

KUWER INDUSTRIES LIMITED

17th ANNUAL REPORT

2009-2010

Annual Report 2009-2010

KUWER INDUSTRIES LIMITED

REGISTERED OFFICE- D-1004, FIRST FLOOR, NEW FRIENDS COLONY, NEW DELHI -110065

DIRECTORS

Mr. Jai Bhagwan Aggarwal	Managing Director
Mr. Tarun Aggarwal	Whole- time Director
Mr. Shailesh Gupta	Director
Mr. Yashpal Sharma	Director
Mr. Pankaj Gupta	Director
Mr. Dinesh Kumar Dwivedi	Director

AUDITORS

M/s. Vinod Ralhan & Co.,
Chartered Accountants
B-4/ 148C, Safdarjung Enclave
New Delhi- 110029

DATE	Annual General Meeting -2010 30 th Sept 2010
DAY	Thursday
TIME	11.00 A.M.
VENUE	D-1004, First Floor, New Friends Colony New Delhi – 110065

Registrar and Share Transfer Agents

SKYLINE FINANACIAL SERVICES PVT. LTD.
123 Vinobapuri
Lajpat Nagar II
New Delhi- 110024

NOTICE OF ANNUAL GENERAL MEETING

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Notice is hereby given that the 17th Annual General Meeting of the Company will be held on Thursday, the 30th day of September, 2010 at 11:00 A.M. at D-1004, First Floor, New Friends Colony, New Delhi - 110065 for transacting the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Accounts for the financial year ended on 31st March, 2010 and the reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Shri Shailesh Gupta, who retires by rotation and being eligible offers himself for re-appointment
3. To appoint Statutory Auditors for the Company to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting, to fix their remuneration and to authorize them also to conduct audit of accounts of the Company's branches.

FOR AND ON BEHALF OF THE DIRECTORS OF
KUWER INDUSTRIES LIMITED.

Sd-
J.B.AGGARWAL
MANAGING DIRECTOR

Sd-
TARUN AGGARWAL
DIRECTOR

Date: 01.09.2010
Place: New Delhi

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING ISENTITLED TO APPOINT A PROXY TO ATTEND AND ON A POLL TO VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT TO BE A MEMBER OFTHE COMPANY. PROXY IN ORDER TO BE EFFECTIVE MUST BE RECEIVEDBY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THECOMMENCEMENT OF THE MEETING. A BLANK FORM OF PROXY I S ENCLOSED.
2. The Register of Members of the Company will remain closed from Thursday, 23rd September, 2010 to Thursday, 30th September, 2010 (both days inclusive).
3. Shareholders are requested to notify change in their address along with PIN CODES, to the Company at its Registered office quoting their Folio Numbers.
4. Shareholders who are holding shares in identical order of name in more than one folio are requested to write to the Company enclosing their share certificates to enable the Company to Consolidate their holding in one folio.
5. Members are requested to bring their copy of Annual Report. No extra copy would be available for distribution at the meeting.
6. Shareholders/ Proxy are requested to produce at the entrance the attached admission slip duly completed and signed, for admission to the meeting hall.
7. Members who are holding Company`s shares in dematerialized form are requested to bring details of their Depository Account Number for identification
8. The members intending to seek any information on Annual Accounts at the meeting are requested to kindly inform the Company at least 10 days before the date of the meeting.
9. No Hand bags/ Parcels of any kind are allowed inside the meeting hall. The same will have to be deposited outside the Meeting hall on the counter provided, at the shareholders`/ proxies `own risks.

FOR AND ON BEHALF OF THE DIRECTORS OF
KUWER INDUSTRIES LIMITED.

Sd-
J.B.AGGARWAL
MANAGING DIRECTOR

Sd-
TARUN AGGARWAL
DIRECTOR

Date: 01.09.2010
Place: New Delhi

DIRECTORS' REPORT

To
The Members,

Your Directors have pleasure in presenting the 17th Annual Report of your Company together with Audited Accounts for the ended 31st march 2010.

PERFORMANCES:

The total turnover achieved by your company during the under review is Rs 1622.70 Lacs. Your Directors are of the opinion that the company has the immense potential and adequate resources to achieve the rapid rate of growth in the coming years.

