthly Interval Fund Service II	0	0	937431	9375722
LIC M. F. Floating Rate Fund	0	0	261114	2867052
Canara Robeco Treasury Advantage Retail Monthly Divident Reinvest	246723	3067386	0	0
HDFC Cash Management Fund	0	0	78	788
Canara Robeco Treasury Advantage Weekly Dividend Reinvest	0	0	146996	1801966
TOTAL		3067386		14045538
GRAND TOTAL (A+B)		20026948		31005100

Note : N.A.V. of Quoted Investments as at 31.03.2010 Rs. 3067386/- (Previous Year Rs. 14078964/-)

SCHEDULE "D" CURRENT ASSETS, LOANS & ADVANCES AS AT 31ST MARCH 2010

PARTICULARS	As at 31st March 2010 (Rs.)		As at 31st March 2009 (Rs.)	
(A) CURRENT ASSETS				
Inventories				
Raw Materials (at or below Cost)		14319019		20237153
Raw Materials in Transit (at cost)		2550270		16048973
Stock In process (at estimated cost)		8958130		6885199
Finished goods (at Cost or net realisable value whichever is lower)		4819134		16163238
Stores, Spares, Power & Fuel and Packing Materials (at Cost or net realisable value whichever is lower)		12865161		17333693
Finished Goods - Laser Printer Spare Parts (at cost or net realizable value whichever is lower)		492426		492426
TOTAL		44004140		77180682
Sundry Debtors				
Considered Good (if not otherwise stated)				
Due for more than six months (Including Rs. 1500000 Considered Doubtful Previous Yr. Rs. 1500000)	9609933		3368484	
Others	31781517		64391629	
	41391471		67760113	
Less :- Provision for Doubtful Debts	1500000	39891470	1500000	66260113
TOTAL		39891470		66260113
Cash & Bank Balances				
Cash Balance on Hand		324864		294361
Balance with Scheduled Banks in Current Account (Including DD In Transit Rs. 600000 Previous Yr. Rs. NIL/-)		28247492		11077178

Fixed Deposits with Scheduled Bank	8194	8194
Margin Money With Schedule Bank against L/C and Guarantee Limits (Including Interest accrued of Rs. 153037/- & Previous Yr. Rs. 87385/-)	8747866	8396954
TOTAL	37328416	19776687
(B) LOANS AND ADVANCES (CONSIDERED GOOD)		
Loan To Employees	174800	48658
Loan to Subsidiary Company (including interest due)	164952565	157125059
Advances recoverable in-cash or in kind or for value to be received	18186792	15531407
Advance income Tax Including TDS	100312026	113244704
Balance with Excise Department	849274	151939
Cenvat Receivable/Recoverable (including Service Tax)	370900	1232224
Deposits (including Rs. NIL with UPSEB paid as per court order P/Y Rs. 500000)	1557178*	2237179
Exports Benefits Receivable / Adjustable	3756911	1976076
TOTAL	290160446	291547246
GRAND TOTAL	411384472	454764728

* Includes National Saving Certificates worth Rupess 25000/- deposited with Sales Tax Department.

SCHEDULE 'E' CURRENT LIABILITIES & EXPENSES PAYABLE AS AT 31ST MARCH, 2010

PARTICULARS	AS AT 31st MARCH, 2010 (RS.)	AS AT 31st MARCH, 2009 (RS.)
CURRENT LIABILITIES AND PROVISIONS		
(A) CURRENT LIABILITIES		
Sundry Creditors & other Liabilities (Refer Note No. 9 of Schedule "H")	37765494	91004636
Deposits From Dealers & other Advances	12800400	21039183
TOTAL	50565894	112043819
(B) PROVISIONS		
For Taxation	95353100	111201365
For Leave Encashment	1911853	2203992
For Excise Duty on Closing Stock of Finished Goods	175000	239143
For Discounts and incentives	874437	7918000
TOTAL	98314390	121562500
GRAND TOTAL	148880284	233606319

SCHEDULE 'F' SCHEDULE OF OTHER INCOME AS AT 31ST MARCH, 2010

MISCELLANEOUS INCOME	AS AT 31st MARCH, 2010 (RS.)	AS AT 31st MARCH, 2009 (RS.)
Dividend from Mutual Fund	568451	1772877
Interest from Subsidiary Company - ITDL Imagetec Limited (including TDS of Rs. 974667/- P.Y. 2052500)	9746669	6709926
Liabilities No Longer Required Written Back	2970992	1598183
Interest Received on Fixed Deposit & Margin Money with Bank	622328	639057
AMC Charges - Photocopier Machines	4531	61583
Long Term Capital Gain on Sale of Mutual Fund/Shares (Net)	67936	375547
Short Term Capital Gain (Net)	1032	8699
Miscellaneous Income	170427	113732
Cash Discount	247666	508672
Interest Received (Car Loan)	8177	385[illegible]
Sundry Balance W/off & W/Back (Net)	408048	145293
Scrap Sale	45627	47383
Notice Pay Recover	91691	69569
Gain on Forward Contracts Cancellation	15661	0
TOTAL	14969236	12054372

SCHEDULE 'G'

Manufacturing and other expenses for the Year ended on 31st March, 2010

PARTICULARS	For the year Ended on 31st March, 2010 Rs.	For the year Ended on 31st March, 2009 Rs.
Raw Materials & Chemicals Consumed	113794758	153885690
Stores, Spares & Packing Material Consumed	20946937	26634667
Power & Fuel (including Rs. 2407177 for P.Y. determined during the year)	38688360	41825682
Electricity Expenses	598619*	889351
Excise Duty	7418463	38043045
Repairs & Maintenance		
Plant & Machinery	3607216	394623
Building	541006	825496
Others	577753	345649
Salaries, Wages, Gratuity and other Allowances (including contracted labour)	23581380	41032097
Contribution to Provident fund & Employee State Insurance Fund	1295360	2398920
Staff Welfare	1353561	1608352
Director's Salaries, Allowances & Commission	5962500	6699368
Directors' Sitting fee	80000	85000
Auditors' Fee (including Tax Audit Fee)	167500	175000
Rent	1850873*	3282928
Rates & Taxes	329819	576793
Insurance including CMD's Keyman Insurance Premium Rs. 572672/-, PY Rs. 1[illegible]	1225374	2653771
Travelling & Conveyance Expenses incl. for Directors Rs. 1385497/- & Previous Year Rs. 2600988/-)	5243682	14529584
Postage, Telephone, Telegram and Telex*	1472606*	2349396
Commission on sales	1148652	3932207
Discounts, Incentives & Samples	4940374	22480046
Loss on Forward Contract	0	1419
Freight, Clearing & Forwarding Expenses	10707901	18171725
Miscellaneous Expenses*	18164896**	14982054
Financial & Other Charges	2729384	3965724
Loss on Sale of Fixed Assets	874485	730253
Charity & Donation	230100	201502
Difference in Exchange - Foreign Exchange Fluctuation	2108171	7129684
Long Term Loss on Sale on Mutual Fund	1148	276
Loss on Sale of Investment (Long Term)	0	2857856
Office Maintenance	426341*	901602
TOTAL	270067219	413589760

(1) *Including Chairman & Managing Director's Office Maintenance Expenses of Rs. 442700/- Previous Year Rs. 443375)

(2) *After adjustment of recoveries expenses from Subsidiary Company, namely ITDL Imagetec Limited.

SCHEDULE "H"

Schedule Attached to the Accounts for the Year Ended March 31, 2010

A. SIGNIFICANT ACCOUNTING POLICIES :

1. **Basis of Accounting**

   The Company follows mercantile system of Accounting and recognizes all significant items of income and expenditure on accrual basis and these accounts have been prepared in accordance with the Accounting Standards issued by the Institute of Chartered Accountants of India as well as notified by the Government of India, applicable to it.

2. **FIXED ASSETS :**

   a) Fixed Assets are stated at cost less Depreciation provided for.

   b) i) Depreciation on all Assets is charged on straight line method treating the Plant as continuous process Plant (except R & D Plant), at rates and in the manner as per Schedule XIV to the Companies Act, 1956 as amended vide notification dated 16th December, 1993. Depreciation on assets added / deducted during the year is charged proportionate with reference to the date of additions / deductions.

   ii) Depreciation on R & D plants & machinery is charged, treating the same as non – continuous, in the same manner as mentioned above.

3. **IMPAIRMENT OF ASSETS**

   The carrying amount of fixed assets are revised at each Balance Sheet date if there is any indication of impairment based upon internal / external factors. Any impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is greater of asset but selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.

4. **RESEARCH & DEVELOPMENT :**

   Capital expenditure on Research & Developments is treated in the same manner as Fixed Assets. The Revenue expenditure on R & D are charged off in the year in which the same are incurred.

5. **EMPLOYEE BENEFITS :**

   Contribution payable for provident fund and employee state insurance which is defined contribution scheme, is charged to profit & loss account.

   Gratuity and leave encashment which are defined benefits are accrued calculated on unit credit method based on actuarial valuation as at balance sheet date provided by L.I.C. and by an independent actuarial valuer respectively.

   The Company has opted for a group gratuity – cum Life Assurance Scheme of the Life Insurance Corporation of India for employees and the annual contribution for it is charged to the profit & loss account on the accrual basis.

6. **INVESTMENTS :**

   (a) All the Long Term Investments are stated at cost. All the current investments are stated at cost or market rate whichever is lower as at the date of annual accounts. However, provision of diminution in value is made for declines other than temporary in nature.

   (b) Income / Loss on investments in Growth / Dividend plans of Mutual Funds is accounted for on sale / redemption of units.

   (c) Dividend Income from the Units of Mutual Funds is accounted for when the Company becomes legally entitled to it.

7. **INVENTORY VALUATION :**

   a) Stock of Finished goods : At cost or net realisable value whichever is lower.

   b) Stock of Raw Materials, Stores & Spares, Power & Fuel and packing Materials : At or below cost.

   c) Stock in process : At cost or net realisable value whichever is lower.

   d) Stock of Laser Printers, etc (trading goods) : At cost or net realizable value which ever is lower.

   Cost of raw material and stores & spares and packing materials is computed on Weighted Average basis. Finished goods and work in process include cost of conversion and other costs incurred in bringing the

inventories to their present locations and condition

8. **FOREIGN CURRENCY TRANSACTIONS :**

Transactions in foreign currency are recorded at the exchange rate prevailing on / or closely approximating to the date of transactions. Current Assets and Liabilities are restated at the rate prevailing at the period end or at the forward rate where forward cover for specific asset / liability has been taken. The difference between the period end rate and the exchange rate at the date of the transaction is recognized as income or expense in the Profit and Loss Account. In respect of forward exchange contracts, the difference (being premium / discounts) between the contract rate and the rate on the date of transaction is recognized as income or expense in the Profit and Loss Account over the life of the contract.

9. **TAXATION**

Deferred tax charge or credit reflects the tax effects of timing differences between accounting income and taxable income for the period. The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognized using the tax rates that have been enacted or substantially enacted by the balance sheet date. Deferred tax assets are recognized only to the extent there is reasonable certainty that the assets can be realized in future; however, where there is unabsorbed depreciation or carry forward of losses, deferred tax assets are recognized only if there is a virtual certainty of realization of such assets. Deferred tax assets are reviewed at each balance sheet date and is written - down or written-up to reflect the amount that is reasonably / virtually certain (as the case may be) to be realized. Current tax is provided at the rates in force, on the taxable profits arrived at with reference to the provisions of Income Tax Act, 1961.

10. **BORROWING COST :**

Borrowing Costs are charged to Profit & Loss Account except when funds are specially borrowed to acquire fixed assets, in which case the same is capitalized till the date the subject assets are ready for the intended use.

11. **EXPORT BENEFITS :**

Entitlements of Export Incentives (such as Advance Licences) on goods exported during the year are accounted for on accrual basis and such benefits are accounted through other Income and the corresponding debit is given to Export Benefit receivable "Adjustable" Account which is adjusted to cost of Raw Material as and when goods are imported.

12. The Company has the practice of providing for the liability on account of import duty on Raw material / Stores / Spares in transit or in Bonded Warehouse at the year end and providing for liability on account of Excise duty on stock of finished goods (other than stocks meant for Exports on which no Excise Duty is payable) lying in the factory premises.

13. **PROVISIONS AND CONTINGENT LIABILITY**

The Company recognizes a provision when there is a present obligation as a result of past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligations. A disclosure of the contingent liability, if determinable, is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. But where is a possible obligation but the likelihood of outflow of resources is remote, no provision / disclosure is made.

14. **REVENUE RECOGNITION**

Revenue from sale of goods is recognized when the goods are dispatched to the customers and is stated net of excise duty, sales returns and sales tax.

15. **USE OF ESTIMATES**

In preparing Company's financial statements in conformity with accounting principles generally accepted in India, management is required to make estimates and assumptions that affect the reported amount of assets and liabilities and the disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Any revision to accounting estimates is recognized in the period the same is determined.

16. **EARNINGS PER SHARE**

Basics earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by weighted average number of equity shares outstanding during the period.

17. **LEASES**

Leases, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased items, are classified as operating leases. Lease payment in respect of such leases are recognized as an expenses in the Profit & Loss Account on a straight line bases over the lease terms or extended term.

B. NOTES ON ACCOUNTS

		Current Year Rs.	Previous Year Rs.
1	Contingent liabilities not provided for in respect of		
a)	Letters of credit established in favour of the suppliers of import of materials	30455564	54976564
b)	Corporate Guarantee on behalf of Subsidiary Co - Effective Guarantee as on 31.03.2010 - Rs.86752658 (Previous year Rs. (103622345)	270000000	270000000
c)	Guarantees issued by State Bank of India on behalf of Company	NIL	1343509
d)	Sale Tax / Trade Taxes demands against which appeals have been preferred	10149607	9627721
e)	Minimum Consumption Guarantee Charges payable by U. P. State Government to U. P. Power Corporation claimed from the Company, against which the company has filed case in the Lucknow Bench of Hon'ble High Court of Allahabad	NIL	2843492
2	Auditors' Remuneration	Rs	Rs
a)	As Audit Fee	100000	125000
b)	As Tax Audit Fee	25000	25000
c)	For Certification	25000	25000
d)	For Out of Pocket Expenses	7250	7707

3 Directors' Remuneration included under various heads of Profit & Loss Account -

		Rs.	Rs
a)	Chairman & Managing Director		
	Salary (Including Personal pay)	3600000	4320000
	Contribution to P.F	252000	283000
	House Rent Allowance	1260000	1499000
	Medical Reimbursement	87500	262500
	Other Benefits & Allowance	204708	2605167*
	TOTAL	5404208	8735667**

* Including Rs. 1834542/- being surrender value of Key Management Policy assigned in favour of the CMD during the year for which required approval of Central Government has been applied for and is pending.

** Including Rs. 1020000 being arrear for 2007-2008 paid during the year on receipt of Central Government approval.

b)	Whole Time Director		
	Salary	1102500	757000
	Contribution to P.F	—	8400
	House Rent & other Allowance	—	42000
	Medical reimbursement	—	5833
	Other benefits	—	34600
	TOTAL	1102500	847833

i) Value of Perquisites have been evaluated as per Income Tax Act 1961.

ii) The above sums do not include contribution to gratuity fund and provision for leave encashment as the same is on global basis.

iii) The remuneration paid to CMD is as per the approval of Central Government.

4. Balances in accounts of Sundry Debtors, Advances, Security deposits of dealers and creditors are subject to confirmations for the respective parties.

5. Detail of interest expenses :

	Current Year (Rs.)	Previous Year (Rs.)
Paid to Banks for working capital loan	15872	976643
Paid to Institutions(Refer Note B – 18)	0	461000
Paid to Others	2538903*	1148104
TOTAL	2554775	2585747

* Includes Rs. 1361312 payment made to Excise Department as ascertained by them during the year

6. a) Accounting Standard as to Segment Reporting AS -17 is not applicable to the Company as it is engaged in the business of Toners and Developers which is the single reportable segment However, disclusoure as to secondary segment is as under

Geographical Segment	Current Year (Rs.)	Previous Year (Rs.)
i) Domestic Sale (Including Excise Duty)	112486118	312332523
ii) Export Sales (including Export Benefits Rs. 6923531, PY Rs. 4959864)	206195253	163655115

b) Details of Increase / Decrease in stocks

	Finished Goods	Work in Process	Total	Trading Goods
Opening Balance	16183238	6885199	23068437	492426
Closing Balance	4819134	8958130	13777264	492426
Increase (decrease)	(11364104)	2072931	(9291173)	(NIL)

c) Detail of Sales (including Export Benefits on Export Sales)

Sales	318681371	475987638
Excise Duty	(-) 7418463	(-) 38043045
Net Sales	311262908	437944593

d) Provision for Excise Duty amounting to Rs. 175000 (Previous Year Rs. 239143/-) on closing stock is included in schedule E (Refer Note A-12)

e) During the year, the method of calculation of closing stock of raw materials and finished goods has been changed from FIFO Method to Weighted Average Method The change has effected to profit by Rs. 954988.

