

19 ANNUAL
REPORT
TH 2008-2009



INDIAN TONERS & DEVELOPERS LIMITED

CORPORATE INFORMATION

BOARD OF DIRECTORS

Shri Sushil Jain Chairman & Managing Director
 Shri P. K. Kanoria Director
 Shri J. S. Varshneya Director
 Shri Vikram Parkash Director
 Dr. M. R. Jain Director
 Shri Sanjeev Goel Director
 Shri N. S. Sharma Director

EXECUTIVE DIRECTOR & COMPANY SECRETARY

Shri. S. C. Singhal

BANKERS

State Bank of India

AUDITORS

K. N. Gutgutia & Co.
 Chartered Accountants
 11-K, Gopala Towers,
 25, Rajendra Place,
 New Delhi -110 008.

REGISTERED OFFICE & WORKS

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

CORPORATE OFFICE

5E, Gopala Tower,
 25, Rajendra Place,
 New Delhi –110008.
 Tel : (011) 45017000 (30 Lines)
 Fax No. (011) 25751422
 E-Mail : info@indiantoners.com
 Website : <http://www.indiantoners.com>

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	25-32
Notes on Accounts	32-39
Cash Flow Statement	40
Statement regarding Subsidiary Co.	41
Auditor's Report on Wholly Owned Subsidiary Co.	42
Wholly Owned Subsidiary Co's Financial Statement	43-47
Directors' report on Subsidiary Co.	48
Auditors' report on Subsidiary Co.	49-51
Subsidiary Co's Financial Statement	52-65
Auditor's Report on the Consolidated Financial Statements	66
Consolidated Financial Statements.	67-82

Notice is hereby given that the 19th Annual General Meeting of the Shareholders of **INDIAN TONERS & DEVELOPERS LIMITED** will be held on Saturday, the 29th August, 2009 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, 2009 and the Balance Sheet as at March, 31st, 2009 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 **Shri Sanjeev Goel** 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. Gutgúta & 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 the period from **01.08.2008 to 26.03.2009** 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 of Directors and / or the Company Secretary of the Company be and are hereby severally authorised to take all such steps as may be necessary, proper or expedient or incidental 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 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 **27.03.2009 to 26.03.2011** 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 of Directors and /or the Company Secretary of the Company be and are hereby severally authorised to take all such steps as may be necessary, proper or expedient or incidental 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 of Directors in its meeting held on 31.01.2007 appointed Shri N.S. Sharma as a wholetime director for a period of 2 years w.e.f. 27.03.2007 as recommended by the Remuneration Committee, which was further approved by the shareholders of the company in the Annual General Meeting held on 22.08.2007. Shri N.S. Sharma resigned from the wholetime Directorship w.e.f. 01.06.2008 which was accepted by the Board of Directors but Shri N.S. Sharma continued to remain as a Director of the Company.

In view of the work requirement of the Company, Shri N.S. Sharma was requested to again join the Company as a wholetime Director to which he agreed / consented. The Board of Directors on the recommendations of the Remuneration Committee re-appointed Shri N.S. Sharma as a wholetime Director of the Company for the remaining tenure of his Directorship from 01.08.2008 to 26.03.2009 on a total consolidated salary of Rs.81,000/- (Rupees Eighty One Thousand only) per month which may be bifurcated by the Management of the Company in different head from time to time if so required and further authority to the Chairman and Managing Director of the Company to consider revision in the salary of Mr. N.S. Sharma from time to time as per requirement of the Company. However, this reappointment of Shri N.S. Sharma was subject to the approval of the shareholders in the forth coming Annual General Meeting of the Company.

Shri N.S. Sharma aged 77 years is B.Sc and B.Tech (Hons) from IIT, Khadagpur. He has accumulated 47 years of extensive working experience in diverse industries such as Pulp and Paper, Steel PVC Pipes and Tubes and Toners in the capacity of Chief Engineer, Works Manager, General Manager and Director (Technical) respectively. His current responsibilities as Director (Technical) encompass mainly of the technical matters and the company benefits from the long, versatile and in-depth experience.

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 or as a consolidated salary not exceeding the maximum limits as prescribed under Section 11 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.

The Board recommends passing of the resolution.

ITEM NO. 6

The Board of Directors in its meeting held on 31.01.2009 has re-appointed Shri N.S. Sharma as a wholetime director for a period of 2 years w.e.f. 27.03.2009 upto 26.03.2011 as recommended by the Remuneration Committee on a total consolidated salary of Rs.87,500/- (Rupees Eighty Seven Thousand Five Hundred

only) per month which may be bifurcated by the Management of the Company in different head from time to time if so required and further authority to the Chairman and Managing Director of the Company to consider revision in the salary of Mr. N.S. Sharma from time to time as per requirement of the Company. However, this reappointment of Shri N.S. Sharma was subject to the approval of the shareholders in the forth coming Annual General Meeting of the Company.

Shri N.S. Sharma aged 77 years is B.Sc and B.Tech (Hons) from IIT, Khadagpur. He has accumulated 47 years of extensive working experience in diverse industries such as Pulp and Paper, Steel PVC Pipes and Tubes and Toners in the capacity of Chief Engineer, Works Manager, General Manager and Director (Technical) respectively. His current responsibilities as Director (Technical) encompass mainly of the technical matters and the company benefits from the long, versatile and in-depth experience.

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 or as a consolidated salary 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

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 25th August, 2009 to 29th August, 2009 (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 2009

To,
The Members,

Your Directors have pleasure in presenting the 19th Annual Report alongwith the Accounts for the year ended March-31, 2008.

Working Results

	Rs.in lacs	
	For the year ended 31st March, 2009	For the year ended 31st March, 2008
Turnover, (including Excise Duty)	4759	4261
Operating Gross Profit Less :	687	607
Less : Financial Charges	26	14
Depreciation & Other Amortisations	181	178
Profit/(Loss) before Tax	480	415
Less : Provision for tax—Current Year	204	157
Net Profit/ (Loss)		
before Deferred Tax	276	258
Add : Deferred Tax liability	39	21
Surplus Available for appropriation	315	279

OPERATIONS

Despite, the year under review being a tough and challenging year, your Company was able achieve a turnover of Rs. 4759 lacs as against Rs. 4261 Lacs during last year showing an increase of 11.69%.

The production during the year also increased to 978 MT as against 885 MT of the last year showing an increase of 10.51%.

As the objectives for which the Singapore and China representative offices of your Company were set up were achieved, it was thought fit to discontinue the same.

FUTURE OUTLOOK AND PLANS

Fluctuation in foreign currency and 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 Company's market share by more production, development of new products including Colour Toners.

Your Company has planned to enter into the Colour Toner Market and has already started working on that by taking various positive and proactive steps.

ITDL Imagetec Limited a subsidiary of your Company which was set up in Sitarganj (Uttarakhand) for the manufacture of Toners & Developers with a

manufacturing capacity of 1200 MT, has started commercial production from April 2009 and is expected to give good results.

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 pace to increase its turnover and profits by increasing its market share both in domestic and international markets.

Your company is always conscious for customers' satisfaction and strengthening its established brand image. Therefore, it is always the aim of your company to offer quality products at reasonable prices, develop more effective logistics, and expand the distribution channels so that customers' needs are catered by providing faster service through better presence and greater market penetration.

During the year, there was a drop of approximately 25 - 30% in the hardware shipments of OEMS which resulted in the slowdown in sales of consumables also. However in this adverse situation, there was

opportunity for after market toner suppliers like us to take the advantage.

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.

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 encouragement for the team of your Research & Development Centre.

Your Company has also started R & D on Colour Toner and is quite hopeful to get the positive results within the stipulated time frame with the enthusiasm and whole hearted efforts of the R & D team.

During the year the Company has incurred R & D expenses of Rs.42.42 lacs in various heads (including Raw Material Consumption of Rs. 2.51 lacs) in addition to Rs. 1.74 lacs for purchase of capital items. Your Company has exhaustive programme of R & D activities in the coming years.

FIXED DEPOSITS

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

DIRECTORS

Shri Pawan Kumar Kanoria and Shri Sanjeev Goel, 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 along with 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.

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 (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

Your Company is now listed only with Mumbai Stock Exchange Limited. The Company is regular in paying the listing fees on demand.

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 alongwith a certificate from the Auditors of the Company on the compliance of the conditions of Corporate Governance is provided elsewhere in this Annual Report.

ACKNOWLEDGEMENT

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

Place : New Delhi
Date : 30th May, 2009

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, 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/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. |
| | | :: | Development of Colour Toner formulations as well as their packaging. |
| 4. | Expenditure on R&D | :: | Charged under the respective head of accounts. |

Technology Absorption, Adaption and Innovation

- | | | | |
|----|---|----|---|
| 1. | Efforts in brief | :: | The technology & know-how given by the collaborator has been absorbed. The Company is in continuous touch with the developments taking place in the international field. |
| 2. | Benefits derived | :: | Efficient plant operation, achieving international product quality, self development of products and their packaging, substituting raw materials from economical sources. |
| 3. | In case of imported Technology (imported during the last 5 years reckoned from the beginning of the financial year) following information may be furnished. | | |
| | (a) Technology import | :: | Augmenting Production capacity of Toners. |

- (b) Year of import :: 2004-05, 2005-06, 2006-07
- (c) Has technology been fully absorbed? :: Yes
- (d) If not fully absorbed area where this has not taken place reason therefore and future plans of action :: Not applicable, since Technology is fully absorbed.

(C) Foreign Exchange Earnings / Outgo

1 Activities Relating to Exports

The Company has been able to increase its exports both quantity wise and value wise by 11.56% and 36.47% respectively during the year ending 31st March, 2009 as compared to 31st March, 2008.

2. Total Foreign Exchange used and earned

	Rs. in Lacs	
	2008-2009	2007-2008
a) Total Foreign Exchange used		
i) Import of Plant & Machinery	1.61	13.63
ii) Import of Raw Materials	1414.71	1226.86
iii) Import of Stores & Spares and Packing material	64.53	43.11
iv) Foreign Travel	9.85	10.76
v) Consultancy Charges	0.27	1.58
vi) Others	52.45	46.16
TOTAL	<u>1543.42</u>	<u>1342.10</u>
b) Total Foreign Exchange earned (on FOB basis)	1561.96	1176.40

MANAGEMENT DISCUSSIONS AND ANALYSIS REPORT

INDUSTRY AND OUTLOOK

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

The long term aim of the Company is to strengthen its established brand image by offering customers quality products at reasonable prices. The aim of the Quality Policy of the Company is to provide satisfaction to its customers. To achieve this, the Company is committed to develop, produce and market products that cater continuously to the need and expectations of customers and succeed in 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 will help in facing competition and boosting export.

The newly formed subsidiary, ITDL Imagetec Limited which was in the process of setting up a new project of 1200 MT capacity in Sitarganj (Uttarakhand) for the manufacturer of Toners & Developers has completed the project and conducted the trial runs during the year. The Commercial production has already started in April, 2009 and it is expected that the Company will do well in its first year of production.

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, Foreign Exchange fluctuations, increase in oil prices and international freight etc. may have adverse affect on the costing of the Co.'s products from time to time. 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 to increase its presence in other countries. Setting up a wholly owned subsidiary in USA is one of the 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.

Efforts are also being made to go in for diversification by setting up a new project.

FINANCIAL PERFORMANCE

The sales (including Excise Duty) for the year were higher to Rs. 4760 Lacs as compared to Rs. 4261 Lacs for previous year. The Company also earned a profit before tax of Rs. 480 Lacs as compared to Rs. 415 Lacs for the previous year. The 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 11.56% and 36.47% respectively during the year ending 31st March, 2009 as compared to 31st March, 2008

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 31.03.2009 were 250 Nos.

CORPORATE GOVERNANCE REPORT

(ANNEXURE TO THE DIRECTORS' REPORT)

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

A. MANDATORY REQUIREMENTS

1. Company's Philosophy on Corporate Governance

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

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

2. Composition of Board of Directors as on 31st March, 2009

- 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 31.03.2009	Attendance Particulars		No. of other Directorship and Committee Memberships / Chairmanships		
			Board Meeting	Last AGM	Other Director Ships*	Committees Member Ships	Chair-man Ships
Sh. Sushil Jain	CMD#	351130	6	Present	4	—	—
Sh. P. K. Kanoria	NED	NIL	1	Not Present	6	—	—
Sh. J. S. Varshneya	NED-I	NIL	2	Not Present	12	—	3
Sh. Vikram Prakash	NED-I	NIL	3	Not Present	4	—	2
Dr. M. R. Jain	NED-I	NIL	4	Not Present	4	—	—
Sh. N. S. Sharma	ED**	200	6	Present	2	—	—
Sh. Sanjeev Goel	NED-I	2500	6	Present	2	—	—

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

Chairman & Managing Director

** ED - Executive Director, NED-I - Non Executive Director - Independent, NED - Non Executive Director

During the Year 2008 - 2009 the Board of Directors met 6 times on 31st May, 2008, 31st July, 2008, 7th August, 2008, 31st October, 2008, 17th January, 2009 and 31st, January 2009.

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 31.05.2008, 31.07.2008, 31.10.2008 and 31.01.2009 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	Audit Committee	
		Held	Attended
1	Sh. Sanjeev Goel	4	4
2	Sh. Vikram Prakash	4	3
3	Dr. M. R. Jain	4	4

4. Remuneration Committee (Non- Mandatory)

Brief Description of Terms of reference.

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

Composition and Attendance at the Meeting

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

The Committee met on 31.07.2008, 31.10.2008 & 31.01.2009 where all the members were present. The Remuneration paid to Executive Directors and their relatives, if any is reviewed / recommended by the Remuneration Committee, approved by the Board and is within the limits set by the shareholders at Annual General Meetings. 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 01.04.2008 to 31.03.2009 is as under:

AMOUNT IN Rs:

Name of Director	Salary	HRA	Bonus	Commis- sion	Perquisites + PF	Sitting Fee (Meeting)		Total
						Board	Commit- tee	
Sh. Sushil Jain*	4320000	1260000	—	—	3155667	—	—	8735667
Sh. P.K. Kanoria	—	—	—	—	—	2500	—	2500
Sh. J. S. Varshneya	—	—	—	—	—	5000	—	5000
Sh. Vikram Prakash	—	—	—	—	—	7500	7500	15000
Dr. M. R. Jain	—	—	—	—	—	10000	17500	27500
Sh. N. S. Sharma**	757000	42000	—	—	48833	—	—	847833
Sh. Sanjeev Goel	—	—	—	—	—	15000	20000	35000

* Chairman & Managing Director, ** Executive Director

5. Shareholder's / Investors' Grievances Committee

Terms of Reference.

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

During the Year 2008 - 2009, 9 complaints were received from Shareholders / Investors. All the complaints have been resolved to the satisfaction of the complainants. There was no complaint pending as at 31.03.2009.

All valid share transfers received during the year 2008 - 2009 have been acted upon by the Company. There were no transfers pending as on 31st March, 2009

Constitution, Meeting & Attendance thereat :-

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

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

* Non Executive Director, ** Executive Director (Chairman & Managing Director)

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

6. Share Transfer Committee

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

Name of Members	Category	Held	Committee Meetings Attended
Shri Sushil Jain	CMD	19	16
Shri N. S. Sharma	Director	19	19
Shri A.K. Chandna	GM (F & A)	19	19
Shri S. C. Singhal	Co. Secretary	19	19

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

7. General Body Meetings

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

Financial Year	Date	Time
2007 - 2008	29.08.2008	2.30 P.M.
2006 - 2007	22.08.2007	2.30 P.M.
2005 - 2006	07.08.2006	2.30 P.M.

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

Postal Ballot

During the year ended 31st March, 2009, there have been no ordinary or special resolutions passed by the Company's shareholders through postal ballot.

8: Reappointment of Directors

(i) **SHRI PAWAN KUMAR KANORIA**, aged 74 years passed his Graduation in the year 1954 from Calcutta University and had his studies at St. Xavier's, Calcutta.

Shri Kanoria has business experience of nearly fifty years. He had the distinction of being the Chairman and Managing Director in the Industries like Tea Plantation, Sugar and Jute. He has also been associated with Industries like Textiles, and Cement. At present he is also Executive Chairman of M/s. Reliance Jute Mills (International) Limited.

Shri Kanoria had the distinction of serving as the President of the Tea Association of India, Indian Sugar Mills Association, Indian Jute Industries - Research Association and Indian Chamber of Commerce the premiere Chamber in Kolkata.

Shri Kanoria has traveled to a large number of parts in the World. He had the privilege of leading a delegation to East African countries for study of Tea Industries in these countries. He was also a member of a delegation to Sri Lanka sponsored by the Government of India.

(ii) **SHRI SANJEEV GOEL** is a young, dynamic, Chartered Accountant of 50 years and in practice since February 1982 as a Sr. Partner in M/s. Goel Garg & Co. He has 24 years experience in his credit with exposure in all fields relating to Audit, Accounts, Finance, Taxation, Business Rehabilitation & Restructuring. He is also a Director in M/s. Alankar Securities Private Limited and M/s. ITDL Imagetec Limited.

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

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

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

10. Means of Communication

- The Board of Directors of the Company approves and takes on record the quarterly, half yearly and yearly financial results in the proforma prescribed by Clause 41 of the Listing Agreement within one month of the close of the respective period.
- The approved financial results are forthwith sent to the Listed Stock Exchanges and are published in the news papers namely The Pioneer/Money Maker and Mahalaxmi Vyapaar within forty - eight hours of approval thereof.
- The results are displayed on EDIFAR web-site i.e. sebedifar.nic.in and are being sent to the Bombay Stock Exchanges Limited 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, 2009 has been provided elsewhere in the Annual Report.