	2009-2010 (RS IN LACS)	2008-2009 (RS IN LACS)
Turnover	3209.90	3677.63
Depreciation	79.40	67.05
Net profit	26.07	38.20
Less: provision for taxation	6.92	5.63
Profit/Loss after tax	10.14	23.24
Appropriation:		
Proposed dividend	NIL	NIL
Transfer to general reserve	10.14	1.91

DIVIDEND:

Your directors have decided not to declare dividend for the year.

DIRECTORS:

In accordance with the provision of the companies act, 1956 and Articles of association of the Company Shri Shailesh Gupta, retires by rotation at the ensuring Annual General Meeting and being eligible offers himself for the re- appointment.

AUDITORS:

M/S Vinod Ralhan & Co., Chartered Accountant, New Delhi, statutory Auditors of your Company, retire from their office. They are however eligible for re-appointment and have furnished certificate to effect that their appointment. If made, will be within the limits specified in sub section (I-B) OF SECTION 224 of the act and offers themselves for re-appointment. Your Company has received from them, the certificate required under Section 224(I-B) of the Companies Act, 1956. Your directors recommend their reappointment.

FIXED DEPOSITS:

The Company has not accepted any deposits under Section 58-A read under the Companies (Acceptance of Deposits) Rules, 1975.

AUDITORS REPORT:

The observation made by the Auditors, have already been fully explained in the notes attached to the Accounts and therefore do not call for further comments under Section 217 (3) of the Companies Act, 1956.

PARTICULARS OF EMPLOYEES:

None of the employees of the company was in receipt of total remuneration of Rs 24,00,000/- of the financial year under review or Rs 20,00,000/- per month. Hence, the information under Section 217(2-A) on the Companies Act, 1956 read with Companies (particulars of Employees) Rules 1975 are not required to be furnished.

DIRECTORS' RESPONSIBILITY STATEMENT:

Directors' Responsibility statement as required under section 217(2AA) of the Companies Act, 1956 is as follows:

1. That in the preparation of the Annual Accounts for the financial year ended on 31st March, 2010 the Accounting Standards as prescribed by the Institute of Chartered Accountants of India and the Companies Act, 1956 as applicable to the Company had been followed.
2. That the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give true and fair view of the state of affairs of the Company at the end of the financial year i.e. 1st April 2009 to 31st March 2010 and of the profits and loss of the company for that period.
3. That the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provision of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.
4. That the Directors had prepared the Annual Accounts for the year ended on 31st March 2010 on a going concern basis.

MANAGEMENT DISCUSSION AND ANALYSIS:

Management Discussion and Analysis report as required under the listing agreement with the Stock Exchange is enclosed as Annexure –A

CONSERVATION OF ENERGY TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS & OUTGO

Information pursuant to section 217(1)(e) of the Companies Act, 1956 read with the Companies (disclosure of particulars in the Report of Board of directors) Rules 1988 are given in the enclosed ANNEXURE –B

INDUSTRIAL RELATIONS:

The Industrial relations continue to be very cordial. Your Directors wish to place on record their deep appreciation for depreciation and work put in the employees at their levels.

ACKNOWLEDGEMENT:

Your Directors wish to place on record their sincere thanks for the excellent co-operation and assistance received by the Company from the shareholders, Financial Institutions, bankers, government Agencies during the year under review.

FOR AND ON BEHALF OF THE DIRECTORS OF
KUWER INDUSTRIES LIMITED

Sd-
J.B.AGGARWAL
MANAGING DIRECTOR

Sd-
TARUN AGGARWAL
DIRECTOR

Date: 01.09.2010
Place: New Delhi

MANAGEMENT DISCUSSIONS AND ANALYSIS REPORT

The management discussion and analysis presents the industry Overview, opportunities and Threats, Initiatives by the Company and overall strategy of Kuwer Industries Limited becoming a manufacturer of various Transformers.

1. Industry Structure and Development:

The hologram industry is a growing one. The Indian hologram industry started in 1992. Worldwide hologram products began to enter the marketplace in the mid-1980s. Since then holographic industry has experienced an impressive growth. There are many companies who have experienced growth rates more than 30% a year, in the last few years. According to an estimate, there are about 300 companies worldwide making up this sector of holograph. The market comprises large international, national, and regional companies and even individuals.

2. Opportunities and threats Opportunities

- (i) With industries and government waking up to piracy and counterfeits, the business of holograms has a promising future.
- (ii) The Indian hologram market is growing at 20 percent per annum as People are looking for a hologram on documents, bank notes, and products

Threats

- i) Threats to be faced by our company are same as of the threats which any other company of this industry will face. Variation in standards across the industry imposes systematic risks, which can be a potential threat.