7. Major components of the Deferred Tax Asset and liability as at 31st March 2010 are as follows

	Current Year (Rs.)	Previous Year (Rs.)
(A) Deferred Tax Liability on Account of		
(a) Depreciation	18273333	20878754
(b) R & D Capital Assets	8356144	8826886
Total (A)	26629477	29705640
(B) Deferred Tax Assets on Account of		
(a) Provision for Leave encashment	649839	749137
(b) Provision for doubtful debts	509850	509850
Total (B)	1159689	1258987
Net Deferred Tax Liabilities (A - B)	25469788	28446983

8. a) Estimated benefits aggregating to Rs. 6923531 (Previous Year Rs. 4959864) against exports effected during the year has been taken into account for the year as incentive accounting in respect of duty free imports of Raw Material & Packing Materials under Advance Licence Scheme and corresponding amount has been added to the cost of Materials.

b) Service Tax amounting to Rs. 4053756 (Previous Year Rs. 4471119) have been treated as recoverable is subject to claim yet to be filed with Department. The same has been grouped in Advances Recoverable.

9. Suppliers covered under the Micro, Small and Medium Enterprises Development Act 2006, have not furnished the information regarding filing of necessary memorandum with appointed authority In view of this, information required under Section 22 of the said Act is not given.

10. Amount of Exchange difference (net) debited to Profit & Loss Account amounted to Rs. **43,94,930** (previous year Rs 8027913) and credited to P & L A/c. amounted to **Rs. 22,86,759** (Previous Year Rs. 898229)

11. R & D expenses included under various heads **Rs. 5358835** [Including Raw Material Consumption **Rs. 327706** & Depreciation Rs.1792535] (Previous year Rs. 4242297 Raw Material Consumption Rs 251153 & Depreciation Rs 1780774) respectively.

12. The Company has calculated the various benefits provided to employees as under:

A) Defined Contribution Plans

Provident Fund

During the year the Company has recognized the following amounts in the Profit and Loss Account :

For the year ended 31st March, 2010	Current Year (Rs. In. Lacs)	Previous Year
Employers Contribution to Provident Fund	12.46	18.89

State Plans

a) Employee State Insurance

During the year the Company has recognized the following amounts in the Profit and Loss Account

For the year ended 31st March, 2010	Current Year (Rs. In Lacs)	Previous Year
Employers Contribution to Employee State Insurance	0.50	5.10

Defined Benefit Plans

a) Gratuity

b) Leave Encashment

The discount rate assumed is 8% which is determined by reference to market yield at the Balance Sheet date on government bonds. The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority promotion and other relevant factors, such as supply and demand in the employment market. Reconciliation of opening and closing balances of the present value of the defined benefit obligation is as under

	Gratuity	Leave Encashment
The principal assumptions used in actuarial valuation as per below:		
Discount rate	8%	8%
Expected rate of return on assets	—	0
Expected rate of future salary increase	6%	5%
Change in present value of obligations	—	
Present value of obligations as at 01.04.2009	5739667	2203992
Interest cost	462432	176319
Current service cost	—	201173
Benefits paid	974009	NIL
Actuarial loss on obligations	—	(-) 669631
Present value of obligation as at 31.03.2010	5528090	1911853
Changes in fair value of plan assets	Not Available	Not Available
Liability recognized in the Balance Sheet		
Present value of obligations as at 31.03.2010	—	1911853
Fair value of plan assets as at the end of the year	—	—
Unfunded status	—	—
Unrecognised Actuarial (Gain) / Loss	—	—
Net (Assets) / Liability recognized in Balance Sheet	—	1911853

*Funded with L.I.C

Expenses recognized in Profit and Loss Account

Current service cost	21645	201173
Interest cost	NIL	176319
Expected return on plan assets	N A	——
Net Actuarial (Gain) / Loss recognized during the year	NIL	(-) 669631
Total Expense recognized in Profit and Loss Account	21645	(-) 292139

Note : The employees (Nos 136) of Indian Toners & Developers Ltd have been transferred to ITDL Imagetec Ltd on 01.04.2009. Therefore the liabilities of these employees amounting to Rs 1391905 and Rs 1544334 on account of Gratuity & Leave Encashment has been transferred from Indian Toners & Developers Ltd. to ITDL Imagetec Ltd. during the year

13 Misc. expenses includes

		Current Year Rs.	Previous year. Rs.
a)	Vehicle Running & Maintenance	2181256	2408386
b)	Legal & Professional Expenses (including Rs 3475484 for R&D purposes)	6119380	3024708
c)	Seminar Expenses / Business Promotion / Dealers Selling Expenses	3105464	3798693
d)	Exhibition Expenses	1615555	1219710
e)	Advertisement Expenses	2233598	1175744

14 Loans to subsidiary company namely, ITDL Imagetec Ltd include accrued interest amounting to Rs 9746669/- (Previous Year 6709926) maximum amount of loan / interest during the year Rs. 171273576/- (Previous year Rs. 157125059)

15 Electricity Exp Rs 2407177 are relating to Previous Year but determined during the year has been charged for the year

16 Disclosure pursuant to AS-29 (Movement of provisions)

	Leave Encashment	Previous Year	Discount & Incentive	Previous Year	Excise Duty on Closing Stock	Previous Year
	Rs.	Rs.	Rs.	Rs	Rs.	Rs
Opening Balance	2203992	2243683	7918000	4910180	239143	692211
Add Creations	1584384	275791	874437	7918000	175000	239143
Less						
(a) Utilizations	*1877123	315482	6101481	3841841	239143	692211
(b) Written Back			1816519	1068345		
Closing Balance	1911853	2203992	874437	7918000	175000	239143

* Including Rs. 15,44,334 transferred to ITDL Imagetec Ltd

17 Particulars of unhedge foreign currency expenses as at 31.03.2010

	Current Year (Rs.) Rs	Previous year (Rs.) Rs.
Creditors for Import of Goods	16924479	6282148
Export Debtors	23813855	16279359

18. Additional information pursuant to paragraph 3 & 4 of part II of Schedule VI of the Companies Act, 1956 (As amended) -

A Capacity (Toners & Developers)

	Current Year Toners in M.T.	Current Year Developers in M.T.	Previous Year Toners in M.T.	Previous Year Developers in M.T.
i) Licenced (Per Ann.)	300	250	330	250
ii) Installed (Per Ann.)	1200	250	1200	250

Note : In addition to the above, the Company has also put a Pilot Plant during the year 2002 – 2003 primarily for R & D purposes (for Toners & Developers)

* Presently the Company does not require any Industrial Licence

B. **Stock, Purchases, Production & Sales**

ITEMS	OPENING STOCK Qty (M.T.)	OPENING STOCK Value (Rs.)	PRODUCTION Qty (M.T.)	SALES Qty (M.T.)	SALES Value (Rs.)	CLOSING STOCK Qty (M.T.)	CLOSING STOCK Value (Rs.)
Toners (including Developers)	42.22	16183238	788.01	813.27	318681371	16.96	4819134
	(50.87)	(18367166)	(977.93)	(986.58)	(475710349)	(42.22)	[illegible]

Note : Figures in brakets are in relation to previous year

C. **Quantitative Details of Laser Spares Parts (Trading Goods)**

ITEMS	OPENING STOCK Qty (M.T.)	OPENING STOCK Value (Rs.)	PURCHASE Qty (M.T.)	PURCHASE Value (Rs.)	SALES Qty (M.T.)	SALES Value (Rs.)	CLOSING STOCK Qty (M.T.)	CLOSING STOCK Value (Rs.)
Laser Spares Parts	16342	492426	---	---	----	----	16342	492426
	(22018)	(1626593)	----	----	(5676)	(277590)	(16342)	[illegible]

D. **RAW MATERIAL CONSUMED:**

Class of goods	Unit	Current Year Qty	Current Year Value (Rs.)	Previous Year Qty	Previous Year Value (Rs.)
Toners /Developers	MT	820.107	113794758	961.705	153885690
Chemicals / & Additives					

E. **VALUE OF IMPORTS CALCULATED ON C.I.F. BASIS:**

	Current Year (Rs.)	Previous Year (Rs.)
i) Raw Materials	105267227	[illegible]
ii) Plant & Machinery	226791	[illegible]
iii) Stores & Spares and packing materials	3717962	[illegible]

F. **MATERIAL CONSUMPTION:**

CLASS OF GOODS	IMPORTED Value in (Rs)	IMPORTED % of Total Consumption	INDIGENOUS Value (Rs.)	INDIGENOUS % of Total Consumption
Raw Materials	110958539	97.51	2836219	2.49
	(151819092)	(98.66)	(2092028)	1.34
Stores, Spares Packing materials	4824081	23	[illegible]	77
	(4997667)	(18.76)	(2163[illegible])	(81.24)

Note : Figures in brakets are in relation to previous year.

G. **EXPENDITURE IN FOREIGN CURRENCY**

	Current Year (Rs)	Previous Year (Rs)
i) Foreign Travels	[illegible]	[illegible]
ii) Consultancy Charges (including Rs. 3475484 for R&D purposes)	[illegible]	[illegible]
iii) Others (Exhibition, Advertisement etc.)	2753825	1326950
iv) Overseas Offices Expenses	NIL	3919032

18 EARNINGS IN FOREIGN EXCHANGE

	Current Year Rs.	Previous Year Rs.
FOB Value of Exports	203858700	156195864

19 Calculating of Earning Per Share

	Current Year Rs.	Previous Year Rs
1 No of Shares at the beginning of the year	8058900	8058900
2 No of Shares at the close of the year	8058900	8058900
3 Net Profit after Tax Rs	22225430	31463989
4 E. P. S. Rs.	2.76	3.90

20 Related Party Disclosure (Pursuant to Accounting Standard - 18)

(a) Wholly and Subsidiary Companies - i) ITDL USA, Inc., (ii) ITDL Imagetec Limited
(b) Key Management Personnel - Shri Sushil Jain (CMD)
(c) Relative of Key Management Personnel - Shri Akshat Jain, (son of Sh. Sushil Jain) Sr. Vice President (Corporate Affairs)
(d) Enterprises over which Key Management Personnel / Relative are able to exercise significant influence - Jain Bhawan
- Shrilon India Ltd
- Alankar Securities Private Limited
- Mahavir Phototech Private Limited
- Triveni Securities Private Limited
- Jain Tube Company Limited

Detail of transactions with Related Parties during the year

Particulars	Subsidiary Companies	Key Management Personnel	Relative of Key Management Personnel	Enterprises referred in (1) (d) above
Share capital held at the end of year	7359562 (7359562)	—	—	
Remuneration Paid	—	5404208 (8735667)	1715436 (1050039)	
Advance / Loans given (including interest & expenses Charged)	7327506 (100005232)	—	—	—
Rent Paid Expenses recovered	—	—	—	132000 (132000)
Sales of Goods	1264411 (8184991)	—	—	—
i) Outstandings: Balances as at year end (Balances due to the Company)	164952566 (157125059)	—	—	(3870000)
ii) Corporate Guarantee	270000000 (270000000)	—	—	—

Note -
i) Figures in the bracket are for the previous year.
ii) During the year, from a Subsidiary, goods worth Rs. 4054000 & Rs. 1264411 have been purchased & sold respectively on high seas basis.

21 Previous year's figures have been regrouped / re arranged whenever necessary to make them comparable with those of the current year.

22 Balance Sheet, Abstract and Company's General Business Profile As per Schedule VI, Part (IV) of The Companies Act, 1956

I. Registration Details

State Code 20 Registration No. 15721
Balance Sheet Date 31.03.2010

II Capital Raised during the year (Amount Rs. Thousands)

Public Issue	Rights Issue
NIL	NIL
Bonus Issue	Private Placement
NIL	NIL

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

Sources of Funds	Total Liabilities 403949	Total Assets 403949
	Paid-up Capital 80589	Reserve & Surplus 293226
Application of Funds	Secured Loans 4663	Deffered Tax (Net) 25470
	Net Fixed Assets 121418	Investments 20027
	Net Current Assets 262504	Misc Expenditure —
Accumulated Losses		

IV Performance of Company (Amount in Rs. thousands)

Turnover including Other Incomes 324359	Total Expenditure 291251
Profit Before Tax 33108	Profit After Tax 22225
Earning Per Share in Rs 2.76	Dividend Rate NIL

V. Generic names of Three Principal Products of Company

Item Code No 37079001
Product Description Toners & Developers for Photocopiers

As per our Report of Even Date Attached
For K.N. GUTGUTIA & COMPANY
Chartered Accountants
(B.R.GOYAL)
Partner
Membership No. 12172
11K, Gopala Tower
25, Rajendra Place, New Delhi
The 30th Day of May 2010

For and on Behalf of the Board of Directors

(S.C. SINGHAL)
Executive Director
& Company Secretary

(N. S. SHARMA)
(SANJEEV GOEL)
Directors

(SUSHIL JAIN)
Chairman & Managing Director

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2010

	Current Year (Rs.)	Previous Year (Rs.)
A. CASH FLOW ARISING FROM OPERATING ACTIVITIES		
Net Profit before tax	33108253	47996089
Adjustment for		
Depreciation	18629187	18079259
Loss / (Gain) on sale of Fixed Assets	874485	730253
Interest Paid	2554775	2585747
Interest Received	(10377174)	(7352834)
Unrealised Exchanged Difference	2108171	2566942
Provision for leave encashment	1584984	(39691)
Loss / (Profit) on sale of Current Investments (Non Trade)	(67820)	(384246)
Income from Current Investments (Non Trade) Dividend	(568451)	(1772877)
Misc balance written back	(408048)	(145293)
Liability no longer required return back	2970992	0
Operating Profit Before Working Capitals Changes	50409354	62263349
Adjustments For		
Trade & other receivables	35582949	(2161114)
Inventories	33176542	5563091
Trade and Other Payables	(90276853)	35759258
Cash Generated From Operations	28891992	101424584
Direct Taxes Paid	(14565000)	(20463100)
Net Cash Inflow / (outflow) in course of Operating Activities (A)	14326992	80961484
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase / Sale of fixed assets/ CWIP (Net)	(10102246)	(2681535)
Purchase / Sale of investments (Net)	11046012	15833282
Loan and Advance to Subsidiary company	(7827506)	(100005232)
Dividend Received	568451	1772877
Interest Received	10377174	7352834
Net Cash Inflow / (outflow) in course of Investing Activities (B)	4061885	(77727874)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from / Payments for long Terms and Short Term Borrowing	1717627	(1231340)
Interest Paid	(2554775)	(2585747)
Net Cash Inflow / (outflow) in course of Financing Activities (C)	(837148)	(1231340)
Net Increase / (Decrease) in Cash & Cash Equivalents (A)+(B)+(C)	17551729	(583477)
Cash And Cash Equivalents As At 31.03.2009	19776687	20360164
Cash & Cash Equivalent As At 31.03.2010	37328416	19776687

Notes

(1) The Above Cash Flow Statements has been prepared under the 'Indirect Method' set out in Accounting Standard - 3 issued by the Institute of Chartered Accountants of India

(2) Previous Years figures have been regrouped / rearranged wherever necessary.

