

INDIAN TONERS & DEVELOPERS LIMITED



**20<sup>TH</sup>**  
**ANNUAL**  
**REPORT**  
**2009-2010**

## 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  
 State Bank of India

### BANKERS

### AUDITORS

K. N. Gutguta & 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 45317000 (30 Lines)  
 Fax : 011 2575 1422  
 E-Mail : info@indiantoners.com  
 Website : [www.indiantoners.com](http://www.indiantoners.com)

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## NOTICE

Notice is hereby given that the 20<sup>th</sup> Annual General Meeting of the Shareholders of **INDIA TONERS & DEVELOPERS LIMITED** will be held on Monday, the 16<sup>th</sup> 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, 31<sup>st</sup>, 2010 and the Balance Sheet as at March, 31<sup>st</sup>, 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. Gutguta & 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, 259, 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 1955 including any statutory modification or re-enactment thereof, for the time being in force or any amendments in that / 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 anywhere 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	Designation	Period
Shri Sushil Jain	Chairman & Managing Director	5 years w.e.f. 01.08.2010 to 31.07.2015

1. **Basic Salary** Rs. 2,50,000/- (Rupees Two Lacs and fifty Thousand only) 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 basic salary
  - (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 along with 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 LIC norms and as per the provisions of Income Tax Act, 1961.

- (9) **Provident Fund** - Contribution to Provident Fund, Super Annuity 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:

#### General Information:

The industry falls under the Ministry of Chemicals and Petro-Chemicals and is engaged in the manufacture 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 affairs 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 Imageretec 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

INDIAN TONERS & DEVELOPERS LIMITED

To  
The Members

Your Directors have pleasure in presenting the 20<sup>th</sup> Annual Report alongwith the Accounts for the year ended March 31 2010

## Working Results

	For the year ended 31st March 2010	For the year ended 31st March 2009
Turnover (including Excise Duty)	3187	4759
Operating Gross Profit	545	687
Less: Financial Charges	25	26
Depreciation & Other Amortisations	125	181
Profit (Loss) before Tax	212	207
Less: Provision for Tax-Current Year	331	480
Net Profit (Loss)	139	204
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 the corresponding year. The exports of your Company during the year ended 31st March 2010 as against Rs. 1837 lacs in the corresponding year showing an increase of 26.9%. The turnover during the year was 78.14% as against 87.31% in the last year. The Company's financial performance during the year was much better than the current year.

The consolidated financial results during the year including that of its Subsidiary Companies were better if set at Rs. 3970 lacs, profit before tax Rs. 303 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.

Rs. in Lacs

	For the year ended 31st March 2010	For the year ended 31st March 2009
Operating Gross Profit	545	687
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Add: Deferred Tax Liability	30	39
Surplus Available for appropriation	222	315

During 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 Colour Toner market in the coming year. ITDL (Imaging) Limited a subsidiary of your Company has set up in Shargan (Uttarakhand) 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, its 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

Smt 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

INDIAN TONERS & DEVELOPERS LIMITED

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. Guiguita & 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 under 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 to Annexure 'A' of this report.

## PERSONNEL

Confidential industrial relations continue to prevail thereby further strengthening employees'

## INDIAN TONERS & DEVELOPERS LIMITED

### 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 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. It 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 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 and State Governments, Financial Institutions, State Bank of India and Customers. Your Directors also thank the shareholders for their continued support.

## ANNEXURE "A" TO DIRECTORS' REPORT

### INDIAN TONERS & DEVELOPERS LIMITED

#### 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  
Specific areas in which R&D carried out by the Company.

- |  |   |
|--|---|
| 1. Specific areas in which R&D carried out by the Company.   | Development & Introduction of new Toner 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.  |
| 4. Expenditure on R&D  | Re-sourcing of raw materials from other economical sources.   |
| Technology Absorption, Adaption and Innovation   | Import substitution of plant/machinery items by developing indigenous ones for economy in working.  |
| 1. Efforts in brief  | Development of Colour Toner formulations as well as their packaging.  |
| 2. Benefits derived  | Charged under the respective head of accounts.  |
| 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: | 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.  |
| (a) Technology Import  | Efficient plant operation, achieving international product quality, self development of products and their packaging, substituting raw materials from economical sources. |
|  | 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 :: Not applicable, since Technology is has not taken place reason therefore fully absorbed and future plans of action

(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 31<sup>st</sup> March, 2010 as compared to 31<sup>st</sup> March, 2009.