12. General Shareholders' information

- a). Next Annual General Meeting : As indicated in the Notice to our Shareholders, the Annual General Meeting of the Company will be held on 29.08.2009. The time and venue of the meeting is as indicated in the notice.
- b). Financial Year : April 1st, 2008 to March 31st, 2009.
- c). Date of Book Closure : 25.08.2009 to 29.08.2009
- d). Dividend payment : N.A.
- e). Listing on Stock Exchanges :
 - Bombay Stock Exchange Limited, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 023
- f). Stock Code
 - Bombay Stock Exchange Limited, Mumbai 523586
 - ISIN Number for NSDL / CDSL INE826B01018

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

Month	BSE	
	High (Rs.)	Low (Rs.)
April, 2008	30.80	14.60
May, 2008	27.00	18.80
June, 2008	19.75	14.50
July, 2008	18.79	14.35
August, 2008	18.40	15.50
September, 2008	18.80	10.40
October, 2008	13.10	8.01
November, 2008	10.70	8.00
December, 2008	10.00	8.16
January, 2009	10.20	7.72
February, 2009	8.90	7.00
March, 2009	8.10	6.70

[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) 51540060 – 63. Fax No. (011) 51540064.

i) **Distribution Schedule** : The distribution of Company's shareholding as on 31st March, 2009 was as follows:

No. of Equity Shares held			Shareholders No. (%)		No. of Shares	% of Total Shares
1	to	250	12797	86.642	1371808	17.022
251	to	500	1081	7.319	449049	5.572
501	to	1000	504	3.412	439180	5.450
1001	to	2000	185	1.253	291976	3.623
2001	to	3000	61	0.413	158421	1.966
3001	to	4000	35	0.237	128987	1.601
4001	to	5000	18	0.122	87335	1.084
5001	to	10000	50	0.339	359073	4.456
10001	&	Above	39	0.264	4773071	59.227
			14770	100.000	8058900	100.000

Shareholding Pattern as on 31st March, 2009

Category Code	Category of Shareholder	No. of shareholders	Total No. of Shares	No. of shares held in dematerialized form	Total shareholding as a percentage of total no. of share % of A+B	per Share or otherwise encumbered shares %>Total	Share pledged	or otherwise encumbered shares %>Total
(A)	Shareholding of Promoter & Promoter Group							
	(1) Indian							
	(a) Individuals / Hindu Undivided Family	10	875330	302230	10.86166	10.8616	0	0
	(b) Central / State Govt.(s)	0	0	0	0	0	0	0
	(c) Bodies Corporate	7	3103824	411024	38.51424	38.51	0	0
	(d) Financial Institutions / Banks	0	0	0	0	0	0	0
	(e) Others						0	0
	Sub-Total (A)(1)	17	3979154	713254	49.37589	49.37589	0	0
	(2) Foreign							
	(a) Individuals (NRIs / Foreign Individuals)	0	0	0	0	0	0	0
	(b) Bodies Corporate	0	0	0	0	0	0	0
	(c) Institutions	0	0	0	0	0	0	0
	(d) Others	0	0	0	0	0	0	0
	Sub-Total (A)(2)	0	0	0	0	0	0	0
	Total Shareholding of Prom. & Prom. Grp.							
	(A)=(A)(1)+(A)(2)	17	3979154	713254	49.37589	49.37589	0	0
	(I)(a) STATEMENT SHOWING SHAREHOLDING PATTERN						NA	NA
(B)	Public Shareholding							
	(1) Institutions						NA	NA
	(a) Mutual Funds/ UTI	2	3200	0	0.03971	0.03971		
	(b) Financial Institutions/Banks	0	0	0	0	0		
	(c) Central Govt./ State Govt.(s)	0	0	0	0	0		
	(d) Venture Capital Funds	0	0	0	0	0		
	(e) Insurance Companies	0	0	0	0	0		
	(f) Foreign Institutional Investors	0	0	0	0	0		
	(g) Foreign Venture Capital Investors	0	0	0	0	0		
	(h) Others	0	0	0	0	0		
	Sub-Total (B)(1)	2	3200	0	0.03971	0.03971		
	(2) Non-institutions						NA	NA
	(a) Bodies Corporate	159	372071	352571	4.61690	4.61690		
	(b) (i) Indiv. hldg. nom. shr. cap. <=Rs. 1 Lakh	14463	3042784	1795703	37.75682	37.75682		
	(ii) Indiv. hldg. nom. shr. cap. > Rs. 1 Lakh	21	570751	570751	7.08224	7.08224		
	(c) Others							
	(1) Directors & their Relatives	2	2700	2500	0.03350	0.03350		
	(2) Non Resident Indians	14	14250	14250	0.17682	0.17682		
	(3) Hindu Undivided Families	92	73990	73990	0.91812	0.91812		
	Sub-Total (B)(2)	14751	2809765	50.58440	50.58440			
	Total Public Shareholding	14753	4079746	2809765	50.62411	50.62411	NA	NA
	(B) = (B)(1)+(B)(2)							
	TOTAL (A)+(B)	14770	8058900	3523019	100	100		
(C)	Shares held by Custodians and against which Depository Receipts have been issued						NA	NA
	GRAND TOTAL							
	(A)+(B)+(C)	14770	8058900	3523019	100	0.0	0	0

- i) Dematerialisation of Shares : Approximately 43.71 % of the total paid up share capital of the Company has been dematerialized upto March, 31, 2009.
- k) Prevention of Insider Trading : The Company has taken necessary steps to prevent Insider Trading in terms of Securities Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 as amended from time to time to ensure protection of general Shareholders rights and interests. The Executive Director & Company Secretary is the Compliance officer in this regard.
- l) Outstanding GDR/ADR/Warrants or any convertible instruments, conversion date and impact on equity : The Company has not issued any GDRs / ADRs / Warrants or any convertible instruments.
- m) Plant Location : 10.5 K.M. Rampur-Barèilly Road, Rampur-224 901. UP
- n) Address for correspondence: 5 E, Gopala Tower, 25, Rajendra Place, New Delhi - 110 008

B. Non-Mandatory Requirements :

- (i) The Company has constituted a Remuneration Committee as mentioned in Para under the heading Mandatory Requirements
- (ii) The Executive Chairman of the company maintains an office at his residence for which company reimburses him

C. Code of Conduct

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

CERTIFICATE

The Annual Compliance Confirmation for compliance of the Code of Conduct for the year ending 31.03.2009 has been received from all the Directors and Senior management Personnel of the Company.

New Delhi

Sushil Jain

Date : 30.05. 2009

Chairman & Managing Director

D. Compliance Certificate from the Auditors

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

AUDITORS' CERTIFICATE ON COMPLIANCE OF CONDITION OF CORPORATE GOVERNANCE TO THE MEMBERS OF INDIAN TONERS & DEVELOPERS LTD

We have examined the compliance of conditions of corporate governance by **INDIAN TONERS & DEVELOPERS LTD.** for the year ended on 31st March, 2009, as stipulated in clause 49 of the listing agreements of the said company with stock exchanges in India.

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

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

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

FOR: K.N.GUTGUTIA & CO.,
CHARTERED ACCOUNTANTS

Date: 30th May 2009
Place: New Delhi

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

CEO / CFO Certificate

We certify to the Board that :

- (a) We have reviewed financial statements and the cash flow statement for the year and that to the best of our knowledge and belief:
 - (i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (ii) These statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) There are, to the best of our knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the company's code of conduct.
- (c) We accept responsibility for establishing and maintaining internal controls and that we evaluated the effectiveness of the internal control systems of the company and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- (d) We have indicated to the auditors and the Audit Committee that :
 - (i) there has not been any significant changes in internal control over financial reporting during the year under reference;
 - (ii) there has not been any significant changes in accounting policies during the year requiring disclosure in the notes to the financial statements; andthere has not been any instances during the year of significant fraud of which we had become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

(Sushil Jain)
Chairman & Managing Director

(S. C. Singhal)
Executive Director & C. S.

Date: 30.05.2009
Place : New Delhi

AUDITORS' REPORT

INDIAN TONERS & DEVELOPERS LIMITED

TO THE MEMBERS OF INDIAN TONERS AND DEVELOPERS LIMITED

1. We have audited the attached Balance Sheet of **INDIAN TONERS & DEVELOPERS LTD** as at 31st March 2009, the related Profit and Loss Account and the cash flow statement of the company for the year ended on that date annexed thereto, which we have signed under reference to this report. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An Audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors' Report) Order, 2003 issued by the Central Government of India in terms of Section 227 (4A) of the Companies Act, 1956, and on the basis of such checks, as considered appropriate and according to the information and explanation given to us during the course of our audit, we enclose in the Annexure hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments mentioned in the Annexure referred to in above paragraph, we report that:
 - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of the books of the Company.
 - c) The Balance Sheet, Profit and Loss Account and the Cash Flow Statement dealt with by the report are in agreement with the Books of Account of the Company.
 - d) In our opinion, the Balance Sheet, the Profit & Loss Account and Cash Flow Statement comply with the mandatory Accounting

Standards referred to in Sub-Section 3 (c) of Section 211 of the Companies Act, 1956.

- e) According to the information and explanation given to us and on the basis of written representations received from the Directors as on 31st March 2009 of the Company and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March 2009, from being appointed as a Director in terms of clause (g) of Sub Section (1) of Section 274 of the Companies Act, 1956.
- f) In our opinion and to the best of our information and according to the explanations given to us, the said Accounts, subject to Note 5B Schedule G regarding part of Remuneration of the CMD requiring Central Government approval and/or payment of remuneration to the whole time Director requiring Members' approval at the ensuing Annual General Meeting, and read with the notes and Significant Accounting Policies thereon, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (i) In the case of the Balance Sheet, of the state of affairs of the company as at 31st March 2009.
 - (ii) In the case of the Profit and Loss Account, of the Profit for the year ended on that date:

And

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

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

FOR K.N.GUTGUTIA & CO.,
CHARTERED ACCOUNTANTS

(B.R.GOYAL)
PARTNER

Membership No. 12172

Date: 30th May 2009
Place: New Delhi

ANNEXURE TO THE AUDITORS' REPORTRe: **INDIAN TONERS & DEVELOPERS LIMITED**

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

- i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) As per the information and explanation given to us Physical verification of fixed assets has been carried out by the Management during the year and no discrepancy was noticed on such verification.
- (c) During the year the Company has not disposed off any substantial/ major part of fixed assets.
- ii) (a) As per the information furnished, the inventories have been physically verified during the year by the management. In our opinion, having regard to the nature and location of stock, the frequency of the physical verification is reasonable.
- (b) In our opinion and according to the information and explanations given to us, procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory. In our opinion, discrepancies noticed on physical verification of stocks were not material in relation to the operations of the Company and the same have been properly dealt with in the books of account.
- iii) (a) The company has granted loans to its subsidiary namely ITDL Imagetec Ltd. listed in the register maintained under Section 301 of the Companies Act, 1956. The maximum amount involved during the year and outstanding as at balance sheet date was Rs157125059. According to the information and explanations given to us, in our opinion, the terms and condition of the said loan are not prima – facie prejudicial to the interest of the Company.
- (b) As informed, the Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under Section 301 of the companies Act, 1956 and hence the requirements of sub clauses (f) and (g) of clause (iii) of the order are not applicable.
- iv) In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the company and the nature of its business with regard to purchase of inventory and fixed assets and for the sale of goods. During the course of our audit, we have not observed any continuing failure to correct major weakness in internal controls in respect of these areas.
- v) a) According to the information and explanations provided by the management, we are of the opinion that the particulars of contracts or arrangements referred to in Section 301 of the Act that need to be entered into the register maintained under section 301 have been so entered.
- b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements exceeding value of Rupees five lakhs have been entered into during the financial year with its subsidiary, at such consideration which are reasonable having regard to the nature of strategic relationship with the company.
- vi) The Company has not accepted any public deposits. Accordingly, paragraph (vi) of the Order is not applicable to it.
- vii) In our opinion, the company has an internal audit system commensurate with the size of the company and the nature of its business.
- viii) The Central Government has not prescribed maintenance of the cost records under section 209(1)(d) of the Companies Act, 1956 in respect to the companies' products.
- ix) (a) According to the information's and explanations given to us and records examined by us, the company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees state insurance, income tax, sales-tax, service tax, custom duty, excise duty, cess and other statutory dues wherever applicable. According to the information and explanations given to us, no undisputed arrears of statutory dues of the aforesaid nature were

outstanding as at 31st March, 2009 for a period of more than six months from the date they became payable.

- (b) According to the records of the Company, the dues as at 31st March, 2009 of sales tax, income-tax, customs, wealth-tax, service tax, excise duty, cess which have not been deposited on account of disputes and the forum where the dispute is pending are as under:

Name of the Statute	Nature of the Dues	Amount Rs.	Period to which the amount relates	Forum where dispute is pending
U.P. Sales Tax Act	Trade Tax	8,26,252	1994-1995 & 1995-1996	High Court (Allahabad)
	Trade Tax	1,07,443	1999-2000	Tribunal (Moradabad)
	Trade Tax	5,82,009	2002-2003	Tribunal (Moradabad)
	Trade Tax	33,40,229	2000-2005	Supreme Court (Delhi)
	Trade Tax	47,71,788	2007-08 & 2009-10	Commissioner Commercial Tax (Lucknow)

- x) There are no accumulated losses of the Company as on 31st March, 2009. The company has not incurred any cash losses during the financial year covered by our audit and in the immediately preceding financial year.
- xi) Based on our audit procedures and the information given by the management, we are of the opinion that the company has not defaulted in repayment of dues to a financial institutions or banks.
- xii) Based on our examination of the records and the information and explanations given to us, the Company has not granted any loans and/ or advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii) Clause (xiii) of the Order is not applicable to the Company as the Company is not a Chit fund Company or nidhi /mutual benefit fund/ society.
- xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures, and other investments. Accordingly, the provisions of clause 4 (xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- xv) According to the information and explanations given to us, the Company has given corporate guarantees for loans taken by its subsidiary, namely, ITDL Imagetec Ltd. and the terms of such guarantee are not prejudicial to the interest of the company in view of holding/subsidiary relationship.
- xvi) According to the information and explanations given to us, no term loan has been raised by the Company during the year.
- xvii) According to the information & explanation given to us and on an overall examination of the balance sheet of the company, we report that no funds raised on short-term basis have been used for long term investments.
- xviii) The Company has not made any preferential allotment of shares during the year.
- xix) During the year covered by our audit report the Company has not issued secured debentures.
- xx) The Company has not raised any money by public issues during the year covered by our report.
- xxi) Based upon the audit procedures performed and the information and explanations given to us, by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

FOR K.N.GUTGUTIA & CO.,
Membership No. 12172

(B.R.GOYAL)
PARTNER

Place: New Delhi
Date: 30th May, 2009

CHARTERED ACCOUNTANTS

BALANCE SHEET AS AT 31ST MARCH 2009

PARTICULARS	SCHEDULE	As at 31st March 2009 (Rs.)	As at 31st March 2008 (Rs.)
SOURCES OF FUNDS			
SHARE CAPITAL			
AUTHORISED			
17000000 Equity Shares of Rs. 10/- each		<u>170000000</u>	<u>170000000</u>
ISSUED, SUBSCRIBED AND PAID UP			
8058900 Equity shares of Rs. 10/- each fully paid up in cash		<u>80589000</u>	<u>80589000</u>
RESERVE & SURPLUS			
Surplus as per Annexed Profit & Loss Account		<u>271001002</u>	<u>239537013</u>
LOAN FUNDS			
Secured Loans	A	<u>2945856</u>	<u>4177196</u>
DEFERRED TAX LIABILITY (NET)		<u>28446653</u>	<u>32377653</u>
	TOTAL	<u>382982511</u>	<u>356680862</u>
APPLICATION OF FUNDS			
FIXED ASSETS			
Gross Block	B	<u>332919614</u>	<u>331330581</u>
Less : Depreciation		<u>202100612</u>	<u>185459109</u>
NET BLOCK		<u>130819002</u>	<u>145871472</u>
Add : Capital Work in Progress		<u>0</u>	<u>1075407</u>
		<u>130819002</u>	<u>146946879</u>
INVESTMENTS	C	<u>31005100</u>	<u>46454136</u>
CURRENT ASSETS, LOANS AND ADVANCES			
INVENTORIES	D	<u>77180682</u>	<u>82743773</u>
Sundry Debtors		<u>66260113</u>	<u>84751296</u>
Cash & Bank Balances		<u>19776687</u>	<u>20360164</u>
Loans & Advances		<u>291547246</u>	<u>170889717</u>
		<u>454764728</u>	<u>358744950</u>
LESS : CURRENT LIABILITIES AND PROVISIONS			
CURRENT LIABILITIES	E	<u>112043819</u>	<u>96880758</u>
Provisions		<u>121562500</u>	<u>98584345</u>
		<u>233606319</u>	<u>195465103</u>
Net Current Assets		<u>221158409</u>	<u>163279847</u>
	TOTAL	<u>382982511</u>	<u>356680862</u>
SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS			
	H		
Schedule 'A' to 'E' & 'H' are integral part of Balance Sheet			

As per our Report of Even Date Attached
For **K.N. GUTGUTIA & CO.**
Chartered Accountants

For and on Behalf of the Board of Directors

(B.R.GOYAL)
Partner
Membership No. 12172
11K, Gopala Tower
25, Rajendra Place, N.Delhi
The 30th Day of May 2009

S.C. SINGHAL
Executive Director
& Company Secretary

N. S. SHARMA
SANJEEV GOEL
Directors
(SUSHIL JAIN)
Chairman & Managing Director

Profit & Loss Account for the year ended on 31st March, 2009

PARTICULARS	SCHEDULE	For the Year Ended 31st March, 2009 Rs.	For the Year Ended 31st March, 2008 Rs.
INCOME			
Sales (including export benefits Rs. 4959864/- Previous year Rs. 3671418/- Refer No No. 8 Schdule 'H')		475987638	426196686
Increase (Decrease) in Finished goods/stock in process		(4656987)	1890698
Increase (Decrease) in Stock of Laser Printer spare Parts		(1134167)	(1582882)
Other Income including Interest on Deposits with Banks (TDS Rs. 2211577/- & previous year Rs. 103850/-)	F	12054372	10411666
	TOTAL	482250855	436916168
EXPENDITURE			
Manufacturing and other Expenses	G	413589760	376241633
Interest Cost (Refer Note No. 7 of Schedule 'H')		2585747	1400038
Depreciation		18079259	17792499
	TOTAL	434254766	395434170
PROFIT BEFORE TAX		47996089	41481998
Provision for Income Tax - Current	(-)	19037000	(-) 14280000
Provision for FBT - Current	(-)	1426100	(-) 1415000
Deferred Tax Credit	(+)	3931000	(+) 2130000
Profit after tax For The year		31463989	27916998
BALANCE BROUGHT FORWARD		239537013	211620015
Total Balance being Surplus Carried to Balance Sheet		271001002	239537013
Earning Per Share (Basic) (Face value of Rs. 10/-)		3.90	3.46
SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS			
	H		
Schedule 'F' to 'G' & 'H' are integral part of Profit & Loss Account			

