

AUDITORS' REPORT

INDIAN TONERS & DEVELOPERS LIMITED

TO THE MEMBERS OF INDIAN TONERS AND DEVELOPERS LIMITED

Report on the Financial Statements

1. We have audited the accompanying financial statement of **INDIAN TONER & DEVELOPERS LIMITED** ("the Company"), which comprises the Balance Sheet as at March 31, 2013 and the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

2. Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments; the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

6. In our opinion and to the best of our information and according to the explanations given to us, 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:-
- (a) In the case of the Balance Sheet of the state of affairs of the Company as at 31st March, 2013;
 - (b) In the case of Statement of Profit and Loss, of the Profit for the year ended on that date; and
 - (c) In the case of Cash Flow Statement, of the Cash Flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

7. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act 1956 (the Act), we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order to the extent applicable to the company.
8. As required by section 227(3) of the Act, 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 those books;
 - c) The Balance Sheet, Statement of Profit & Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - d) In our opinion, the Balance Sheet, Statement of Profit & Loss, and Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Act; &
 - e) On the basis of the written representations received from the Directors as on 31st March, 2013, and taken on record by the Board of Directors, none of the Directors is disqualified as on 31st March, 2013 from being appointed as a Director in terms of Clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956 ;

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

(B.R.GOYAL)
PARTNER

Membership No. 12172
ICAI'S FRN 304153E

Place : New Delhi
Date: 17th May, 2013

ANNEXURE TO THE AUDITORS' REPORT

INDIAN TONERS & DEVELOPERS LIMITED

(Referred to in paragraph 7 of our report of even date to the members of Indian Toners & Developers Limited (the Company) on the Financial Statements for the year ended 31st March, 2013.)

- 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 not granted unsecured loans during the year (there was opening balance of Rs. 1300 Lacs) 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. 1327.89 Lacs and outstanding amount as at balance sheet date was Rs.700 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, 2013 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,2013 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, 2013. 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.

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

Membership No. 12172
ICAI'S FRN 304153E

Place : New Delhi
Date: 17th May, 2013