As per our Report of Even Date Attached
For K.N. GUTGUTIA & COMPANY
Chartered Accountants
(B.R.GOYAL)
Partner
Membership No. 12172
11K, Gopala Tower
25, Rajendra Place, New Delhi
The 30th Day of May 2010

For and on Behalf of the Board of Directors

(S.C. SINGHAL)
Executive Director
& Company Secretary

(N. S. SHARMA)
(SANJEEV GOEL)
Directors

(SUSHIL JAIN)
Chairman & Managing Director

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT,1956 RELATING TO SUBSIDIARY COMPANIES

Name of the Subsidiary	ITDL, (U.S.A.) Inc	ITDL IMAGETEC LTD
The Financial Year of the Subsidiary Company ended on	31st March 2010	31st March 2010
Holding Company	31st March 2010	31st March 2010
Holding Company's interest	100%	51%
Share held by the Holding Company in the subsidiary	50000 Shares @ 1$ each	510000 Shares @ Rs 10 each
Net aggregate amount of Profit / (Loss) of the subsidiary so far as it concerns the Members of the Holding Company and is not dealt with in the Accounts of the Holding Company		
a For the financial year ended on March 31, 2010 (Rs.)	Rs. 378377	Rs. 15737169
b For the other previous financial years of the Subsidiary since it became a Subsidiary (Rs.)	(1907091)	(530881)
Net aggregate amount of Profit / (Loss) of the subsidiary so far as it concerns the Members of the Holding Company and is dealt with in the Accounts of the Holding Company		
a For the financial year ended on March 31, 2010 (Rs.)	NIL	NIL
b For the other previous financial years of the Subsidiary since it became a Subsidiary (Rs.)	NIL	NIL

For and on Behalf of the Board of Directors

(S.C. SINGHAL)
Executive Director
& Company Secretary

(N. S. SHARMA)
(SANJEEV GOEL)
Directors

(SUSHIL JAIN)
Chairman & Managing Director

The 30th Day of May 2010

AUDITORS' REPORT

TO THE MEMBERS OF ITDL (U.S.A.) Inc.

1. We have verified the attached Balance Sheet of ITDL-USA Inc. (the Company) incorporated in USA as at 31st March 2010, the related Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date annexed thereto, all being made out in accordance with the requirement of Indian Companies Act, 1956, from the certified accounts of the body corporate under the statute of the country of its incorporation and additional certified returns which have been relied upon by us. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An Audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. The Companies (Auditors Report) Order, 2003 issued by the Central Government in terms of Section 227 (4A) of the Companies Act, 1956 is not applicable to the Company in view the the Company is incorporated outside India.

4. Further to our comments mentioned in the Annexure referred to in above paragraph we report that

   a) Proper returns necessary for making out the accounts in accordance with the requirement of Indian Companies Act, 1956 were received.

   b) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.

   c) In our opinion proper books of account as required by the Indian law have been kept by the Company so far as appears from our examination of the books of the Company.

   d) The Balance Sheet, Profit and Loss Account and the Cash Flow Statement dealt with by the report are in agreement with the Books of Account of the Company.

   e) In our opinion, the Profit & Loss Account Balance Sheet and Cash Flow Statement comply with the mandatory Accounting Standards as are applicable to a Company incorporated in India.

   f) In our opinion and to the best of our information and according to the explanations given to us, the said Accounts, and read with the notes thereon and Significant Accounting Policies, there on give the information required by the Companies Act 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India.

      (i) In the case of the Balance Sheet, of the state of affairs of the company as at 31st March 2010.

      (ii) In the case of the Profit and Loss Account, of the Profit for the year ended on that date.

      And

      (iii) In the cases of the Cash Flow Statement, of the Cash Flows for the year ended on that date.

FOR K.N.GUTGUTIA & CO.,

(B.R.GOYAL)
PARTNER
CHARTERED ACCOUNTANTS
Membership No. 12172
ICAI'S FRN 304153E

Place : New Delhi
Date: 30th May, 2010

BALANCE SHEET AS AT 31ST MARCH 2010

PARTICULARS		As at 31st March 2010 (Rs.)		As at 31st March 2009 (Rs.)
SOURCES OF FUNDS				
SHARE CAPITAL		2259562		2259562
EXCHANGE FLUCTUATION RESERVE		(1051366)		(1076626)
TOTAL		1208196		1182936
APPLICATION OF FUNDS				
FIXED ASSETS				
Gross Block	48739		48739	
Less : Depreciation	48716		38709	
		23		10030
CURRENT ASSETS, LOANS AND ADVANCES				
Sundry Debtors	1445152		0	
Inventories (Including Material in Transit)	309900		350070	
Cash & Cash Equivalents including T.T. in Transit)	169498		1716633	
	1924550		2066703	
LESS : CURRENT LIABILITIES AND PROVISIONS				
Advance from Customers	0		456480	
Sundry Creditors	2245091		2344408	
	2245091	(320541)	2800888	(734185)
Profit & Loss Account		1528714		1907091
TOTAL		1208196		1182936

SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS SCHEDULE 'A'

As per our Report of Even Date Attached
For K.N. GUTGUTIA & CO.
Chartered Accountants
(B.R.GOYAL)
Partner
Membership No. 12172
11K, Gopala Tower
25, Rajendra Place, New Delhi
The 30th Day of May 2010

For and on Behalf of the Board of Directors

(S[illegible]AIN)
Director

Profit & Loss Account for the year ended on 31st March, 2010

PARTICULARS		For the Year Ended 31st March, 2010 Rs.		For the Year Ended 31st March,2009 Rs
INCOME				
Sales		7817399		14921946
Closing Stock		309900		350070
TOTAL		8127299		15272016
EXPENDITURE				
COST OF SALE				
Opening Stock	350070	7625136	1803370	13032632
Purchase	7225362		11150116	
Storage Charges	49704		79146	
SELLING, GENERAL & ADMN. EXPENSES				
Traveling Expenses		113779		1519435
Legal & Professional Charges	99598		0	
Bank Charges	10197		112190	
Other Expenses	3984		37280	
Bad Debts W/Off			119616	
Rates & Taxes			1195825	
Depreciation			54524	
		10007		10702
TOTAL		7748922		14562769
PROFIT / (LOSS) FOR THE YEAR		378377		709247
LOSS BROUGHT FORWARD		(1907091)		(2616338)
LOSS CARRIED TO BALANCE SHEET		(1528714)		(1907091)
SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS	SCHEDULE 'A'			

As per our Report of Even Date Attached
For K.N. GUTGUTIA & CO.
Chartered Accountants
(B.R.GOYAL)
Partner
Membership No. 12172
11K, Gopala Tower
25, Rajendra Place, New Delhi
The 30th Day of May 2010

For and on Behalf of the Board of Directors

(SUSHIL JAIN)
Director

SCHEDULE "A"

Schedule Attached to the Account for the Year Ended March 31, 2010

A. SIGNIFICANT ACCOUNTING POLICIES :

Basis of Accounting

1. The Company follows mercantile system of Accounting and recognizes all significant items of income and expenditure on accrual basis and these accounts have been prepared in accordance with the Accounting Standards issued by the Institute of Chartered Accountants of India as applicable to it.

2. **FIXED ASSETS**
   a) Fixed Assets are stated at cost less Depreciation provided for
   b) Depreciation have been charged on straight line method over a period of 5 years

3. **INVENTORY VALUATION**
   a) Stock of Finished Goods – At cost or net realizable value whichever is lower.

4. **FOREIGN CURRENCY TRANSACTIONS**
   Transactions in Foreign currencies are recorded at the rate of exchange prevailing at the dates of transactions or approximate near to the dates of transactions.

   Foreign currency assets and liabilities other than for financing fixed assets, which are adjusted to the carrying cost of such assets are stated at the rate of exchange corresponding to the denominated currency (i.e. currency in which original transactions took place) at the year end and the resultant gains / losses are recognized in the Profit and Loss Account of the year

   For conversion of accounts into Indian Currency, the assets and liabilities (except fixed assets & capital) are restated at rates prevailing on the closing date of the year and revenue items are translated at average rates of the year and resultants difference is taken to Exchange Fluctuation Reserve

5. **TAXATION**
   Income Tax is provided in accordance with Federal Tax Laws of U.S.A.

B. NOTES TO ACCOUNTS :

1. Accounts of the Company (a wholly owned subsidiary of Indian Toners & developers Ltd., a company incorporated in India), incorporated in U.S.A.; based upon the returns and information received, have been made out as per requirement of Companies Act, 1956 of India, in due adherence of sub section 2 (a) and 2(b) of section 212 of Companies Act, 1956 of India,. This entailed drawing up the Balance Sheet, Profit & Loss Account and Cash Flow Statement (including Auditor's Report thereon) of the subsidiary in a manner so as to make it appear conforming to requirements of Indian Companies Act 1956 of India, for the purpose of annexing the particulars of the Company with the holding Company pursuant to the provisions of section 212(1) of the Companies Act, 1956 of India and translation of treatment of various heads of accounts in terms of accounting standards referred to in section 211(3c) of the Companies Act, 1956 of India, read with accounting policy of parent Company, the latter being embarked upon to facilitate the cause of consolidation with the holding company as required under AS – 21, issued by ICAI and presentation of accounts in terms

of schedule VI of the Companies Act, 1956 of India, including disclosure of necessary information as laid down under section 211(2) of Companies Act, 1956 of India

2 **Related Party Transactions:**

The Company has entered into transactions with the following related parties

Holding Company

INDIAN TONERS & DEVELOPERS.LTD. – Purchase of goods Rs. 7225362

Due to holding Company as at the end of the Year Rs 2171427

3. Based on the guiding principle given in the Accounting Standard on "Segment Reporting" (AS-17) issued by The Institute of Chartered Accountants of India, the Company of the opinion that its primary Business Segment is Toners & Developers mainly having similar risk and returns As the Company's Business activity falls within a single primary Segment, the disclosure requirements of the said AS – 17 in this regard are not applicable

4. For the purpose of conversion of accounts into Indian Currency, following Rates are applied

Average Rate for 2009-2010 1USD = INR 47.43

As on 31.03.2010 1USD= INR 44.90

5.

Item	Opening Stock		Purchase		Sale		Closing Stock	
Toners	Qty. (Mt.)	Value (Rs.)	Qty. (Mt.)	Value (Rs.)	Qty. (Mt.)	Value (Rs.)	Qty. (Mt.)	Value (Rs.)
Current Year	1.00	350070	19.80	7225362	19.80	7817399	1.00	309900
Prev. Yr	6.13	1803370	31.50	11150116	36.63	14921946	1.00	350070

As per our Report of Even Date Attached
K.N. GUTGUTIA & CO.
Chartered Accountants
(B.R.GOYAL)
Partner
Membership No. 12172
11K, Gopala Tower
25, Rajendra Place, New Delhi
The 30th Day of May 2010

For and on Behalf of the Board of Directors

(SUSHIL JAIN)
Director

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2010

		Current Year (Rs.)	Previous Year (Rs.)
A.	**CASH FLOW ARISING FROM OPERATING ACTIVITIES**		
	Net Profit before tax	378377	709247
	Adjustment for		
	Depreciation	10007	10702
	Bed Debts Written Off	0	1195825
	Operating Profit Before Working Capitals Changes	388384	1915774
	Adjustments For		
	Trade & other receivables	(1445151)	(2345091)
	Inventories	40170	2440867
	Trade and Other Payables	(555798)	(3325852)
	Cash Generated From Operations	(1572395)	796280
	Direct Taxes Paid	0	0
	Net Cash Inflow / (outflow) in course of Operating Activities (A)	(1572395)	796280
B.	**CASH FLOW FROM INVESTING ACTIVITIES**		
	Net Cash Inflow / (outflow) in course of Investing Activities (B)	0	0
C.	**CASH FLOW FROM FINANCING ACTIVITIES**		
	Net Cash Inflow / (outflow) in course of Financing Activities (C)	0	0
D.	**FOREIGN CURRENCY TRANSACTION DIFFERENCE ON CONSOLIDATION**		
	Net Cash Inflow / (outflow) in course of Foreign Currency transaction activities (D)	25260	(1063118)
	Net Increase / (Decrease) in Cash & Cash Equivalents (A)+(B)+(C)+(D)	(1547135)	(266838)
	Cash And Cash Equivalents As At 31.03.2009	1716633	1983471
	Cash & Cash Equivalent As At 31.03.2010	169498	1716633

Notes

(1) The Above Cash Flow Statements has been prepared under the 'In direct Method' set out in Accounting Standard - 3 issued by the Institute of Chartered Accountants of India

(2) Previous Years figures have been regrouped / rearranged wherever necessary.

As per our Report of Even Date Attached
For K.N. GUTGUTIA & CO.
Chartered Accountants
(B.R.GOYAL)
Partner
Membership No. [illegible]
11K, Gopala Tower
25, Rajendra Place, New Delhi
The 30th Day of May 2010

For and on Behalf of the Board of Directors

(SUSHIL JAIN)
Director

DIRECTORS' REPORT

To

The Members,

Your Directors have pleasure in presenting the 4th Annual Report alongwith the Accounts for the year ended March 31, 2010.

OPERATIONS

It was the first year of production of your Company. The Company commenced its Commercial Production on 9th April, 2009. Your company achieved a turnover of Rs.2777 lacs and a net profit (after tax) of Rs. 308 lacs during the year. The production during the year was 512 MT.

DIVIDEND

The Board of Directors have recommended a dividend of 20%. The dividend for financial year 2009 – 2010 shall be subject to tax on dividend to be paid by the Company. The total outflow on account of dividend for 2009 – 2010 is Rs. 23.32 lacs including dividend tax.

PROSPECTS

In view of the Excise and Income Tax exemptions / concessions available to the New Projects being set up in Uttrakhand, the project has a bright future. However, the erratic power supply position may increase the cost of production and have adverse impact on the profits of the Company.

FIXED DEPOSITS

The Company has not invited any deposits within the meaning of Section 58A of the Companies Act 1956 and the rules made thereunder.

DIRECTORS

Shri Sanjeev Goel, a Director of your Company will retire by rotation at the forth coming Annual General Meeting and being eligible, offers himself for re-appointment.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217 (2AA) of the Companies Act 1956 with respect to Directors Responsibility Statement it is hereby confirmed that

(i) In the preparation of the annual accounts the applicable accounting standards have been followed alongwith proper explanation relating to material departures.

(ii) The directors have selected such accounting policies and applied them consistently and made judgements 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 profit or loss of the company for that period.

(iii) The directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities; and

(iv) The directors have prepared the annual accounts on a going concern basis.

AUDITORS

M/S K.N. GUTGUTIA & CO., Chartered Accountants, New Delhi, the Auditors of the Company, retire at the ensuing Annual General Meeting of the Company and being eligible, offer themselves for appointment. The Requisite Certificate under Section 224(1B) of the Companies Act, 1956 has been received from them.

PERSONNEL

The Board wishes to express its deep appreciation to all sections of the employees for their wholehearted efforts, co-operation and outstanding contribution to the growth of the Company during the year.

The Company has no employees in the category specified u/s 217 (2A) of the Companies Act, 1956 read with Companies (particulars of employees) rules, 1975 and Companies (Particulars of employees) (Amend) Rules, 2002.

ENERGY, TECHNOLOGY & FOREIGN EXCHANGE

The additional information as required to be disclosed in terms of Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, is as under :

(a) ***Conservation of Energy*** : Regular supervision and control are being maintained in areas where steps have already been taken for the conservation of energy.

(b) ***Technology Absorption, Adaption and Innovation*** : The activities of the Company do not involve any foreign technology and consequently process of absorption and technology and its adaption does not arise. However, innovative methods of production are continuously under introduction suiting to the requirement of the jobs. The Company is getting technological support from its Holding Company.

(c) ***Foreign Exchange Earning and Outgo***

		Rs. in Lacs	
I)	**Total Foreign Exchange Used**	**2009-10**	**2008-09**
i)	Import of Plant & Machinery	-	630.55
ii)	Import of Raw Materials	695.82	151.72
iii)	Import of Stores & Spares and Packing Material	-	-
iv)	Foreign Travel	-	-
v)	Consultancy Charges	-	-
vi)	Others	-	-
	TOTAL		
(II)	**Total Foreign Exchange earned (on FOB basis)**	**NIL**	**NIL**

ACKNOWLEDGEMENT

Your Directors acknowledge the co-operation and assistance extended by various agencies of the Central and State Government, State Bank of India and customers.

Place : New Delhi
Date: 30th May, 2010

For & on behalf of the Board
(Sushil Jain)
Director

AUDITORS' REPORT

AUDITORS' REPORT TO THE MEMBERS OF ITDL IMAGETEC LTD.

1. We have audited the attached Balance Sheet of ITDL IMAGETEC LTD. as at 31st March 2010,and also the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date, annexured thereto which we have signed under reference to this report. These Financial Statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An Audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. As required by the Companies (Auditors Report) Order, 2003 issued by the Central Government of India in terms of Section 227 (4A) of the Companies Act, 1956, and on the basis of such checks as considered appropriate and according to the information and explanation given to us during the course of our audit, we enclose in the Annexure hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order.