2. Total Foreign Exchange used and earned		
a) Total Foreign Exchange used	2009-2010	Rs. in Lacs
i) Import of Plant & Machinery	2.27	1.61
ii) Import of Raw Materials	1052.67	1414.71
iii) Import of Stores & Spares 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
<b>TOTAL</b>	<b>1179.64</b>	<b>1543.42</b>
b) Total Foreign Exchange earned (on FOB basis)	2038.59	1561.96

## MANAGEMENT DISCUSSIONS AND ANALYSIS REPORT

### INDUSTRY AND OUTLOOK

The Company manufactures Compatible Toner 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 Siargani (Uttarakhand) for the manufacturer of Toners & Developers has shown excellent results in its first year of production.

### RISKS & CONCERNS

Nearly 55% 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

## MANAGEMENT DISCUSSIONS AND ANALYSIS REPORT

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 Uttarakhand.

### 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 31<sup>st</sup> 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 quality 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 Toner & 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	Law AGM	Other Directorships		
					Committees		
					Monitor Shippers		
					Chairman Shippers		
Shri Suzish Jain	CMD#	351130	4	Present	4	.....	.....
Shri P.K. Kapoor	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 - Independently NED - Non Executive Director

During the Year 2009-2010 the Board of Directors met 4 times on 30th May 2009, 31st May 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 placed before the Board at the succeeding Board Meeting for information.

Details of the attendance of Directors are given below:

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



# INDIAN TONERS & DEVELOPERS LIMITED

## 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 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.

Name of Director	Salary	HRA	Bonus	Commission	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. Shareholders' / 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, 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.

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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.

## 6. Constitution, Meeting & Attendance thereat :-

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

Name of Members	Category	Held	Committee Meetings
Shri Sanjeev Goel	NE Dir	1	Attended
Shri Sushil Jain	ED (CMD)**	1	Attended

\* 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

## 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
Shri Sushil Jain	CMD	18	Attended
Shri N. S. Sharma	Director	18	Attended
Shri A. K. Chandra	DGM (F & A)	18	Attended
Shri S. C. Singhal	Co Secretary	18	Attended

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

## 7. General Body Meetings

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

Financial Year	Date	Time
2009 - 2009	29.08.2009	2.30 PM
2007 - 2008	29.08.2008	2.30 PM
2006 - 2007	22.08.2007	2.30 PM

All the aforesaid Annual General Meetings have been held at the Regd. Office of the Company, 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 resolutions of 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., LL.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, Paspatt Fabrics Limited, Shri Lakshmi Goldsyn Ltd., Sulej Industries Limited, Universal Starch Chem Allied Limited, Dominant Offset Limited, Prince Denims Limited, Titan Bio Tech

# INDIAN TONERS & DEVELOPERS LIMITED

Limited, Ganjanay Commtrade Private Limited, Jagesh Commercial Private Limited, Maina Polystyres Pvt. Ltd., Swan Securities Pvt. Ltd., and is also the Chairman of the Audit Committee of Satej 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 Patni (Rajasthan) securing 1<sup>st</sup> position in the University and received Gold Medal. He is Ph.D. in Highpolymer from Canada where he completed in record period of 26<sup>th</sup> 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 travels to Western Europe, Eastern Europe, Canada, North America, South America, North African Countries, South Asia etc. Dr. Jain is promoter of Panpat 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. Venkataraman 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 Panpat 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 / sanctions being imposed by SEBI or the Stock Exchange against the Company in the last three years.

## 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 Mahatma Vajrapar within forty - eight hours of approval thereof.

The results are displayed on EDIFAR web-site i.e. sebielcar.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) New 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 1<sup>st</sup>, 2009 to March 31<sup>st</sup>, 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

Stock Code: 523586  
Bombay Stock Exchange Limited, Mumbai  
ISIN Number for NSDL / CDSL: INE826901018

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

Month	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		10.75
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 within 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) 42541957.

## i) Distribution Schedule: The distribution of Company's shareholding as on 31<sup>st</sup> March, 2010 was as follows

No. of Equity Shares held	Shareholders No.	(%)	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	8058906	100.000

Shareholding Pattern as on 31<sup>st</sup> March, 2010