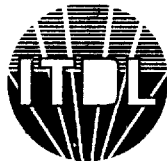


15TH ANNUAL REPORT 2004-2005

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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 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 : (011) 25751420, 25742509
(011) 25748160, 25763993
Fax : (011) 25751422
E-Mail : info@indiantoners.com
Website : <http://www.indiantoners.com>

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Notice is hereby given that the 15th Annual General Meeting of the Shareholders of **INDIAN TONERS & DEVELOPERS LIMITED** will be held on Tuesday the 9th August, 2005 at 4.00 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:

- To receive, consider and adopt the Audited Profit & Loss Account for the Year Ended March, 31st, 2005 and the Balance Sheet as at March, 31st, 2005 and the Directors' Report and the Auditors' Report thereon.
- To appoint a Director in Place of Dr. M. R. Jain who retires by rotation, and being eligible, offers himself for re-appointment.
- To appoint a Director in Place of Shri J. S. Varshneya who retires by rotation, and being eligible, offers himself for re-appointment.
- 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 :

- 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 01.08.2005 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.

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."

- 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 314 (1) and other applicable provisions, if any, of the Companies Act, 1956 and subject to any other approvals, if any, required under other laws, consent of the Company be and is hereby accorded to the appointment of Shri Akshat Jain, a relative of Shri P.K. Kanoria and Shri Sushil Jain, Directors of the Company, to hold an office or place of profit under the Company carrying a total monthly remuneration of Rs. 25,000/- (Rupees Twenty five thousand only) w.e.f. 01.03.2005 as "Manager - Corporate Affairs" or such other remuneration or designation as the management may decide from time to time.

FURTHER RESOLVED that the Company be and is hereby further authorised to bifurcate the monthly remuneration of Shri Akshat Jain into basic salary and other perquisites as per rules / schemes of the Company from time to time."

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 31.01.2005 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. 01.08.2005 to 31.07.2010
Basic Salary	: Rs. 1,75,000/- (Rupees One Lac and Seventy Five Thousand only) p.m. with annual increment of 25% of basic salary.
Personal Pay	: Rs. 1,00,000/- (Rupees One Lac only) p.m.
Management Allowance	: Rs. 25,000/- (Rupees Twenty Five Thousand only) p.m.
Commission	: As may be decided by the Board of Directors from time to time subject to the total remuneration being within the limits as prescribed in Schedule-XIII to the Companies Act, 1956.

- Perquisites/Amenities :
- i) 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 basic salary.
 - ii) 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.
 - iii) 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.
 - iv) Leave Encashment - As per rules and policy of the Co. payable at the time of expiry of each service tenure.
 - v) 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.
 - vi) Personal Accident Insurance - Premium not to exceed Rs. 10,000/- per annum.
 - vii) 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.
 - viii) Provident Fund - Contribution to Provident Fund, Super Annuation 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.
 - ix) Gratuity - Gratuity payable shall not exceed half a month's salary for each completed year of service and this shall not be included in the computation of the ceiling on perquisites. This will, however, be subject to ceiling prescribed 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.

Notwithstanding, where in any Financial Year during the currency of the tenure of the Chairman & Managing Director, the Co. has no profits or its profits are inadequate, it may pay him remuneration by way of salary and prerequisites not exceeding the limits specified in Clause I (B) of Section II of Schedule XIII to the Companies Act, 1956 as minimum Remuneration.

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.

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.

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

ITEM NO. 6.

Shri Akshat Jain, son of Shri Sushil Jain, Chairman & Managing Director and relative of Shri P.K. Kanoria, a Director, was appointed by the Board of Directors in their meeting held on 31.01.2005 as "Manager- Corporate Affairs" with effect from 01.3.2005 on a total monthly remuneration of Rs.25,000/- (Rupees Twenty Five Thousand Only) or such other remuneration or designation, as the management may decide, with authority to bifurcate the same into basic salary and other perquisites as per rules / schemes of the Company from time to time.

Shri Akshat Jain is a young dynamic person of 21 years. He did his schooling from Saint Columbus School and American Embassy School in India and B.Sc in Business Administration from Pepperdine University, Malibu, CA.

Shri Akshat Jain worked in Identysafe, Inc. Los Angeles, CA, Bharti Televentures (Airtel), New Delhi, India and Merrill Lynch, New York, for short intervals to acquire experience of Corporate World.