As per our Report of Even Date Attached
For **K.N. GUTGUTIA & CO.**
Chartered Accountants

For and on Behalf of the Board of Directors

(B.R.GOYAL)
Partner
Membership No. 12172
11K, Gopala Tower
25, Rajendra Place, N.Delhi
The 30th Day of May 2009

S.C. SINGHAL
Executive Director
& Company Secretary

N. S. SHARMA
SANJEEV GOEL
Directors

(SUSHIL JAIN)
Chairman & Managing Director

SCHEDULE 'A'**Schedule of Secured Loans as at 31st March, 2009**

PARTICULARS	As at 31st March 2009	As at 31st March 2008
(A) WORKING CAPITAL FROM STATE BANK OF INDIA		
Cash Credit	2803324	3350110
(B) OTHER LOANS		
From ICICI Bank Ltd.- Auto Loan	142533	408090
From HDFC Bank Ltd. - Auto Loan	0	418996
TOTAL	2945856	4177196

NOTES :

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

SCHEDULE 'B'

Schedule of Fixed Assets as at 31st March, 2009

S.No.	Particulars	G R O S S B L O C K			D E P R E C I A T I O N				N E T B L O C K		
		Cost as at 01.04.2008 Rs.	Additions Rs.	Adjustments Rs.	Cost as at 31.03.2009 Rs.	Upto 31.03.2008 Rs.	For the year Rs.	Adj- ustments Rs.	Total Upto 31-3-2009 Rs.	Net Block as at 31.03.2009 Rs.	Net Block as at 31.03.2008 Rs.
1	Land (Free Hold)	350255	0	0	350255	0	0	0	0	350255	350255
2	Building	17897326	0	0	17897326	6618900	597771	0	7216671	10680655	11278426
3	Plant and Machinery	287020212	336577	2485173	284871616	167901733	14908455	1238135	181572053	103299563	119118479
4	Electric Installations	5313145	0	0	5313145	2690451	252375	0	2942826	2370319	2622694
5	Furniture & Fixtures	3427341	280320	128858	3578803	1550623	288483	109407	1730059	1848744	1876718
6	Office Equipments	7711416	2033872	230425	9514863	3571924	1080629	90574	4561979	4952884	4139492
7	Vehicles	9610886	1782721		11393607	3125478	951546	0	4077024	7316583	6485408
	TOTAL	331330581	4433489	2844456	332919614	185459109	18079259	1437756	202100612	130819002	145871472
8	Capital Work in Progress	1075407		1075407	0				0	0	1075407
	Current Year :	332405988	4433489	3919863	332919614	185459109	18079259	1437756	202100612	130819002	146946878
	Previous Year :	328702550	3703437	0	332405987	167666610	17792499	0	202100612	146946879	161035940

Note :- Building, Plant & Machinery and Electrical Installation includes Rs. 2298055/-, Rs. 35010703/- (including Rs. 173753/- during the year) & Rs. 517511/- respectively towards assets for R & D purposes.

SCHEDULE "C" SCHEDULE OF INVESTMENTS AS AT 31ST MARCH 2009

A UNQUOTATED INVESTMENTS (LONG TERM)(NON TRADE)	UNITS*	COST	UNITS*	COST
	As at 31st March 2009 Rs.	As at 31st March 2009 Rs.	As at 31st March 2008 Rs.	As at 31st March 2008 Rs.
Equity Shares in Jain Tube Company Limited (Face value of Rs.10 each)	30	0	271200	3264656
Equity Shares in ITDL USA Inc. - Subsidiary (Face value of USD 1.00 each)	50000	2259562	50000	2259562
Equity Share in ITDL Imagetec Ltd. - Subsidiary Co. (Face value of Rs. 10 each)	510000	5100000	510000	510000
Equity Share in Alankar Securities Pvt. Ltd. (Face value of Rs. 10 each)	128454	3690000	128454	3690000
Equity Share in Triveni Securities Pvt. Ltd. (Face value of Rs. 10 each)	110009	3000000	110009	3000000
Equity Share in Mahavir Phototech Pvt. Ltd. (Face value of Rs. 10 each)	172561	2910000	172561	2910000
TOTAL		16959562		20224218
B INVESTMENTS IN MUTUAL FUND (QUOTED) (CURRENT) (NON TRADE)				
Templeton F. R. Income Fund (Short Term Plan/Growth/M.I.P.)		0	728054	7310320
Canara Robeco Mutual Fund	146996	1801966		0
UTI Fixed Maturity Plan - QFMP		0	504015	5040152
Reliance Monthly Interval Fund Service II	937431	9375722	870198	8702904
LIC M. F. Floating Rate Fund	261114	2867062	243695	2675795
Reliance Floating Rate Fund - Growth		0	213185	2500000
HDFC Cash Management Fund	78	788	74	747
TOTAL		14045538		26229918
GRAND TOTAL (A+B)		31005100		46454136

Note : N.A.V. of Quoted Investments as at 31.03.2009 Rs. 14078964/- (Previous Year Rs. 26451337/-)

SCHEDULE "D" CURRENT ASSETS, LOANS & ADVANCES AS AT 31ST MARCH 2009

PARTICULARS	As at 31st March 2009 Rs.	As at 31st March 2008 Rs.
(A) CURRENT ASSETS		
Inventories		
Raw Materials (at or below Cost)	20237153	18781223
Raw Materials in Transit (at cost)	16048973	20784550
Stock In process (at estimated cost)	6885199	9088258
Finished goods (at Cost or net realisable value whichever is lower)	16183238	18637166
Stores, Spares, Power & Fuel and Packing Materials (at Cost or net realisable value whichever is lower)	17333693	13825983
Finished Goods - Laser Printer Spare Parts (at cost or net realizable value whichever is lower)	492426	1626593
Total	77180682	82743773

Sundry Debtors

Considered Good (if not otherwise stated)

Due for more than six months	3368484	6972883
(Including Rs. 1500000 Considered doubtful Previous Yr. Rs. 1500000)		
Others	64391629	79278413
	67760113	86251296
Less :- Provision for Doubtful Debts	1500000	1500000

Total 66260113 84751296

Cash & Bank Balances 66260113 84751296

Cash Balance on Hand 294361 466063

Balance with Scheduled Banks in Current Account 11077178 11689884

(Including cheques in hand Rs. NIL

Previous Yr. Rs. 500000/-)

Fixed Deposits with Scheduled Bank 8194 8194

Margin Money With Schedule Bank against L/C

and Guarantee Limits (Including Interest 8396954 8196023

accrued of Rs. 87385/- & Previous Yr. Rs. 80696/-)

Total 19776687 20360164

(B) LOANS AND ADVANCES (CONSIDERED GOOD)

Loan To Employees 48658 97658

Loan to Subsidiary Company (including interest due) 157125059 57119827

Advances recoverable in cash

or in kind or for value to be received 15531407 12225146

Advance income Tax Including TDS 113244704 93798471

Balance with Excise Department 151939 2854938

Cenvat Receivable / Recoverable (including Service Tax) 1232224 468196

Deposits (including Rs. 500000 with

UPSEB paid as per Court Order

Previous Yr. Rs. 500000/-) 2237179* 2322292

Exports Benefits Receivable / Adjustable 1976076 2003189

TOTAL 291547246 170889717

GRAND TOTAL 454764728 358744950

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

SCHEDULE 'E' CURRENT LIABILITIES & EXPENSES PAYABLE AS AT 31ST MARCH, 2009

PARTICULARS	AS AT	
	31st MARCH, 2009 (RS.)	31st MARCH, 2008 (RS.)
CURRENT LIABILITIES AND PROVISIONS		
(A) CURRENT LIABILITIES		
Sundry Creditors & other Liabilities		
(Refer Note No. 11 of Schedule "H")	91004636	78713275
Deposits From Dealers & other Advances	21039183	18167483
TOTAL	112043819	96880758
(B) PROVISIONS		
For Taxation	111201365	90738265
For Leave Encashment	2203992	2243683
For Excise Duty on Closing Stock of Finished Goods	239143	692211
For Discounts and incentives	7918000	4910186
TOTAL	121562500	98584345
GRAND TOTAL	233606319	195465103

SCHEDULE 'F' SCHEDULE OF OTHER INCOME AS AT 31ST MARCH, 2009

MISCELLANEOUS INCOME	FOR THE YEAR ENDED ON	FOR THE YEAR ENDED ON
	31st MARCH, 2009 (RS.)	31st MARCH, 2008 (RS.)
Dividend from Mutual Fund	1772877	1992481
Interest Received from Subsidiary Company - ITDL Imagetec Limited (including TDS of Rs. 2052500)	6709926	2347886
Provision for Diminution on Long Term Investment written back	0	1906536
Liability No Longer Required written back	1598183	822812
Interest On Deposits with Bank	639057	529901
AMC Charges - Photocopier Machines	61583	69778
Long Term Capital Gain on sale of Mutual Fund / Shares (Net)	375547	1764889
Short Term Capital Gain (Net)	8699	3870
Miscellaneous Income	113731	223222
Cash Discount - Others	508672	455769
Interest on Car Loan	3851	10274
Sundry Balance W/off & W/ Back (Net)	145293	117650
Scrap Sale	47383	59767
Notice Pay Recovery	69569	106832
TOTAL	12054372	10411666

SCHEDULE 'G'

Manufacturing and other expenses for the Year ended on 31st March, 2009

PARTICULARS	For the year	For the year
	Ended on 31st March, 2009 Rs.	Ended on 31st March, 2008 Rs.
Raw Materials & Chemicals Consumed	153888690	134336588
Stores, Spares & Packing Material Consumed	26634667	23590778
Power & Fuel	41825682	39315814
Purchase - Photocopier Spare Parts (AMC)	0	8348
Excise Duty	38043045	41488719
Repairs & Maintenance		
Plant & Machinery	394623	1185037
Building	825496	177786
Others	345649	459010
Salaries, Wages, Gratuity and other Allowances (Including contracted labour)	41032097	40433600
Contribution to Provident fund & Employee State Insurance Fund	2398920	2436310
Staff Welfare	1608352	1346392
Director's Salaries, Allowances & Commission	6699368	4582680
Directors' Sitting fee	85000	80000
Auditors' Fee (including Tax Audit Fee)	175000	150000
Rent	3282928	3459109
Rates & Taxes	576793	944445
Insurance (Including CMD's Keyman Insurance Premium Rs. 1625150/- & Previous Year Rs. 1625150/-)	2653771	3124240
Travelling & Conveyance Expenses (Incl. for Directors Rs. 2600988/- & Previous Year Rs. 1558799/-)	14529584	13834688
Postage, Telephone, Telegram and Telex	2349396	2721453
Commission on sales	3932207	3243209

Discounts, Incentives & Samples	22480046	17484638
Loss on Forward Contract	1419	305626
Freight, Clearing & Forwarding Expenses	18171725	16442128
Miscellaneous Expenses	16773007**	16362840
Financial & Other Charges	3965723	3531064
Loss on Sale of Fixed Assets	730253	0
Charity & Donation	201502	113003
Difference in Exchange - Foreign Exchange Fluctuation (Net of Rs. 898229)	7129684	5084128
Long Term Loss on Sale of Mutual Fund	276	
Loss on Sale of Investments (Long Term)	2857856	0
TOTAL	413589760 xx	376241633

(1)** Including Chairman & Managing Director's Office Maintenance Expenses of Rs. 443375/-, Previous Year Rs. 446265)

(2) xx After deduction of recoveries expenses from a Subsidiary Company.

SCHEDULE "H"

Schedule Attached to the Accounts for the Year Ended March 31, 2009

A. SIGNIFICANT ACCOUNTING POLICIES :

1. Basis of Accounting

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

2. FIXED ASSETS :

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

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

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

3. IMPAIRMENT OF ASSETS

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

4. RESEARCH & DEVELOPMENT :

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

5. EMPLOYEE BENEFITS :

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

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

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

6. INVESTMENTS :

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

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

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

7. INVENTORY VALUATION :

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

- b) Stock of Raw Materials, Stores & Spares, Power & Fuel and packing Materials : At or below cost
- c) Stock in process : At cost or net realisable value whichever is lower .
- d) Stock of Laser Printers, etc (trading goods) :At cost or net realizable value which ever is lower

Cost of raw material and stores & spares and packing materials is computed on FIFO basis.

Finished goods and work in process include cost of conversion and other costs incurred in bringing the inventories to their present locations and condition.

8. FOREIGN CURRENCY TRANSACTIONS :

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

Representative offices

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

9. TAXATION

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

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

Provision for Fringe Benefit Tax has been made in accordance with the Income Tax Laws prevailing for the relevant assessment year.

10. BORROWING COST :

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

11. EXPORT BENEFITS :

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

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

13. PROVISIONS AND CONTINGENT LIABILITY

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

14. REVENUE RECOGNITION

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

15. USE OF ESTIMATES

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

16. EARNINGS PER SHARE

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

17. LEASES

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

B. NOTES ON ACCOUNTS

1. Capital Commitments : Estimated amounts of contracts remaining to be executed on capital accounts [net of capital advances of Rs. NIL (Previous Year – Rs. 1075407)] is Rs. NIL (Previous Year Rs. 1300000)
2. Contingent liabilities not provided for in respect of:

	Current Year Rs.	Previous Year Rs.
a) Letters of credit established in favour of the suppliers of import of materials	54976564	47618256
b) Corporate Guarantee on behalf of Subsidiary Co. - Effective Guarantee as on 31.03.2009 - Rs.103622345 (Previous year Rs. 15379865)	270000000	270000000
c) Guarantees issued by State Bank of India on behalf of Company	1343509	1249509
d) Sale Tax / Trade Taxes demands against which appeals have been preferred.	9627721	4855933
e) Minimum Consumption Guarantee Charges payable by U. P. State Government to U. P. Power Corporation claimed from the Company, against which the company has filed case in the Lucknow Bench of Hon'ble High Court of Allahabad. (The Company has deposited a sum of Rs. 5 lacs against this demand		

	pursuant to the Court order and the same is treated as Deposit)		2843492	2843492
3.	Export obligations undertaken by the Company under EPCG Scheme to be completed over a period of 8 years on account of Import of Capital goods at concessional import duty [Duty saved Rs. NIL. (Previous Year Rs. NIL), outstanding obligations Rs. NIL (Previous Year Rs. 26550779) as at 31.03.2009			
4.	Auditors' Remuneration:	Rs.		Rs.
	a) As Audit Fee	125000		100000
	b) As Tax Audit Fee	25000		25000
	c) For Certifications	25000		25000
	d) For Out of Pocket Expenses	7707		5190
5.	Directors' Remuneration included under various heads of Profit & Loss Account :-			
	a) Chairman & Managing Director	Rs.		Rs.
	Salary (Including Personal pay)	4320000		1800000
	Contribution to P F	288000		216000
	House Rent Allowance	1260000		1080000
	Medical Reimbursement	262500		87500
	Other Benefits & Allowance	2605167*		1193000
	Total	8735667**		4376500
	* Including Rs. 1834542/- being surrender value of Key Management Policy assigned in favour of the CMD during the year for which required approval of Central Government has been applied for and is pending.			
	** Including Rs. 1020000 being arrear for 2007-2008 paid during the year on receipt of Central Government approval			
	b) Whole Time Director			
	Salary	757000		402000
	Contribution to P F	8400		48240
	House Rent & other Allowance	42000		340680
	Medical reimbursement	5833		33500
	Other benefits	34600		41900
	Total	847833		5242820
	i) Value of Perquisites have been evaluated as per Income Tax Act 1961/cost to the Company.			
	ii) The above sums do not include contribution to gratuity fund and provision for leave encashment as the same is on global basis.			
	iii) The remuneration of Shri N. S. Sharma amounting Rs. 695400/- is subject to approval of the Shareholders.			
	iv) The remuneration paid to CMD is as per approval of Central Government			
6.	Balances in accounts of Sundry Debtors, Advances, Security deposits of dealers and creditors are subject to confirmations for the respective parties.			
7.	Details of interest expenses	Current Year		Previous Year
	Paid to Banks for working capital loan	976643		142200
	Paid to Institutions(Refer Note B – 18)	461000		16860
	Paid to Others	1148104		1240978
	TOTAL	2585747		1400038
8.	a) Accounting Standard as to Segment Reporting AS -17 is not applicable to the Company as it is engaged in the business of Toners and Developers which is the single reportable segment. However, disclosure as to secondary segment is as under :			
		Current Year (Rs.)		Previous Year (Rs)
	Geographical Segment :			
	i) Domestic Sale (Including Excise Duty)	312332523		303115879
	ii) Export Sales (including Export Benefits Rs.4959864, PY Rs. 3631418)	163655115		123080807

b) Details of Increase / Decrease in stocks

	<u>Finished Goods</u>	<u>Work in Process</u>	<u>Total</u>	<u>Trading Goods</u>
Opening Balance	18637166	9088258	27725424	1626593
Closing Balance	16183238	6885199	23068437	492426
Increase (decrease)	<u>(2453928)</u>	<u>(2203059)</u>	<u>(4656987)</u>	<u>(1134167)</u>

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

Sales	:	475987638	426196686
Excise Duty	:	<u>38043045</u>	<u>40103339</u>
Net Sales		<u>437944593</u>	<u>386093347</u>

d) Provision for Excise Duty amounting to Rs. 239143/- (Previous Year Rs. 692111) on closing stock is included in schedule E. (Refer note A – 12)

9. Major components of the Deferred Tax Asset and liability as at 31st March 2009 are as follows :

	Current Year (Rs.)	Previous Year (Rs.)
(A) Deferred Tax Liability on Account of		
(a) Depreciation	20879084	23837409
(b) R & D Capital Assets	8826886	9812722
Total (A)	<u>29705970</u>	<u>33650131</u>
(B) Deferred Tax Assets on Account of		
(a) Provision for Leave encashment	749137	762628
(b) Provision for doubtful debts	509850	509850
Total (B)	<u>1258987</u>	<u>1272478</u>
Net Deferred Tax Liabilities (A - B)	<u>28446983</u>	<u>32377653</u>

10 a) Estimated benefits aggregating to **Rs. 4959864** (Previous Year Rs. 3631418) against exports effected during the year has been taken into account for the year as incentive accounting in respect of duty free imports of Raw Material & Packing Materials under Advance Licence Scheme and corresponding amount has been added to the cost of Materials.

b) Service Tax amounting to **Rs. 4471119** (Previous Year Rs. 2879701) have been treated as recoverable is subject to claim yet to be filed with Department.