3. Initiatives taken by the Company

The company is giving its best efforts for flourish its business and works. It has a strong perception that the business will grow in upcoming years.

4. Financial Performance

During the year the company has earned Profit of Rs. 2,607,065 before tax and Net Profit after tax is Rs. 1,014,070. Company is continuously looking to generate some positive vibes by exploring new projects, contracts from different sectors of industries and committed to generating profits into the company.

5. Segment Wise/Product Wise Reporting

The company is primarily engaged in the business of wide range of holographic products that are very functional for brand promotion and security authentication. Our products are available in different specifications of raw materials and manufacturing technologies.

Moreover, Company impart a number of security features to the holograms during the designing process for making it- Highly Secure Holographic products.

Our range of products includes:

- Holograms
- Holographic Films
- Lacquered / Coated Films
- Tamper Evident Films
- Windows / Dematallized Films
- Holographic Sequin Films

6. Outlook

Company's performance during the year was just satisfactory but we are of firm view that we will be able to grow Business in future.

7. Risks and concerns

With the new entrants in Industry, new and developed techniques of manufacturing and other forward steps, other players are taping the Industry segment very steeply.

8. Internal Control Systems and their adequacy

The company has a proper and adequate system of internal controls commensurate with its size to ensure that all assets are safeguarded and protected against loss from unauthorized use or disposition and the transactions are authorized, recorded and reported correctly. Proper controls and checks are exercised by the company by following the procedures prescribed in the various manuals. The Audit Committee of the Board reviews Internal Control Systems of the company on periodical basis

9. Human Resources

The Company has adequate human resources which is commensurate with the current volume of activity and is reviewed by the management periodically and the company would induct competent personnel on increase/ expansion of the activity.

10. Cautionary Statement

The Management Discussion and Analysis statement of the Annual Report has been included in adherence of the spirit enunciated in the code of Corporate Governance approved by the Securities and Exchange Board of India. Statement in the Management Discussion and Analysis describing the Company's objectives, projects, estimates, expectations may be 'forward – looking statements' within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference of the Company's operation include economic conditions affecting demand.

ANNEXURE 'B' TO THE DIRECTORS REPORT

A) CONSERVATION OF ENERGY

1) More stress has been laid on preventive maintenance to enhance availability, reliability and efficient working of motors and machines, thereby reducing the electricity consumption.

2) Steam, air and water leakages have been plugged and regular check introduced to avoid any loss.

3) Steam pipe insulation, wherever found defectives, repaired to avoid any heat loss.

B) TECHNOLOGY ABSORPTION

The company always tries for the development of better materials at optimum cost. The company has not made use of an imported on its products. It has always placed emphasis on development of indigenous technology.

C) FOREIGN EXCHANGE EARNING AND OUTGO:

	(In Rs.)
i) Foreign Exchange Earning :	Nil
ii) Foreign Exchange Outgo :	5,770,666

FOR AND BEHALF OF THE BOARD OF DIRECTORS OF

KUWER INDUSTRIES LIMITED.	
Sd-	Sd-
J.B.AGGARWAL	TARUN AGGARWAL
MANAGING DIRECTOR	DIRECTOR

Place : New Delhi
Date : 01.09.2010

REPORT ON CORPORATE GOVERNANCE

Company's philosophy on Corporate Governance

Good Corporate Governance refers to a system that entails transparency, fairness, accountability and integrity. The Company is committed to transparency in all its dealings and places uncompromising emphasis on integrity and regulatory compliance.

The basic philosophy of corporate governance in the Company is to achieve business excellence and enhance shareholder value, keeping in view the needs and interests of its stakeholders.

1. Board of Directors

The Composition of the Board is in Accordance with the Clause 49 of the Listing Agreement, as amended from time to time. The number of Non- Executive Directors is more than 50% of the total number of Directors. The Non-Executive Directors bring the wide range of experience and independent judgment to the Board's deliberation and decisions.

Composition:

As on 31st March 2010, the total numbers of Directors of the Company were six comprising of one executive and Three Non-Executive Directors including two Independent Director.