Shri Akshat Jain, being a relative of Shri P. K. Kanoria and Shri Sushil Jain, directors, his appointment requires your approval Under Section 314(1) of the Companies Act, 1956.

No other Directors except Shri P. K. Kanoria and Shri Sushil Jain, being relatives of Shri Akshat Jain, are interested in 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 1st August 2005 to 9th August 2005 (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. Member, 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 : 31st May 2005

To
The Members,

Your Directors have pleasure in presenting the 15th Annual Report alongwith the Accounts for the year ended March 31, 2005.

Working Results

	Rs.in lacs	
	For the year ended 31st March, 2005	For the year ended 31st March, 2004
Turnover (including Excise Duty)	3386	3392
Operating Gross Profit	640	858
Less : Financial Charges	55	75
Depreciation & Other Amortisations	158	133
Profit/(Loss) before tax	427	650
Less : Provision for tax - current year	166	169
Net Profit/(Loss) before Deferred Tax	261	481
Add : Deferred Tax liability	29	22
Surplus Available for appropriation	290	503

OPERATIONS

During the year under review, your Company achieved a turnover of Rs. 3386 Lacs which was almost equal to the last year. However quantity wise sales was more by 7.62% than last year but pressure on selling prices, affected the profits of the Company in comparison to the last year.

The production during the year increased to 612 MT as against 559 MT of the last year. Though the production and sales have increased in terms of quantity but the per unit sales realization has fallen due to tough competition in the market, import of toner by traders and increase in the prices of some of the major raw materials. However, it will be the efforts of the management to maintain the previous level of profits in the Current Year by increasing the volume of sales of value added products in domestic and international markets, tight control on expenses and lower interest cost.

FUTURE OUTLOOK AND PLANS

Tough competition in the market specially from the

import of Toners by the traders will continue to be a challenge for your Company. The only solution is to increase our market share by more production, development of new products including Toners for the upcoming new generation and Digital Machines and Laser Printers. Keeping this in mind, your Company has taken steps to increase its manufacturing capacity and export turnover.

In the last report, you were informed about the Company's plan to add a Kneader in the manufacturing line to increase the Toner Manufacturing capacity to 1200 MT. During the year, the orders were placed for the Import of this extruder which has already been shipped and will be received, installed, and start functioning by August, 2005.

Your Company has also set up a wholly owned subsidiary in USA by the name of ITDL (U.S.A.), Inc. with a view to enter into the North & South American Market. It should hopefully start giving results in 2005 -2006

and help in boosting the exports of your Company.

As mentioned earlier, your Company has been participating in exhibitions all over the world. It has helped to attract/contact new customers and to introduce new products in the international market.

The fight against clandestine import by unethical means is an ongoing process and your Company is quite hopeful that inspite 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.

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 service, more effective distribution, better presence and greater market penetration is a continuous process.

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 in the times to come. The R & D center has strengthened its professionals in delivering new and higher quality products and thus maintained our privileged standing with our valued customers.

Recognition by the Department of Scientific and Industrial Research, Ministry of Science & Technology to your In - House R & D Unit on 10.12.2004 has added one more feather to the cap of your Research & Development Centre.

During the year the Company has incurred R & D expenses of Rs. 5030137/- in various heads (including Raw Material Consumption of Rs. 391058) in addition to Rs. 538193/- 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' 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, 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.

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

The Equity shares of the Company have been delisted from Ahmedabad and Delhi Stock Exchanges.

The Company has also already completed all the formalities for delisting of Equity Shares of the Company with Calcutta Stock Exchange long back but has not received any intimation as yet from the Exchange. After delisting from Calcutta Stock Exchange, your Company will remain listed only with Mumbai Stock Exchange. The Company is regular in paying the listing fees on demand.

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 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 : 31th May, 2005

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) 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. |
| 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	:	Augmenting Production capacity of Toners.
(b)	Year of import	:	2002-03, 2003-04, 2004-05
(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 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	
		2004-2005	2003-2004
a)	Total Foreign Exchange used		
i)	Import of Plant & Machinery	3.52	299.61
ii)	Import of Raw Materials	961.60	968.35
iii)	Import of Stores & Spares and Packing material	42.91	69.61
iv)	Foreign Travel	16.24	17.42
v)	Interest	13.00	20.78
vi)	Consultancy Charges (for R & D purpose)	8.18	8.64
vii)	Others	11.77	9.20
	TOTAL	1057.22	1393.61
b)	Total Foreign Exchange earned	647.52	506.28