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

12. Amount of Exchange difference (net) debited to Profit & Loss Account amounted to **Rs. 8027913** (previous year Rs. 5213185) and credited to P & L A/c. amounted to **Rs. 898229** (Previous Year Rs. 129057).

13. R & D expenses included under various heads **Rs. 4242297** [Including Raw Material Consumption **Rs. 251153** & Depreciation Rs.1780774] (Previous year Rs 4476775. Raw Material Consumption Rs. 231357 & Depreciation Rs. 1745232) respectively.

14. Disclosure as per AS 15 (revised):-

Effective April 1, 2007, the Company has adopted the revised Accounting Standard AS – 15 Issued by the Institute of Chartered Accountants of India on employee benefits.

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

A) Defined Contribution Plans
Provident Fund

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

	Current Year (Rs. In. Lacs)	Previous Year (Rs. In. Lacs)
For the year ended 31st March, 2009		
Employers Contribution to Provident Fund	18.89	19.08
B) State Plans		
a) Employee State Insurance		
During the year the Company has recognized the following amounts in the Profit and Loss Accounts		

	Current Year (Rs. In. Lacs)	Previous Year (Rs. In. Lacs)
For the year ended 31st March, 2009		
Employers Contribution to Employee State Insurance	5.10	5.28
C) Defined Benefit Plans		
a) Gratuity		
b) Leave Encashment		

The discount rate assumed is 9.15% / 8% which is determined by reference to market yield at the Balance Sheet date on government bonds. The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority promotion and other relevant factors, such as supply and demand in the employment market. Reconciliation of opening and closing balances of the present value of the defined benefit obligation is as under:

	Gratuity	Leave Encashment
The principal assumptions used in actuarial valuation as per below:		
· Discount rate	9.15%	8%
· Expected rate of return on assets	—	—
· Expected rate of future salary increase	5%	5%
Change in present value of obligations	—	—
· Present value of obligations as at 01.04.2008	5816729	2243683
· Interest cost	466994	NIL
· Current service cost	3	332036
· Benefits paid	981610	—
· Actuarial loss on Obligations		1871956
· Present value of obligation as at 31.03.2009	5739667	2203992
Changes in fair value of plan assets	Not Available	Not Available
Liability recognized in the Balance Sheet		
· Present value of obligations as at 31.03.2009	—	2203992
· Fair value of plan assets as at the end of the year	—	—
· Unfunded status	—	—
· Unrecognised Actuarial (Gain) / Loss	—	—
· Net (Assets) / Liability recognized in Balance Sheet	—	2203992

*Funded with L.I.C.

Expenses recognized in Profit and Loss Account

· Current service cost		
· Post service cost	NIL	—
· Interest cost	NIL	—
· Expected return on plan assets	N.A.	—
· Net Actuarial (Gain) / Loss recognized during the year	NIL	(-)39691
· Total Expense recognized in Profit and Loss Account	511845	(-)39691

16	Misc. expenses includes	Current Year Rs.	Previous year. Rs.
a)	Vehicle Running & Maintenance	2408386	1982114
b)	Legal & Professional Expenses	3024708	2130432
c)	Seminar Expenses / Business Promotion / Dealers Selling Expenses	3798693	3618330
d)	Exhibition Expenses	1219710	2055669

17. Loans to subsidiary include accrued interest amounting to Rs. 6709926/- (Previous Year 2347886) maximum amount of loan / interest during the year Rs. 157125059/- (Previous year Rs. 57119827)

18. Interest Rs. 461000 are relating to Previous Year but determined during the year, hence charged for the year.

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

	Leave Encashm -ent	Previous Year	Discount & Incentive	Previous Year	Excise Duty on Closing Stock	Previous Year
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Opening Balance	2243683	2116114	4910186	5591095	692211	755387
Add Creations	275791		7918000	4910186	239143	692211
Less						
(a) Utilizations		498837	3841841	5581986	692211	755387
(b) Written Back		371268	1068345	9109		
Closing Balance	2203992	2243683	7918000	4910186	239143	692211

20. Particulars of unhedge foreign currency exposures as at 31.03.2009

	Current Year Rs.	Previous year. Rs.
Creditors for Import of Goods	62521450	53808628
Export Debtors	16275355	22788787

21. Advances Recoverable in Cash or in kind includes Rs. NIL (Previous Year Rs. 3870000) as advance for purchase of land at Ghaziabad and also includes Rs. 4471119 as Service Tax recoverable (Previous Year Rs. 2879701) (Refer Point No. 10 in schedule G)

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

A Capacity (Toners & Developers)

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

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

* Presently the Company does not require any Industrial Licence

B. Stock, Purchases, Production & Sales

ITEMS	OPENING STOCK		PRODUCTION		SALES		CLOSING STOCK	
	Qty. (M.T.)	Value (Rs.)	Qty. (M.T.)	Value (Rs.)	Qty. (M.T.)	Value (Rs.)	Qty. (M.T.)	Value (Rs.)
Toners	50.87	18367166	977.93	1076.20	475710048	42.22	16183238	
(including Developers)	(45.35)	(18179585)	(885.042)	(879.525)	(425434756)	(50.87)	(18367166)	

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

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

ITEMS	OPENING STOCK		PURCHASE		SALES		CLOSING STOCK	
	Qty. (M.T.)	Value (Rs.)	Qty. (M.T.)	Value (Rs.)	Qty. (M.T.)	Value (Rs.)	Qty. (M.T.)	Value (Rs.)
Laser Spare Parts	22018	1626593	-	-	5676	277590	16342	492426
	(26953)	(3209475)	-	-	(4935)	(761930)	(22018)	(1626593)

Note : Figures in brackets are in relation to previous year

D. RAW MATERIAL CONSUMED:

Class of goods	Unit	Current Year		Previous Year	
		Qty	Value (Rs.)	Qty	Value (Rs.)
Toners /Developers	MT	961.705	153885690	902.615	134284894
Chemicals / & Additives					

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

	Current Year (Rs.)	Previous Year (Rs.)
i) Raw Materials	141471205	122686050
ii) Plant & Machinery	161179	1363337
iii) Stores & Spares and packing materials	6453283	4311373

F. MATERIAL CONSUMPTION:

CLASS OF GOODS:	IMPORTED		INDIGENOUS	
	Value in (Rs)	% of Total Consumption	Value in (Rs.)	% of total Consumption
Raw Materials	151819092 (134250776)	98.66 (99.94)	2092028 (85812)	1.34 (0.07)
Stores, Spares	4997667	18.76	21637000	81.24
Packing materials	(3896097)	(16.51)	(19694680)	(83.48)

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

G. EXPENDITURE IN FOREIGN CURRENCY

	Current Year (Rs.)	Previous Year (Rs.)
i) Foreign Travels	984576	1076675
ii) Consultancy Charges	26612	158680
iii) Others (Exhibition, Advertisement etc.)	1325950	1335887
iv) Overseas Offices Expenses	3919032	3280067

H. EARNINGS IN FOREIGN EXCHANGE

	Current Year Rs.	Previous Year Rs.
FOB Value of Exports	156195864	117639278

23. Calculating of Earning Per Share

	Current Year Rs.	Previous Year Rs.
1. No. of Shares at the beginning of the year	8058900	8058900
2. No of Shares at the close of the year	8058900	8058900
3. Net Profit after Tax (Rs.)	31463989	27916998
4. E. P. S. (Rs.)	3.90	3.46

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

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

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

Particulars	Subsidiary Companies	Key Management Personnel	Relative of Key Management Personnel	Enterprises referred in (1) (d) above
Investments during the year	- (4840000)	-	-	- (—)
Share capital held at the end of year	7359562 (7359562)	-	-	-
Corporate Guarantee on behalf of Subsidiary Company	- (270000000)	-	-	-
Advance against Purchase of Land	- (-)	-	-	- (1670000)*
Remuneration Paid	-	8735667 (4376500)	1050039 (555504)	-
Advance / Loans given (including interest & Expenses Charged)	100005232* (25968824)	-	-	-
Rent Paid	-	-	-	132000 (132000)
Sales of Goods	11150116 (8184991)	-	-	-
i) Outstandings : Balances as at year end (balances due to the Company)	157125059 (63219530)	-	-	- (3870000)
ii) Corporate Guarantee	270000000 (270000000)	-	-	-

- Note :-
- Figures in the bracket are. for the previous year.
 - Received back during the year.
 - During the year, certain investments for Rs. 406500 have been sold to the relatives of CMD
 - During the year, from a Subsidiary, goods worth Rs.9248917 have been purchased on high seas basis.

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

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

I. Registration Details

State Code	20	Registration No.	15721
Balance Sheet Date	31.03.2009		

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

Public Issue	Rights Issue
NIL	NIL
Bonus Issue	Private Placement

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

	Total Liabilities	Total Assets
Sources of Funds	616589	616589
	Paid-up Capital	Reserve & Surplus
	80589	271001
	Secured Loans	Deffered Tax (Net)
Application of Funds	2946	28447
	Net Fixed Assets	Investments
	130819	31005
	Net Current Assets	Misc. Expenditure
	221158	—

Accumulated Losses

IV Performance of Company (Amount in Rs. thousands)

Turnover including Other Incomes	Total Expenditure
482251	434255
Profit Before Tax	Profit After Tax
47996	31464
Earning Per Share in Rs.	Dividend Rate %
3.90	—

V. Generic names of Three Principal Products of Company

Item Code No. 37079001
 Product Description Toners & Developers for Photocopiers

As per our Report of Even Date Attached
 For **K.N. GUTGUTIA & CO.**
 Chartered Accountants

For and on Behalf of the Board of Directors

(B.R.GOYAL)
 Partner
 Membership No. 12172
 11K, Gopala Tower
 25, Rajendra Place, N.Delhi
 The 30th Day of May 2009

S.C. SINGHAL
 Executive Director
 & Company Secretary

N. S. SHARMA
SANJEEV GOEL
 Directors

(SUSHIL JAIN)
 Chairman & Managing Director

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2009

	Current Year (Rs.)	Previous Year (Rs.)
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before tax	47996089	41481998
Adjustment for		
Depreciation	18079259	17792499
Loss / (Gain) on sale of Fixed Assets	730253	0
Interest Paid	2585747	1400038
Interest Received	-7352834	-2888061
Unrealised Exchanged Difference	2566942	-1435596
Provision for leave encashment	-39691	-127569
Misc balances written back	-145293	-117650
Loss / (Profit) on sale of Current Investments (Non Trade)	-384246	-1768759
Income from Current Investments (Non Trade) Dividend	-1772877	-1992481
Provision for Diminution in value of investment	0.00	-1906536
Operating Profit Before Working Capitals Changes	62263349	50693021
Adjustments For		
Trade & other receivables	-2161114	-20978413
Inventories	5563091	-8623919
Trade and Other Payables	35759258	17426311
Cash Generated From Operations	101424584	38517000
Interest Paid	-2585747	-1400038
Direct Taxes Paid	-20463100	-15695000
Net Cash Inflow / (outflow) in course of Operating Activities (A)	78375737	21421962
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase / Sale of fixed assets/ CWIP (Net)	-2681635	-3703438
Purchase / Sale of investments (Net)	15833282	2136728
Loan and Advances to Subsidiary Company	-100005232	-25968824
Dividend Received on Investment	1772877	1992481
Interest Received	7352834	2888061
Net Cash Inflow / (outflow) in course of Investing Activities (B)	-77727874	-22654992
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from / Payments for long Terms and Short Term Borrowing	-1231340	-573551
Net Cash Inflow / (outflow) in course of Financing Activities (C)	-1231340	-573551
Net Increase / (Decrease) in Cash & Cash Equivalents (A)+(B)+(C)	-583477	-1806581
Cash And Cash Equivalents As At 31.03.2008	20360164	22166748
Cash & Cash Equivalent As At 31.03.2009	19776687	20360164

Notes:

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

As per our Report of Even Date Attached

For **K.N. GUTGUTIA & CO.**

Chartered Accountants

(B.R.GOYAL)

Partner

Membership No. 12172.

11K, Gopala Tower

25, Rajendra Place, N.Delhi

The 30th Day of May 2009

For and on Behalf of the Board of Directors

S.C. SINGHAL

Executive Director

& Company Secretary

N. S. SHARMA**SANJEEV GOEL**

Directors

(SUSHIL JAIN)

Chairman & Managing Director

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

Name of the Subsidiary	ITDL, (U.S.A.) Inc.	ITDL IMAGETEC LTD.
The Financial Year of the Subsidiary Company ended on	31 st March 2009	31 st March 2009
Holding Company	31 st March 2009	31 st March 2009
Holding Company's interest	100%	51%
Share held by the Holding Company in the subsidiary	50000 Shares @ 1\$ each	1000000 Shares @ Rs. 10 each
Net aggregate amount of Profit / (Loss) of the subsidiary so far as it concerns the Members of the Holding Company and is not dealt with in the Accounts of the Holding Company.		
a. For the financial year-ended on March 31, 2009 (Rs.)	Rs. 709247	Rs.(1040943)
Net aggregate amount of Profit / (Loss) of the subsidiary so far as it concerns the Members of the of Holding Company and is not dealt with in the Accounts of the Holding Company.		
a. For the financial year ended on March 31, 2009 (Rs.)	Rs.709247	Rs. (1040943)
b. For the other previous financial years of the Subsidiary since it became a Subsidiary (Rs.)	Rs.(2616338)	N.A.

For and on Behalf of the Board of Directors

S.C. SINGHAL
Executive Director
& Company Secretary

N. S. SHARMA
SANJEEV GOEL
Directors
(SUSHIL JAIN)
Chairman & Managing Director

The 30th Day of May 2009

AUDITORS' REPORT

ITDL (U.S.A) Inc.

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

1. We have verified the attached Balance Sheet of ITDL-USA Inc., (the Company) incorporated in USA as at 31st March 2009, the related Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date annexed thereto, all being made out in accordance with the requirement of Indian Companies Act, 1956, from the certified accounts of the body corporate under the statute of the country of its incorporation and additional certified returns which have been relied upon by us. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
 - b) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - c) In our opinion proper books of account as required by the Indian law have been kept by the Company so far as appears from our examination of the books of the Company.
 - d) The Balance Sheet, Profit and Loss Account and the Cash Flow Statement, dealt with by the report are in agreement with the Books of Account of the Company.
 - e) In our opinion, the Profit & Loss Account, Balance Sheet and Cash Flow Statement comply with the mandatory Accounting Standards as are applicable to a Company incorporated in India.
 - f) In our opinion and to the best of our information and according to the explanations given to us, the said Accounts, and read with the notes thereon and Significant Accounting Policies, there on give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (i) In the case of the Balance Sheet, of the state of affairs of the company as at 31st March 2009,
 - (ii) In the case of the Profit and Loss Account, of the Profit for the year ended on that date.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An Audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. The Companies (Auditors' Report) Order, 2003 issued by the Central Government in terms of Section 227 (4A) of the Companies Act, 1956 is not applicable to the Company in view the that Company is incorporated outside India.
4. Further to our comments mentioned in the Annexure referred to in above paragraph we report that:
 - a) Proper returns necessary for making out the accounts in accordance with the requirement of Indian Companies Act, 1956 were received.

FOR K.N.GUTGUTIA & CO.,
CHARTERED ACCOUNTANTS

(B.R.GOYAL)
PARTNER

Membership No. 12172

Date: 30th May 2009

Place: New Delhi

BALANCE SHEET AS AT 31ST MARCH 2009

PARTICULARS

As at 31st March 2009

As at 31st March 2008

(Rs.)

(Rs.)