Name	Category
Mr. Jai Bhagwan Aggarwal	Executive Director
Mr. Tarun Aggarwal	Executive Director
Mr. Shailesh Gupta	Non – Executive Director
Mr. Yashpal Sharma	Non- Executive Independent Director
Mr. Pankaj Gupta	Non- Executive Independent Director
Mr. Dinesh Kumar Dwivedi	Non- Executive Independent Director

Note:

None of the Directors of your Company is a member of more than 10 Committees or is the Chairman of more than five Committees across all the Public Companies in which they are Directors.

2. Board Meetings

The Board of Directors meeting 7 times during the year under review as against the minimum requirement of 4 times. No two Board Meetings have a gap of more than 120 days between them. The dates of meetings, place of meetings and the number of directors present therein are mentioned below:

S. No.	Date of the Board Meetings	City	Total No. of Directors	Directors Present
1.	30 th April 2009	Delhi	6	6
2.	31 st July 2009	Delhi	6	6
3.	11 th August, 2009	Delhi	6	6
4.	30 th October 2009	Delhi	6	6
5.	14 th January, 2010	Delhi	6	6
6.	30 th January, 2010	Delhi	6	6
7.	30 th March, 2010	Delhi	6	6

The Attendance record of the Directors at the Board Meetings held during the year under review and the last Annual General Meeting is as under:

Name Of the Directors	Number of Board Meetings held while holding the Office	Number of Board Meetings attended while holding the office	Attendance at the Last AGM held on 30.9.2009
Mr. Jai Bhagwan Aggarwal	7	7	Yes
Mr. Tarun Aggarwal	7	7	Yes
Mr. Shailesh Gupta	7	7	Yes
Mr. Yashpal Sharma	7	7	Yes
Mr. Pankaj Gupta	7	7	Yes
Mr. Dinesh Kumar Dwivedi	7	7	Yes

Other Directorship etc.

None of the Directors of your company held any Directorship, Committee membership and Chairmanship in any Other Public Limited Company.

4. Code of Conduct

The Board has laid down a Code of Conduct for all Board members and senior management of the Company. All Board members and senior management personnel have affirmed compliance with the Code.

5. Audit Committee

Composition:

The audit committee comprises three Non –executive Directors, with two of them being independent directors. The chairman of the committee is a Non-executive independent Directors .The Audit Committee during the year was constituted as follows:

S. No	Name of The Director	Period for which Director was a member of Audit Committee	Type of Directorship
1	Mr. Yashpal Sharma	01.04.2009 to 31.03.2010	Non- Executive Independent Director
2	Mr. Pankaj Gupta	01.04.2009 to 31.03.2010	Non- Executive Independent Director
3	Mr. Shailesh Gupta	01.04.2009 to 31.03.2010	Non- Executive Director

During the year under review audit committee had met five times. No two meetings have a gap of more than 120 days in between them. During the year, five Committee Meetings were held on 28th April 2009, 28th July 2009, 31st August 2009, 29th October 2009 and 26th January 2010.

The attendance record of the members of the Audit Committee for the FY 2009-10 is as under:

Name of the Member Director	No. of Meetings Held	No. of Meetings attended
Mr. Shailesh Gupta	5	5
Mr. Yashpal Sharma	5	5
Mr. Pankaj Gupta	5	5

Terms of Reference:

The terms of reference of the audit committee are as per the guidelines set out in the listing agreement with stock exchanges read with the provisions of section 292A of the Companies Act, 1956. These broadly include reviewing internal control systems, financial reporting systems, ensuring compliance with regulatory guidelines, reviewing quarterly/annual financial results and financial statements, interaction with statutory auditors etc.

Role and Powers of Audit Committee:

The audit committee derives its powers and assumes its role according to the instructions provided to it by the Board, coverage and emphasized in clause 49 of the listing agreement.

6. Shareholders' / Investors' Grievance Committee

COMPOSITION

The shareholders / investors grievances Committee comprises of one Executive and two Non-Executive directors with one of them being independent director. The chairman of the committee is non-executive director. The name of the members and chairman are as below-

S.no	Name	Status	Member/Chairman
1	Mr. Shailesh	Non –Executive	Chairman
2	Mr. Dinesh Dwivedi	Non –Executive Independent	Member
3	Mr. Tarun Aggarwal	Executive	Member

Role and Powers of Shareholders' / Investors' Grievance Committee:

The Investors' Grievance Committee shall have the following role, functions and responsibilities:

- (i) To look into and supervise the redressal of shareholders'/Investors' Complaints.
- (ii) To oversee the performance of the Registrars and Share Transfer Agents and recommend measures for overall improvement of the quality of investor services.
- (iii) To consider and approve transfer of shares, transmission of shares, dematerialization of shares, transposition of shares, issuance of duplicate share, deletion of names, splitting and consolidation of shares, etc.

