

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 2012, the related Statement of Profit and Loss 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, Statement of Profit and Loss 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, Statement of Profit & Loss 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 2012 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 2012, 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 financial statements 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 2012.
 - (ii) In the case of the Statement of Profit and Loss, 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.

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

(B.R.GOYAL)
PARTNER

Membership No. 12172
ICAI'S FRN 304153E

Place : New Delhi
Date: 29th May, 2012

ANNEXURE TO THE AUDITORS' REPORT

Re: INDIAN TONERS & DEVELOPERS LIMITED

This is the Annexure referred to in paragraph 3 of our report of even date to the members of Indian Toners & Developers Limited (the Company) for the year ended 31st March, 2012.

- 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 years was Rs. 1900 Lacs and outstanding amount as at balance sheet date was Rs.1300 Lacs. 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 (e) to (g) of clause (iii) of the Order are not applicable to it.
- 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) We have broadly reviewed the books of account maintained by the Company in respect of products where, pursuant to the Rules made by the Central Government of India, the maintained of cost records has been prescribed under clause (d) of sub section (1) of Section 209 of the Act, and are If the opinion

that prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a details examination of the record with a view of determine whether they are accurate or complete.

- 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, 2012 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,2012 of sales tax, income-tax, customs, wealth-tax, service tax, excise duty, cess which have not been deposited on account of disputes.
- x) There are no accumulated losses of the Company as on 31st March, 2012. 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 not given any guarantee for loans taken by others from bank of financial institution.
- 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 the 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.,
CHARTERED ACCOUNTANTS

(B.R.GOYAL)
PARTNER

Place : New Delhi
Date: 29th May, 2012

Membership No. 12172
ICAI'S FRN 304153E