4. Further to our comments mentioned in the Annexure referred to in above paragraph, we report that:

   a). We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of the books of the Company.

   c) The Balance Sheet, Profit and Loss Account (Pre-operative Expenses Statement) and the Cash Flow Statement dealt with by the report are in agreement with the Books of Account of the Company.

   d) In our opinion, the Balance Sheet, the Profit & Loss Account (Pre-operative Expenses Statement) and Cash Flow Statement comply with the mandatory Accounting Standards referred to in Sub-Section 3 (c) of Section 211 of the Companies Act, 1956.

   e) According to the information and explanation given to us and on the basis of written representations received from the Directors as on 31st March 2010 of the Company and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March 2010, from being appointed as a Director in terms of clause (g) of Sub Section (1) of Section 274 of the Companies Act 1956.

   f) In our opinion and to the best of our information and according to the explanations given to us, the said Accounts read with the notes and Significant Accounting Policies thereon give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

      (i) In the case of the Balance Sheet, of the state of affairs of the company as at 31st March 2010;

      (ii) In the case of the Profit and Loss Account, of the Loss for the year ended on that date;

      And

      (iii) In the case of the Cash Flow Statement, of the Cash Flows for the year ended on that date.

FOR K.N.GUTGUTIA & CO.,

(B.R.GOYAL)
PARTNER
CHARTERED ACCOUNTANTS
Membership No. 12172
ICAI'S FRN 304153E

Place: New Delhi
Date: 30th May, 2010

ANNEXURE TO THE AUDITORS' REPORT

Re : ITDL IMAGETEC LTD.

Referred to in paragraph 3 of our report of even date.

i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.

(b) As per the information and explanation given to us Physical verification of fixed assets has been carried out by the Management at the close of the year and no discrepancy was noticed on such verification.

(c) During the year the Company has not disposed off any substantial/ major part of fixed assets.

ii) (a) As per the information furnished, the inventories have been physically verified during the year by the management. In our opinion, having regard to the nature and location of stock, the frequency of the physical verification is reasonable.

(b) In our opinion and according to the information and explanations given to us, procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.

(c) The Company is maintaining proper records of inventory. In our opinion, discrepancies noticed on physical verification of stocks were not material in relation to the operations of the Company and the same have been properly dealt with in the books of account.

iii) (a) The Company had not granted any loans to companies, firm or other parties listed in the register maintained under Section 301 of he Companies Act, 1956.

(b) The Company has taken unsecured loan from its Holding Company listed in the register maintain under Section 301 of the Companies Act, 1956 and the maximum amount involved outstanding as at balance sheet date was Rs.171273756 (Including Interest). According to the information and explanations given to us, in our opinion, the terms and condition on which the said loan has been taken are prima – facie not prejudicial to the interest of the Company. The Company is not paying accrued interest as the same becomes part of the total outstanding on which further interest is charged.

iv) In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the company and the nature of its business with regard to purchase of inventory and fixed assets and for the sale of goods. During the course of our audit, we have not observed any continuing failure to correct major weakness in internal controls in these areas.

v) a) According to the information and explanations provided by the management, we are of the opinion that the particulars of contracts or arrangements referred to in Section 301 of the Act that need to be entered into the register maintained under section 301 have been so entered.

b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contra[illegible] arrangements exceeding value of Rupees five lakhs have been entered into during the year [illegible] Holding Company, at such consideration which are reasonable having regard to the nature of strategic relationship with the company.

vi) The Company has not accepted any public deposits. Accordingly, paragraph(vi) of the Order is not applicable to it.

vii) In our opinion, the company has no internal audit system as the Company is yet to commence its commercial

activities.

viii) The Central Government has not prescribed maintenance of the cost records under section 209(1)(d) of the Companies Act 1956 in respect to the companies' products

ix) (a) According to the information's and explanations given to us and records examined by us , the company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund , employees state insurance income tax sales-tax, service tax, custom duty, excise duty, cess and other statutory dues wherever applicable According to the information and explanations given to us, no undisputed arrears of statutory dues of the aforesaid nature were outstanding as at 31st March 2010 for a period of more than six months from the date they became payable.

(b) According to the records of the Company, there was no dues as at 31st March 2010 of sale tax, income-tax customs, wealth-tax, service tax excise duty cess which have not been deposited on account of disputes

x) As the Company has been registered for a period of less than five years, hence, 4(x) of the Order is not applicable to it

xi) Based on our audit procedures and the information given by the management, we are of the opinion that the company has not defaulted in repayment of dues to Financial Institution/Bank

xii) Based on our examination of the records and the information and explanations given to us, the Company has not granted any loans and/ or advances on the basis of security by way of pledge of shares, debentures and other securities

xiii) Clause (xiii) of the Order is not applicable to the Company as the Company is not a Chit fund Company or nidhi /mutual benefit fund/ society

xiv) In our opinion, the Company is not dealing in or trading in shares securities debentures, and other investments Accordingly the provisions of clause 4 (xiv) of the Companies (Auditor's Report) Order 2003 are not applicable to the Company

xv) According to the information and explanations given to us Company has not given any guarantees for loans taken by others from bank or financial institutions

xvi) According to the information and explanations given to us no term loan has been raised by the Company during the year

xvii) According to the information & explanation given to us and on an overall examination of the balance sheet of the company we report that no funds raised on short-term basis have been used for long term investments

xviii) According to the information and explanations given to us the company has not made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act

xix) During the year covered by our audit report the Company has not issued secured debentures

xx) The Company has not raised any money by public issues during the year covered by our report.

xxi) Based upon the audit procedures performed and the information and explanations given to us by the management, we report that no fraud on or by the Company has been noticed or reported during the year.

FOR K.N.GUTGUTIA & CO.,

(B.R.GOYAL)
PARTNER
CHARTERED ACCOUNTANTS
Membership No. 12172
ICAI'S FRN 304153E

Place : New Delhi
Date: 30th May 2010

BALANCE SHEET AS AT 31ST MARCH 2010

PARTICULARS	SCHEDULE		As at 31st March 2010 (Rs.)		As at 31st March 2009 (Rs.)
SOURCES OF FUNDS					
SHARE CAPITAL					
AUTHORISED					
1000000 Equity Shares of Rs. 10/- each			10000000		10000000
ISSUED, SUBSCRIBED AND PAID UP					
1000000 Equity shares of Rs. 10/- each fully paid up in cash (out of above 510000 equity shares are held by a Holding company Indian Toners & Developers Ltd.)			10000000		10000000
RESERVE & SURPLUS					
Surplus as per Annexed Profit & Loss Account			27484077		0
LOAN FUNDS					
Secured Loans	A		86752658		103622345
Unsecured Loan from Holding Company (including interest accured)			164952565		157125059
DEFERRED TAX LIABILITY (NET)			7974178		0
TOTAL			297163478		270747404
APPLICATION OF FUNDS					
FIXED ASSETS	B				
Gross Block		242994292		848975	
Less : Depreciation		9979426		59227	
NET BLOCK		233014866		789748	
Add : Capital Work in Progress		18612297		217248966	
Add : Preoperative expenses		0		24854074	
			251627163		242892788
CURRENT ASSETS, LOANS AND ADVANCES	C				
Inventories		36666923		25982109	
Sundry Debtors		47882565		67660	
Cash & Bank Balances		17952942		11947700	
Loans & Advances		14252959		4359407	
		116755389		42356876	
LESS : CURRENT LIABILITIES AND PROVISIONS	D				
Current Liabilities		54576833		15521917	
Provisions		16790383		206464	
		71367216		15728381	
Net Current Assets			45388173		26628495
Miscellaneous Expenditure (to the extent not written off or adjusted)					
Preliminary Expenses			148142		185178
Profit & Loss A/c (Dr. Balance)			0		1040943
TOTAL			297163478		270747404
SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS	G				

Schedule "A" to "G" are integral part of Accounts

As per our Report of Even Date Attached
For K.N. GUTGUTIA & COMPANY
Chartered Accountants
(B.R.GOYAL)
Partner
Membership No. 12172
11K, Gopala Tower
25, Rajendra Place, New Delhi
The 30th Day of May 2010

For and on Behalf of the Board of Directors

(SANJEEV GOEL) Director
(N. S. SHARMA) Director
(SUSHIL JAIN) Director

Profit & Loss Account for the year ended on 31st March, 2010

PARTICULARS	SCHEDULE	For the Year Ended 31st March, 2010 Rs.	For the Year Ended 31st March,2009 Rs.
INCOME			
Sales (Domestic Sales)		277702057	62109
Increase (Decrease) in Finished Goods / Stock in progress		16450769	6842648
Interest on Deposit with Bank (TDS Amounting to Rs. 77350 Previous Year Rs. 110711) •		735026	581416
Other Income	E	1639287	91574
	TOTAL	296527139	7577747
EXPENDITURE			
Manufacturing and other Expenses	F	222787875	21096794
Interest Cost		16929086	10770816
Depreciation		9921769	59227
Preliminary Exp. W/Off		37036	0
Less : Preoperative exp. (Pending capitalisation)		0	(23335015)
	TOTAL	249675766	8591822
PROFIT BEFORE TAX		46851373	(1014075)
Provision for Income Tax - Mat	(-)	8020000	0
Provision for FBT		0	25368
Deferred Tax Liability	(-)	7974178	0
Profit after Tax For The year		30857195	(1040943)
BALANCE BROUGHT FORWARD (LOSS)		(1040943)	0
Amount Available for Appropriation		29816252	(1040943)
Proposed Dividend		2000000	0
Divident Distribution Tax		332175	0
Total Balance Being Surplus Carried to Balance Sheet		27484077	(1040943)
		29816252	(1040943)
Earning Per Share (Basic) (Face Value of Rs. 10/-)		30.86	(1.04)
SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS	G		

Schedule A to G are Integral part of Account

As per our Report of Even Date Attached
For K.N. GUTGUTIA & COMPANY
Chartered Accountants
(B.R.GOYAL)
Partner
Membership No. 12172
11K, Gopala Tower,
25, Rajendra Place, New Delhi
The 30th Day of May 2010

For and on Behalf of the Board of Directors

(SANJEEV GOEL) Director
(N. S. SHARMA) Director
(SUSHIL JAIN) Director

SCHEDULE 'A'

Schedule of Secured Loans as at 31st March, 2010

PARTICULARS	As at 31st March 2010	As at 31st March 2009
(A) SECURED LOAN		
STATE BANK OF INDIA		
Term Loan Indian Currency	27017195	18986813
Foreign Currency Loan - Term Loan	0	17157076
Frankfurt - Term Loan - Foreign Currency (Buyer's Credit)	59735463	67478456
TOTAL	86752658	103622345

NOTES :

1. Term Loan from State Bank of India is secured against first charge on the entire fixed assets (present & future) and collateral of equitable mortgage of factory land and building of M/s ITDL as well as first charge on the entire fixed assets and P&M (excluding Land & Building) of ITDL at Rampur and the coporate guarantee of the holding company namely Indian Toners & Developers Limited and personal guarantee of chairman & managing director of ITDL (Holding Company)
2. Working Capital facilities from State Bank of India are secured against hypothecation of raw material, stock in transit, finished goods, stock in process, chemicals, spares and stores and book debts and charge on the entire fixed assets (present & future) of the company created out of the loan including equitable mortgage of the factory land & building at Sitarganj and collateral of equitable mortgage of factory land & building of M/s ITDL as well as first charge on the fixed assets and plant & machinery (excluding land & building) of ITDL at Rampur and corporate guarantee of the Holding company namely Indian Toners & Developer Limited and personal guarantee of chairman & managing director of ITDL (Holding Company)

SCHEDULE 'B'.

Schedule of Fixed Assets as at 31st March, 2010

S.No.	Particulars	GROSS BLOCK: Cost as at 01.04.2009 Rs	Additions Rs.	Adjustments Rs	Cost as at 31.03.2010 Rs.	DEPRECIATION: Upto 01.04.2009 Rs	Adj- For the year Rs.	Total ustments Rs.	Upto 31-3-2010 Rs.	NET BLOCK: As at 31.03.2010 Rs.	As at 31.03.2009 Rs.
1	Land (Free Hold)	0	32728542	0	32728542	0	0	0	0	32728542	0
2	Building	0	57035375	0	57035375	0	1896173	0	1896173	55139202	0
3	*Plant and Machinery	0	143333532	50000	143283532	0	7489908	1570	7488338	135795194	0
4	Electric Installations	0	6276651	0	6276651	0	296408	0	296408	5980243	0
5	Furniture & Fixtures	278540	1528291	0	1806831	12542	70773	0	83315	1723516	265998
6	Office Equipments	52100	1292926	0	1345026	5403	119265	0	124668	1220358	46697
7	Vehicles	518335	0	0	518335	41282	49242	0	90524	427811	477053
	TOTAL	848975	242195317	50000	242994292	59227	9921769	1570	9979426	233014866	789748
8	Capital Work in Progress	217248966	18612297	217248966	18612297	0	0	0	0	18612297	217248966
	Preoperative Exp.	24854074	0	24854074	0	0	0	0	0	0	24854074
	Current Year :	242952015	260807614	242153040	261606589	59227	9921769	1570	9979426	251627163	242892788
	Previous Year :	72965142	169986876	0	242952015	0	59227	0	59227	242892788	72965142

Note :- *Plant & Machinery valued Rs 8918229 has been decapitalised during the year due to Foreign Exchange Fluctuation gain (Refer Note No. 11 of Schedule "G")

SCHEDULE "C" CURRENT ASSETS, LOANS & ADVANCES AS AT 31ST MARCH 2010

PARTICULARS	As at 31st March 2010 (Rs.)	As at 31st March 2009 (Rs.)
(A) CURRENT ASSETS		
Inventories		
Raw Materials (at or below Cost)	10528140	23174280
Raw Materials in Transit (at cost)	4230547	0
Stock in process (at estimated cost)	2153951	0
Finished goods (at Cost or net realisable value whichever is lower)	14296818	0
Stores, Spares, Power & Fuel and Packing Materials (at Cost or net realisable value whichever is lower)	5457467	2807929
TOTAL	36666923	25982109
SUNDRY DEBTORS		
Considered Good (if not otherwise stated)		
Due for more than six months	2612718	
Others	45269847	
	47882565	67660
Less :- Provision for Doubtful Debts	0	67660
TOTAL	47882565	67660
Cash & Bank Balance		
Cash Balance on Hand	268917	7112
Balance with Schedule Banks in Current Account	8262358	1668624
Margin Money with Schedule Bank agst. L/C and Guarantee Limits	9421667	10271964
TOTAL	17952942	11947700
(B) LOANS AND ADVANCES (CONSIDERED GOOD)		
*Advances recoverable in cash or in kind or for value to be received	3065187	3065575
Advance Income Tax including TDS	8541705	110711
Deposits	1594245	883031
DEPB Licence in hand	1051822	0
TOTAL	14252959	4359407
GRAND TOTAL	116755389	42158376

Note :- *Including Rs. 1238817 in Advance towards deposit of VAT Tax under protest.