SOURCES OF FUNDS

SHARE CAPITAL		2259562	2259562
EXCHANGE FLUCTUATION RESERVE		(1076626)	(13507)
	TOTAL	<u>1182936</u>	<u>2246055</u>

APPLICATION OF FUNDS**FIXED ASSETS**

Gross Block	48739	48739	
Less : Depreciation	<u>38709</u>	<u>28007</u>	
		10030	20732

CURRENT ASSETS, LOANS AND ADVANCES

Sundry Debtors	0	961316	
Inventories (Including Material in Transit)	350070	2790937	
Cash & Cash Equivalents including T. T. in Transit)	1716633	1983471	
Prepaid Expenses	<u>0</u>	<u>0</u>	
	<u>2066703</u>	<u>5735724</u>	

**LESS : CURRENT LIABILITIES
AND PROVISIONS**

Advances from Customers	456480		
Sundry Creditors	<u>2344407</u>	<u>6126739</u>	
	<u>2800887</u>	<u>6126739</u>	<u>(391015)</u>

Profit & Loss Account (Dr. Balance)		1907091	2616338
	TOTAL	<u>1182936</u>	<u>2246055</u>

SIGNIFICANT ACCOUNTING POLICIES
& NOTES ON ACCOUNTS SCHEDULE 'A'

As per our Report of Even Date Attached
For **K.N. GUTGUTIA & CO.**
Chartered Accountants

For and on Behalf of the Board of Directors

(B.R.GOYAL)
Partner
Membership No. 12172
11K, Gopala Tower
25, Rajendra Place, N.Delhi
The 30th Day of May 2009

(SUSHIL JAIN)
Director

Profit & Loss Account for the year ended on 31st March, 2009

PARTICULARS		For the Year Ended 31st March, 2009 Rs.	For the Year Ended 31st March, 2008 Rs.
INCOME			
Sales		14921946	6283064
Closing Stock		350070	1803370
	TOTAL	15272017	8086434
EXPENDITURE			
COST OF SALES			
Opening Stock	1803370	13032632	359766
Purchase	11150116		7197424
Storage Charges	<u>79146</u>		<u>308643</u>
		1519436	1449358
SELLING, GENERAL & ADMN. EXPENSES			
Travelling Expenses	0		216680
Legal & Professional Charges	112190		863653
Bank Charges	37280		15166
Other Expenses	119616		321591
Bad Debts W/Off	1195825		0
Rates & Taxes	<u>54524</u>		<u>32268</u>
Depreciation		10702	8511
	TOTAL	14562769	9323702
PROFIT / (LOSS) BEFORE TAX FOR THE YEAR			
Provision for Tax - Current			
		<u>709247</u>	<u>(1237268)</u>
PROFIT / (LOSS) FOR THE YEAR			
		<u>(2616338)</u>	<u>(1379070)</u>
LOSS BROUGHT FORWARD			
		<u>(1907091)</u>	<u>(2616338)</u>
LOSS CARRIED TO BALANCE SHEET			

SIGNIFICANT ACCOUNTING POLICIES

& NOTES ON ACCOUNTS

SCHEDULE 'A'

As per our Report of Even Date Attached
For **K.N. GUTGUTIA & CO.**
Chartered Accountants

For and on Behalf of the Board of Directors

(B.R.GOYAL)

Partner
Membership No. 12172
11K, Gopala Tower
25, Rajendra Place, N.Delhi
The 30th Day of May 2009

(SUSHIL JAIN)
Director

SCHEDULE "G"

Schedule Attached to the Account for the Year Ended March 31, 2009

A. SIGNIFICANT ACCOUNTING POLICIES :**Basis of Accounting**

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

2. FIXED ASSETS

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

3. INVENTORY VALUATION

- a) Stock of Finished Goods – At cost or net realizable value whichever is lower.

4. FOREIGN CURRENCY TRANSACTIONS

Transactions in Foreign currencies are recorded at the rate of exchange prevailing at the dates of transactions or approximate near to the dates of transactions. Foreign currency assets and liabilities, other than for financing fixed assets, which are adjusted to the carrying cost of such assets are stated at the rate of exchange corresponding to the denominated currency (i.e. currency in which original transactions took place) at the year end and the resultant gains / losses are recognized in the Profit and Loss Account of the year. For conversion of accounts into Indian Currency, the assets and liabilities (except fixed assets & capital) are restated at rates prevailing on the closing date of the year and revenue items are translated at average rates of the year and resultants difference is taken to Exchange Fluctuation Reserve.

5. TAXATION

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

B. NOTES TO ACCOUNTS :

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

2. Related Party Transactions:

The Company has entered into transactions with the following related parties

Holding Company

INDIAN TONERS & DEVELOPERS LTD. – Purchase of goods

Rs. 11150116

Due to holding Company as at the end of the Year

Rs.2221287

3. Based on the guiding principle given in the Accounting Standard on "Segment Reporting" (AS-17) issued by The Institute of Chartered Accountants of India, the Company of the opinion that its primary Business Segment is Toners & Developers mainly having similar risk and returns. As the Company's Business activity falls within a single primary Segment, the disclosure requirements of the said AS – 17 in this regard are not applicable.
4. For the purpose of conversion of accounts into Indian Currency, following Rates are applied.
- | | |
|------------------------------|-------------------|
| Average Rate for 2008 – 2009 | 1 USD = INR 49.84 |
| As on 31.03.2009 | 1 USD = INR 50.72 |

5. Item
Opening Stock
Purchase
Sale
Closing Stock

Item	Opening Stock		Purchase		Sale		Closing Stock	
	Qty (MT)	Value (Rs.)	Qty (MT)	Value (Rs.)	Qty (MT)	Value (Rs.)	Qty (MT)	Value (Rs.)
Toners.	6.13	1803370	31.50	11150116	36.63	14921946	1.00	350070
Prev. Yr.	(.83)	(359766)	(22.92)	(7197424)	(17.62)	(6283064)	(6.13)	(1803370)

As per our Report of Even Date Attached
For **K.N. GUTGUTIA & CO.**
Chartered Accountants

For and on Behalf of the Board of Directors

(B.R.GOYAL)
Partner
Membership No. 12172
11K, Gopala Tower
25, Rajendra Place, N.Delhi
The 30th Day of May 2009

(SUSHIL JAIN)
Director

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2009

	Current Year (Rs.)	Previous Year (Rs.)
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before tax	709247	-1205000
Adjustment for		
Depreciation	10702	8511
Bad debts written off	1195825	0
Loss / (Profit) on sale of Current Investments (Non Trade)	0	0
Operating Profit Before Working Capitals Changes	1915774	-1196489
Adjustments For		
Trade & other receivables	-234509	896841
Inventories	2440867	-2431171
Trade and Other Payables	-3325852	1460122
Cash Generated From Operations	796280	-1270697
Direct Taxes Paid	0	-32268
Net Cash Inflow / (outflow) in course of Operating Activities (A)	796280	-1302965
B. CASH FLOW FROM INVESTING ACTIVITIES	0	0
Net Cash Inflow / (outflow) in course of Investing Activities (B)	0	0
C. CASH FLOW FROM FINANCING ACTIVITIES	0	0
Net Cash Inflow / (outflow) in course of Financing Activities (C)	0	0
D. FOREIGN CURRENCY TRANSLATION DIFFERENCE ON CONSOLIDATION	-1063118	83506
Net Cash Inflow / (outflow) in course of Financing Activities (D)	-1063118	83506
Net Increase / (Decrease) in Cash & Cash Equivalents (A)+(B)+(C)+(D)	-266838	-1219459
Cash And Cash Equivalents As At 31.03.2008	1983471	3202930
Cash & Cash Equivalent As At 31.03.2009	1716633	1983471

Notes:

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

As per our Report of Even Date Attached
For **K.N. GUTGUTIA & CO.**
Chartered Accountants

(B.R.GOYAL)
Partner
Membership No. 12172,
11K, Gopala Tower
25, Rajendra Place, N.Delhi
The 30th Day of May 2009

For and on Behalf of the Board of Directors

(SUSHIL JAIN)
Director

DIRECTORS' REPORT

ITDL IMAGETEC LIMITED

To

The Members.

Your Directors have pleasure in presenting the 3rd Annual Report alongwith the Accounts for the year ended March 31, 2009.

OPERATIONS

Your Company was incorporated on 24.01.2007 and got Certificate for Commencement of Business on 25.01.2007. There were no commercial operations in your Company during the year under review, as your Company was in the process of setting up a new project of 1200 MT capacity for the manufacture of Toners & Developers in Sitarganj (Uttarakhand). The project was completed and trial runs were conducted during the year. The Commercial Production has already started in April, 2009 and it is expected that the Company will do well in its first year of production.

During the year the Company incurred an expenditure of Rs. 2,34,28,790/- which has been treated as pre operative expenses (pending capitalization). In addition to this, the Company acquired land in Sitarganj at a Cost of Rs. 305,53,095/- lacs which has been capitalized. Indian Toners & Developers Limited is the Holding Company of your Company.

PROSPECTS

In view of the Excise and Income Tax exemptions / concessions available to the New Projects being set up in Uttarakhand, the project has a bright future.

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

Directors' Responsibility Statement

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

- (i) in the preparation of the annual accounts, the applicable accounting standards have been followed alongwith proper explanation relating to material departures;
- (ii) the directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the company for that period;
- (iii) the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities; and
- (iv) the directors have prepared the annual accounts on a going concern basis.

AUDITORS

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

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 not required to be submitted as there were no operations in the Company during the year.

PARTICULARS OF EMPLOYEES

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

ENERGY, TECHNOLOGY & FOREIGN EXCHANGE

Additional information to the extent applicable on conservation of energy, technology absorption, foreign exchange earning and outgo as required to be disclosed in terms of Section 217(1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, is not required to be given as there were no manufacturing operations in the Company during the year.

For & on behalf of the Board

(Sushil Jain)

Director

Place :New Delhi

Date: 30th May, 2009

AUDITORS' REPORT TO THE MEMBERS OF ITDL IMAGETEC LTD.

1. We have audited the attached Balance Sheet of **ITDL IMAGETEC LTD.** as at 31st March 2009, and also the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date, annexured thereto, which we have signed under reference to this report. These Financial Statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An Audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors' Report) Order, 2003 issued by the Central Government of India in terms of Section 227 (4A) of the Companies Act, 1956, and on the basis of such checks as considered appropriate and according to the information and explanation given to us during the course of our audit, we enclose in the Annexure hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments mentioned in the Annexure referred to in above paragraph, we report that:
 - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of the books of the Company.
 - c) The Balance Sheet, Profit and Loss Account (Pre-operative Expenses Statement) and the Cash Flow Statement dealt with by the report

are in agreement with the Books of Account of the Company.

- d) In our opinion, the Balance Sheet, the Profit & Loss Account (Pre-operative Expenses Statement) and Cash Flow Statement comply with the mandatory Accounting Standards referred to in Sub-Section 3 (c) of Section 211 of the Companies Act, 1956.
- e) According to the information and explanation given to us and on the basis of written representations received from the Directors as on 31st March 2009 of the Company and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March 2009, from being appointed as a Director in terms of clause (g) of Sub Section (1) of Section 274 of the Companies Act, 1956.
- f) In our opinion and to the best of our information and according to the explanations given to us, the said Accounts read with the notes and Significant Accounting Policies thereon, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (i) In the case of the Balance Sheet, of the state of affairs of the company as at 31st March 2009.
 - (ii) In the case of the Profit and Loss Account, of the Loss for the year ended on that date;

And

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

FOR K.N.GUTGUTIA & CO.,
CHARTERED ACCOUNTANTS

(B.R.GOYAL)
PARTNER

Membership No. 12172

Date: 30th May 2009
Place: New Delhi

ANNEXURE TO THE AUDITORS' REPORT

Re : ITDL IMAGETEC LTD.

This is the Annexure referred to in paragraph 3 of our report of even date to the members of ITDL Imagetec Limited (the Company) for the year ended 31st March, 2009.

- i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) As per the information and explanation given to us Physical verification of fixed assets has been carried out by the Management at the close of the year and no discrepancy was noticed on such verification.
- (c) During the year the Company has not disposed off any substantial/ major part of fixed assets.
- ii) (a) As per the information furnished, the inventories have been physically verified during the year by the management . In our opinion, having regard to the nature and location of stock, the frequency of the physical verification is reasonable.
- (b) In our opinion and according to the information and explanations given to us, procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory. In our opinion, discrepancies noticed on physical verification of stocks were not material in relation to the operations of the Company and the same have been properly dealt with in the books of account.
- iii) (a) The Company had not granted any loans to companies, firm or other parties listed in the register maintained under Section 301 of he Companies Act, 1956.
- (b) The Company has taken unsecured loan from its Holding Company listed in the register maintain under Section 301 of the Companies Act, 1956 and the maximum amount involved outstanding as at balance sheet date was Rs.157125059 (Including Interest). According to the information and explanations given to us, in our opinion, the terms and condition on which the said loan has been taken are prima –facie not prejudicial to the interest of the Company. The Company is not paying accrued interest as the same becomes part of the total outstanding on which further interest is charged.
- iv) In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the company and the nature of its business with regard to purchase of fixed assets. During the course of our audit, We have not observed any continuing failure to correct major weakness in internal controls in these areas.
- v) a) According to the information and explanations provided by the management, we are of the opinion that the particulars of contracts or arrangements referred to in Section 301 of the Act that need to be entered into the register maintained under section 301 have been so entered.
- b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements exceeding value of Rupees five lakhs have been entered into during the year with its Holding Company, at such consideration which are reasonable having regard to the nature of strategic relationship with the company.
- vi) The Company has not accepted any public deposits. Accordingly, paragraph (vi) of the Order is not applicable to it.
- vii) In our opinion, the company has no internal audit system as the Company is yet to commence its commercial activities.
- viii) The Central Government has not prescribed maintenance of the cost records under section 209(1)(d) of the Companies Act, 1956 in respect to the companies' products.

- ix) (a) According to the information's and explanations given to us and records examined by us , the company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund , employees state insurance, income tax , sales-tax, service tax, custom duty, excise duty, cess and other statutory dues wherever applicable. According to the information and explanations given to us, no undisputed arrears of statutory dues of the aforesaid nature were outstanding as at 31st March, 2009 for a period of more than six months from the date they became payable.
- (b) According to the records of the Company, there was no dues as at 31st March, 2009 of sale tax, income-tax, customs, wealth-tax, service tax, excise duty, cess which have not been deposited on account of disputes.
- x) As the Company has been registered for a period of less than five years, hence, 4(x) of the Order is not applicable to it.
- xi) Based on our audit procedures and the information given by the management, we are of the opinion that the company has not defaulted in repayment of dues to Financial Institution/Bank
- xii) Based on our examination of the records and the information and explanations given to us, the Company has not granted any loans and/ or advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii) Clause (xiii) of the Order is not applicable to the Company as the Company is not a Chit fund Company or nidhi /mutual benefit fund/ society.
- xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures, and other investments. Accordingly, the provisions of clause 4 (xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- xv) According to the information and explanations given to us, Company has not given any guarantees for loans taken by others from bank or financial institutions.
- xvi) According to the information and explanations given to us, the term loans raised during the year were applied to the purposes for which the same were availed.
- xvii) According to the information & explanation given to us and on an overall examination of the balance sheet of the company, we report that no funds raised on short-term basis have been used for long term investments.
- xviii) According to the information and explanations given to us, the company has not made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act.
- xix) During the year covered by our audit report the Company has not issued secured debentures.
- xx) The Company has not raised any money by public issues during the year covered by our report. Based upon the audit procedures performed and the information and explanations given to us by the management, we report that no fraud on or by the Company has been noticed or reported during the year.

FOR K.N.GUTGUTIA & CO.,
CHARTERED ACCOUNTANTS

(B.R.GOYAL)
PARTNER

Membership No. 12172

Date: 30th May 2009
Place: New Delhi

BALANCE SHEET AS AT 31ST MARCH 2009

PARTICULARS	SCHEDULE	As at 31st March 2009 (Rs.)	As at 31st March 2008 (Rs.)
SOURCES OF FUNDS			
SHARE CAPITAL			
AUTHORISED			
1000000 Equity Shares of Rs. 10/- each		<u>10000000</u>	<u>10000000</u>
ISSUED, SUBSCRIBED AND PAID UP			
1000000 Equity shares of Rs. 10/- each fully paid up in cash		<u>10000000</u>	<u>10000000</u>
(Out of above 5,10,000 Equity Shares are held by a holding company Indian Toners & Developer Ltd.			
LOAN FUNDS			
	A	<u>103622345</u>	<u>15379865</u>
Term Loan from Bank			
Unsecured Loan from Holding Company		<u>157125059</u>	<u>57119827</u>
including Interest Accrued	TOTAL	<u>270747404</u>	<u>82499692</u>
APPLICATION OF FUNDS			
FIXED ASSETS			
	B		
Gross Block	848975		
Less : Depreciation	59227		
NET BLOCK	<u>789748</u>	<u>0</u>	
Add : Capital Work in Progress	217248966	71539858	
Add : Preoperative Expenditure	<u>24854074</u>	<u>1425284</u>	
trfd. from Profit & Loss A/c			
		<u>242892788</u>	<u>72965142</u>
CURRENT ASSETS, LOANS AND ADVANCES			
	C		
Inventories	25982109	0	
Sundry Debtors	67660	0	
Cash & Bank Balances	11947700	10622950	
Loans & Advances	<u>4359407</u>	<u>275043</u>	
	<u>42356876</u>	<u>10897993</u>	
LESS : CURRENT LIABILITIES AND PROVISIONS			
	D		
Current Liabilities	15620290	1548621	
Provisions	108091	0	
	<u>15728381</u>	<u>1548621</u>	
Net Current Assets		<u>26628495</u>	<u>9349372</u>
Miscellaneous Expenditure (to the extent not written off or adjusted)			
Preliminary Expenses		<u>185178</u>	<u>185178</u>
Profit & Loss Account (Dr. Balance)		<u>1040943</u>	<u>0</u>
TOTAL		<u>270747404</u>	<u>82499692</u>

SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS F
Schedule "A" to "D" referred to herein form part of the Balance Sheet

As per our Report of Even Date Attached
For **K.N. GUTGUTIA & CO.**
Chartered Accountants

For and on Behalf of the Board of Directors

(B.R.GOYAL)

Partner
Membership No. 12172
11K, Gopala Tower
25, Rajendra Place, N.Delhi
The 30th Day of May 2009

SANJEEV GOEL
Director

N. S. SHARMA
Director

SUSHIL JAIN
Director

Profit & Loss Account for the year ended on 31st March, 2009

PARTICULARS	For the Year Ended 31st March, 2009 Rs.	For the Year Ended 31st March, 2008 Rs.
INCOME		
Sales (Trading)	62109	0
Increase / (Decrease) in Stock	6842648	0
Interest on Deposits with Bank (TDS Rs. 110711 - Previous Year Rs. 111259)	581416	111259
Miscellaneous Income	91574	3886903
TOTAL	<u>7577747</u>	<u>3998162</u>
EXPENDITURE		
Trading & other expenses E	29257555	2937942
Interest Cost (Refer No. 7 Schedule F)	2610055	2347886
Depreciation	59227	0
Less - Transferred to Preoperative Expenses (Pending Capitalisation)	(23335015)	(1287666)
	<u>8591822</u>	<u>3998162</u>
(LOSS) / PROFIT BEFORE TAX	(1014075)	0
Provision for FBT - Current	(-) 26868	(-) 0
(Loss) Profit for the year	(1040943)	0
DEBIT BALANCE CARRIED TO BALANCE SHEET	<u>(1040943)</u>	<u>0</u>
EARNING PER SHARE (BASIC)		
(FACE VALUE OF RS. 10/-)	-0.13	0.00

SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS 'F'

Schedule 'E' is the Integral part of Profit & Loss Account.

