

**13TH ANNUAL
REPORT
2002-2003**

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INDIAN TONERS & DEVELOPERS LTD.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Shri Sushil Jain	Chairman & Managing Director
Shri P.K. Kanoria	Director
Shri J.S. Varshneya	Director
Shri Vikram Prakash	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 Tower,
25, Rajendra Place,
New Delhi 110 008.

REGISTERED OFFICE & WORKS

10.5 KM, Rampur-Bareilly Road,
Rampur 224 901 (U.P)
Tel. : (05960) 228174, 228148

CORPORATE OFFICE

5-E, Gopala Tower,
25, Rajendra Place,
New Delhi 110 008.
Tel : 25751420, 25742509
25748160, 25763993
Fax : 91-11-25751422
E-Mail : itdl@vsnl.com
Website : <http://www.indiantoners.com>

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NOTICE

INDIAN TONERS & DEVELOPERS LIMITED

Notice is hereby given that the 13th Annual General Meeting of the Shareholders of INDIAN TONERS & DEVELOPERS LIMITED will be held on Friday the 8th August, 2003 at 12.00 noon 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, 2003 and the Balance Sheet as at March 31st, 2003 and the Directors' Report and the Auditors' Report thereon.
2. To appoint a Director in Place of Shri Vikram Prakash who retires by rotation, and being eligible, offers himself for re-appointment.
3. To appoint a Director in Place of Shri J. S. Varshneya 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 the Equity Shares of the Company be delisted from the Stock Exchange Ahmedabad, The Calcutta Stock Exchange Association Ltd. and The Delhi Stock Exchange Association Ltd., in accordance with the provisions of the listing agreement and all other relevant laws, rules, regulations and guidelines including Delisting

Guidelines namely, Securities and Exchange Board of India(Delisting of Securities) Guidelines, 2003 [issued under section 11(1) of SEBI Act, 1992, read with sub section (2) of Section 11A of SEBI Act] or any statutory modifications or re-enactments thereof for the time being in force and subject to such approvals, permissions and sanctions as may be necessary and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions

"FURTHER RESOLVED THAT the Board of Directors of the Company including any duly constituted and authorised committee thereof, be and are hereby authorized to agree such terms and conditions which they may consider appropriate and to do all such acts, deeds matters and things as may in their absolute discretion deem necessary, proper or desirable and settle any question, difficulty, doubt that may arise in regard to delisting of the Equity shares from the Stock Exchange Ahmedabad, The Calcutta Stock Exchange Association Ltd. and The Delhi Stock Exchange Association Ltd.

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

INDIAN TONERS & DEVELOPERS LIMITED

- appended with the attendance slip.
2. An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in relation to the Special Business of the meeting is annexed hereto and forms part of this notice.
 3. The Register of Members and Share Transfer Books of the Company will remain closed from 1st August 2003 to 8th August 2003 (both days inclusive).
 4. 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.
 5. Member, who hold shares in dematerialised form are requested to bring their client ID and DP ID Nos. for easier Identification of attendance at the Meeting.
 6. Members are requested to notify immediately any change in their addresses to the Company or to their respective depository participants without any delay.
 7. 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.

ANNEXURE TO THE NOTICE**EXPLANATORY STATEMENT**

(PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956)

ITEM NO. 5

The Company's Equity Shares are presently listed on Ahmedabad, Calcutta, Delhi & Mumbai Stock Exchanges. During the last several years, the shares of the Company are not at all traded on the Ahmedabad, Calcutta and Delhi Stock exchanges. Since the listing expenses do not commensurate with the trading activity and the Delisting of Securities has become easy with the issue of Delisting Guidelines namely, Securities and Exchange Board of India (Delisting of Securities) Guidelines, 2003 [issued under section 11(1) of SEBI Act, 1992, read with sub section (2) of Section 11A of SEBI Act], the Board of Directors of the Company proposes to delist the shares from the Stock Exchange Ahmedabad, The Calcutta Stock Exchange Association Ltd. and The Delhi Stock Exchange Association Ltd. with immediate effect and commend the resolution as a Special Resolution.