SCHEDULE 'D' CURRENT LIABILITIES & EXPENSES PAYABLE AS AT 31ST MARCH, 2010

PARTICULARS	AS AT 31st MARCH, 2010 (RS.)	AS AT 31st MARCH, 2009 (RS.)
CURRENT LIABILITIES AND PROVISIONS		
(A) CURRENT LIABILITIES		
Sundry Creditors & other Liabilities (Refer Note No.9 of Schedule "G")	41656135	14821917
Deposits From Dealers & other Advances	12920697	1000000
TOTAL	54576833	15521917
(B) PROVISIONS		
For Taxation	8020000	0
For Dividend	2000000	0
For Dividend Distribution Tax	332175	0
For Leave Encashment	2189005	108091
For Gratuity	98373	98373
For Discount and Incentives	4150830	0
TOTAL	16790383	206464
GRAND TOTAL	71367216	15728381

SCHEDULE 'E' SCHEDULE OF OTHER INCOME AS AT 31ST MARCH, 2010

MISCELLANEOUS INCOME

	For the year ended on 31st MARCH, 2010 (RS.)	For the year ended on 31st MARCH, 2009 (RS
Dividend from Mutual Fund	58668	0
Difference in Exchange - Foreign Exchange Fluctuation	744571	0
Liabilities No longer required written back	3405	0
AMC Charges - Photocopier Machines	24805	0
Short Term Capital Gain (Net)	10880	0
Miscellaneous Income	477135	91574
Cash Discount - Others	272919	0
Interest Received - Others	31965	0
Sundry Balance W/off & W/Back (Net)	4149	0
Scrap Sale	10799	0
TOTAL	1639287	91574

SCHEDULE 'F'

Manufacturing and other expenses for the Six months ended on 31st March, 2010

PARTICULARS	For the year Ended on 31st March, 2010 Rs.	For the year Ended on 31st March, 2009 Rs
Raw Materials & Chemicals Consumed	85827004	6842648
Stores, Spares & Packing Material Consumed	13956772	0
Power & Fuel	14208049	1893638
*Electricity Expenses	961848	180742
Purchase Trading	0	60422
Repairs & Maintenance		
Plant & Machinery	258174	26321
Building	124692	0
Others	375455	62256
Salaries, Wages, Gratuity and other Allowances (Including contracted labour)	33315348	6224673
Contribution to Provident fund & Employee State Insurance Fund	1715983	313726
Staff Welfare	848295	218795
Directors' Sitting fee	12000	9000
Auditors Fee (including Tax Audit Fee)	110300	25000
*Rent	2284777	600776
Rates & Taxes	384675	236144
Insurance	247748	482371
Printing & Stationery	539717	69493
Travelling & Conveyance Expenses	10283532	1548043
Business Promotion	770290	30449
*Postage, Telephone, Telegram and Telex	1317281	111525
Commission on sales	3448450	0
Discounts, Incentives & Samples	37424240	0
Loss on Forward Contract	0	315136
Freight, Clearing & Forwarding Expenses	10304950	0
*Miscellaneous Expenses	2278255	1371309
Financial & Other Charges	740851	70998
Legal & Professional Charges	1030746	403226
Difference in Exchange - Foreign Exchange Fluctuation (Net)	0	0
Loss on Sale of Fixed Assets	18430	0
TOTAL	222787875	21096794

Note : Including Payments to Holding Company

SCHEDULE "G"

Schedule Attached to the Accounts for the Year Ended March 31, 2010

A. **SIGNIFICANT ACCOUNTING POLICIES :**

1. **Basis of Accounting**

The Company follows mercantile system of Accounting and recognizes all significant items of income and expenditure on accrual basis and these accounts have been prepared in accordance with the Accounting Standards issued by the Institute of Chartered Accountants of India as well as notified by the Government of India, applicable to it

2. **FIXED ASSETS :**

a) Fixed Assets are stated at cost less Depreciation provided for

b) Depreciation on all Assets is charged on straight line method treating the Plant as continuous process Plant, at rates and in the manner as per Schedule XIV to the Companies Act, 1956 as amended vide notification dated 16th December, 1993. Depreciation on assets added/deducted during the year is charged proportionate with reference to the date of additions / deductions

c) Interest on loans and other financial charges and preoperative expenses including Trial Run Expenses (Net of trial run receipts, if any) for projects and/or substantial expansion up to the date of commencement of commercial production/ stabilisation of the project are capitalised

3. **EMPLOYEE BENEFITS :**

Contribution payable for provident fund and employee state insurance which is defined contribution scheme, is charged to profit & loss account.

Gratuity and leave encashment which are defined benefits are accrued calculated on unit credit method based on actuarial valuation as at balance sheet date provided by L.I.C and by an independent actuarial valuer respectively

The Company has opted for a group gratuity – cum Life Assurance Scheme of the Life Insurance Corporation of India for employees and the annual contribution for it is charged to the profit & loss account on the accrual basis

4. **INVENTORY VALUATION :**

a) Stock of Finished goods At cost or net realisable value whichever is lower.

b) Stock of Raw Materials, Stores & Spares, Power & Fuel and packing Materials At or below cost

c) Stock in process At cost or net realisable value whichever is lower

Cost of raw material and stores & spares and packing materials is computed on Weighted Average basis Finished goods and work in process include cost of conversion and other costs incurred in bringing the inventories to their present locations and condition

5. **FOREIGN CURRENCY TRANSACTIONS :**

Transactions in foreign currency are recorded at the exchange rate prevailing on / or closely approximating to the date of transactions. Current Assets and Liabilities are restated at the rate prevailing at the period end or at the forward rate where forward cover for specific asset / liability has been taken. The difference between the period end rate and the exchange rate at the date of the transaction is recognized as income or expense in the Profit and Loss Account. In respect of forward exchange contracts, the difference (being premium / discounts) between the contract rate and the rate on the date of transaction is recognized as income or expense in the Profit and Loss Account over the life of the contract.

The company has opted to account for exchange differences on arising on reporting of long term foreign currency monetary items in line with the companies (Accounting Standard) Rules as amended on 31st March, 2009 in respect of Accounting Standard 11 (AS-11). Accordingly, exchange difference on long term foreign borrowings has been capitalized / decapitalized by adding / deducting to the cost of depreciable capital assets.

6. TAXATION

Deferred tax charge or credit reflects the tax effects of timing differences between accounting income and taxable income for the period. The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognized using the tax rates that have been enacted or substantially enacted by the balance sheet date. Deferred tax assets are recognized only to the extent there is reasonable certainty that the assets can be realized in future; however, where there is unabsorbed depreciation or carry forward of losses, deferred tax assets are recognized only if there is a virtual certainty of realization of such assets. Deferred tax assets are reviewed at each balance sheet date and is written – down or written-up to reflect the amount that is reasonably / virtually certain (as the case may be) to be realized.

Current tax is provided at the rates in force, on the taxable profits arrived at with reference to the provisions of Income Tax Act, 1961.

7. BORROWING COST :

Borrowing Costs in relation to specially borrowed funds to acquire fixed assets are capitalized till the date the qualifying assets are ready for the intended use / put to commercial use.

8. PROVISIONS AND CONTINGENT LIABILITY

The Company recognizes a provision when there is a present obligation as a result of past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligations. A disclosure of the contingent liability, if determinable, is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. But where is a possible obligation but the likelihood of outflow of resources is remote, no provision / disclosure is made.

9. REVENUE RECOGNITION

Revenue from sale of goods is recognized when the goods are dispatched to the customers and is stated net of excise duty, sales returns and sales tax.

10. USE OF ESTIMATES

In preparing Company's financial statements in conformity with accounting principles generally accepted in India, management is required to make estimates and assumptions that affect the reported amount of assets and liabilities and the disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Any revision to accounting estimates is recognized in the period the same is determined.

11. EARNINGS PER SHARE

Basics earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by weighted average number of equity shares outstanding during the period.

12. Preliminary Expenses are being charged off over a period of 5 years beginning Financial Year 2009-2010.

B. NOTES ON ACCOUNTS

1. The Company has started the commercial production of Toners at Sitarganj Plant, Uttrakhand from 10.04.2009. The expenditure incurred during the construction period are classified as Development and Pre – Operative Expenditure and the same have been capitalized to the cost of assets during the year.
2. Capital Commitments : Estimated amounts of contracts remaining to be executed on capital accounts [net of capital advances] is Rs. NIL (Previous Year Rs. 5305253).
3. Contingent liabilities not provided for in respect of:

	Current Year Rs.	Previous Year Rs.
a) Letters of credit established in favour of the suppliers of import of materials / assets	89031663	65962262
b) Gurantee issued by SBI on behalf of the Company	5797500	5332500
c) Sales Tax / Trade Taxes the amount has been deposited and kept as advances.	1238817	—

4. Auditors' Remuneration.

*(a) As Audit Fee	80000	25000
*(b) As Tax Audit	20000	—
(c) for out of pocket expenses	534	—

*Excluding Service Tax

5. Balances in accounts of Sundry Debtors, Creditors Advances and Security deposits from dealers are subject to confirmations for the respective parties.

6. Details of Interest Expenses :

Paid to Banks on Term Loan	4330564	2610055
Paid to Banks on buyers Credit (for fixed assets)	2189249	1450835
Interest on CC Account	17638	—
Interest to Holding Co.	9746669	6709926
Others	644966	—
	16929086	10770816

7. a) Accounting Standard as to Segment Reporting AS -17 is not applicable to the Company as it is engaged in the business of Toners and Developers which is the single reportable segment. However, disclusoure as to secondary segment is as under

Geographical Segment :	Current Year (Rs.)	Previous Year (Rs.)
(i) Domestic Sale / Trading Sale	277702057	62109

b) Details of Increase / Decrease in Stock :

	Finished Goods	Work in Process	Total
Opening Balance	---	---	---
Closing Balance	14296818	2153951	16450769
Increase	14296818	2153951	16450769

8. Major components of the Deferred Tax Asset and liability as at 31st March 2010 are as follows

	Current Year (Rs.)	Previous Year (Rs.)
(A) Deferred Tax Liability on Account of		
(a) Depreciation	8189999	—
Total (A)	8189999	—
(B) Deferred Tax Assets on Account of		
(a) Provision for Leave encashment	182384	—
(b) Provision for Gratuity	33437	—
Total (B)	215821	—
Net Deferred Tax Liabilities (A - B)	7974178	—

9. Suppliers covered under the Micro, Small and Medium Enterprises Development Act 2006, have not furnished the information regarding filing of necessary memorandum with appointed authority. In view of this, information required under Section 22 of the said Act is not given.

10. Amount of Exchange difference (net) credited to P & L A/c. amounted to Rs. 744571 (Previous Year Rs. NIL)

11. The company has opted for accounting the exchange difference arising on reporting of long term foreign currency monetary items in line with the Companies (Accounting Standard) Amendment Rules 2009 on AS 11 notified by the Ministry Of Corporate Affairs on 31st March 2009. Accordingly during the year the company has adjusted exchange difference (gain) amounting to Rs 8918229 (Previous year Rs 14309005/- (Loss) to the cost of fixed assets.

12. Disclosure as per AS 15 (Revised)

The Company has calculated the various benefits provided to employees as under:

A) Defined Contribution Plans

Provident Fund

During the year the Company has recognized the following amounts in the Profit and Loss Account :

For the year ended 31st March, 2010	Current Year	Previous Year
	(Rs. In. Lacs)	
Employers Contribution to Provident Fund	11.76	3.14

B) State Plans

a) Employee State Insurance

During the year the Company has recognized the following amounts in the Profit and Loss Account.

For the year ended 31st March, 2010	Current Year	Previous Year
	(Rs. In Lacs)	
Employers Contribution to Employee State Insurance	5.39	NIL

Defined Benefit Plans

a) Leave Encashment

b) Gratuity

The discount rate assumed is 8% which is determined by reference to market yield at the Balance Sheet date on government bonds. The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority promotion and other relevant factors, such as supply and demand in the employment market. Reconciliation of opening and closing balances of the present value of the defined benefit obligation is as under

	Gratuity	Leave Encashment
The principal assumptions used in actuarial valuation as per below:		
Discount rate	8%	8%
Expected rate of return on assets	6%	5%
Expected rate of future salary increase		
Change in present value of obligations		
Present value of obligations as at 01.04.2009	498261	108091
Interest cost	31206	8647
Current service cost	—	569894
Benefits paid	—	—
Actuarial loss on Obligations	—	(51961)
Present value of obligation as at 31.03.2010	529467	644671
Changes in fair value of plan assets	Not Available	Not Available
Liability recognized in the Balance Sheet		
Present value of obligations as at 31.03.2010	—	644671
Fair value of plan assets as at the end of the year	—	—
Unfunded status	—	—
Unrecognised Actuarial (Gain) / Loss	—	—
Net (Assets) / Liability recognized in Balance Sheet	—	644671
Expenses recognized in Profit and Loss Account		
Current service cost	519540	569894
Post service cost	—	—

Interest cost	—	8647
Expected return on plan assets	—	—
Net Actuarial (Gain)/Loss recognized during the year	—	(51961)
Total Expense recognized in Profit and Loss Account	519540	536580

13. Misc. expenses includes

	Current Yr.	Previous Yr.
	Rs.	Rs.
a) Vehicle Running & Maintenance	215765	94350
b) Office Maintenance	531457	126777
c) Gardening Expenses	281320	67855
d) Watch & Ward expenses	726438	455573

14. Loans from holding Company include interest amounting to Rs. 9746669 (Previous Year 6709926/-) maximum amount of loan / interest during the year Rs. 171273756 (Previous year Rs. 157125059/-)

15. Disclosure pursuant to AS-29 (Movement of provisions)

	Leave Encashment Rs.	Previous Year Rs.	Discount & Incentive Rs.	Previous Year Rs.
Opening Balance	108091	—	—	—
Add Creations	853905	108091	4150830	—
Transfer from ITDL	*1544334			
Less				
(a) Utilizations	317325	—	—	—
(b) Written Back	—	—	—	—
Closing Balance	2189005	108091	4150830	—

Note : The employees (Nos 136) of Indian Toners & Developers Ltd. have been transferred to ITDL Imagetec Ltd on 01.04.2009. Therefore the liabilities of these employees amounting to Rs. 1544334 has been transferred to Indian Toners & Developers Ltd. to ITDL Imagetec Ltd. during the year.

16. Particulars of unhedge foreign currency expenses as at 31.03.2010

	Current Year(Rs.)	Previous year (Rs.)
Creditors for Import of Goods	21035234	5174400

17. Additional in formations pursuant to paragraph 3 & 4 of part II of Schedule VI of the Companies Act, 1956 (As amended) :-

A. Capacity (Toners & Developers)

	Current Year Toners in M.T.
i) Installed (Per Ann.)	600

Note : As per the present industrial policy no licence is required.

B. Stock, Purchases, Production & Sales

ITEMS	OPENING STOCK		PRODUCTION	INTER-NAL USE	SALES		CLOSING STOCK	
	Qty. (M.T.)	Value (Rs.)	Qty. (M.T.)	Qty. (M.T.)	Qty. (M.T.)	Value (Rs.)	Qty. (M.T.)	Value (Rs.)
Toners (including Developers)	NIL	NIL	504.515		467.499	277702057	37.016	14296818

Note : This being the first year of production, hence, previous year's figure have not been given.

C. RAW MATERIAL CONSUMED:

Class of goods	Unit	Current Year Qty	Current Year Value (Rs.)	Previous Year Qty	Previous Year Value (Rs.)
Toners /Developers	MT	517.854	85827004	—	—
Chemicals & Additives					

D. VALUE OF IMPORTS CALCULATED ON C.I.F. BASIS

	Current Year (Rs.)	Previous Year (Rs.)
i) Raw Materials	69582693	22730205
ii) Plant & Machinery	NIL	25806721
iii) Stores spares and packaging material	NIL	1919186

E. MATERIAL CONSUMPTION:

CLASS OF GOODS:	IMPORTED		INDIGENOUS	
	Value in (Rs)	% of Total Consumption	Value in (Rs.)	% of total Consumption
Raw Materials	85201827	99.27	625177	.73
Stores, Spares	———	———	13956772	100
Packing materials				

Note : Figures in brakets are in relation to previous year.

18. Calculating of Earning Per Share

		Current Year (Rs.)	Previous Year (Rs.)
1	No. of Shares at the beginning of the year	1000000	1000000
2	No of Shares at the close of the year	1000000	1000000
3	Net Profit after Tax .(Rs)	30857195	(1040943)
4	E. P. S. (Rs.)	30.86	(1.04)

19. Related Party Disclosure (Pursuant to Accounting Standard - 18)

RELATIONS SHIPS

(i) (a) Indian Toners & Developers Ltd. (Holding Co.)
(b) ITDL USA. Inc., (ii) ITDL Imagetec Limited (Fellow Subsidiary)
(c) Key Management Personnel
- Shri Sushil Jain (Director)
- Shri Akshat Jain, (son of Sh. Sushil Jain)
- Smt. Nandita Jain (Wife of Sh. Sushil Jain)
- Ms. Aashima Jain (Daughter of Sh. Sushil Jain)
- Smt. Sushila Devi Jain (Mother of Sh. Sushil Jain)

(d) Enterprises over which Key Management Personnel / Relative are able to exercise significant influence
- Jain Bhawan
- Shrilon India Ltd.
- Alankar Securities Private Limited
- Mahavir Phototech Private Limited
- Triveni Securities Private Limited
- Jain Tube Company Limited

(ii) Detail of transactions with Related Parties during the year
Transaction during the year with detail particulars

Name of the Company / Nature of transactions	For the Year 2009-10	For the Year 2008-09
Indian Toners & Developers Ltd.		
Opening balance		
Equity held	5100000	5100000
Corporate guarantees given by Indian Toners & Developers Ltd.	270000000	270000000
Loans & Advances	157125059	57119827
TRANSACTIONS DURING THE YEAR / PERIOD		
Loans & Advances received (Including interest Rs.9748669) (Previous Year 6709926)	7827506	100005232
Reimbursement of Expenses for office use 3196687		
Closing balance		
Equity held	5100000	5100000
Corporate guarantees given by Indian Toners & Developers Ltd. (effective guarantee Rs. 86752658/- (Previous Year Rs. 103622345)	270000000	270000000
Loan & Advances (including interest)	164952565	157125059

Note :

(1) In addition to above the during the year Company entered into an agreement of High Sea Sale with Holding Company (Indian Toners & Developers Limited). All sale are transferred to Holding Company at a margin. (Total amount Rs. 4054500 Previous Year Rs. 9248[illegible]/- and purchase from holding company Rs. 1264411.00 (Previous Year NIL)

(2) The Key Management personnel and their relatives hold 489970 Equity Shares in the Company (Previous Year 489970 Equity Shares).