7. Remuneration Committee

The role of remuneration committee is to recommend to the board of Directors on Top Level succession and appointment, viz, The membership of the board, the shareholders committee. It also makes recommendations to the board regarding the compensation terms of executive directors.

Composition—

The remuneration Committee comprises all Non- Executive directors with two of being independent Directors. the chairman of the committee is a Non-Executive Independent director . The name of Members and Chairman are as below:

S.No.	Name	Status	Member/ Chairman
1	Mr. Yashpal Sharma	Non –Executive Independent	Chairman
2	Mr. Pankaj Gupta	Non –Executive Independent	Member
3	Mr. Shailesh	Non –Executive	Member

Remuneration Policy

Company's remuneration strategy is aimed at attracting and retaining high caliber talent. The strategy, therefore takes into account the talent market, the remuneration trends (national & international) and the competitive requirement of the business. The remuneration policy is market led so as to attract and retain the best talent and seeks to leverage performance in a significant manner.

REMUNERATION OF DIRECTORS

The Remuneration of executive directors is determined by the remuneration committee. The recommendations of the remuneration committee are considered and approved by the board of directors subject to the approval of the shareholders.

Details of remuneration of directors for the financial year ended 31st march, 2010

Director	Considered salary	Supplementary allowances	Perquisites Other benefits	Performance bonus commission	Total
Executive directors	5,40,000	NIL	NIL	NIL	5,40,000
Non – Executive Director	NIL	NIL	NIL	NIL	NIL

Presently the company does not have a scheme for the grant of stock options .

8. General Body Meetings

Location and time for last three Annual/ Extra Ordinary General Meetings and Special Resolutions passed thereat:

Nature of Meeting	Date and Time	Venue	Special Resolution passed
Annual General Meeting	September 29, 2007 at 11.00 A.M.	D-1004, First Floor, New Friends Colony New Delhi – 110065	None
Annual General Meeting	September 30, 2008 At 11.00 A.M.	D-1004, First Floor, New Friends Colony New Delhi – 110065	None
Annual General Meeting	30 th September, 2009 at 11.00 A.M.	D-1004, First Floor, New Friends Colony New Delhi – 110065	None

No resolution was passed by way of Postal Ballot last year.

9. Disclosures

- (i) There is one materially significant transaction with the related party Disclosures regarding transaction have been under Notes to Accounts, which form of this Annual Report
- (ii) There were no penalties, strictures imposed on the company by Stock Exchange or SEBI or any statutory authority on any matter related to capital markets, during the last three years.

10. Means of Communication

- The Company communicates with the shareholders at large through its Annual report its financial results.
- The Board of Directors of the Company approves and takes on record the Un-audited financial results within one month of the close of the quarter and the results are announced to all the stock exchanges where the shares of the company are listed.

11. General Shareholder's Information

a) Annual General Meeting

- Date and Time: 30th September, 2010 at 11.00 A.M.
- Venue: D-1004, First Floor, New Friends Colony
New Delhi- 110065

b) Financial Calendar: 2009-2010

The Company follows financial year of 1st April to 31st March.

Financial reporting for

- 1 st Quarter ending June 30, 2009	:	End of July 2009
- 2 nd Quarter ending September 30, 2009	:	End of October 2009
- 3 rd Quarter ending December 31, 2009	:	End of January 2010
- Annual Result for the year ended March 31, 2010	:	End of April 2010

- c) Date of Book Closure/Record Date : 23rd September to 30th September 2010
(Both Days inclusive)
- d) Registered Office : D- 1004, First Floor,
New Friends Colony,
New Delhi- 110065.
- e) Dividend Payment Date : Not Applicable as the
Board has not proposed
Any dividend
- f) Listing on Stock Exchanges : Bombay Stock Exchange
Delhi Stock Exchange

- g) Stock Code
Bombay Stock Exchange : 5393
Delhi Stock Exchange : _____
- h) Registrar & Share Transfer Agents : Skyline Financial Services Pvt. Ltd.

