

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, 2012

- 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 31.03.2012	Attendance Particulars		No. of other Directorship and Committee Memberships / Chairmanships		
			Board Meeting	Last AGM	Other Director Ships*	Committees	
						Member Ships	Chairman Ships
Shri Sushil Jain	CMD#	391362	4	Present	6	----	----
Shri P. K. Kanoria	NED	NIL	1	Not Present	10	----	----
Shri J. S. Varshneya***	NED-I	NIL	1	Not Present	----	----	----
Shri Vikram Prakash	NED-I	NIL	4	Not Present	5	2	3
Dr. M. R. Jain	NED-I	NIL	4	Not Present	4	----	----
Shri N. S. Sharma	ED **	200	4	Present	2	----	----
Shri Sanjeev Goel	NED-I	2500	4	Present	2	----	----
Sh. Kewal Krishan Dhiman***	NED	NIL	1	NA	NA	----	----

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

Chairman & Managing Director

** ED - Executive Director (Whole Time) , NED-I - Non Executive Director - Independent, NED - Non Executive Director

*** upto 30.01.2012

**** Appointment w.e.f. 29.10.2011

During the Year 2011 - 2012 the Board of Directors met 4 times on 30th May, 2011, 12th August, 2011, 29th October, 2011 and 30th January, 2012.

3. Committees of the Board
A. Audit Committee

The purpose of the Audit Committee is to ensure the objectivity, credibility and correctness of the Company's financial reporting and disclosure process, internal controls, risk management policies and processes, tax policies, compliance and legal requirements and associated matters. The Audit Committee consists of three Directors, all of whom are Independent Directors:

Shri Sanjeev Goel is the Chairman of the Audit Committee. The other members of the Committee are Shri Vikram Prakash and Dr. M. R. Jain.

The gist of terms of reference of the Audit Committee is as follows:

1. Regular review of accounts, accounting policies, disclosures, etc.
2. Review of the major accounting entries based on exercise of judgment by management and review of significant adjustments arising out of audit.
3. Qualifications in the draft audit report.
4. Establishing and reviewing the scope of the independent audit including the observations of the auditors and review of the quarterly, half yearly and annual financial statements before submission to the Board.
5. Conducting post audit discussions with the independent auditors to ascertain any area of concern.
6. Establishing the scope of and frequency of internal audit, reviewing the findings of the internal auditors and ensuring the adequacy of internal control systems.
7. To look into the matters pertaining to the Directors' Responsibility Statement with respect to compliance with Accounting Standards and accounting policies.
8. Compliance with Stock Exchange legal requirements concerning financial statements, to the extent applicable.
9. The Committee shall look into any related party transactions i.e., transactions of the Company of material nature, with promoters or management their subsidiaries or relatives etc. that may have potential conflict with the interests of Company at large.
10. Appointment and remuneration of Statutory and Internal Auditors.
11. Such other matters as may from time to time be required by any statutory, contractual or other regulatory requirements to be attended to by the Audit Committee

The Audit Committee met 4 times during the year on 30.05.2011, 12.08.2011, 29.10.2011 and 30.01.2012 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	4
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 three times during the year 30.05.2011, 12.08.2011 & 30.01.2012 where all the members were present. The Remuneration paid to Executive Directors and relatives of Directors, 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 and as approved by the Central Government under the provision of the Companies Act, 1956. The remuneration package of Chairman and Managing Director and whole time Director comprises of salary, prerequisites and allowances 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 01.04.2011 to 31.03.2012 to Directors:

Amount in Rs.

Name of Director	Salary including Personal Pay	HRA	***Arrear	Commis-sion	Perquisites + PF	Sitting Fee (Meeting)		Total
						Board	Commit-tee	
Sh. Sushil Jain*	5419436	1912742	1277742	—	958521	—	—	9568441
Sh. P.K. Kanoria	—	—	—	—	—	5000	—	5000
Sh. J.S. Varshneya	—	—	—	—	—	5000	—	5000
Sh. Vikram Prakash	—	—	—	—	—	20000	14000	34000
Dr. M. R. Jain	—	—	—	—	—	20000	24500	44500
Sh. N. S. Sharma**	532500	—	—	—	—	—	—	532500
Sh. Sanjeev Goel	—	—	—	—	—	20000	28000	48000
Sh. K.K. Dhiman	—	—	—	—	—	5000	—	5000

* Chairman & Managing Director, ** Executive Director

***Including Rs. 12,77,742/- relating to previous year paid during the year on receipt of the approval of the Central Government.

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 A 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 2011-2012, only one meeting of the committee was held.

During the Year 2011 - 2012, 6 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

31.03.2012.

All valid share transfers received during the year 2011 - 2012 have been acted upon by the Company. There were no transfers pending as on 31st March, 2012.