20. Previous year's figures have been regrouped / re arranged whenever necessary to make them comparable with those of the current year.

21. Balance Sheet, Abstract and Company's General Business Profile As per Schedule VI, Part (IV) of The Companies Act, 1956.

I. Registration Details

State Code	20	Registration No.	15721
Balance Sheet Date	31.03.2010		

II Capital Raised during the year (Amount Rs.Thousands)

Public Issue	Rights Issue
NIL	NIL
Bonus Issue	Private Placement
NIL	NIL

IIII. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)

	Total Liabilities	Total Assets
Sources of Funds	297156	297156
	Paid-up Capital	Reserve & Surplus
	10000	27476
	Unsecured Loan	
	164953	
	Secured Loans	Deffered Tax (Net)
Application of Funds	86753	7974
	Net Fixed Assets	Investments
	251627	———
	Net Current Assets	Misc. Expenditure
	45381	148

IV Performance of Company (Amount in Rs. thousands)

Turnover including Other Incomes	Total Expenditure
296527	249675
Profit Before Tax	Profit After Tax
46851	30857
Earning Per Share in Rs.	Dividend Rate %
30.86	20 %

V. Generic names of Three Principal Products of Company

Item Code No. 37079001

Product Description Toners & Developers for Photocopiers

As per our Report of Even Date Attached
For K.N. GUTGUTIA & COMPANY
Chartered Accountants
(B.R.GOYAL)
Partner
Membership No. 12172
11K, Gopala Tower
25, Rajendra Place, New Delhi
The 30th Day of May 2010

For and on Behalf of the Board of Directors

(SANJEEV GOEL) Director
(N. S. SHARMA) Director
(SUSHIL JAIN) Director

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2010

	Current Year (Rs.)	Previous Year (Rs.)
A. CASH FLOW ARISING FROM OPERATING ACTIVITIES		
Net Profit before tax	46851373	(1014075)
Adjustment for		
Depreciation	9921769	0
Loss / (Gain) on sale of Fixed Assets	18430	0
Interest Received	(766991)	0
Unrealised Exchanged Difference	(744571)	0
Provision for leave encashment	853905	108091
Preliminary Exp. W/Off	37036	0
Loss / (Profit) on sale of Current Investments (Non Trade)	(10880)	0
Income from Current Investments (Non Trade) Dividend	(58668)	0
Interest Paid	16929086	10770816
Misc. exp. written off	(4149)	0
Liability no longer required	(3405)	
Operating Profit Before Working Capitals Changes	73022935	9864832
Adjustments For		
Trade & other receivables	(57708457)	(4152024)
Inventories	(10684814)	(25982109)
Trade and Other Payables	53204880	14071668
Cash Generated From Operations	57834544	(6197633)
Direct Taxes Paid	(8020000)	(26867)
Net Cash Inflow / (outflow) in course of Operating Activities (A)	49814544	(6224500)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase / Sale of fixed assets/ CWIP (Net)	(18674574)	(169927646)
Purchase / Sale of investments (Net)	10880	0
Dividend Received	58668	0
Interest Received	766991	0
Net Cash Inflow / (outflow) in course of Investing Activities (B)	(17838035)	(169927646)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Interest Paid	(16929086)	(10770816)
Proceeds from / Payments	(16869687)	88242480
for long Terms and Short Term Borrowings	7827506	100005232
Loan from Holding Company	(25971267)	177476896
Net Cash Inflow / (outflow) in course of Financing Activities (C)	6005242	1324750
Net Increase / (Decrease) in Cash & Cash Equivalents (A)+(B)+(C)	11947700	10622950
Cash And Cash Equivalents As At 31.03.2009	17952942	11947700
Cash and Cash Equivalent As At 31.03.2010		

Note: (1) The Above Cash Flow Statements has been prepared under the 'In direct Method' set out in Accounting Standard - 3 issued by the Institute of Chartered Accountants of India.
(2) Previous Years figures have been regrouped / rearranged wherever necessary.

As per our Report of Even Date Attached
For K.N. GUTGUTIA & COMPANY
Chartered Accountants
(B.R.GOYAL)
Partner
Membership No. 12172
11K, Gopala Tower
25, Rajendra Place, New Delhi
The 30th Day of May 2010

For and on Behalf of the Board of Directors

(SANJEEV GOEL) Director
(N. S. SHARMA) Director
(SUSHIL JAIN) Director

AUDITORS' REPORT

TO THE MEMBER OF INDIAN TONERS & DEVELOPERS LTD.

ON THE CONSOLIDATED FINANCIAL STATEMENTS OF INDIAN TONERS & DEVELOPERS LTD AND ITS SUBSIDIARIES.

1 we have examined the attached Consolidated Balance Sheet of INDIAN TONERS & DEVELOPERS LTD ('the company') and its subsidiaries companies, namely, ITDL-USA Inc. and ITDL Imagetec Ltd. (the company and its subsidiary constitute 'the group') as at 31st March 2010, the Consolidated Profit and Loss Account for the year then ended and annexed thereto and the consolidated Cash Flow Statement for the year ended on that date. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

2 We conducted our audit in accordance with generally accepted auditing standards in India. These Standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework and are free of material misstatements. An audit includes, examining on a test basis, evidence supporting the amount and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statements. We believe that our audit provides a reasonable basis for our opinion.

3 We report that the Consolidated Financial Statements have been prepared by the Company in accordance with the requirements of Accounting Standard (AS) 21, Consolidated Financial Statements, issued by the Institute of Chartered Accountants of India and on the basis of the separate audited financial statements of the Company and its subsidiary companies included in the Consolidated Financial Statements.

4 On the basis of the information and explanation given to us and on consideration of the separate audit report on individual audited financial statements of the Company and its aforesaid subsidiaries in our opinion, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

a) In the case of the consolidated Balance Sheet, of the consolidated state of affairs of 'the group' as at March 31, 2010;

b) In the case of the consolidated Profit and Loss Account, of the consolidated results of operations of 'the group' for the year ended on that date; and

c) In the case of the consolidated Cash Flow Statement, of the consolidated cash flows of 'the group' for the year ended on that date.

Place : New Delhi
Date: 30th May, 2010

FOR K.N.GUTGUTIA & CO.,
(B.R.GOYAL)
PARTNER
CHARTERED ACCOUNTANTS
Membership No. 12172
ICAI'S FRN 304153E

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH 2010

PARTICULARS	SCHEDULE	As at 31st March 2010 (Rs.)		As at 31st March 2009 (Rs.)
SOURCES OF FUNDS				
SHARE CAPITAL				
AUTHORISED				
17000000 Equity Shares of Rs. 10/- each		170000000		170000000
ISSUED, SUBSCRIBED AND PAID UP				
8058900 Equity shares of Rs. 10/- each fully paid up in cash		80589000		80589000
MINORITY INTEREST		19510025		4390000
RESERVE & SURPLUS				
Surplus as per Annexed Profit & Loss Account		304571779		268562968
EXCHANGE FLUCTUATION RESERVE		(1051366)		(1076626)
LOAN FUNDS				
Secured Loans	A	91416141		106568201
DEFERRED TAX LIABILITY (NET)		33443966		28446653
TOTAL		528479545		487480196
APPLICATION OF FUNDS				
FIXED ASSETS	B			
Gross Block		583431212	333817328	
Less : Depreciation		228998747	202198548	
NET BLOCK		354432465	131618780	
Add : Capital Work in Progress		18612297	217248966	
Add : Pre-operative exp.		0	24854074	
INVESTMENTS	C	373044762		373721820
CURRENT ASSETS, LOANS AND ADVANCES	D	12667386		23645538
Inventories		80980963	103374710	
Sundry Debtors		87047760	64244637	
Cash & Bank Balances		55450856	33441022	
Loans & Advances		139460840	138781593	
		362940419	339841962	
LESS : CURRENT LIABILITIES AND PROVISIONS	E			
Current Liabilities		105216391	128117639	
Provisions		115104773	121796663	
		220321164	249914302	
Net Current Assets		142619255		89927660
Miscellaneous Expenditure (To the extent not written off or adjusted)				
Preliminary Expenses		148142		185178
TOTAL		528479545		487480196
SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS	H			

Schedule "A" to "H" are integral part of BALANCE SHEET.

As per our Report of Even Date Attached
For K.N. GUTGUTIA & COMPANY
Chartered Accountants
(B.R.GOYAL)
Partner
Membership No. 12172
11K, Gopala Tower
25, Rajendra Place, New Delhi
The 30th Day of May 2010

For and on Behalf of the Board of Directors

(S.C. SINGHAL) Executive Director & Company Secretary

(N. S. SHARMA) (SANJEEV GOEL) Directors

(SUSHIL JAIN) Chairman & Managing Director

Consolidated Profit & Loss Account for the year ended on 31st March, 2010

PARTICULARS	SCHEDULE	For the Year Ended 31st March, 2010 Rs.		For the Year Ended 31st March,2009 Rs.
INCOME				
Sales (including Export Benefits Rs. 6923531/- Previous year Rs. 4959864/-)		596975465		479821577
Increase (Decrease) in Finished goods/stock in process		7119426		732361
Increase (Decrease) in Stock of Laser Printer spare Parts		0		(1134167)
Other Income Including Interest on Deposits with Banks (TDS Rs. 1053057/- & Previous year Rs. 2211577/-)	F	6785433		12146128
TOTAL		610880324		491565899
EXPENDITURE				
Manufacturing and other Expenses	G	492207130		411232289
Interest Cost		9737192		13356563
Preliminary Exp. W/Off		37036		0
Depreciation		28560963		18089961
Bad Debts W/Off		0		1195825
TOTAL		530542321		443874638
PROFIT BEFORE TAX		80338003		47691261
Provision for Income Tax - Current	(-)	22585000	(-)	19037000
Provision for FBT		0	(-)	1452968
Tax Adjustment Related to Previous Year	(+)	705321	(-)	0
Deferred Tax Credit (Liability)	(-)	4997313	(+)	3931000
Profit after Tax		53461011		31132293
Minority Interest		15120025		510000
Profit after Minority Interest		38340986		31642293
Balance Brought Forward		268562968		236920675
Amount Available for Appropriation		306903954		268562968
Proposed Dividend		2000000		0
Dividend Distribution Tax		332175		0
Total Balance Being Surplus Carried to Balance Sheet		304571779		268562968
		306903954		268562968
Earning Per Share (Basic) (Face value of Rs. 10/-)		6.63		3.87
SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS	H			

Schedule A & H are integral part of account

As per our Report of Even Date Attached
For K.N. GUTGUTIA & COMPANY
Chartered Accountants
(B.R.GOYAL)
Partner
Membership No. 12172
11K, Gopala Tower
25, Rajendra Place, New Delhi
The 30th Day of May 2010

For and on Behalf of the Board of Directors

(S.C. SINGHAL) Executive Director & Company Secretary

(N. S. SHARMA) (SANJEEV GOEL) Directors

(SUSHIL JAIN) Chairman & Managing Director

SCHEDULE 'A'

Consolidated Schedule of Secured Loans As At 31st March, 2010

PARTICULARS	As at 31st March 2010 Rs.	As at 31st March 2009 Rs
(A) SECURED LOAN & WORKING CAPITAL FROM STATE BANK OF INDIA		
Term Loan - Indian Currency	27017195	18986813
Cash Credit	22933	2803324
Frankfurt - Term Loan - Foreign Currency (Buyer's Credit)	59735463	67478456
Term Loan - Foreign Currency	0	17157076
(B) OTHER LOANS		
From ICICI Bank Ltd.- Car Loan	4640550	142532
TOTAL	91416141	106568201

NOTES :

1. Working Capital facilities from State Bank of India are secured against hypothecation of raw materials, stock in transit, finished goods, stock in process, chemicals, spares and stores and book debts etc. alongwith personal guarantee of the Chairman & Managing Director.
2. Car Loan from the banks are secured against the specific vehicles purchased out of the loan funds.
3. Term Loan from State Bank of India is secured against first charge on the entire fixed assets (present & future) of the Company created out of the loan including Equitable Mortgage of the factory land & building and collateral of equitable mortgage of factory land & building of M/s ITDL as well as first charge on the entire fixed assets and P & M (excluding land & building) of ITDL at Rampur & The Corporate guarantee of the Holding Company namely Indian Toners & Developers Limited and personal guarantee of chairman & managing director of ITDL (Holding Company)
4. Working Capital facilities from State Bank of India are secured against hypothecation of raw material, stock in transit, finished goods, stock in process, chemicals, spares and stores and book debts and charge on the entire fixed assets (present & future) of the company created out of the loan including equitable mortgage of the factory land & building at Sitarganj and collateral of equitable mortgage of factory land & building of M/s ITDL as well as first charge on the fixed assets and plant & machinery (excluding land & building) of ITDL at Rampur and corporate guarantee of the Holding company namely Indian Toners & Developer Limited and personal guarantee of chairman & managing director of ITDL (Holding Company)

SCHEDULE 'B'

Consolidated Schedule of Fixed Assets as at 31st March, 2010

		GROSS BLOCK					DEPRECIATION				NET BLOCK	
S.No.	Particulars	Cost as at 01.04.2009 Rs.	Additions Rs.	Adjustments Rs	Cost as at 31.03.2010 Rs.	Upto 31.03.2009 Rs.	For the year Rs.	Adjustments Rs.	Total Upto 31-3-2010 Rs.	Net Block as at 31.03.2010 Rs.	Net Block as at 31.03.2009 Rs.
1	Land (Free Hold)	350255	32728542	0	33078797	0	0	0	0	33078797	350255
2	Building	17897326	57035375	0	74932701	7218871	2493944	0	9710815	65222086	10680855
3	Plant and Machinery	284871815	144799997	335587	429336025	181572053	22362154	48500	203885707	225450318	103299562
4	Electric Installations	5313145	6276651	0	11589796	2942826	546784	0	3491610	8098186	2370319
5	Furniture & Fixtures	3906082	1615866	0	5521948	1761814	310028	0	2071842	3450106	2144268
6	Office Equipments	9566963	1704063	0	11271026	4586878	1490963	0	6077841	5193185	4980085
7	Vehicles	11911942	8944625	3155648	17700919	4118306	1355090	1712264	3761132	13939787	7793636
	TOTAL	333817328	253105119	3491235	583431212	202198549	28560963	1760764	228998747	354432465	131618780
8	Capital Work In Progress Preoperative Expenditure	217248966	18612297	217248966	18612297	0	0	0	0	18612297	217248966
		24854074	0	24854076	0	0	0	0	0	0	24854074
	Current Year :	575920368	271717416	245594275	602043509	202198548	23560963	1760764	228998747	373044762	373721820
	Previous Year	405419869	173344955	2844456	575920368	185487116	18149188	1437756	202198548	373721820	219932753

Note :- 1) Building, Plant & Machinery and Electrical installation includes Rs. 2298055/-, Rs. 35418295/- (including Rs. 407592/- during the year) & Rs. 8175111/- respectively towards assets for R & D purposes.
2) Plant & Machinery valued Rs. 8918229 has been decapitalised during the year due to Foreign Exchange Fluctuation gain. (Refer Note No. B-4 Schedule H)

SCHEDULE "C" CONSOLIDATED SCHEDULE OF INVESTMENTS AS AT 31ST MARCH 2010

	UNITS* As at 31st March 2010	COST As at 31st March 2010 Rs.	UNITS* As at 31st March 2009	COST As at 31st March 2009 Rs.
A UNQUOTED INVESTMENTS (LONG TERM)(NON TRADE)				
Equity Share in Alankar Securities Pvt. Ltd. (Face value of Rs. 10 each)	123000	3690000	123000	3690000
Equity Share in Triveni Securities Pvt. Ltd. (Face value of Rs. 10 each)	100000	3000000	100000	3000000
Equity Share in Mahavir Phototech Pvt. Ltd. (Face value of Rs. 10 each)	97000	2910000	97000	2910000
TOTAL		9600000		9600000
B INVESTMENTS IN MUTUAL FUND (UNQUOTED) (CURRENT) (NON TRADE)				
Canara Robeco Treasury Advantage retail weekly dividend reinvestment	0	0	146996	1801966
Reliance Monthly Interval Fund Service II	0	0	9374131	9375722
LIC M. F. Floating Rate Fund	0	0	261114	2867062
Canara Robeco Treasury Advantage retail monthly dividend reinvestment	246723	3067386	0	0
HDFC Cash Management Fund	0	0	78	788
TOTAL		3067386		14045538
GRAND TOTAL (A+B)		12667386		23645538