As per our Report of Even Date Attached
For **K.N. GUTGUTIA & CO.**

Chartered Accountants

(B.R.GOYAL)

Partner

Membership No. 12172

11K, Gopala Tower

25, Rajendra Place, N.Delhi

The 30th Day of May 2009

For and on Behalf of the Board of Directors

SANJEEV GOEL
Director

N. S. SHARMA
Director

SUSHIL JAIN
Director

SCHEDULE 'A'**Schedule of Secured Loans as at 31st March, 2009**

PARTICULARS	As at 31st March 2009	As at 31st March 2008
(A) SECURE LOAN		
STATE BANK OF INDIA		
State Bank of India Term Loan : Indian Currency	18986813	15379865
State Bank of India - Foreign Currency Loan : Term Loan	17157076	0
State Bank of India - Frankfurt Term Loan : Foreign Currency (Buyer's Credit)	67478456	0
TOTAL	<u>103622345</u>	<u>15379865</u>

Term Loans from State Bank of India are secured against First Charge on the entire fixed assets (present & future) of the company created out of the loan including Equitable Mortgagage of the factory land and Building and the Corporate of its Holding Company, namely, Indian Toners & Developers Limited.

SCHEDULE 'B'

Schedule of Fixed Assets as at 31st March, 2009

S.No.	Particulars	G R O S S		B L O C K		D E P R E C I A T I O N				N E T B L O C K	
		Cost as at 01.04.2008 Rs.	Additions Rs.	Adjustments Rs.	Cost as at 31.03.2009 Rs.	Upto 31.03.2008 Rs.	For the year Rs.	Adj- ustments Rs.	Total Upto 31-3-2009 Rs.	Net Block as at 31.03.2009 Rs.	Net Block as at 31.03.2008 Rs.
1	Furniture & Fixtures		278540	0	278540		12542		12542	265998	
2	Office Equipments		52100	0	52100		5403		5403	46697	
3	Vehicles		518335	0	518335		41282		41282	477053	
TOTAL		0	848975	0	848975	0	59227	0	59227	789748	0
8	Capital Work in Progress	71539858	145709108	0	217248966				0	217248966	71539858
	Preoperative Expenditure (Pending for Capitalisation)	1425284	23428790	0	24854074					24854074	1425284
Current Year :		72965142	169986876	0	242952015		59227	0	59227	242892788	72965142
Previous Year :		72965142		0	72965142						72965142

SCHEDULE 'C' Current Assets, Loans & Advances as at 31st March, 2009

PARTICULARS	As at 31st March 2009	As at 31st March 2008
	Rs.	Rs.
(A) CURRENT ASSETS		
Raw Materials (at or below Cost)	16331632	0
Stock In process (at Raw Material cost)	6842648	0
Stores, Spares, Power & Fuel and Packing Materials (at Cost or net realisable value whichever is lower)	2807829	0
Cash Balance on Hand	7112	25947
Balance with Schedule Banks in Current Account	1668624	4437003
Margin Money against L.C.	10119044	6160000
Interest Accrued on Margin Money	152920	111259
Sundry Debtors		
Considered Good (if not otherwise stated)	67660	0
(B) LOANS AND ADVANCES (CONSIDERED GOOD)		
Advances recoverable in cash or in kind or for value to be received	4248696	163784
Tax Deducted at Source	110711	0
TOTAL	42356876	10897993

SCHEDULE 'D' Current Liabilities & Expenses Payable at 31st March, 2009

PARTICULARS	As at 31st March 2009	As at 31st March 2008
	Rs.	Rs.
CURRENT LIABILITIES		
Sundry Creditors & Other Liabilities (Refer Note No. 8 Schedule F)	14620290	1253324
Security Deposits	1000000	295297
TOTAL	15620290	1548621

SCHEDULE 'E'

Trading and other expenses for the Year ended on 31st March, 2009

PARTICULARS	For the year	For the year
	Ended on 31st March, 2009	Ended on 31st March, 2008
	Rs.	Rs.
Consumption of Raw Materials & Chemicals	6842648	0
Consumption of Power & Fuel	1893638	0
Purchase - Trading	60422	0
Repairs & Maintenance		
Plant & Machinery	26324	0
Computers	22580	0
Others	39676	0
Salaries, Wages, Gratuity and other Allowances (Including contracted labour)	6224673	755069
Contribution to Provident fund & Employee State Insurance Fund	313726	45632
Staff Welfare	58515	17344
Medical Expenses	54632	0
Staff Recruitment Expenses	32412	26847
Auditors' Fee	25000	15000
Rent	600776	0
Rates & Taxes	234644	77368
Insurance	482371	47648
Business Promotion	30449	0
Travelling & Conveyance Expenses	1548043	94419
Festival Expenses	2592	0
Postage, Telephone, Telegram and Telex	111625	12550
Legal & Professional Charges	403226	28702
Subscription	26460	15000
Loss on Forward Contract	315136	0
Printing & Stationery	69493	3856
Miscellaneous Expenses	17801	745
Filing Fees	1500	2000
Security Expenses	455573	78584
Directors Sitting Fees	9000	12000
Financial & Other Charges	8231759	1705178
Advertisement Expenses	1100	0
Office Maintenance	126777	0
Testing Charges	3110	0
Electricity Expenses	180742	0
Books & Periodicals	1855	0
Canteen Expenses	105648	0
Garding Expenses	67855	0
Water Charges	9600	0
Vehicle Running & Maint. Expenses	94350	0
Guest House Expenses	531826	0
TOTAL	29257555	2937942

SCHEDULE "F"

Schedule Attached to the Accounts for the Year Ended March 31, 2009

A. SIGNIFICANT ACCOUNTING POLICIES :

1. Basis of Accounting

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

2. FIXED ASSETS :

- a) Fixed Assets are stated at cost less Depreciation provided for.
- b) Interest on loans and other financial charges and preoperative expenses including Trial Run Expenses (Net of trial run receipts, if any) for projects and/or substantial expansion up to the date of commencement of commercial production/ stabilisation of the project are capitalised

3. EMPLOYEE BENEFITS :

- Contribution payable for provident fund and employee state insurance which is defined contribution scheme, is charged to profit & loss account.
- Leave encashment which are defined benefits are accrued calculated by an independent actuarial valuer and the annual contribution for it is charged to the profit & loss account on the accrual basis.

4. INVENTORY VALUATION :

- a) Stock of Raw Materials, Stores & Spares, Power & Fuel and packing Materials : At or below cost
- b) Stock in process : At Raw Material Cost as the goods processed require further re-processing.
- c) Cost of raw material and stores & spares and packing materials is computed on FIFO basis. Finished goods and work in process include cost of conversion and other costs incurred in bringing the inventories to their present locations and condition.

5. FOREIGN CURRENCY TRANSACTIONS :

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

The company has opted to account for exchange differences on arising on reporting of long term foreign currency monetary items in line with the companies (Accounting Standard) Rules as

amended on 31st March, 2009 in respect of Accounting Standard 11 (AS-11). Accordingly, exchange difference on long term foreign borrowings has been capitalized by adding to cost of depreciable capital assets.

6. TAXATION :

Provision for Fringe Benefit Tax has been made in accordance with the Income Tax Laws prevailing for the relevant assessment year.

7. BORROWING COST :

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

8. PROVISIONS AND CONTINGENT LIABILITY

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

9. REVENUE RECOGNITION

Revenue from trading sale of goods is recognized when the goods are dispatched to the customers and interest income is recognized based upon the time factor.

10. USE OF ESTIMATES

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

B. NOTES ON ACCOUNTS

1. The Company is in the process of setting up plant at Sitarganj, Uttarakhand for manufacturing Toners & Developers. The expenditure incurred during the construction period are classified as Development and Pre – Operative Expenditure (Pending Capitalization) and will be apportioned to the Assets on the completion of the Project. (except certain expenses which do not qualify for capitalization)
2. The Company's activities during the year revolve around setting up of the Project (Refer Note 1 above). Considering the nature of Company's business and operations, there are no separate reportable segments (business and / or geographical) in accordance with the requirement of Accounting Standard 17 – "Segment Reporting", notified in the Companies (Accounting Standards) Rules 2006.
3. Capital Commitments : Estimated amounts of contracts remaining to be executed on capital accounts [net of capital advances] is Rs. 5305253 (Previous Year Rs. 83935804).

	Current Year	Previous Year
4		
Contingent liabilities not provided for in respect of:	Rs.	Rs.
a) Letters of credit established in favour of the suppliers of import of materials / machines	65962262	56492283
b) Outstanding Foreign Exchange Forward Contracts	NIL	51480000
c) Gurantee issued by SBI on behalf of the Company	5332500	—
5		
Auditors' Remuneration:		
As Audit Fee (Excl. Services Tax)	25000	15000
6		
Details of Interest Expenses :		
Paid to Banks on Term Loan	2610055	NIL

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

8. The company has opted for accounting the exchange difference arising on reporting of long term foreign currency monetary items in line with the Companies (Accounting Standard) Amendment Rules 2009 on AS 11 notified by the Ministry Of Corporate Affairs on 31st March 2009. Accordingly during the year the company has adjusted exchange difference amounting to Rs 3306506 to the cost of fixed assets (appearing in Capital work in progress) and such difference should be depreciated over the life of the concerned asset.

9. Disclosure as per AS 15 (revised):-

Effective April 1, 2008, the Company has adopted the revised Accounting Standard AS – 15 issued by the Institute of Chartered Accountants of India on employee benefits.

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

A) Defined Contribution Plans

Provident Fund

During the year the Company has recognized the following amounts

in the Profit and Loss Account:

For the year ended 31st March, 2009 (Rs. In. Lacs)

Employers Contribution to Provident Fund 3.14

B) State Plans

a) Employee State Insurance

During the year the Company has recognized the following amounts

in the Profit and Loss Account:

For the year ended 31st March, 2009 (Rs. In Lacs)

Employers Contribution to Employee State Insurance

C) Defined Benefit Plans

Leave Encashment

NIL

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

	Leave Encashment
--	---------------------

The principal assumptions used in actuarial valuation as per below:

• Discount rate	8%
• Expected rate of return on assets	0
• Expected rate of future salary increase	5.5%

Change in present value of obligations

• Present value of obligations as at 01.04.2007	—
• Interest cost	—
• Current service cost	96370
• Benefits paid	—
• Actuarial loss on Obligations	11721
• Present value of obligation as at 31.03.2008	108091

Changes in fair value of plan assets

Not Available

Liability recognized in the Balance Sheet

• Present value of obligations as at 31.03.2008	108091
• Fair value of plan assets as at the end of the year	—
• Unfunded status	—
• Unrecognised Actuarial (Gain) / Loss	—

Expenses recognized in Profit and Loss Account

• Current service cost	96370
• Post service cost	—
• Interest cost	—
• Expected return on plan assets	—
• Net Actuarial (Gain) / Loss recognized during the year	11721
• Total Expense recognized in Profit and Loss Account	108091

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

a. VALUE OF IMPORTS CALCULATED ON C.I.F. BASIS:

	Current Year	Previous Year
	(Rs.)	(Rs.)
i) Raw Materials	15172566	—
ii) Plant & Machinery (Capital Goods)	61135780	—
iii) Stores & Spares and packing materials	1919186	—

b. EXPENDITURE IN FOREIGN CURRENCY (on remittance)

	Current Year	Previous Year
	(Rs.)	(Rs.)
i) Foreign Travels	—	—
ii) Advance for Plant & Machinery	—	15965870

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

(i) RELATIONS SHIPS:

- (a) Indian Toners & Developers Ltd. (Holding Co.)
- (b) ITDL USA, Inc., (ii) ITDL Imagetec Limited (Fellow Subsidiary)
- (c) Key Management Personnel - Shri Sushil Jain (CMD)
- (d) Relative of Key Management Personnel - Shri Akshat Jain, (son of Sh. Sushil Jain) (Vice-President- Corporate Affairs)
Sh. Shri Ram Jain (Father of Shri Sushil Jain)
- (e) Enterprises over which Key Management Personnel / Relative are able to exercise significant influence - Jain Bhawan
- Shrilon India Ltd.
- Alankar Securities Private Limited
- Mahavir Phototech Private Limited
- Triveni Securities Private Limited
- Jain Tube Company Limited

- (ii) Detail of transactions with Related Parties during the year:
Transaction during the year with details particulars (excluding reimbursements)

(Amount in Rs.)

Name of the Company / Nature of transactions	For the Year 2008-09	For the Year 2007-08
Indian Toners & Developers Ltd.		
Opening balance		
Equity held	5100000	2600000
Corporate guarantees given by Indian Toners & Developers Ltd.	270000000	—
Loans & Advances	57119827	31151003
Transactions During the Year / Period		
Proceeds from issue of Equity Shares	—	4840000
Loans & Advances received (Including interest Rs.6709926) (Previous Year 2347886 & Reimbursement of Expenses)	100005232	57119827
Closing balance		
Equity held	5100000	5100000
Corporate guarantees given by Indian Toners & Developers Ltd. (effective guarantee Rs. 103622345 (Previous Year Rs. 15371865))	270000000	270000000
Loan & Advances (including interest)	157125059	57119827

Note : In addition to above the during the year Company entered into an agreement of High Sea Sale with Holding Company (Indian Toners & Developers Limited). All purchases are transferred to Holding Company a margin of 1% per consignment. (Total amount Rs. 9248917)

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

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

I. Registration Details

State Code	20	Registration No.	15721
Balance Sheet Date	31.03.2009		

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

Public Issue	Rights Issue
NIL	NIL
Bonus Issue	Private Placement

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

	Total Liabilities	Total Assets
Sources of Funds	286476	286476
	Paid-up Capital	Reserve & Surplus
	10000	—
	Secured Loans	Deffered Tax (Net)
Application of Funds	260747	—
	Net Fixed Assets	Investments
	242893	—
	Net Current Assets	Misc. Expenditure
	26628	1.85
Accumulated Losses	1041	

IV Performance of Company (Amount in Rs. thousands)

Turnover including Other Incomes	Total Expenditure
26717	27731
Profit Before Tax	Profit After Tax
(1014)	(1041)
Earning Per Share in Rs.	Dividend Rate %
(-) 0.13	—

V. Generic names of Three Principal Products of Company

Item Code No.	37079001
Product Description	Toners & Developers for Photocopiers

As per our Report of Even Date Attached
For **K.N. GUTGUTIA & CO.**

Chartered Accountants

(B.R.GOYAL)

Partner

Membership No. 12172

11K, Gopala Tower

25, Rajendra Place, N.Delhi

The 30th Day of May 2009

For and on Behalf of the Board of Directors

SANJEEV GOEL

Director

N. S. SHARMA

Director

SUSHIL JAIN

Director

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2009

	Current Year (Rs.)	Previous Year (Rs.)
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before tax	-1014075	0
Adjustment for		
Depreciation	0.00	0.00
Provision for leave encashment	108091	0.00
Operating Loss before Working Capital Changes	-905984	0.00
Adjustments For		
Trade & other receivables	-4152024	92957
Inventories	-25982109	0.00
Trade & Other Payables	14071668	1476340
Cash generated from Operations	-16968449	1569297
Direct Taxes Paid	-26867	0.00
Net Cash Inflow / (outflow) in course of Operating Activities (A)	-16995316	1569297
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets/ CWIP (including pre operatives)	-169927646	-42260351
Share Capital	0.00	9500000
Net Cash Inflow / (outflow) in course of Investing Activities (B)	-169927646	-32760351
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from / Payments for long Terms and Short Term Borrowing	88242480	15379865
Loan from Holding Company	100005232	25968824
Net Cash Inflow / (outflow) in course of Financing Activities (C)	188247712	41348689
Net Increase / (Decrease) in Cash & Cash Equivalents (A)+(B)+(C)	1324750	10157635
Cash And Cash Equivalents As At 31.03.2008	10622950	465315
Cash & Cash Equivalent As At 31.03.2009	11947700	10622950

Notes :

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

As per our Report of Even Date Attached
For **K.N. GUTGUTIA & CO.**

Chartered Accountants
(B.R.GOYAL)

Partner

Membership No. 12172
11K, Gopala Tower
25, Rajendra Place, N.Delhi
The 30th Day of May 2009

For and on Behalf of the Board of Directors

SANJEEV GOEL
Director

N. S. SHARMA
Director

SUSHIL JAIN
Director

AUDITORS' REPORT

INDIAN TONERS & DEVELOPERS LIMITED

AUDITORS' REPORT TO THE BOARD OF DIRECTORS OF INDIAN TONERS & DEVELOPERS LTD.

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

- 1 We have examined the attached Consolidated Balance Sheet of INDIAN TONERS & DEVELOPERS LTD ('the company') and its subsidiaries companies, namely, ITDL-USA Inc. and ITDL Imagtec Ltd. (the company and its subsidiary constitute 'the group') as at 31st March 2009, the Consolidated Profit and Loss Account for the year then ended and annexed thereto and the consolidated Cash Flow Statement for the year ended on that date. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
- 2 We conducted our audit in accordance with generally accepted auditing standards in India. These Standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework and are free of material misstatements. An audit includes, examining on a test basis, evidence supporting the amount and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statements. We believe that our audit provides a reasonable basis for our opinion.

- 3 We report that the Consolidated Financial Statements have been prepared by the Company in accordance with the requirements of Accounting Standard (AS) 21, Consolidated Financial Statements, issued by the Institute of Chartered Accountants of India and on the basis of the separate audited financial statements of the Company and its subsidiary companies included in the Consolidated Financial Statements.
- 4 On the basis of the information and explanation given to us and on consideration of the separate audit report on individual audited financial statements of the Company and its aforesaid subsidiaries in our opinion, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:
 - a) In the case of the consolidated Balance Sheet, of the consolidated state of affairs of 'the group' as at March 31, 2009;
 - b) In the case of the consolidated Profit and Loss Account, of the consolidated results of operations of 'the group' for the year ended on that date; and
 - c) In the case of the consolidated Cash Flow Statement, of the consolidated cash flows of 'the group' for the year ended on that date.