i) Share Transfer System

The Company has a facility to maintain the Share transfer work at Skyline Financial Services Private Limited. Shares sent for transfer in physical form are registered and returned by our Registrars within 15 days of receipt of the documents, provided the documents are found in order.

j) Market Price Data

Month	Value (In Rupee)		Volumes
	High	Low	
October, 09	N.A.	N.A.	N.A.
November, 09	N.A.	N.A.	N.A.
December, 09	N.A.	N.A.	N.A.
January, 10	N.A.	N.A.	N.A.
February, 10	N.A.	N.A.	N.A.
March, 10	N.A.	N.A.	N.A.

k) Liquidity

Shares of Kuwer Industries Limited are listed on the Bombay Stock Exchange and Delhi Stock Exchange. The trading has been suspended at both Stock Exchange. So there is no liquidity in the scrips of the Company.

l) Dematerialization of Shares

Company's shares are in physical mode as well as in de- mat form.

m) Outstanding GDRs/ADRs/Warrants or any other convertible instruments

Company does not have any GDRs/ADRs/Warrants or any other Convertible Instruments.

n) Address for Correspondence

Mr. Jai Bhagwan Aggarwal
Kuwer Industries LIMITED
D-1004, First Floor,
New Friends Colony,
New Delhi- 110065

o) Investor Correspondence

For transfer/dematerialization of shares, payment of dividend on shares and any other queries relating to the shares:

Mr. Virender Rana

SKYLINE FINANACIAL SERVICES PVT. LTD.
123 Vinobapuri
Lajpat Nagar II
New Delhi- 110024

p) Shareholding Pattern

The shareholding pattern as on 31st March 2010:

	Category	No. of shares held	Percentage of Shareholding
A.	Shareholding of Promoter and Promoter Group		
(1)	Indian	3,254,290	63.87
(2)	Foreign	-	-
	Total		
B.	Public Shareholding		
(1)	Institutions	-	-
(a)	Mutual Funds/UTI	-	-
(b)	Financial Institutions/Banks	-	-
©	Foreign Institutional Investors	-	-
(d)	Any Other	-	-
	Sub Total	-	-
(2)	Non Institutions		
(a)	Bodies Corporate	12,300	0.24
(b)	Individuals	1,826,610	35.85
©	Any Other (NRI)	1,800	0.04
	Sub Total	1,840,710	36.13
	Total (A+B)	5,095,000	100.00
	Grand Total	5,095,000	100.00

11. Certificate from Company Secretary on Compliance of Corporate Governance Clause 49 of Listing Agreement is enclosed along with the Annual Report.

For and on behalf of the Board of Directors of
KUWER INDUSTRIES LIMITED

Sd/-
(Jai Bhagwan Aggarwal)
Chairman

Place: Delhi
Date: 04.09.2010

Certificate by Chief Executive Officer on compliance with the conditions of Corporate Governance under Clause 49 of the Listing Agreement(s)

The Board of Directors
Kuver Industries Limited

We hereby certify that for the Financial Year 2009-10:

1. we have reviewed the financial statements and the cash flow statement and that to the best of our knowledge and belief : -
 - a. These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - b. 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.
2. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year 2009-10 which are fraudulent, illegal or violate the Company's code of conduct.
3. We accept responsibility for establishing and maintaining internal controls and that we have evaluated the effectiveness of the internal control systems of the Company and we have disclosed to the auditors and the Audit Committee those deficiencies, of which we are aware, in the design or operation of the internal control systems and that we have taken the required steps to rectify these deficiencies.
4. We further certify that: -
 - a. there have been no significant changes in internal control during this year.
 - b. there have been no significant changes in accounting policies during this year.
 - c. there have been no instances of significant fraud of which we have become aware and the involvement therein, of management or an employee having a significant role in the Company's internal control system.

For KUWER INDUSTRIES LIMITED

Place: Delhi
Dated: 01st September 2010

Sd/-
Jai Bhagwan Aggarwal
Managing Director

Declaration by the Managing Director under Clause 49 of the Listing Agreement

As per requirement of Clause 49 of the Listing Agreement with the Stock Exchanges, the Company has laid down a Code of Conduct for its Board of Directors and Senior Management.

I, Jai Bhagwan Aggarwal, Managing Director of the Company confirm the compliance of this code by myself and other members of the Board of Directors and Senior Management personnel as affirmed by them individually, for the year ended 31st March, 2010.

