

**17TH ANNUAL
REPORT
2006-2007**



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>

CONTENTS	PAGE NO.
Notice	2-4
Directors' Report	5-9
Management Discussion & Analysis Report	10
Corporate Governance	11-19
Auditors' Report	20-22
Balance Sheet	23
Profit & Loss Account	24
Schedules	25-31
Notes on Accounts	32-38
Cash Flow Statement	39
Statement regarding Subsidiary Company	40
Auditor report on Wholly Owned Subsidiary Co.	41-43
Wholly Owned Subsidiary Co's Financial Statement	44-48
Auditor report on Subsidiary Co.	49-51
Subsidiary Co's Financial Statement	52-54
Auditors' Report on the Consolidated Financial Statements	55
Consolidated Financial Statements	56-71

NOTICE

INDIAN TONERS & DEVELOPERS LIMITED

Notice is hereby given that the 17th Annual General Meeting of the Shareholders of **INDIAN TONERS & DEVELOPERS LIMITED** will be held on Wednesday, the 22nd August, 2007 at 2.30 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, 2007 and the Balance Sheet as at March, 31st, 2007 and the Directors' Report and the Auditors' Report thereon.
2. To appoint a Director in Place of **Shri Pawan Kumar Kanoria** 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 Sections 198, 269, 309, 310 read with Schedule XIII and all other applicable provisions of the Companies Act, 1956 (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 Sh. N. S. Sharma, as a Whole time Director of the Company for a period of 2 (Two) years with effect from **27.03.2007** on the terms & conditions including remuneration as set out in the explanatory statement herein, with liberty to the Remuneration Committee / Board of Directors (hereinafter referred 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 limits 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 Sh. N. S. Sharma.

"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."

6. 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 372A and other applicable provisions, if any, of the Companies Act, 1956 (including any Statutory modification or re-enactment thereof for the time being in force) and subject to such approvals, consents, sanctions and permissions of appropriate authorities, departments or bodies as may be necessary, consent of the Company be and is hereby accorded to the Board of Directors of the Company for making investments, to acquire by way of subscription, purchase or otherwise the Equity Shares, giving Corporate Guarantees, providing Securities, giving Loans and Advances, etc. not exceeding Rs.45 crores in / to ITDL Imagetec Limited, a Subsidiary Company of Indian Toners & Developers Limited".

INDIAN TONERS & DEVELOPERS LIMITED

"RESOLVED FURTHER THAT Shri Sushil Jain, Chairman & Managing Director of the Company be and is hereby authorized to do all such acts, matters, deeds and things as he may consider necessary, usual or expedient to implement this resolution."

ANNEXURE TO THE NOTICE EXPLANATORY STATEMENT
(PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956)

ITEM NO. 5

The Board of Directors in its meeting held on 31.01.2007 has re-appointed Sh. N. S. Sharma as a Wholetime Director for a period of 2 years. Sh. N. S. Sharma, aged 75 years is B. Sc and B. Tech (Hons) from IIT - Kharagpur. He has accumulated 45 years of extensive working experience in diverse industries such as Pulp & Paper, Steel / PVC Pipes & Tubes and Toners in the capacity of Chief Engineer, Works Manager, General Manager & Director Technical respectively. His current responsibilities as Director Technical encompass mainly all the technical matters and the Company benefits from his long, versatile and in-depth experience. The details of appointment and remuneration payable to Sh. N. S. Sharma as approved by a resolution passed by the Remuneration Committee in its meeting held on 31.01.2007 are as under :

Name : Sh. N. S. Sharma
Designation : Whole time Director
Period : 2 years w.e.f. 27.03.2007 to 26.03.2009.
Salary : Rs. 32,000/- (Rupees thirty two thousand only) per
 with increments as may be decided by the Board of Directors of the Company from time to time.

Perquisite :

- (i) In addition to the salary, Shri. N. S. Sharma shall also be entitled to perquisites and allowances like House rent allowance, C C A, reimbursement of Uniform expenses, reimbursement of Entertainment expenses, Medical, L. T. A, Bonus, reward, ex-gratia and such other perquisites and allowances in accordance with the rules of the Company or as may be agreed to by the Board of Directors and Sh. N. S. Sharma. Such perquisites and allowances will, however, be subject to a maximum of 150% of the Annual Salary of Sh. N. S. Sharma.
- (ii) Benefits under the Provident Fund Scheme, Gratuity Scheme and encashment of leave at the end of the tenure as per Company rules.
- (iii) Provision for use of the Company's car for official duties and telephone at residence. However, long distance personals call will be paid by Shri N. S. Sharma.
- (iv) The value of the perquisites would be evaluated as per Income Tax Rules, 1962 wherever applicable, and at cost in the absence of any such Rule
- (v) The Board may, in their Discretion revise / modify any of the terms from time to time within the limits stipulated.

Minimum Remuneration : Notwithstanding anything hereinabove stated, where in any financial year during Sh. N. S. Sharma's tenure as Wholetime Director, the Company has no profits or its profits are inadequate, Sh. N. S. Sharma will be paid remuneration by way of salary, allowances, perquisites and any other allowances not exceeding the maximum limits as prescribed under Section II of part II of Schedule XIII to the Companies Act, 1956 or within such ceiling as may be prescribed under Schedule XIII from time to time of the Companies Act or as may be re-codified. The above may also be treated as an abstract of the memorandum of interest of the Wholetime Director, Sh. N. S. Sharma, pursuant to Section 302 of the Companies Act, 1956. Except Sh. N. S. Sharma, none of the Directors of the Company is, in any way, concerned or interested in the resolution.

