

MANAGEMENT DISCUSSIONS AND ANALYSIS REPORT

INDUSTRY AND OUTLOOK

The Company manufactures Compatible Toners and Developers for Photocopiers, Laser Printers and Digital Multi-function printers. The Industry is continuously being affected by the clandestine import of Toners.

The long term aim of the Company is to strengthen its established brand image by offering customers quality products at reasonable prices. The aim of the Quality Policy of the Company is to provide satisfaction to its customers. To achieve this, the Company is committed to develop, produce and market products that cater continuously to the need and expectations of customers and giving the Company competitive advantage. The Pilot Plant installed by the Company is giving good results as the Company has developed several new products at competitive prices which helps in facing competition and boosting export.

The newly formed subsidiary, ITDL Imagetec Limited which set up a new project of 1200 MT capacity in Sitarganj (Utranchal) for the manufacturer of Toners & Developers is showing good results.

RISKS & CONCERNS

Almost 100% of the Company's sales is through exports and hence the growth and profitability of the Company depends upon the demand of Company's products in the international market and stability of the foreign currency. Since 97% raw materials of the Company is imported, Foreign Exchange fluctuations, increase in oil prices and international freight etc. may have adverse impact on the cost of manufacture of the Co.'s products. The Company's ability to pass on the cost increase by corresponding increase in the selling prices of its products is constrained due to tough competition in the international market.

OPPORTUNITIES

During the last year, the Company was awarded the status of an Export House by the Directorate General of Foreign Trade. It has made the Company eligible for various benefits available to export house.

Exports present the biggest opportunity for the Company for increasing the capacity utilisation and improving profitability. The Company has taken several steps to increase its presence in other countries and has been successful in increasing its exports.

In its efforts to go in for diversification / expansion, the Company was successful in setting up a new project in its subsidiary, ITDL Imagetec Ltd. in Uttarakhand which is working satisfactorily and giving good results.

FINANCIAL PERFORMANCE

The sales (net of Excise Duty) for the year were Rs. 2670 Lacs. The Company earned a profit before tax of Rs. 364 Lacs. This does not include the sales and profit of the subsidiary Companies. However, the consolidated sales and profit before tax (including sales and profit of the subsidiary Companies) for the year are Rs. 6204 lacs and Rs. 967 lacs respectively. The nearly debt free status of both the holding and subsidiary Companies 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 3% and 7% respectively during the year ending 31st March, 2012 as compared to previous year.

INTERNAL CONTROL SYSTEM

The Company has proper and adequate Internal Control System to ensure that its assets are safeguarded and that transactions are properly authorized, reported and recorded. The Company has also a system of internal audit and management reviews to ensure compliance with the prescribed procedures and authority levels.

HUMAN RESOURCES

Industrial relations remained cordial during the year. The total number of employees as on 31.03.2012 were 94 Nos.