None of the Directors except to the extent of their shareholding may be treated as concerned or interested in the proposed resolution.

By Order of the Board
for INDIAN TONERS & DEVELOPERS LTD.

(S.C. SINGHAL)

EXE. DIRECTOR

& COMPANY SECRETARY

PLACE : New Delhi

Dated : 6th June 2003

DIRECTORS' REPORT

INDIAN TONERS & DEVELOPERS LIMITED

To The Members,

Your Directors have pleasure in presenting the 13th Annual Report alongwith the Accounts for the year ended March 31, 2003.

Working Results

	Rs.in lacs	
	For the year ended 31st March, 2003	For the year ended 31st March, 2002
Turnover (including Excise Duty)	<u>3100</u>	<u>2727</u>
Operating Gross Profit	647	552
Less : Financial Charges	104	116
Depreciation & Other Amortisations	<u>131</u> <u>235</u>	<u>125</u> <u>241</u>
Profit/(Loss) before tax	<u>412</u>	<u>311</u>
Less : Provision for tax - current year	<u>32</u>	<u>22</u>
Net Profit/(Loss) before Deferred Tax	380	289
Less : Deferred Tax liability	<u>131</u>	<u>101</u>
Less : Adjustment relating to earlier year	-	-
Surplus Available for appropriation	<u>249</u>	<u>188</u>

OPERATIONS

During the year under review, your Company achieved a turnover of Rs. 3101 Lacs as against Rs. 2727 Lacs during the last year, thus registering an increase of 13.71%.

The production during the year also increased to 519 MT as against 419 MT of the last year. Though the production and sales have increased in terms of quantity but due to tough competition in the market and import of toner by traders, the per unit sale realisation has fallen. However, due to introduction of new products with the help of Pilot Plant installed by your Company during the year

and due to tight control on expenses and lower interest cost, your Company has been able to improve its profits as compared to last year.

FUTURE OUTLOOK AND PLANS

In view of the tough competition in the market specially from the import of Toners by the traders, your Company has geared itself to face the challenge. Your Company has already installed a Pilot Plant which will help in developing new products as per requirement of the domestic and international market. Your Company has already developed several new products including Toners for the upcoming new generation of Digital Machines & Laser

Printers, during the year and is hopeful of developing further products which will help in facing competition and boosting export. Your Company has ambitious plans to go in expansion by setting up a new plant for which negotiations for the import of Plant and Machinery is in advanced stage. Your Company has also planned to participate in the various exhibitions all over the world to attract/contact new customers and to introduce new products in the international market. The fight against clandestine import in the guise of under invoicing is an ongoing process and your Company is quite hopeful that inspite of all these odds, it will be able to manage and maintain its race to increase its turnover and profits. Though, the realisations are going down and costs are increasing due to various factors but your Company is trying its utmost to do the best by increasing the volume and value added products.

As usual, customers' satisfaction, strengthening the established brand image by offering customers quality products at reasonable prices is the continuing aim of your Company. Expansion of the distribution channels to ensure faster services, more effective distribution, better presence and greater market penetration is a continuous process.

RESEARCH AND DEVELOPMENT ACTIVITIES

The installation of the Pilot Plant was completed during the year and it has shown very good results. Your Company is very optimistic to develop new quality products at competitive prices to face the global competition. Research and development has been the cornerstone of your Company's success and this R & D center will strengthen its professionals in delivering new and higher quality products and thus maintain our privileged standing with our valued customers.

FIXED DEPOSITS

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

DIRECTORS

Shri Vikram Prakash and Shri J. S. Varshneya, 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.

The Directors hereby confirm:-

- (I) that in the preparation of the annual accounts, the applicable accounting standards have been followed alongwith proper explanation relating to material departures;
- (II) that 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) that the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities
- (IV) that the directors had 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 (1) (b) of The Companies Act, 1956 has been received from them.