FOR K.N.GUTGUTIA & CO.,
CHARTERED ACCOUNTANTS

(B.R.GOYAL)
PARTNER

Membership No. 12172

Date: 30th May 2009
Place: New Delhi

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH 2009

PARTICULARS	SCHEDULE	As at 31st March 2009 (Rs.)	As at 31st March 2008 (Rs.)
SOURCES OF FUNDS			
SHARE CAPITAL			
AUTHORISED			
17000000 Equity Shares of Rs. 10/- each		170000000	170000000
ISSUED, SUBSCRIBED AND PAID UP			
8058900 Equity shares of Rs. 10/- each fully paid up in cash		80589000	80589000
MINORITY INTEREST (Refer Note 15 Schedule G)		4390000	4900000
RESERVE & SURPLUS			
Surplus as per Annexed Profit & Loss Account		268442557	236769264
EXCHANGE FLUCTUATION RESERVE		(1076626)	(13507)
LOAN FUNDS			
Secured Loans	A	106568201	19557061
DEFERRED TAX LIABILITY (NET)		28415653	32377653
	TOTAL	487328785	374179471
APPLICATION OF FUNDS			
FIXED ASSETS			
Gross Block	B	333817328	361941815
Less : Depreciation		202198548	185487116
NET BLOCK		131618780	176454699
Add : Capital Work in Progress		217248966	43478054
Add : Preoperative Expenditure		24854074	
		373721820	219932753
INVESTMENTS	C	23645538	39094574
CURRENT ASSETS, LOANS AND ADVANCES			
ADVANCES	D		
Inventories		103374710	85396560
Sundry Debtors		64093226	79599649
Cash & Bank Balances		33441022	32966585
Loans & Advances		138781593	114044933
		339690551	312007726
LESS : CURRENT LIABILITIES AND PROVISIONS			
Current Liabilities	E		
Current Liabilities		128117639	98456416
Provisions		121796663	98584344
		249914302	197040760
Net Current Assets		89776249	114966966
Miscellaneous Expenditure (To the extent not written off or adjusted)			
Preliminary Expenses		185178	185178
	TOTAL	487328785	374179471

SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS

Schedule "A" to "E" & "G" are integral part of the Balance Sheet

As per our Report of Even Date Attached

For **K.N. GUTGUTIA & CO.**

Chartered Accountants

For and on Behalf of the Board of Directors

(B.R.GOYAL)

Partner

Membership No. 12172

11K, Gopala Tower

25, Rajendra Place, N.Delhi

The 30th Day of May 2009

S.C. SINGHAL

Executive Director

& Company Secretary

N. S. SHARMA**SANJEEV GOEL**

Directors

(SUSHIL JAIN)

Chairman & Managing Director

Consolidated Profit & Loss Account for the year ended on 31st March, 2009

PARTICULARS	SCHEDULE	For the Year Ended 31st March, 2009 Rs.	For the Year Ended 31st March, 2008 Rs.
INCOME			
Sales (including Export Benefits Rs. 4959864/-		479821577	424294758
Previous year Rs. 3671418/-) (Refer Note No. 8 (c) Schedule G)			
Increase (Decrease) in Stock (Refer Note 8(b), Schedule G)		732361	4321869
Increase (Decrease) in Stock of Laser Printer Spare Parts		(1134167)	(1582882)
Other Income including Interest on Deposits with Banks (TDS Rs. 2322288/- & P.Y. Rs. 103850/-)		12146128	10411666
	TOTAL	491565899	437445412
EXPENDITURE			
Manufacturing and other Expenses	F	422003105	377967366
Interest Cost (Refer Note No. 7 Schedule 'G')		2585747	1400038
Depreciation		18089961	17801010
Bad Debts W/Off		1195825	0
	TOTAL	443874638	397168414
PROFIT, BEFORE TAX		47691261	40276998
Provision for Income Tax - Current	(-)	19037000	(-) 14312268
Provision for FBT - Current	(-)	1452968	(-) 1415000
Deferred Tax Credit	(+)	3962000	(+) 2130000
Profit after Tax For The year		31163293	26679730
Minority Interest	(+)	510000	0
Profit After Minority Interest		31673293	26679730
BALANCE BROUGHT FORWARD		236769264	0
TOTAL BALANCE BEING SURPLUS CARRIED TO BALANCE SHEET		268442557	236769264
Earning Per Share (Basic) (Face value of Rs. 10/-)		3.87	3.31

**SIGNIFICANT ACCOUNTING POLICIES
& NOTES ON ACCOUNTS**

Schedule F to G are integral part of
Profit & Loss Account

G

As per our Report of Even Date Attached
For **K.N. GUTGUTIA & CO.**

Chartered Accountants
(B.R.GOYAL)

Partner
Membership No. 12172
11K, Gopala Tower
25, Rajendra Place, N.Delhi
The 30th Day of May 2009

S.C. SINGHAL
Executive Director
& Company Secretary

N. S. SHARMA
SANJEEV GOEL
Directors

(SUSHIL JAIN)
Chairman & Managing Director

For and on Behalf of the Board of Directors

SCHEDULE 'A'**Consolidated Schedule of Secured Loans As At 31st March, 2009**

PARTICULARS	As at 31st March 2009 Rs.	As at 31st March 2008 Rs.
(A) LOANS FROM BANK		
STATE BANK OF INDIA		
State Bank of India - Frankfurt, Term Loan (Buyer' Credit)	67478456	0
State Bank of India - Foreign Currency Loan : Term Loan	17157076	0
State Bank of India - Term Loan _ Indian Currency	18986813	15379865
Cash Credit (Working Capital)	2803324	3350110
(B) OTHER LOANS		
From ICICI Bank Ltd.- Auto Loan	142533	408090
From HDFC Bank Ltd. - Auto Loan	0	418996
TOTAL	106568201	19557061

NOTES :

- 1 Working Capital facilities from State Bank of India are secured against hypothecation of raw materials, stock in transit, finished goods, stock in process, chemicals, spares and stores and book debts etc. alongwith personal guarantee of the Chairman & Managing Director and second charge over all the immoveable assets both present and future of the Company.
- 2 Term Loan from State Bank of India are secured against First Charge on the entire fixed assets (present & future) of ITDL Imagetec Limited and Equitable Mortgage of factory land and building and against the Corporate Guarantee of its Holding Company, namely, Indian Toners & Developers Ltd.
- 3 Auto Loan from the Banks are secured against the specific vehicles purchase out of the loan funds.

SCHEDULE 'B'**Consolidated Schedule of Fixed Assets as at 31st March, 2009**

S.No.	Particulars	G R O S S			D E P R E C I A T I O N				N E T B L O C K		
		Cost as at 01.04.2008 Rs.	Additions Rs.	Adjustments Rs.	Cost as at 31.03.2009 Rs.	Upto 31.03.2008 Rs.	For the year Rs.	Adj- ustments Rs.	Total Upto 31-3-2009 Rs.	Net Block as at 31.03.2009 Rs.	Net Block as at 31.03.2008 Rs.
1	Land (Free Hold)	350255	0	0	350255	0	0	0	0	350255	350255
2	Building	17897326	0	0	17897326	6618900	597771	0	7216671	10680655	11278426
3	Plant and Machinery	287020212	336577	2485173	284871616	167901733	14908455	1238135	181572053	103299563	119118479
4	Electric Installations	5313145	0	0	5313145	2690451	252375	0	2942826	2370319	2622694
5	Furniture & Fixtures	3476080	558860	128858	3906082	1559134	311727	109047	1761814	2144268	1916946
6	Office Equipments	7711416	2085972	230425	9566963	3591420	1086032	90574	4586878	4980085	4119996
7	Vehicles	9610886	2301056	0	11911942	3125478	992828	0	4118306	7793636	6485408
	TOTAL	331379320	5282464	2844456	333817328	185487116	18149188	1437756	202198548	131618780	145892204
8	Capital Work in Progress	72615265	144633701		217248966				0	217248966	72615265
	Preoperative Expenditure	1425284	23428790		24854074					24854074	1425284
	Current Year :	405419869	173344955	2844456	575920368	185487116	18149188	1437756	202198548	373721820	219932753
	Previous Year :	359456080	45963788	0	405419868	167686106	17801010	0	185487116	219932753	191769974

Note :- Building, Plant & Machinery and Electrical Installation includes Rs. 2298055/-, Rs. 35010703/- (including Rs. 173753/- during the year) & Rs. 517511/- respectively towards assets for R & D purposes.

SCHEDULE "C" CONSOLIDATED SCHEDULE OF INVESTMENTS AS AT 31ST MARCH 2009

	UNITS*		COST	
	As at	As at	As at	As at
A UNQUOTATED INVESTMENTS	31st March 2009	31st March 2009	31st March 2008	31st March 2008
(LONG TERM)(NON TRADE)	Rs.	Rs.	Rs.	Rs.
Equity Shares in Jain Tube Company Limited (Face value of Rs.10 each)	0	0	271200	3264656
Equity Share in Alankar Securities Pvt. Ltd. (Face value of Rs. 10 each)	128454	3690000	128454	3690000
Equity Share in Triveni Securities Pvt. Ltd. (Face value of Rs. 10 each)	110009	3000000	110009	3000000
Equity Share in Mahavir Phototech Pvt. Ltd. (Face value of Rs. 10 each)	172561	2910000	172561	2910000
TOTAL		<u>9600000</u>		<u>12864656</u>
B INVESTMENTS IN MUTUAL FUND (QUOTED) (CURRENT) (NON TRADE)				
Templeton F. R. Income Fund (Short Term Plan / M.I.P.)	0	0	728054	7310320
Canara Robeco Mutual Fund	146996	1801966	0	0
UTI Fixed Maturity Plan - QFMP	0	0	504015	5040152
Reliance Monthly Interval Fund Service II	937431	9375722	870198	8702904
LIC M. F. Floating Rate Fund	261114	2867062	243695	2675795
Reliance Floating Rate Fund - Growth		0	213185	2500000
HDFC Cash Management Fund	78	788	74	747
TOTAL		<u>14045538</u>		<u>26229918</u>
GRAND TOTAL (A+B)		<u>23645538</u>		<u>39094574</u>

Note : N.A.V. of Quoted Investments as at 31.03.2009 Rs. 14078964/- (Previous Year Rs. 26451337/-)

SCHEDULE "D" CONSOLIDATED CURRENT ASSETS, LOANS & ADVANCES AS AT 31ST MARCH 2009

PARTICULARS	As at 31st March 2009 (Rs.)	At 31st March 2008 (Rs.)
(A) CURRENT ASSETS		
Inventories		
Raw Materials (at or below Cost)	36568785	18781223
Raw Materials in Transit (at cost)	16048973	20784550
Stock In process (at estimated cost)	13727847	9088258
Finished goods (at Cost or net realisable value whichever is lower)	16395157	21289953
Stores, Spares, Power & Fuel and Packing Materials (at Cost or net realisable value whichever is lower)	20141522	13825983
Finished Goods - Laser Printer Spare Parts (at cost or net realizable value whichever is lower)	492426	1626593
Sundry Debtors		
Considered Good (if not otherwise stated)		
Due for more than six months (Including Rs. 1500000/- Considered doubtful Previous Yr. Rs. 1500000/-)	3368484	6972883
Others	<u>62224742</u>	<u>74126766</u>

	62593226	81099649
Less :- Provision for Doubtful Debts	<u>1500000</u>	<u>1500000</u>
Cash & Bank Balance	64093226	79599649
Cash Balance on Hand	301473	492010
Balance with Scheduled Banks in Current Account	14462437	18110358
Cheques in Hand Rs. NIL Previous Year Rs. 500000)		
Fixed Deposits with Scheduled Bank	8194	8194
Margin Money With Schedule Bank against L/C and Guarantee Limits (Including Interest accrued of Rs. 240305/- & Previous Yr. Rs. 80696/-)	18668918	14356023
(B) LOANS AND ADVANCES (CONSIDERED GOOD)		
Loan To Employees	48658	97658
Advances recoverable in cash or in kind or for value to be received	18897082	12470189
Advance income Tax Including TDS	113355415	93798471
Balance with Excise Department	151939	2854938
Cenvat Receivable / Recoverable (including Service Tax)	1232224	468196
Deposits including Rs. 500000/- with UPSEB paid as per Court Order Previous Yr. Rs. 500000/-)	3120200*	2352292
Exports Benefits Receivable / Adjustable	1976076	2003189
	TOTAL	
	<u>339690551</u>	<u>312007726</u>

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

SCHEDULE 'E' CONSOLIDATED CURRENT LIABILITIES & EXPENSES PAYABLE AS AT 31ST MARCH, 2009

PARTICULARS	AS AT	AS AT
	31st MARCH, 2009	31st MARCH, 2008
	(RS.)	(RS.)
CURRENT LIABILITIES AND PROVISIONS		
(A) CURRENT LIABILITIES		
Sundry Creditors & other Liabilities (Refer Note No. 11 of Schedule "G")	105621977	79993636
Deposits & other Advances	22495663	18462780
TOTAL	<u>128117639</u>	<u>98456417</u>
PROVISIONS		
For Taxation	111327437	90738265
For Leave Encashment	2312083	2243683
For Excise Duty on Closing Stock of Finished Goods	239143	692211
For Discounts and incentives	7918000	4910186
TOTAL	<u>121796663</u>	<u>98584345</u>

SCHEDULE 'F'**Consolidated Manufacturing and other expenses for the Year ended on 31st March, 2009**

PARTICULARS	For the year	For the year
	Ended on 31st March, 2009	Ended on 31st March, 2008
	Rs.	Rs.
Raw Materials & Chemicals Consumed	160728338	134336588
Stores, Spares & Packing Material Consumed	26634667	23590778
Power & Fuel	43719320	39315814
Purchase - Photocopier Spare Parts (AMC)	0	8348
Purchase Trading	60422	0
Excise Duty	38043045	41488719
Repairs & Maintenance		
Plant & Machinery	420947	1185037
Building	848076	177786
Others	385325	459010
Salaries, Wages, Gratuity and other Allowances (Including contracted labour)	47256770	41188669
Contribution to Provident fund & Employee State Insurance Fund	2712646	2481942
Staff Welfare	1827147	1363736
Director's Salaries, Allowances & Commission	6699368	4582680
Directors' Sitting fee	94000	92000
Auditors' Fee (including Tax Audit Fee)	200000	140000
Rent	3883704	3767752
Rates & Taxes	811437	1021813
Insurance (Including CMD's Keyman Insurance Premium Rs. 1625150/- & Previous Year Rs. 1625150/-)	3136142	3171888
Travelling & Conveyance Expenses (Incl. for Directors Rs. 2600998/- & Previous Year Rs. 1558799/-)	16077627	14145787
Postage, Telephone, Telegram and Teléx	2461021	2721453
Commission on sales	4051823	3564800
Discounts, Incentives & Samples	22480046	17484638
Loss on Forward Contract	316555	305626
Freight, Clearing & Forwarding Expenses	18250871	16442128
Miscellaneous Expenses	18974222**	17419777
Financial & Other Cahrges	11049379	5251408
Loss on Sale of Fixed Assets	730253	0
Charity & Donation	201502	113003
Difference in Exchange - Foreign Exchange Fluctuation (Net O/R 898229/-)	7129684	5084128
Long Term Loss on Sale of Mutual Fund	276	
Loss on Sale of Investment (Long Terms)	2857856	0
TOTAL	442042470	380905308
Less : Tranfered to Preoperative (Pending Capitalisation)	(20039365)	(2937942)
TOTAL	422003105	377967366

**including Chairman & Managing Director's office Maintenance Expenses of Rs. 443375/-, Previous Year Rs. 446265/-

SCHEDULE "G"

Schedule Attached to the Accounts for the Year Ended March 31, 2009

A. SIGNIFICANT ACCOUNTING POLICIES :

Basis of Accounting

1. Basis for preparation of Consolidated Financial Statements.

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

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

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

All significant inter company balances and transactions between the company and its subsidiary have been eliminated in consolidation except that interest charged by the parent Company to ITDL Imagetec Ltd. has not been eliminated as the same from part of the fixed assets.

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

ITDL Imagetec Ltd. is subsidiary of the Company and it is incorporated in India and its plant is being setup at Sitarganj, Uttarakhand. The Company has 51% shareholding interest in the Company. The plant is to manufacturer Toners and Developers.

2. The Company follows mercantile system of Accounting and recognizes all significant items of income and expenditure on accrual basis and these accounts have been prepared in accordance with the Accounting Standards issued by the Institute of Chartered Accountants of India as applicable to it.**3. FIXED ASSETS :**

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

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

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

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

d) In case of ITDL Imagetec Ltd. no depreciation has been charged as the plant is under installation and there are no commercial activities.

4. IMPAIRMENT OF ASSETS

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

5. RESEARCH & DEVELOPMENT :

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

6. EMPLOYEE BENEFITS :

- Contribution payable for provident fund and employee state insurance which is defined contribution scheme, is charged to profit & loss account.
- Gratuity and leave encashment which are defined benefits are accrued calculated on unit credit method based on actuarial valuation as at balance sheet date provided by L.I.C. and by an independent actuarial valuer respectively.
- The Company has opted for a group gratuity – cum Life Assurance Scheme of the Life Insurance Corporation of India for employees and the annual contribution for it is charged to the profit & loss account on the accrual basis.

7. INVESTMENTS :

- (a) All the Long Term Investments are stated at cost. All the current investments are stated at cost or market rate whichever is lower as at the date of annual accounts. However, provision of diminution in value is made to recognized on declined other than temporary in value of investments.
- (b) Income / Loss on investments in Growth and / or Dividend plans of Mutual Funds is accounted for on sale / redemption of units.
- (c) Dividend Income from the Units of Mutual Funds is accounted for when the Company becomes legally entitled to it

8. INVENTORY VALUATION :

- a) Stock of Finished goods : At cost or net realisable value whichever is lower.
 - b) Stock of Raw Materials, Stores & Spares, Power & Fuel and packing Materials : At or below cost
 - c) Stock in process : At cost or net realisable value whichever is lower .
 - d) Stock of Laser Printers, etc (trading goods) :At cost or net realizable value which ever is lower
- Cost of raw material and stores & spares and packing materials is computed on FIFO basis.

Finished goods and work in process include cost of conversion and other costs incurred in bringing the inventories to their present locations and condition.