Constitution, Meeting & Attendance thereat :-

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

Name of Members	Category	Held	Committee Meetings Attended
Shri Sanjeev Goel	N E D I*	1	1
Shri Sushil Jain	E D (CMD)**	1	1

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

The Name and designation of the Compliance Officer is Sh. S. C. Singhal, Executive Director (not a member of the Board) & Company Secretary ; e-mail ID : 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	15	14
Shri N. S. Sharma	Director	15	15
Shri S. C. Singhal	Co. Secretary	15	15

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
2010 - 2011	18.08.2011	2.30 P.M.
2009 - 2010	16.08.2010	2.30 P.M.
2008 - 2009	29.08.2009	2.30 P.M.

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

Postal Ballot

During the year ended 31st March, 2012, 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 77 years passed his Graduation in the year 1954 from Calcutta University and had his studies at St. Exavier'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) Ltd.

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) "Dr. Mauji Ram Jain, aged 79 years is a M. Sc. from Pilani (Rajasthan) securing 1st position in the University and received Gold Medal. He is Ph.D in Highpolymer from Canada completed in record period of 26th Months. He worked with D C M, J. K. Synthetics Ltd. & Chief Executive of Modipon Ltd Dr. M. R. Jain is Well known to all leading Technology and Equipment suppliers like Dupont, British Nylon Spinner, Lurgi, Zimmer, Barmag, Inventa, Scragg, Teijin, Korea Nylon BP etc. and travelled Western Europe, Eastern Europe, Canada, North America, South America, North African Countries, South Asia etc.

Dr. Jain is promoter of Panipat Weaving & Processing Pvt. Ltd., Pushpsons International, Pushpsons Fibrol Pvt. Ltd., Pushpsons Balbro Pvt. Ltd. and Pushpsons Industries Ltd.

Dr. Jain was Honoured with Rashtriya Udyog Award for outstanding services, achievements and contribution in Textile Industry. The Award was given by Former President Shri R. Venkaraman in August 1993.

Dr. M. R. Jain joined the Board of the Company on 10.01.1990 and is also the Chairman / Member of Remuneration Committee & Audit Committee. He is also on the Board of Panipat Weaving & Processing Pvt.Ltd., Pushpsons Balbro Pvt. Ltd., Pushpsons Fibrol Pvt. Ltd. & Pushpsons Industries Ltd.

9. **Materially Non – listed Subsidiary :**

The Company has one materially non – listed subsidiary, namely M/s. ITDL Imagetec Ltd. Mr. Sanjiv Goel, Independent Director has been appointed a director there also to comply with clause 49 of the Listed Agreement.

10. **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.

Details only to Related party transactions have been disclosed in Note 42 of Notes to the Financial Statement.

11. **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 and time prescribed by Clause 41 of the Listing Agreement.
- 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 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.

12. **CEO / CFO Certificate**

Certificate from CEO / CFO for the Financial Year ended March 31, 2012 has been provided elsewhere in the Annual Report.

13. **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 16th August, 2012. The time and venue of the meeting is as indicated in the notice.
- b). Financial Year : April 1st, 2011 to March 31st, 2012.
- c). Date of Book Closure : 11.08.2012 to 16.08.2012
- 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, 2011	20.35	17.20
May, 2011	18.95	15.30
June, 2011	18.80	14.80
July, 2011	19.95	15.10
August, 2011	18.45	13.45
September, 2011	19.80	14.00
October, 2011	17.65	14.40
November, 2011	16.90	13.00
December, 2011	15.20	11.51
January, 2012	16.40	11.81
February, 2012	17.70	14.25
March, 2012	15.67	12.00

[Source: www.bseindia.com]

h) Share Transfer Procedure : Every effort is made to clear share transfers/ transmissions and split / consolidation requests with in 15 days.

Share Transfer Agents: Alankit Assignments Limited, 2E/8, Alankit House, Jhandewalan Extension, New Delhi - 110 055.

Ph. No. (011) 43541234, 42541234, Fax No. (011) 42541967

i). **Distribution Schedule** : The distribution of Company's shareholding as on 31st March, 2012 was as follows:

No. of Equity Shares held			Shareholders No. (%)		No. of Shares	% of Total Shares
1	to	250	12015	86.545	1283423	15.926
251	to	500	1001	7.210	416521	5.168
501	to	1000	464	3.342	405732	5.035
1001	to	2000	188	1.354	296227	3.676
2001	to	3000	70	0.504	177321	2.200
3001	to	4000	36	0.259	128128	1.590
4001	to	5000	21	0.151	98280	1.220
5001	to	10000	49	0.353	386334	4.794
10001	&	Above	39	0.281	4866934	60.392
			13883	100.000	8058900	100.000