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

INDIAN TONERS & DEVELOPERS LIMITED

is given in Annexure "A" of this report.

PERSONNEL

Cordial Industrial relations continued 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

The equity shares of the company are listed at Ahmedabad, Calcutta, Delhi & Mumbai Stock Exchanges. The Company is regular in paying the listing fees on demand by the respective stock exchange.

During the last several years, the shares of your Company are not at all traded on the Ahmedabad, Calcutta and Delhi Stock Exchanges and as such the Listing expenses do not commensurate with the

trading activity. With a view to control the expenditure and conserve resources, it is proposed to delist the shares from the Ahmedabad, Calcutta and Delhi Stock Exchanges.

DEMATERIALISATION OF SECURITIES

As informed in the last year's Director Report, 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 securities 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 Government, the Uttar Pradesh Government, Financial Institutions, State Bank of India and Customers. Your Directors also thank the shareholders for their continued support.

Place : New Delhi
Date : 6th June, 2003

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

ANNEXURE "A " TO DIRECTORS' REPORT

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

(A) Conservation of Energy

Regular Supervision and controls are being maintained in areas where steps had 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. |
| 2. Benefits derived as a result of the above R&D. | : | Wider acceptability of extended range of Products. |
| | : | 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/developer 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. |
| 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 : Research & Development of various types
of Toners & Developers.
- (b) Year of import : 2002
- (c) Has technology been fully absorbed? : Yes
- (d) If not fully absorbed area where : Not applicable, since Technology is fully
this has not taken place reason absorbed.
therefore and future plans of action.

(c) Foreign Exchange Earnings/Outgo

1. Activities Relating to Exports
The Company has been able to procure Export Orders of substantial quantities. Major efforts are
being made by the Company to break into some more countries.

2. Total Foreign Exchange used and earned

		Rs. in Lacs	
		2002-2003	2001-2002
a)	Total Foreign Exchange used		
i)	Import of Raw Materials	973.44	703.40
ii)	Import of Stores & Spares and Packing material	59.45	31.99
iii)	Foreign Travel	17.05	12.89
iv)	Interest	28.11	24.54
v)	Others	5.86	0.04
	TOTAL	1083.91	772.86
b)	Total Foreign Exchange earned		258.10

MANAGEMENT DISCUSSIONS AND ANALYSIS REPORT

INDUSTRY AND OUTLOOK

The Company manufactures Compatible Toners and Developers for Photocopiers, Laser Printers and Digital Printers. The Industry is affected by the clandestine import of Toners by under invoicing by the traders leading to tough competition in the market.

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 succeed in giving the Company competitive advantage. The Company has already installed a Pilot Plant which will help in developing new quality products at competitive prices.

RISKS & CONCERNS

Nearly 70% of the Company's sales is within India and hence the growth and profitability of the Company depends upon the growth of the Indian economy. Since 100% raw materials of the Company is imported, it is subject to global cycles with high volatility in the price. 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 is taking steps in this direction.

In the domestic market, the Company aims to achieve a larger share and also develop new value added products for specific applications.

FINANCIAL PERFORMANCE

The sales (including Excise Duty) for the year was Rs. 3100 Lacs as compared to Rs. 2726 Lacs for previous year. The Company earned a profit before tax of Rs. 412 Lacs as compared to Rs. 311 Lacs for the previous year. The factors contributing to improved profitability include higher sales volume, better sourcing of materials and improvement in formulations and introduction of new products. Competition from the clandestine import by under invoicing adversely affected the profitability. Repayment of loans to Financial Institutions including ECB and improved liquidity resulted in significantly lowering the interest cost.

INTERNAL CONTROL SYSTEM

The Company has proper and adequate Internal Control System to ensure that its assets are safeguarded and that transactions are properly authorised, 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 31.03.2003 was 254.