9. FOREIGN CURRENCY TRANSACTIONS :

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

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

Representative offices

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

10. TAXATION :

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

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

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

11. BORROWING COST :

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

12. EXPORT BENEFITS :

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

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

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

14. PROVISIONS AND CONTINGENT LIABILITY

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

15. REVENUE RECOGNITION

Sale of Goods:

Revenue from sale of goods is recognized when the significant risks and rewards of ownership of the goods are transferred to the customer and is stated net of excise duty, sales returns and sales tax. Revenue is recognized when the right to receive is established.

Dividend:

Revenue is recognized when the right to receive is established.

16. USE OF ESTIMATES

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

17. EARNINGS PER SHARE

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

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

18. LEASES

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

B. NOTES ON ACCOUNTS

1. Capital Commitments : Estimated amounts of contracts remaining to be executed on capital accounts [net of capital advances of Rs. 5305253 (Previous Year – Rs. 22301874)

	Current Year Rs.	Previous Year Rs.
2. Contingent liabilities not provided for in respect of:		
a) Letters of credit established in favour of the suppliers of import of materials	120938826	104110539
b) Guarantees issued by State Bank of India on behalf of Company	1343509	1249509
c) Sale Tax / Trade Taxes demands against which appeals have been preferred.	9627721	4855933
d) Minimum Consumption Guarantee Charges payable by U. P. State Government to U. P. Power Corporation claimed from the Company, against which the company has filed case in the Lucknow Bench of Hon'ble High Court of Allahabad. (The Company has deposited a sum of Rs. 5 lacs against this demand pursuant to the Court order and the same is treated as Deposit)	2843492	2843492
e) Excise Duty matter for which the Excise Department is in appeal*	_____	_____

*The appeal has been decided in favour of Company but now the Department has filed appeal with Tribunal Authority/ with appropriate authorities.

3. Export obligations undertaken by the Company under EPCG Scheme to be completed over a period of 8 years on account of import of Capital goods at concessional import duty [Duty saved Rs. NIL. (Previous Year Rs. NIL), outstanding obligations Rs. 26550779 (Previous Year Rs. 47842563) as at 31.03.2009.

4. One of the Subsidiary Company has opted for accounting the exchange difference arising on reporting of long term foreign currency monetary items in line with the Companies (Accounting Standard) Amendment Rules 2009 on AS 11 notified by the Ministry of Corporate Affairs on 31st March 2009. Accordingly during the year the company has adjusted exchange difference amounting to Rs. 3306506 to the cost of fixed assets (appearing in Capital work in progress) and such difference should be depreciated over the life of the concerned asset.

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

	Rs.	Rs.
a) <u>Chairman & Managing Director</u>		
Salary (Including Personal pay)	4320000	1800000
Contribution to P F	288000	216000
House Rent Allowance	1260000	1080000
Medical Reimbursement	262500	87500
Other Benefits & Allowance	2335167	1193000
Total	<u>8465667</u>	<u>4376500</u>
b) <u>Whole Time Director</u>		
Salary	676000	402000
Contribution to P F	8400	48240
House Rent & other Allowance	42000	340680
Medical reimbursement	5833	33500
Other benefits	34601	41900
Total	<u>766834</u>	<u>866320</u> <u>5242820</u>

i) Value of Perquisites have been evaluated as per Income Tax Act 1961/cost to the Company.

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

iii) The above remuneration is subject to approval of the Shareholder & Central Government as the total remuneration is in excess of limits prescribed by the Companies Act, 1956

6.	Balances in accounts of Sundry Debtors, Advances, Security deposits of dealers and creditors are subject to confirmations for the respective parties.		
7.	Other Income includes :	Current Year (Rs.)	Previous Year (Rs.)
i)	Dividend from Mutual Funds	1772877	1992481
ii)	Profit on sale of units of Mutual Funds [net of loss Rs. 330] (Previous Year Rs. NIL)	375547	1764889
iii)	Interest on Loans to employees	3851	10274
iv)	Interest on Loan to subsidiary Company	6709926	2347882
v)	Liability no longer required written Back/ Credit Balances Written back	1598183	822812
vi)	Insurance Claim	—	154496
vii)	Interest on FDR	639057	529901
viii)	Provision for diminution on long Term Investments written back*	—	1906556

* The Company has re – assessed the expected realizable / intrinsic value of investments and based upon such reassessment, the provision has been written back.

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

	Current Year (Rs.)	Previous Year (Rs.)
Geographical Segment :		
i)	Domestic Sale (Including Excise Duty)	312394632
ii)	Export Sales (including Export Benefits Rs. 4959864, PY Rs. 3671418)	167426945
b)	Details of Increase / Decrease in stocks	

	Finished Goods	Work in Process	Total	Trading Goods
Opening Balance	20440536	9088258	29528794	1626593
Closing Balance	16533308	13727847	30261155	492426
Increase (decrease)	3907228	4639589	732361	(1134167)

- c) Detail of Sales : (including Export Benefits on Export Sales)
- | | | |
|-------------|------------------|------------------|
| Sales | 479821577 | 424294758 |
| Excise Duty | 38043045 | 40103339 |
| Net Sales | <u>441778532</u> | <u>384191419</u> |
- d) Provision for Excise Duty amounting to Rs. 239143 (Previous Year Rs. 692211) on closing stock is included in schedule E.

9. Major components of the Deferred Tax Asset and liability as at 31st March 2009 are as follows :
- | (A) | Deferred Tax Liability on Account of | Current Year (Rs.) | Previous Year (Rs.) |
|-----|--------------------------------------|--------------------|---------------------|
| (a) | Depreciation | 20885229 | 23837409 |
| (b) | R & D Capital Assets | 8826886 | 9812722 |
| | Total (A) | 29712115 | 33650131 |
| (B) | Deferred Tax Assets on Account of | | |
| (a) | Provision for Leave encashment | 785877 | 762628 |
| (b) | Provision for doubtful debts | 509850 | 509850 |
| | Total (B) | 1295727 | 1272478 |
| | Net Deferred Tax Liabilities (A - B) | 28416388 | 32377653 |
- 10 a) Estimated benefits aggregating to Rs. 4959864/- (Previous Year Rs. 3631418/-) against exports effected during the year, has been taken into account for the year as incentive accounting in respect of duty free imports of Raw Material & Packing Materials under Advance Licence Scheme and corresponding amount has been added to the cost of Materials.
- b) Service Tax amounting to Rs. 4471119/- (Previous Year Rs. 2879701/-) have been treated as recoverable is subject to claim yet to be filed with Department.

11. Suppliers covered under the Micro, Small and Medium Enterprises Development Act 2006, have not furnished the information regarding filing of necessary memorandum with appointed authority. In view of this, information required under Section 22 of the said Act is not given.
12. Amount of Exchange difference (net) debited to Profit & Loss Account amounted to **Rs. 7129684** (previous year Rs. 5213185) and credited to P & L A/c. amounted to **Rs. 898229** (Previous Year Rs. 129057)
13. Raw materials, stores, spares & packing materials consumption includes Rs. NIL (Previous year Rs. 40592) being value of obsolete items written off.
14. R & D expenses included in various heads **Rs. 4242297** [Including Raw Material Consumption **Rs. 251153** & Depreciation Rs.1780774] (Previous year Rs 4476775. Raw Material Consumption Rs. 231357 & Depreciation Rs. 1745232) respectively.
15. Minority Interest : Minority interest represents that part of the net results of the operation and the net assets of ITDL Imagetec Limited where the parent Company holds majority interest and 49% is owned by others.
16. Disclosure as per AS 15 (revised):-

Effective April 1, 2008, the Company has adopted the revised Accounting Standard AS – 15 issued by the Institute of Chartered Accountants of India on employee benefits.

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

A) Defined Contribution Plans	Current Year (Rs. in Lacs)	Previous Year (Rs. in Lacs)
Provident Fund		
During the year the Company has recognized the following amounts in the Profit and Loss Account:		
For the year ended 31st March, 2009	22.03	19.08
Employers Contribution to Provident Fund		
B) State Plans		
a) Employee State Insurance		
During the year the Company has recognized the following amounts in the Profit and Loss Account:		
For the year ended 31st March, 2009	5.10	5.28
Employers Contribution to Employee State Insurance		
C) Defined Benefit Plans		
a) Gratuity		
b) Leave Encashment		

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

The principal assumptions used in actuarial valuation as per below:	Gratuity	Leave Encashment
• Discount rate	9.15%	8%
• Expected rate of return on assets	—	0
• Expected rate of future salary increase	5%	5%
Change in present value of obligations		
• Present value of obligations as at 01.04.2008	5816729	2243683
• Interest cost	466994	NIL
• Current service cost	3	332036
• Benefits paid	981610	—
• Actuarial loss on Obligations		1871956
• Present value of obligation as at 31.03.2009	5739667	2203992
Changes in fair value of plan assets	Not Available	Not Available
Liability recognized in the Balance Sheet		
• Present value of obligations as at 31.03.2009	—	2203992
• Fair value of plan assets as at the end of the year	—	—
• Unfunded status	—	—
• Unrecognised Actuarial (Gain) / Loss	—	—
• Net (Assets) / Liability recognised in Balance Sheet	—	2203992
Expenses recognized in Profit and Loss Account		

• Current service cost		
• Post Service cost	NIL	—
• Interest Cost	NIL	—
• Expected return on plan assets	N.A.	—
• Net Actuarial (Gain) / Loss recognized during the year	NIL	(-) 39691
• Total Expense recognized in Profit & Loss Account	511845	(-)39691

17. Misc. expenses includes*	Current Year (Rs.)	Previous Year (Rs.)
a) Vehicle Running & Maintenance	2502736	1982114
b) Legal & Professional Expenses	3452934	2994085
c) Seminar Expenses / Business Promotion / Dealer Selling Expenses	3798693	3618330
d) Exhibition Expenses	1219710	2055669

*Excluding in respect of ITDL Imagetec Ltd., which have been capitalized.

18. Bonus include Rs. NIL/- relating to previous year but determined during the year.
 19. Rent includes Rs. 329908 relating to Previous Year but determined during the year
 20. Disclosure pursuant to AS-29 (Movement of provisions)

	Leave Encashment	Previous Year	Discount & Incentive	Previous Year	Excise Duty on Closing Stock	Previous Year
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Opening Balance	2243683	2116114	4910186	5591095	692211	755387
Add Creations			7918000	4910186	239143	692211
Less						
(a) Utilizations	383882	498837	3841841	5581986	692211	755387
(b) Written Back	315482	371268	1068345	9109		
Closing Balance	2312083	2243683	7918000	4910186	239143	692211

21. Particulars of unhedge foreign currency expenses as at 31.03.2009

	Current Year	Previous Year
Creditors for Import of Goods	Rs. 62521450	53808628
Export Debtors	Rs. 16275355	22788787

22. Advances Recoverable in Cash or in kind" includes Rs. NIL (Previous Year Rs. 3870000) as advance for purchase of land at Ghaziabad and also includes Rs. 4471119 as Service Tax recoverable (Previous Year Rs. 2879701) (Refer Point No. 10 in schedule G also)

23. Calculating of Earning Per Share	Current Year (Rs)	Previous Year (Rs)
1. No. of Shares at the beginning of the year	8058900	8058900
2. No of Shares at the close of the year	8058900	8058900
3. Net Profit after Tax .(Rs.)	31673293	26679730
4. E. P. S. (Rs.)	3.87	3.31

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

(i) RELATIONSHIPS:

(a) Key Management Personnel	-	Shri Sushil Jain (CMD)
(b) Relative of Key Management Personnel	-	Shri Akshat Jain, (son of Sh. Sushil Jain) (Vice President Corporate Affairs) Sh. Sri Ram Jain (Father of Shri Sushil Jain)
(c) Enterprises over which Key Management Personnel / Relative are able to exercise significant influence	-	Jain Bhawan Shrilon India Ltd. Alankar Securities Private Limited Mahavir Phototech Private Limited Triveni Securities Private Limited Jain Tube Company Limited

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

Particulars	Subsidiary Company	Key Management Personnel	Relative of Key Management Personnel	Enterprises referred in (1) (d) above
Investments during the year	(4840000)			(-)
Share capital held at the end of year	7359562 (7359562)			
Corporate Guarantee on behalf of Subsidiary Company	(270000000)			
Advance against Purchase of Land	(-)			(1670000)
Remuneration Paid		8735667 (4376500)	1050039 (555504)	
Advance / Loans given (including interest) and expenses charged	100005232 (25968824)			
Sale of Investment		(-)		2857856
Rent Paid				132000 (132000)
Sales of Goods	(8184991)	11150116		
i) Outstandings: Balances as at year end balances due to the Company	157125059 (63219530)			(3870000)
ii) Corporate Guarantee	270000000 (270000000)			

Note :-

- i) Figures in the bracket are for the previous year.
 - ii) Received back during the year.
 - iii) During the year, certain investments for Rs. 406500 have been sold to the relatives of CMD
 - iv) During the year, from a Subsidiary, goods worth Rs.9248917 have been purchased on high seas basis.
25. Previous year's figures have been regrouped / re arranged whenever necessary to make them comparable with those of the current year.

As per our Report of Even Date Attached

For **K.N. GUTGUTIA & CO.**

Chartered Accountants

(B.R.GOYAL)

Partner

Membership No. 12172

11K, Gopala Tower

25, Rajendra Place, N.Delhi

The 30th Day of May 2009

For and on Behalf of the Board of Directors

S.C. SINGHAL
Executive Director
& Company Secretary

N. S. SHARMA
SANJEEV GOEL
Directors

(SUSHIL JAIN)
Chairman & Managing Director

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2009

	Current Year 2008-09 (Rs.)	Previous Year 2007-08 (Rs.)
A. CASH FLOW ARISING FROM OPERATING ACTIVITIES		
Net Profit before tax	47691261	40276998
Adjustment for		
Depreciation	18089961	17801010
Loss / (Gain) on sale of Fixed Assets	730253	0
Interest Received	-7352834	-10274
Interest Paid	2585747	3705290
Unrealised Exchanged Difference	2566942	-1435596
Provision for leave encashment	68400	127569
Bad Debts Written Off	1195825	0.00
Misc. Balances written off	-145293	-1117650
Loss / (Profit) on sale of Current Investments (Non Trade)	-384246	-1768759
Income from Current Investments (Non Trade) Dividend	-1772877	-1992481
Provision for Diminution in value of investment	0	-1906536
Operating Profit before Working Capital Changes	63273139	54679571
Adjustments For		
Trade & other receivables	-6547647	-18603221
Inventories	-17978150	-11055090
Trade and Other Payables	46505074	8892626
Exchange Fluct Reverse		
Cash Generated From Operations	85252416	33913886
Direct Taxes Paid	-20489967	-15727268
Net Cash Inflow / (outflow) in course of Operating Activities (A)	64762449	18186618
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase / Sale of fixed assets / CWIP (Net)	-172609280	-46047295
Purchase / Sale of investments (Net)	15833282	6976727
Dividend Received on investments	1772877	-1992481
Interest Received	7352834	10274
Interest Paid	-2585747	-3705290
Net Cash Inflow / (outflow) in course of Investing Activities (B)	-150236034	-40773103
C. CASH FLOW FROM FINANCING ACTIVITIES		
Share Capital	0.00	4660000
Proceeds from / Payments for long Terms and Short Term Borrowing	87011140	-14806314
Net Cash Inflow / (outflow) in course of Financing Activities	87011140	-10146314
D. FOREIGN CURRENCY TRANSLATION DIFFERENCE ON CONSOLIDATION	-1063118	83506
Net Cash Inflow / (outflow) in course of foreign currency Activities (D)	-1063118	83506
Net Increase / (Decrease) in Cash & Cash Equivalents (A)+(B)+(C)+(D)	474437	-32649293
Cash And Cash Equivalents As At 31.03.2008	32966585	25834995
Cash & Cash Equivalent As At 31.03.2009	33441022	32966585

Notes :

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

As per our Report of Even Date Attached
For **K.N. GUTGUTIA & CO.**

Chartered Accountants

(B. R. GOYAL)

Partner

Membership No. 12172

11K, Gopala Tower

25, Rajendra Place, N.Delhi

The 30th Day of May 2009

S. C. SINGHAL
Executive Director
& Company Secretary

N. S. SHARMA
SANJEEV GOEL
Directors

(SUSHIL JAIN)
Chairman & Managing Director

For and on Behalf of the Board of Directors

PROXY
INDIAN TONERS & DEVELOPERS LIMITED

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

Corporate Office : 5-E, Gopala Tower, 25, Rajendra Place, New Delhi- 110 008

I/we _____
of _____
in the district of _____
being a member / members of the above-named Company, hereby appoint
Mr./Miss/Mrs. _____
of _____ in the district _____
or failing him/her _____
of _____ in the district _____

as my/our proxy to vote for me/us on my/our behalf at the 19th Annual General Meeting of the Company to be held on Saturday, the 29th August, 2009 at 2.30 p.m. and at any adjournment thereof.

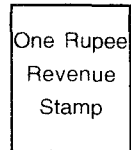
Signed this _____ day of _____ 2009.

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

DPID No. _____

Signature (s) _____

Address : _____



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

NO GIFT WILL BE DISTRIBUTED DURING THE MEETING

TEAR HERE

ATTENDANCE SLIP

INDIAN TONERS & DEVELOPERS LIMITED

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

I hereby record my presence at the 19th Annual General Meeting being held on Saturday, the 29th August, 2009 at 2.30 P.M. at the Registered Office of the Company at 10.5 KM, Rampur Bareilly Road Rampur-244 901 (U.P.)

Name of the Shareholder _____

(In block letters)

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

Signature of the Shareholder/Proxy

Note : 1. Please complete this attendance slip and hand it over at the entrance of the _____ venue of the meeting.

2. Please bring your copy of Balance Sheet at the time of Annual General Meeting.

NO GIFT WILL BE DISTRIBUTED DURING THE MEETING

Printed at : Shivam Print N Pack Ph. 9810880098, 9910880098

BOOK POST

PRINTED MATTER

If Undelivered please return to :-

INDIAN TONERS & DEVELOPERS LIMITED

5-E, Gopala Tower, 25, Rajendra Place,

New Delhi - 110008