

To
The Members,

Your Directors have pleasure in presenting the 22nd Annual Report alongwith the Accounts for the year ended March 31, 2012.

Working Results

	Rs. in Lacs	
	For the year ended 31st March 2012	For the year ended 31st March 2011
Turnover (including Excise Duty)	2670	2540
Operating Gross Profit	475	380
Less : Financial Charges	4	4
Depreciation & Other Amortisations	<u>90</u> 94	<u>148</u> 152
Profit/(Loss) before Tax & exceptional items	381	228
Less : Exception Items	17	-----
Profit before tax	364	228
Less : Provision for tax - Current year & Previous Year Tax Adjustment	109	105
Net Profit before Deferred Tax	255	123
Add : Deferred Tax Liability	12	27
Surplus Available for appropriation	<u>267</u>	<u>150</u>

OPERATIONS

During the year, your Company concentrated mainly on exports. Therefore out of the total turnover of Rs. 2670 lacs, more than 99% sales amounting to Rs. 2645 lacs were from exports. Exports were 7% higher during the year as against Rs. 2479 lacs in the previous year.

The consolidated financial results during the year including that of its Subsidiary Companies were better i.e. sales Rs. 6204 lacs, profit before tax Rs. 967 lacs and profit after tax Rs. 785 lacs.

FUTURE OUTLOOK AND PLANS

Your Company foresees a good scope for the exports of its products. However, fluctuation in foreign currency and tough competition in the international market will continue to be a challenge for your Company.

During the year, your Company was awarded the status of an Export House. It has strengthened the image of your company and made your Company eligible for various benefits available to Export Houses.

Efforts are going on to develop more and more products of Colour Toner and your Company is quite hopeful to achieve the desired results.

ITDL Imagetec Limited a subsidiary of your Company in Sitarganj (Uttarakhand) for the manufacture of Toners & Developers with a manufacturing capacity of 1200 MT. is doing very well and giving satisfactory results which are attached with the Annual Report.

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.

RESEARCH AND DEVELOPMENT ACTIVITIES

Your Company continued the research and development activities during the year in the

key areas of product, process and material development. Your Company has always given prime importance to Research & Development which is the basis of your Company's success. With the help of the Pilot Plant, your Company has successfully developed new quality products at competitive prices to face the global competition and is very optimistic to develop many more products including Colour Toner in the times to come.

Continuing recognition by the Department of Scientific and Industrial Research, Ministry of Science & Technology to your In – House R & D Unit is a moral boosting and an encouraging feature for the team of your Research & Development Centre.

Your Company already started marketing of chemically prepared Colour toner and doing further R & D to develop mechanically prepared colour toners.

During the year the Company has incurred R & D expenses of Rs. 67.17 lacs in various heads (including Raw Material Consumption of Rs. 5.26 lacs) in addition to Rs. 17.25 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 Dr. Mauji Ram Jain, Directors of your Company will retire by rotation at the forthcoming Annual General Meeting and being eligible offer themselves for re-appointment.

DIRECTORS' RESPONSIBILITY STATEMENT

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

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

AUDITORS

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

The reports and accounts of the Subsidiary Companies as well as consolidated accounts along with the Statement pursuant to Section 212 of the Companies Act, 1956 are annexed.

OTHER INFORMATION

The other information required 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 (I) (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 and it has paid fee upto the current financial year.

DEMATERIALISATION OF SECURITIES

As informed earlier, the shares of your Company were included in the compulsory

list for trading in dematerialisation form with effect from 30.10.2000 and your company had entered into necessary agreements with both the Depositories i.e. NSDL (National Securities Depository Limited) and CDSL (Central Depository Securities Limited). It is, therefore, advisable to trade in the shares of the company in dematerialisation form which is convenient and safe.

CORPORATE GOVERNANCE

In terms of Clause 49 of the Listing Agreement, a Report on Corporate Governance 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, State Bank of India and Customers. Your Directors also thank the shareholders for their continued support.

Place : New Delhi
Date : 29th May, 2012

For & on behalf of the Board
(SUSHIL JAIN)
Chairman & Managing Director

ANNEXURE "A " TO DIRECTORS' REPORT

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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

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|--|---|
| 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 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

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|---------------------|--|
| 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.
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|---|--|
| (a) Technology import | :: Augmenting Production capacity of Toners. |
| (b) Year of import | :: 2005-06, 2006-07 |
| (c) Has technology been fully absorbed? | :: Yes |
| (d) If not fully absorbed area where this not taken place reason therefore and future plans of action | :: Not applicable, since Technology is fully has 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 3% and 7% respectively during the year ending 31st March, 2012 as compared to 31st March, 2011.

2. **Total Foreign Exchange used and earned**

	2011-2012	Rs. in Lacs 2010-2011
a) Total Foreign Exchange used		
i) Import of Raw Materials	1067.84	1198.38
ii) Import of Stores & Spares and Packing material	2.36	2.21
iii) Foreign Travel	32.34	15.28
iv) Consultancy Charges	13.91	31.44
v) Others	20.59	23.81
	1137.04	1271.12
b) Total Foreign Exchange earned (on FOB basis)	2679.49	2411.36