Shareholding Pattern as on 31st March, 2012

INDIAN TONERS & DEVELOPERS LIMITED

Category Code	Category of Shareholder	Number of Shares Holders	Total No. of Shares	No. of Shares held in dematerialized form	Total shareholding as percentage of total no. of shares As a % of (a+B)	As a % of (A+B+C)	Share Pledged of otherwise encumbered Shares %
(A)	Shareholding of Promoter & Promoter Group²						
	(1) Indian						
(a)	Individuals/Hindu Undivided Family	7	880562	880562	10.92	10.92	-
(b)	Central Govt. / State Government(s)	-	-	-	-	-	-
(c)	Bodies Corporate	4	2828924	2828924	35.10	35.10	-
(d)	Financial Institutions / Banks	-	-	-	-	-	-
(e)	Any other (specify)	-	-	-	-	-	-
	Sub – Total (A)(1)	11	3709486	3709486	46.02	46.02	-
	(2) Foreign						
(a)	Individuals (Non-Resident Individuals /Foreign individuals)	-	-	-	-	-	-
(b)	Bodies Corporate	-	-	-	-	-	-
(c)	Institutions	-	-	-	-	-	-
(d)	Any Other (Specify)	-	-	-	-	-	-
	Sub-Total (A) (2)	-	-	-	-	-	-
	Total Shareholding of Promoter and Promoter Group						
	A) = (A)(1)+(A)(2)	11	3709486	3709486	46.02	46.02	-
(B)	Public Shareholding³						
	(1) Institutions						
(a)	Mutual Funds/UTI	2	3200	0	0.03	0.03	-
(b)	Financial Institutions / Banks	-	-	-	-	-	-
(c)	Central Govt. / State Govt.(s)	-	-	-	-	-	-
(d)	Venture Capital Funds	-	-	-	-	-	-
(e)	Insurance Companies	-	-	-	-	-	-
(f)	Foreign Institutional Investor	-	-	-	-	-	-
(g)	Foreign Venture Capital Investors	-	-	-	-	-	-
(h)	Any Other(Specify)	-	-	-	-	-	-
	Sub-Total(B) (1)	2	3200	0	0.03	0.03	-
	(2) Non-Institutions						
(a)	Bodies Corporate	127	673155	660355	8.35	8.35	-
(b)	Individuals						
	i) Individual Shareholders holding nominal Share Capital up to Rs. 1 lakh	13581	2963428	180247	36.77	36.77	-
	ii) Individual shareholders holding nominal shares capital in excess of Rs. 1 lakh	19	590905	590905	7.33	7.33	-
(c)	Others						
	(1) Directors	2	2700	2700	0.03	0.03	-
	(2) N. R. I.	18	36997	36997	0.45	0.45	-
	(3) Clearing Members	4	858	858	0.01	0.01	-
	(4) H U F	119	78171	78171	0.97	0.97	-
	Sub-Total (B) (2)	13870	4346214	3175233	53.93	53.93	-
	Total Public Shareholding						
	(B) = (B) (1) + (B) (2)	13872	4349414	3175233	53.97	53.97	-
	TOTAL (A) (B)	13883	8058900	6884719	100.00	100.00	-
(C)	Shares held by Custodians and against which Depository Receipts have been issued						
	(1) Promoter and Promoter Group	0	0	0	0.00	0.00	-
	(2) Public	0	0	0	0.00	0.00	-
	GRAND TOTAL (A)+(B)+(C)	13883	8058900	6884719	100.00	100.00	-

- j). Dematerialisation of Shares : Approximately 85.43% of the total paid up share capital of the Company has been dematerialized upto March, 31, 2012
- 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-Bareilly Road, Rampur-224 901. UP & D-11, Phase – II, Eldeco-Sidcul Industrial Park, Sitarganj – 262405, Dist. Udham Singh Nagar, Uttarakhand for its subsidiary.
- n) Address for correspondence: Sh. S. C. Singhal, E. D. & Company Secretary, 5 E, Gopala Tower, 25, Rajendra Place, New Delhi - 110 008. Ph. No. (011) 45017000
- o) Plant Location of subsidiary : D – II, Phase – II, Eldeco – Sidcul Industrial Park, Sitarganj – 262405, Distt. Udham Singh Nagar, Uttarkhand

B. Non-Mandatory Requirements :

- (i) The Company has constituted a Remuneration Committee as pursuant to the 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 and annual compliance certificate from all the Directors and Senior Personnel of the Company.

CERTIFICATE

The Annual Compliance Confirmation for compliance of the Code of Conduct for the year ending 31.03.2012 has been received from all the Directors and Senior management Personnel of the Company.
New Delhi
May 29.05.2012

Sushil Jain
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 CONDITIONS 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, 2012, 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.,
(B.R.GOYAL)
PARTNER

CHARTERED ACCOUNTANTS
Membership No. 12172
ICAI's FRN 304153E

Date: 29th, May 2012
Place: New Delhi

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 they 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 international 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; and
 - (iii) there 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.
& Acting C.F.O

Date: 29.05.2012
Place : New Delhi