Note N.A.V. of Unquoted Investments as at 31.03.2010 Rs. 3067386/- (Previous Year Rs. 14078964/-)

SCHEDULE "D" *Consolidated Current Assets, Loans & Advances as at 31st March 2010*

PARTICULARS	As at 31st March 2010 (Rs.)		As at 31st March 2009 (Rs.)	
(A) CURRENT ASSETS				
Inventories				
Raw Materials (at or below Cost)		24847159		43411433
Raw Materials in Transit (at cost)		6780817		16048973
Stock In process (at estimated cost)		11112081		6885199
Finished goods (at Cost or net realisable value whichever is lower)		19425852		16395157
Stores, Spares, Power & Fuel and Packing Materials (at Cost or net realisable value whichever is lower)		18322628		20141522
Finished Goods - Laser Printer Spare Parts (at cost or net realizable value whichever is lower)		492426		492426
TOTAL		80980963		103374710
Sundry Debtors				
Considered Good (if not otherwise stated)				
Due for more than six months (Including Rs. 1500000/- Considered doubtful Previous Yr. Rs. 1500000/-)	10051245		3519895	
Others	78496515		62224742	
	88547760		65747637	
Less :- Provision for Doubtful Debts	1500000	87047760	1500000	64244637
TOTAL		87047760		64244637

Cash & Bank Balance		
Cash Balance on Hand	593781	301473
Balance with Scheduled Banks in Current Account (including Demand Draft In Transit Rs. 600000/- Previous Yr. Rs. NIL/-)	36679348	14462437
Fixed Deposits with Scheduled Bank	8194	8194
Margin Money With Schedule Bank against LC and Guarantee Limits (Including Interest accrued of Rs. 153037/- & Previous Yr. Rs. 87385/-)	18169533	18668918
TOTAL	55450856	33441022
(B) LOANS AND ADVANCES (CONSIDERED GOOD)		
Loan To Employees	174800	48658
Advances recoverable in cash or in kind or for value to be received**	21251979	19780103
Advance income Tax Including TDS	108853731	18897082
Balance with Excise Department	849274	113355415
Cenvat Receivable / Recoverable (including Service Tax)	370900	151939
DEPB Licence in Hand	1051822	1232224
Deposit*	3151423	0
Exports Benefits Receivable / Adjustable	3756911	2237179
TOTAL	139460840	1976075
GRAND TOTAL	362940419	138781593
		339841962

Note * Includes National Saving Certificates worth Rupess 25000/- deposited with Sales Tax Department.
**including Rs. 1238817 as Advance towards deposit of VAT Tax under protest.

SCHEDULE 'E'

CONSOLIDATED CURRENT LIABILITIES & EXPENSES PAYABLE AS AT 31ST MARCH, 2010

PARTICULARS	AS AT 31st MARCH, 2010 (RS.)	AS AT 31st MARCH, 2009 (RS.)
CURRENT LIABILITIES AND PROVISIONS		
(A) CURRENT LIABILITIES		
Sundry Creditors & other Liabilities (Refer Note No. 11 of Schedule "H")	79495294	105621077
Deposits From Dealers & other Advances	25721097	22496562
TOTAL	105216391	128117639
(B) PROVISIONS		
For Taxation	103373100	111229064
For Dividend	2000000	0
For Corporate Dividend Tax	332175	0
For Leave Encashment	4100858	2312083
For Excise Duty on Closing Stock of Finished Goods	175000	239143
For Gratuity	98373	98373
For Discounts and incentives	5025267	7918000
TOTAL	115104773	121796663
GRAND TOTAL	220321164	249914302

SCHEDULE 'F' SCHEDULE OF OTHER INCOME AS AT 31ST MARCH, 2010

PARTICULARS	AS AT 31st MARCH, 2010 (RS.)	AS AT 31st MARCH, 2009 (RS.)
Dividend from Mutual Fund	627119	1772877
Interest from subsidiary co. - ITDL Imagetec Limited*	0	6709926
Liabilities No longer required written back	2974397	1016767
Interest received on Fixed Deposit	1357354	1220473
AMC Charges - Photocopiers Machines	29336	61583
Long Term Capital Gain on Sale of Mutual Fund/Shares (Net)	67936	375547
Short Term Capital Gain (Net)	11912	8699
Miscellaneous Income	580687	205487
Cash Discount - Others	520585	508672
Interest Received - Car Loan	8177	3851
Sundry Balance W/off & W/Back (Net)	412197	145293
Scrap Sale	56416	47383
Notice Pay Recovery	91691	69570
Profit on Forward Contact	15662	0
Interest Received - Others	31965	0
TOTAL	6785433	12146128

Note : *Interest charged by ITDL from ITDL Imagetec Limited during previous year could not be eliminated due to capitalization under pre-operative expenses.

SCHEDULE 'G'

Consolidated Manufacturing and other expenses for the Year ended on 31st March, 2010

PARTICULARS	For the year Ended on 31st March, 2010 Rs.	For the year Ended on 31st March, 2009 Rs.
Raw Materials & Chemicals Consumed	199554886	160728338
Stores, Spares & Packing Material Consumed	34903709	26634667
Power & Fuel (including Rs. 24071771 for pevious year detemined during the year)	52896409	43719320
Purchase Trading		
Electricity Expenses	0	60422
Excise Duty	1560467	1070093
Repairs & Maintenance	7418463	38043045
Plant & Machinery	3865390	420947
Building	665698	825496
Others	953208	407905
Salaries, Wages, Gratuity and other Allowances (Including contracted labour)	56896728	47256770
Contribution to Provident fund & Employee State Insurance Fund	3011343	2712646
Staff Welfare	2201856	1827147
Director's Salaries, Allowances & Commission	5962500	6699368
Directors' Sitting fee	92000	94000
Business Promotion	3616050	3352590
Printing & Stationery	1268472	1118551
Legal & Professional Exp.	7249724	3540124
Auditors' Fee (including Tax Audit Fee)	277800	200000
Rent	4135650	3883704
Rates & Taxes	714494	867461
Insurance	1473122	2136142
(Including CMD's Keyman Insurance Premium Rs. 572672/-		
Travelling & Conveyance Expenses	15527214	16077627

(Incl. for Directors Rs. 1385497/- & Previous Year Rs. 2600988/-)		
Postage, Telephone, Telegram and Telex	2789900	2461021
Commission on sales	4597102	3932207
Discounts, Incentives & Samples	42364614	22480046
Loss on Forward Contract	0	316555
Freight, Clearing & Forwarding Expenses	21012851	18171725
Miscellaneous Expenses*	10271487	9029441
Financial & Other Charges	3480432	256345
Loss on Sale of Fixed Assets	892915	730253
Charity & Donation	230100	201502
Difference in Exchange - Foreign Exchange Fluctuation (Net)	1363600	7129684
Long Term Loss on Sale of Mutual Fund	1148	276
Loss on Sale of Investment (Long Term)	0	2857856
Office Maintenance	957798	1028380
TOTAL	492207130	431271654
Less : Transferred to Preoperative (Pending Capitalization)	0	20039365
GRAND TOTAL	492207130	411232289

Note : *Including Chairman & Managing Director's Office Maintenance Expenses of Rs. 442700/- Previous Year Rs. 443375/-)

SCHEDULE "H"

Schedule Attached to the Accounts for the Year Ended March 31, 2010

A. SIGNIFICANT ACCOUNTING POLICIES :

BASIS OF ACCOUNTING

Basis for preparation of Consolidated Financial Statements.

The accompanying consolidated financial statements include the accounts of ITDL (USA) Inc. and ITDL Imagetec Ltd. The financial year end of the subsidiary is March 31.

The consolidated financial statements have been prepared to comply in all material respects with the mandatory Accounting standards issued by the Institute of Chartered Accountants of India and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention and on accrual basis. The accounting policies have been consistently applied by the group and are consistent with those used during the previous year. The consolidation of accounts has been done on line to line basis.

The presentation of financial statements are in conformity with generally accepted accounting principals.

All significant inter company balances and transactions between the company and its subsidiary have been eliminated in consolidation.

ITDL (USA) Inc is 100% owned subsidiary of the Company and its country of incorporation is US.A. The activities of the Company is to trade in Toners and developers.

ITDL Imagetec Ltd. is subsidiary of the Company and it is incorporated in India and its plant is being setup at Sitarganj, Uttrakhand has started commercial production from 10.04.2009. The Company has 51% shareholding interest in the Company. The plant is to manufacture 'Toners'.

2. The Company follows mercantile system of Accounting and recognizes all significant items of income and expenditure on accrual basis and these accounts have been prepared in accordance with the Accounting Standards issued by the Institute of Chartered Accountants of India as applicable to it.

3. **FIXED ASSETS**

a) Fixed Assets are stated at cost less Depreciation provided for.

b) i) Depreciation on all Assets is charged on straight line method treating the Plant as continuous process Plant (except R & D Plant), at rates and in the manner as per Schedule XIV to the Companies Act, 1956 as amended vide notification dated 16th December, 1993. Depreciation on assets added/deducted during the year is charged proportionate with reference to the date of additions / deductions.

ii) Depreciation on R & D plant is charged, treating the same as non – continuous, in the same manner as mentioned above

c) In case of ITDL (USA) Inc. depreciation have been charged on straight line method over a period of 5 years, which is higher then the rates specified vide Schedule XIV to the Companies Act, 1956

4. **IMPAIRMENT OF ASSETS**

The carrying amount of fixed assets are revised at each Balance Sheet date if there is any indication of impairment based upon internal / external factors. Any impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is greater of asset but selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.

5. **RESEARCH & DEVELOPMENT :**

Capital expenditure on Research & Developments is treated in the same manner as Fixed Assets. The Revenue expenditure on R & D are charged off in the year in which the same are incurred.

6. **EMPLOYEE BENEFITS :**

Contribution payable for provident fund and employee state insurance which [illegible] and contribution scheme is charged to profit & loss account.

Gratuity and leave encashment which are defined benefits are accrued calculated on unit credit method based on actuarial valuation as at balance sheet date provided by L.I.C. and by an independent actuarial valuer respectively.

The Company has opted for a group gratuity – cum Life Assurance Scheme of the Life Insurance Corporation of India for employees and the annual contribution for it is charged to the profit & loss account on the accrual basis.

7. **INVESTMENTS :**

(a) All the Long Term Investments are stated at cost. All the current investments are stated at cost or market rate whichever is lower as at the date of annual accounts. However, provision of diminution in value is made to recognized on declined other than temporary in value of investments.

(b) Income / Loss on investments in Growth and / or Dividend plans of Mutual Funds is accounted for on sale / redemption of units.

(c) Dividend Income from the Units of Mutual Funds is accounted for when the Company becomes legally entitled to it

8. **INVENTORY VALUATION :**

a) Stock of Finished goods : At cost or net realisable value whichever is lower.

b) Stock of Raw Materials, Stores & Spares, Power & Fuel and paking Materials : At or below cost.

c) Stock in process : At cost or net realisable value whichever is lower.

d Stock of Laser Printers, etc (trading goods) :At cost or net realizable value which ever is lower.

Cost of raw material and stores & spares and packing materials is computed on weighted average method. Finished goods and work in process include cost of conversion and other costs incurred in bringing the inventories to their present locations and condition.

9. **FOREIGN CURRENCY TRANSACTIONS :**

Transactions in foreign currency are recorded at the exchange rate prevailing on / or closely approximating to the date of transactions. Current Assets and Liabilities are restated at the rate prevailing at the period end or at the forward rate where forward cover for specific asset / liability has been taken. The difference between the period end rate and the exchange rate at the date of the transaction is recognized as income or expense in the Profit and Loss Account. In respect of forward exchange contracts, the difference between the contract rate and the rate on the date of transaction is recognized as income or expense in the Profit and Loss Account over the life of the contract.

The company has opted to account for exchange differences on arising on reporting of long term foreign currency monetary items in line with the companies (Accounting Standard) Rules as amended on 31st March, 2009 in respect of Accounting Standard 11 (AS-11). Accordingly, exchange difference on long term foreign borrowings has been capitalized by adding to cost of depreciable capital assets.

In case of ITDL (USA) Inc. for conversion of accounts into Indian Currency, the assets and liabilities (except fixed assets & capital) are restated at rates prevailing on the closing date of the year and revenue items are translated at average rates of the year and resultants difference taken to Exchange Fluctuation Reserve.

Representative offices

In translating the financial statements of representative offices, the monetary assets and liabilities are translated at the rate prevailing on the balance sheet date, non monetary assets and liabilities are translated at exchange rates prevailing at the date of the transaction and income and expense items are converted on the date of transfer.

10. **TAXATION :**

In accordance with Accounting standard 22 Accounting for Taxes on income issued by the Institute of Chartered Accountants of India, the deferred tax for timing difference between the book and tax profits for the year is accounted for using the tax rates and laws that have been enacted or substantively enacted as of the balance sheet date.

Deferred tax Assets arising from temporary timing differences are recognized to the extent there is virtual certainty that the assets can be realized in future.

Taxation of ITDL (U.S.A.) Inc. is provided as per U.S.A. law.

11. **BORROWING COST :**

Borrowing Costs are charged to Profit & Loss Account, except when funds are specially borrowed to acquire qualifying fixed assets, in which case the same is capitalized till the date the subject assets are ready for the intended use.

12. **EXPORT BENEFITS :**

Entitlements of Export Incentives (such as Advance Licences) on goods exported during the year are accounted for on accrual basis and such benefits are accounted through other Income and the corresponding debit is given to Export Benefit receivable / Adjustable Account which is adjusted to cost of Raw Material as and when goods are imported.

Obligations / entitlements under the Advance Licence Scheme for import of raw materials are accounted for on purchase of raw materials / export sales.

13. The Company has the practice of providing for the liability on account of import duty on Raw material / Stores / Spares in transit or in Bonded Warehouse at the year end and providing for liability on account of Excise duty on stock of finished goods lying in the factory premises.

14. **PROVISIONS AND CONTINGENT LIABILITY**

The Company recognizes a provision when there is a present obligation as a result of past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligations. A disclosure of the contingent liability, if determinable, is made when there is a possible obligation or a present obligation that may, but probably will not, require and outflow of resources. But

where is a possible obligation but the likelihood of outflow of resources is remote, no provision / disclosure is made.

15. REVENUE RECOGNITION

Sale of Goods: Revenue from sale of goods is recognized when the significant risks and rewards of ownership of the goods are transferred to the customer and is stated gross of excise duty and net of sales tax.

Dividend: Revenue is recognized when the right to receive is established.

16. USE OF ESTIMATES

In preparing Company's financial statements in conformity with accounting principles generally accepted in India, management is required to make estimates and assumptions that affect the reported amount of assets and liabilities and the disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Any revision to accounting estimates is recognized in the period the same is determined

17. EARNINGS PER SHARE

Basics earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

18. LEASES

Leases, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased items, are classified as operating leases. Lease payment in respect of such leases are recognized as an expenses in the Profit & Loss Account on a straight line bases over the lease terms or extended term

19. Preliminary Expenses are being charged off over a period of 5 years beginning Financial Year 2009-2010

B. NOTES ON ACCOUNTS

1. Capital Commitments : Estimated amounts of contracts remaining to be executed on capital accounts [net of capital advances of Rs. NIL (Previous Year – Rs. 5305253/-)]

		Current Year Rs.	Previous Year Rs.
2	Contingent liabilities not provided for in respect of		
	a) Letters of credit established in favour of the suppliers of import of materials / assets	119487227	120938826
	b) Guarantees issued by State Bank of India on behalf of Company	5797500	6676009
	c) Sale tax / Trade Taxes demands against which appeals have been preferred.	11388424	9627721
	d) Minimum Consumption Guarantee Charges payable by U. P. State Government to U. P. Power Corporation claimed from the Company, against which the company has filed case in the Lucknow Bench of Hon'ble High Court of Allahabad.	NIL	2843492
3.	Details of Interest Expenses:		
	Paid to Banks on Term Loan	4330564	2610055
	Paid to Banks on buyers Credit (for fixed assets)	2189249	1450835

Paid to Bank for working Capital Loan	33510	976643
Paid to Institution	——	461000
Paid to Others	3183869*	1148104
Paid to Holding Co.**	——	6709926
	9737192	13356563

*Including Rs. 1361312 payment made to Excise Department as ascertained by them during the year.

**Interest Charged by ITDL from ITDL Imagetec during previous year could not be limitated due to capitalization under pre operative expenses.