Place: Delhi
Dated: 01st September 2010

Sd/-
Jai Bhagwan Aggarwal
Managing Director

C E R T I F I C A T E

To
The Members of Kuwer Industries Limited

We have examined the compliance of conditions of corporate governance by M/s. Kuwer Industries Limited for the year ended on 31.03.2010 as stipulated in clause 49 of the Listing Agreement of the said Company with stock exchange(s).

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the 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 mention Listing Agreement.

We state that no grievance(s) is pending against the company as per the records maintained by the Company.

We further state that such compliance is neither as 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.

Vishal Sharma
Practicing Company Secretary
C. P. No.7930

Place: DELHI
Date: 31.08.2010

AUDITOR'S REPORT

To The Members of KUWER INDUSTRIES LIMITED.

1. We have audited the attached Balance Sheet of **KUWER INDUSTRIES LIMITED**, as at 31st March, 2010, and the profit & loss account for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company 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 & 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 sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
 - (i) We have obtained all the information and explanations which to the best of our knowledge and belief, were necessary for the purpose of our audit,
 - (ii) In our opinion, proper books of accounts as required by law have been kept by the Company so far as appear from our examinations of those books,
 - (iii) The Balance sheet and Profit & Loss Account dealt with by this report are in agreement with books of account,
 - (iv) In our opinion, the Balance Sheet and Profit & Loss Account dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ;
 - (v) On the basis of the written representations received from the directors, as on 31st March, 2010 and taken on record by the Board of directors, we report that none of the directors is disqualified as on 31st March, 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
 - (vi) In our opinion and to the best of our information and according to the explanations given to us, the said Accounts 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 principal generally accepted in India;
 - (a) In the case of Balance sheet, of the State of Affairs of the Company as at 31st March, 2010 and
 - (b) In the case of the Profit and Loss Account, of the profit for the year ended on that date.
 - (c) In the case of Cash Flow Statement, of the Cash Flows for the year ended on that date.

**For VINOD RALHAN & CO.,
CHARTERED ACCOUNTANTS**

Sd/-
(VINOD RALHAN)
PROPRIETOR
M.NO: 91503/ FRN 12475N

Place : New Delhi
Date : 01.09.2010

**ANNEXURE TO THE REPORT OF KUWER INDUSTRIES LIMITED FOR THE YEAR ENDED 31ST
MARCH, 2010.**

(Referred to in paragraph (3) of our report of even date)

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) All the assets have not physically verified by the management during the year but there is a regular program of verification which, in our opinion, is reasonable having regard to the size of the company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) During the year, the company has not disposed off a major part of the plant and machinery.
- (ii) (a) The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
- (b) The procedures of physical verification of inventories 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. The discrepancies noticed on verification between the physical stocks and the book records were not material.
- (iii) (a) The company had taken loan from four parties covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs. 188.20 lacs and the year-end balance of loans taken from such parties was Rs. 188.20 lacs. The company has not granted any loan to companies, firm or other party covered in the register maintain under section 301 of the Companies Act, 1956.
- (b) In our opinion, the rate of interest and other terms and conditions on which loans have been taken from companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956 are not, *prima facie*, prejudicial to the interest of the company.
- (c) The company is regular in repaying the principal amounts as stipulated and has been regular in the payment of interest.
- (d) There is no overdue amount of loans taken from companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of goods. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls.
- (v) (a) According to the information and explanations given to us, we are of the opinion that the transactions that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of rupees five lakhs in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
- (vi) According to the information and explanations given to us, the company has not accepted public deposits as per provision of sections 58A and 58AA of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975. No order has been passed by the Company Law Board.
- (vii) In our opinion, the company has an internal audit system commensurate with the size and nature of its business.
- (viii) As far as we are aware, the Central Government has not prescribed the maintenance of cost records by the company under section 209 (1) (d) of the Companies Act, 1956.

- (ix) (a) The company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education protection fund, employees' state insurance, wealth tax, custom duty, excise duty, cess and other material statutory dues applicable to it except income tax Rs 25.28 lacs .
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of wealth tax, sales tax, customs duty, excise duty and cess, however income tax of Rs. 25.28 lacs were in arrears, as at 31st March, 2010 for a period of more than six months from the date they became payable.
- (c) According to the information and explanation given to us, there are no dues of custom duty, wealth tax and cess, which have not been deposited on account of any dispute. However following amounts are involved (gross of amount deposited under protest, if any) with under-mentioned forums, in respect of the disputed statutory dues: -

Sales Tax of Rs 4.42 lacs pending before Joint Commissioner Appeal Noida
Income Tax of Rs. 60 lacs pending before the CIT(Appeals).