INDIAN TONERS & DEVELOPERS LIMITED**ITEM NO. 6**

ITDL Imagetec Limited, a subsidiary of Indian Toners & Developers Ltd. is in the process of setting up a project in Sitarganj (Uttarakhand) for the manufacture of Toners and Developers and for this purpose will be requiring funds from time to time. ITDL Imagetec Limited is in the process of raising funds from its Bankers. In lieu of this the Company has received a request to provide corporate guarantees for the funds raised or to be raised by ITDL Imagetec Limited. The Company is also planning to make investments and advance loans and / or provide Securities and Guarantees to fund the requirements of the said subsidiary. Since the proposed amount of Investments, Loans and Advances and Guarantees may exceed the limit prescribed under Section 372A of the Companies Act, 1956 (60% of the paid-up Share Capital and Free Reserves or 100% of the Free Reserves whichever is more) and to enable the Company to achieve the above purpose, the Company will be required to obtain approval of the Shareholders of the Company by way of Postal Ballot. Any Investments / Loans and Advances and Guarantees given / Securities provided in excess of limits prescribed under Section 372A of the Companies Act, 1956 requires the approval of the Company through Postal Ballot and accordingly the Board of Directors of the Company recommends passing of the resolution as a Special Resolution by the Members, by exercising their Vote(s) through Postal Ballot. A Postal Ballot form and self addressed prepaid envelop are being sent along with the notice. None of the Directors of the Company is interested in the resolution except to the extent of their Shareholding and / or other Financial interest in Indian Toners & Developers Limited and / or ITDL Imagetec Limited.

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 16th August 2007 to 22nd August 2007 (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 : 25th May 2007

DIRECTORS' REPORT

INDIAN TONERS & DEVELOPERS LIMITED

To

The Members,

Your Directors have pleasure in presenting the 17th Annual Report alongwith the Accounts for the year ended March 31, 2007.

Working Results

	Rs.in lacs	
	For the year ended 31st March, 2007	For the year ended 31st March, 2006
Turnover (including Excise Duty)	4710	4080
Operating Gross Profit	928	820
Less : Financial Charges	51	44
Depreciation & Other		
Amortisations	176	213
Profit/(Loss) before tax	701	607
Less : Provision for tax - current year	287	225
Net Profit/(Loss)		
before Deferred Tax	416	382
Add : Deferred Tax liability	26	10
Surplus Available for appropriation	440	392

OPERATIONS

During the year under review, your Company achieved a turnover of Rs. 4,710/- lacs as against Rs. 4,080/- Lacs during last year showing an increase of 15.44 %.

The production during the year also increased to 897 MT as against 745 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 lesser export benefits. However, due to introduction of new products with the help of Pilot Plant 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

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.

2 years back, a wholly owned subsidiary of the Company was set up in USA by the name ITDL (USA) Inc. with a view to enter into the South American Market. Last year, a representative office was opened in Singapore. This year, your Company has entered the China market by establishing a Representative Office in China. All this will add substantially to the exports of your Company.

During the year, your Company also formed a subsidiary by the name ITDL Imagetec Limited for setting up a project in Sitarganj (Uttaranchal) for the manufacture of Toners & Developers with a manufacturing capacity of 1200 MT. The project is expected to start commercial production by April, 2008.

INDIAN TONERS & DEVELOPERS LIMITED

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.

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.3990495/- in various heads (including Raw Material Consumption of Rs. 135588/-) in addition to Rs. 810143/- 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 Pawan Kumar Kanoria 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.

The reports and accounts of the Subsidiary Companies (consolidated) 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.

INDIAN TONERS & DEVELOPERS LIMITED

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 along with the Annual Report as per Section 219 (1) (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

During the year, your Company was delisted from Calcutta Stock Exchange. Your Company is now listed only with Bombay Stock Exchange Ltd.. The Company is regular in paying the listing fees on demand.

PLACE : New Delhi
Dated : 25th May 2007

DEMATERIALIZATION 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 along with 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.

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. | : | 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, 2005-06, 2006-07 |
| (c) | Has technology been fully absorbed? | : | Yes |

INDIAN TONERS & DEVELOPERS LIMITED

- (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 due to Major efforts made break into some more countries. It has resulted in 40.91% increase in Exports during the year ended 31st March, 2007 as compared to 31st March, 2006

2. Total Foreign Exchange used and earned

	Rs. in Lacs	
	2006-2007	2005-2006
a) Total Foreign Exchange used		
i) Import of Plant & Machinery	-	136.67
ii) Import of Raw Materials	1348.21	1136.79
iii) Import of Stores & Spares and Packing material	61.36	34.57
iv) Foreign Travel	22.99	14.36
v) Interest	-	3.37
vi) Consultancy Charges (for R & D purpose)	1.72	5.25
vii) Others	37.83	10.26
TOTAL	1472.11	1341.27
b) Total Foreign Exchange earned	1253.45	848.09