One of the Subsidiary Company ITDL Imagetec Limited has opted for accounting the exchange difference arising on reporting of long term foreign currency monetary items in line with the Companies (Accounting Standard) Amendment Rules 2009 on AS 11 notified by the Ministry Of Corporate Affairs on 31st March 2009. Accordingly during the year the company has adjusted exchange difference gain amounting to Rs 8918229 (Previous Year Rs. 14309005 (Loss)) to the cost of fixed assets

5. Directors' Remuneration included under various heads of Profit & Loss Account :-

		Rs.	Rs
a)	Chairman & Managing Director		
	Salary (Including Personal pay)	3600000	4320000
	Contribution to P F	252000	288000
	House Rent Allowance	1260000	1260000
	Medical Reimbursement	87500	262500
	Other Benefits & Allowance	204708	2605167*
	Total	5404208	8735667**

*Including Rs. 1834542/- being surrender value of Key Management Policy assigned in favour of the CMD during the year for which required approval of Central Government has been applied for and is pending.

**Including Rs. 1020000 being arrear for 2007-2008 paid during the year on receipt of Central Government approval.

b)	Whole Time Director		
	Salary	1102500	757000
	Contribution to P F	—	8400
	House Rent & other Allowance	—	42000
	Medical reimbursement	—	5833
	Other benefits		34600
	Total	1102500	847833

i) Value of Perquisites have been evaluated as per Income Tax Act 1961.

ii) The above sums do not include contribution to gratuity fund and provision for leave encashment as the same is on global basis.

iii) The remuneration paid to CMD is as per approval of Central Government

6. Balances in accounts of Sundry Debtors, Advances, Security deposits of dealers and creditors are subject to confirmations for the respective parties.

		Current Year (Rs.)	Previous Year (Rs.)
7.	Other Income includes :		
	i) Dividend from Mutual Funds	627119	1772877
	ii) Profit on sale of units of Mutual Funds	79848	375547
	iii) Interest on Loans from employees	8177	3851
	iv) Interest on Loan to subsidiary Company	—	6709926
	v) Liability no longer required written Bac	2974397	1016767
	vi) Sundry Balance Written Back / written off (net)	412197	145293
	vii) Interest on FDR	1357354	1220473

Note : Interest charged by ITDL from ITDL Imagetec Ltd. during previous year could not be eliminated due to

capitalization under pre operative expenses.

8.a) Accounting Standard as to Segment Reporting AS -17 is not applicable to the Company as it is engaged in the business of Toners and Developers which is the single reportable segment.
However, disclusoure as to secondary segment is as under :

	Current Year (Rs.)	Previous Year (Rs.)
Geographical Segment :		
i) Domestic Sale (Including Excise Duty)	390188175	312394632
ii) Export Sales (including Export Benefits Rs. 6923531 PY Rs. 4959864)	206787290	167426945

b) Details of Increase / Decrease in stocks

	Finished Goods	Work in Process	Total	Trading Goods
Opening Balance	16533308	6885199	23418507	492426
Closing Balance	19425852	11112081	30537933	492426
Increase (decrease)	2892544	(4226882)	7119426	NIL

c) Detail of Sales : (including Export Benefits on Export Sales)

Sales	596975465	479821577
Excise Duty	7418465	38043045
Net Sales	589557002	441778532

d) Provision for Excise Duty amounting to Rs. 175000/- (Previous Year Rs. 239143/-) on closing stock of finished goods is included in schedule E. (Refer Note A-13)

e) During the year, the method of calculation of closing stock of raw materials, Packing Material and Store & Spare parts has been changed from FIFO Method to Weighted Average Method. The change has resulted in reduction of profit by Rs. 954988.

9. Major components of the Deferred Tax Asset and liability as at 31st March 2010 are as follows

	Current Year (Rs.)	Previous Year (Rs.)
(A) Deferred Tax Liability on Account of		
(a) Depreciation	26463332	20878754
(b) R & D Capital Assets	8356144	8826886
Total (A)	34819476	29705640
(B) Deferred Tax Assets on Account of		
(a) Provision for Leave encashment	832223	749137
(b) Provision for doubtful debts	509850	509850
(c) Provision for gratuity	33437	—
Total (B)	1375510	1258987
Net Deferred Tax Liabilities (A - B)	33443966	28446653

10 a) Estimated benefits aggregating to Rs. 6923531/- (Previous Year Rs. 4959864/-) against exports effected during the year has been taken into account for the year as incentive accounting in respect of duty free imports of Raw Material & Packing Materials under Advance Licence Scheme and corresponding amount has been added to the cost of Materials.

b) Service Tax amounting to Rs. 4053756/- (Previous Year Rs. 4471119/-) have been treated as recoverable is subject to claim yet to be filed with Department.

11. Suppliers covered under the Micro, Small and Medium Enterprises Development Act 2006, have not furnished the information regarding filing of necessary memorandum with appointed authority. In view of this, information required under Section 22 of the said Act is Not given.

12. Amount of Exchange difference (net) debited to Profit & Loss Account amounted to Rs. 1363600 (previous year Rs. 6231455/-) during the year.

13. R & D expenses included in various heads Rs. 5358835 [Including Raw Material Consumption Rs. 327706 &

Depreciation Rs. 1792535] (Previous year Rs 4242297]. Raw Material Consumption Rs. 251153 & Depreciation Rs. 1780774) respectively.

14. Minority Interest : Minority interest represents that part of the net results of the operation and the net assets of ITDL Imagetec Limited where the parent Company holds majority interest and 49% is owned by others.

15. The Company has calculated the various benefits provided to employees as under.

A) Defined Contribution Plans

Provident Fund

During the year the Company has recognized the following amounts in the Profit and Loss Account :

For the year ended 31st March, 2010	Current Year	Previous Year
	(Rs. in Lakhs)	
Employers Contribution to Provident Fund	24.22	22.03

B) State Plans

a) Employee State Insurance

During the year the Company has recognized the following amounts in the Profit and Loss Account:

For the year ended 31st March, 2010		
Employers Contribution to Employee State Insurance	5.89	5.10

C) Defined Benefit Plans

a) Gratuity

b) Leave Encashment

The discount rate assumed is 8% which is determined by reference to market yield at the Balance Sheet date on government bonds. The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority promotion and other relevant factors, such as supply and demand in the employment market. Reconciliation of opening and closing balances of the present value of the defined benefit obligation is as under:

	Gratuity Encashment	Leave
The principal assumptions used in actuarial valuation as per below :		
Discount rate	8%	8%
Expected rate of return on assets	—	0
Expected rate of future salary increase	6%	5%
Change in present value of obligations	—	—
Present value of obligations as at 01.04.2009	6237928	2312083
Interest cost	493638	184966
Current service cost		781067
Benefits paid	974009	—
Actuarial loss on Obligations		(721592)
Present value of obligation as at 31.03.2010	5757557	2556524
Changes in fair value of plan assets	Not Available	Not Available
Liability recognized in the Balance Sheet		
Present value of obligations as at 31.03.2009	—	2556524
Fair value of plan assets as at the end of the year	—	—
Unfunded status	—	—
Unrecognised Actuarial (Gain) / Loss	—	—
Net (Assets) / Liability recognized in Balance Sheet	—	2556524
Expenses recognized in Profit and Loss Account		
Current service cost	541185	781067
Interest cost	NIL	184966
Expected return on plan assets	NIL	—
Net Actuarial (Gain) / Loss recognized during the year	NIL	(-)721592
Total Expense recognized in Profit and Loss Account	541185	244441

16 Misc. expenses includes*

		Current Year Rs.	Previous year. Rs.
a)	Vehicle Running & Maintenance	2397021	2502736
b)	Seminar Expenses / Business Promotion / Dealers Selling Expenses	310261	476552
c)	Exhibition Expenses	1615555	1219710
d)	Advertisement Exp	2233598	1175744
e)	Gardening Expenses	281320	67855
f)	Watch & Ward Expenses	1402894	1113778

17 Electricity Expenses includes Rs. 2407177 relating to Previous Year but determined during the year

18 Disclosure pursuant to AS-29 (Movement of provisions)

	Leave Encashment Rs.	Previous Year Rs.	Discount & Incentive Rs.	Previous Year Rs.	Excise Duty on Closing Stock Rs.	Previous Year Rs.
Opening Balance	2312083	2243683	7918000	4910186	239143	692211
Transfer from ITDL						
Add Creations	2438889		5025267	7918000	175000	239143
Less						
(a) Utilizations	650114	383882	6101481	3841841	239143	692211
(b) Written Back		315482	1816519	1068345	——	
Closing Balance	4100858	2312083	5025267	7918000	175000	239143

19 Particulars of unhedge foreign currency expenses as at 31.03.2010

	Current Year (Rs)	Previous Year (Rs)
Creditors for Import of Goods	Rs 36559710	52521450
Export Debtors	Rs 23097550	16275355

20 Calculating of Earning Per Share

		Current Year (Rs)	Previous Year (Rs)
1	No. of Shares at the beginning of the year	8058900	8058900
2	No of Shares at the close of the year	8058900	8058900
3	Net Profit after Tax (Rs.)	53461011	31132293
4	E.P.S. (Rs.)	6.63	3.87

21 Related Party Disclosure (Pursuant to Accounting Standard - 18)

(i) RELATIONSHIPS

(a) Wholly and Subsidiary Co. - (i) ITDL USA In. (ii) ITDL Imagetec Ltd.

(b) Key Management Personnel - Shri Sushil Jain (CMD)

(c) Relative of Key Management Personne. - Shri Akshat Jain, (son of Sh. Sushil Jain)
Sr. Vice President (Corporate Affairs)
Smt. Nandita Jain (Wife of Sh. Sushil Jain)
Ms. Aashima Jain (Daughter of Sh. Sushil Jain)
Smt. Sushila Devi Jain (Mother of Sh. Sushil Jain)

(d) Enterprises over which Key Management Personnel / Relative are able to exercise significant influence - Jain Bhawan
- Shrilon India Ltd.
- Alankar Securities Private Limited
- Mahavir Phototech Private Limited
- Triveni Securities Private Limited
- Jain Tube Company Limited

(ii) Details of transactions with Related Parties during the year Personnel :

Particulars	Subsidiary Company	Key Management Personnel	Relative of Key Management Personnel	Enterprises referred in (1) (d) above
Share capital held at the end of year	7359562 (7359562)	——	——	
Remuneration Paid	——	5404208 (8735667)	1715436 (1050039)	
Advance / Loans given (including interest) and expences charged	7827506 (100005232)	——	——	——
Rent Paid	——	——	——	132000 (132000)
Sales of Goods	1264411 (8184991)	——	——	——
i) Outstandings : Balances as at year end balances due to the Company	164952565 (157125059)	——	——	(3870000)
ii) Corporate Guarantee	270000000 (270000000)	——	——	——

Note -

i) Figures in the bracket are for the previous year

ii) During the year, from a Subsidiary, goods worth Rs.4054500 & Rs 1264411 have been purchased on high seas basis.

22 Previous year's figures have been regrouped / re arranged whenever necessary to make them comparable with those of the current year.

As per our Report of Even Date Attached
For K.N. GUTGUTIA & COMPANY
Chartered Accountants
(B.R.GOYAL)
Partner
Membership No. 12172
11K, Gopala Tower
25, Rajendra Place, New Delhi
The 30th Day of May 2010

For and on Behalf of the Board of Directors

(S.C. SINGHAL)
Executive Director
& Company Secretary

(N. S. SHARMA)
(SANJEEV GOEL)
Directors

(SUSHIL JAIN)
Chairman & Managing Director

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2010

		Current Year (Rs.)	Previous Year (Rs.)
A.	**CASH FLOW ARISING FROM OPERATING ACTIVITIES**		
	Net Profit before tax	80338003	47691261
	Adjustment for		
	Depreciation	28560963	18089961
	Loss / (Gain) on sale of Fixed Assets	892915	730253
	Bad debts written off	0	1195825
	Interest received	(1397496)	(7352834)
	Interest paid	9737192	13356563
	Unrealised Exchanged Difference	1363600	-2566942
	Provision for leave encashment	2438889	68400
	Preliminary Expenses Written Off	37036	0
	Misc. Balance Written Back	(412197)	(145293)
	Loss / (Profit) on sale of Current Investments (Non Trade)	(78700)	(384246)
	Income from Current Investments (Non Trade) Dividend	(627119)	(1772877)
	Liability no longer required Return Back	(2974397)	0
	Operating Profit Before Working Capitals Changes	117878689	740043955
	Adjustments For		
	Trade & other receivables	(23482370)	(6547647)
	Inventories	22393747	(17978150)
	Trade and Other Payables	(31635890)	45595074
	Cash Generated From Operations	85154176	96023232
	Direct Taxes Paid	(22585000)	(20489967)
	Net Cash Inflow / (outflow) in course of Operating Activities (A)	62569176	75533265
B.	**CASH FLOW FROM INVESTING ACTIVITIES.**		
	Purchase / Sale of fixed assets/ CWIP (Net)	(28776820)	(172609280)
	Purchase / Sale of investments (Net)	11056852	15833282
	Dividend Received	627119	1772877
	Interest Received	1397496	7352834
	Net Cash Inflow / (outflow) in course of Investing Activities (B)	(15695353)	(147650287)
C.	**CASH FLOW FROM FINANCING ACTIVITIES**		
	Interest Paid	(9737192)	(13356563)
	Proceeds from / Payments for long Terms and Short Term Borrowing	(15152060)	87011140
	Net Cash Inflow / (outflow) in course of Financing Activities (C)	(24889252)	73654577
D.	**FOREIGN CURRENCY TRANSACTION DIFFERENCE ON CONSOLIDATED**		
	Net Cash Inflow / (outflow) in course of Foreign Currency transaction activities (D)	25262	(1063118)
	Net Increase / (Decrease) in Cash & Cash Equivalents (A)+(B)+(C)+(D)	22009833	474437
	Cash And Cash Equivalents As At 31.03.2009	33441022	32966585
	Cash & Cash Equivalent As At 31.03.2010	55450855	33441022

Notes :

(1) The Above Cash Flow Statements has been prepared under the 'In direct Method' set out in Accounting Standard - 3 issued by the Institute of Chartered Accountants of India.

(2) Previous Years figures have been regrouped / rearranged wherever necessary.

As per our Report of Even Date Attached
For K.N. GUTGUTIA & COMPANY
Chartered Accountants
(B.R.GOYAL)
Partner
Membership No. 12172
11K, Gopala Tower
25, Rajendra Place, New Delhi
The 30th Day of May 2010

For and on Behalf of the Board of Directors

(S.C. SINGHAL)
Executive Director
& Company Secretary

(N. S. SHARMA)
(SANJEEV GOEL)
Directors

(SUSHIL JAIN)
Chairman & Managing Director

PROXY

INDIAN TONERS & DEVELOPERS LIMITED

Regd. Office : 10.5 KM, Rampur Bareilly Road, Rampur- 244 901 (U.P.)
Corporate Office : 5-E, Gopala Tower, 25, Rajendra Place, New Delhi- 110 008

I/we _____

of _____

in the district of _____

being a member / members of the above-named Company, hereby appoint

Mr./Miss/Mrs. _____

of _____ in the district _____

or failing him/her _____

of _____ in the district _____

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 on Monday, the 16th August, 2010 at 2.30 p.m. and at any adjournment thereof.

Signed this _____ day of _____ 2010.

No. of Shares held _____ L.F. NO./ Client I. D. No. _____

DPID No. _____

Signature (s) _____

Address : _____

One Rupee Revenue Stamp

Note : The proxy must be deposited at the Registered Office/Head Office of the Company not less than 48 hours before the time for holding the meeting.

NO GIFT WILL BE DISTRIBUTED DURING THE MEETING

TEAR HERE

ATTENDANCE SLIP

INDIAN TONERS & DEVELOPERS LIMITED

Regd. Office : 10.5 KM, Rampur Bareilly Road, Rampur- 244 901 (U.P.)

I hereby record my presence at the 20th Annual General Meeting being held on Monday, the **16th August, 2010 at 2.30 P.M.** at the Registered Office of the Company at 10.5 KM, Rampur Bareilly Road Rampur-244 901 (U.P.)

Name of the Shareholder _____
(In block letters)

Folio No./Client I.D.No. _____ D.P.I.D. No. _____

Signature of the Shareholder/Proxy

Note : 1. Please complete this attendance slip and hand it over at the entrance of the venue of the meeting.
2. Please bring your copy of Balance Sheet at the time of Annual General Meeting.

NO GIFT WILL BE DISTRIBUTED DURING THE MEETING