- (x) In our opinion, there are no accumulated losses of the company. The company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.
- (xi) As per information given and record maintain the company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xii) In our opinion, the company is not a chit fund or a nidhi mutual benefit fund/society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (xiii) 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.
- (xiv) In our opinion, the company has not given any guarantees for any loans taken by others from bankers or financial institutions.
- (xv) In our opinion, the term loans have been applied for the purpose for which they were raised.
- (xvi) According to the information and explanations 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 investment. No long-term funds have been used to finance short-term assets except permanent working capital.
- (xvii) According to the information and explanations given to us, the company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act.
- (xviii) According to the information and explanations given to us, during the period covered by our audit report, the company had not issued any debentures.
- (xix) According to the information and explanations given to us, the company has not raised any money by public issues during the year.
- (xx) According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

**For VINOD RALHAN & CO.,
Chartered Accountant**

**Sd/-
(VINOD RALHAN)
Proprietor**

M NO: 91503/ FRN 12475N

**Place : New Delhi
Date : 01.09.2010**

KUWER INDUSTRIES LTD.
BALANCE SHEET AS AT 31.03.2010

<u>SOURCE OF FUNDS</u>	<u>Sch. No.</u>	AS AT 31.03.2010	AS AT 31.03.2009
Share Capital	(1)	50,950,000	50,950,000
Reserves & Surplus	(2)	42,608,344	41,594,274
	(A)	93,558,344	92,544,274
LOAN FUND			
Secured Loans	(3)	82,948,353	65,661,723
Unsecured Loans	(3A)	18,820,000	14,320,000
	(B)	101,768,353	79,981,723
Deffered Tax Liabilities	(4)	17,412,236	17,157,822
	(C)	17,412,236	17,157,822
	(A+B+C)	212,738,933	189,683,819
<u>APPLICATION OF FUNDS</u>			
<u>Fixed Assets</u>			
Gross Block	(5)	167,689,304	156,321,409
Less: Depreciation		78,420,767	70,676,293
NET BLOCK		89,268,537	85,645,116
<u>Current Assets, Loan & Advances</u>	(6)		
(a) Inventories		56,142,914	43,298,653
(b) Sundry Debtors		89,856,667	94,997,830
(c) Cash & Bank Balances		5,873,425	3,765,600
(d) Loan & Advances		10,583,543	13,334,492
	(C)	162,456,549	155,396,575
Less: Current Liabilities & Provisions	(7)	38,986,153	51,357,871
	(D)	38,986,153	51,357,871
Net Current Assests	(C-D)	123,470,396	104,038,703
		212,738,933	189,683,819

Significant Accounting Policies (17)

Notes forming Part of Accounts (18)

Notes: The Schedule referred to above form an integral part of the Balance Sheet.

As per our report of even date attached.
FOR VINOD RALHAN & CO
CHARTERED ACCOUNTANTS

Sd/-
(TARUN AGGARWAL)
DIRECTOR

Sd/-
(J.B.AGGARWAL)
DIRECTOR

PLACE : NEW DELHI
DATE : 01.09.2010

Sd/-
(VINOD RALHAN)
PROPRIETOR
M. No.91503/FRN 12475N

KUWER INDUSTRIES LTD.
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31.03.2010

<u>PARTICULARS</u>		FOR THE CURRENT YEAR	FOR THE PREVIOUS YEAR
<u>INCOME</u>			
Turnover	(8)	320,990,979	367,763,388
Other Income	(9)	3,118,686	1,802,792
Increase/(Decrease) in Stock	(10)	13,667,557	5,885,124
	(A)	337,777,222	375,451,304
<u>EXPENDITURE</u>			
Raw Material Consumed	(11)	242,875,795	266,104,890
Manufacturing Expenses	(12)	60,922,374	74,259,900
Benefits to Employees	(13)	4,681,058	4,241,981
Selling Expenses	(14)	323,629	966,530
Administration Expenses	(15)	5,593,089	5,641,817
Financial Expenses	(16)	12,834,789	13,710,965
Depreciation	(5)	7,939,423	6,704,807
	(B)	335,170,157	371,630,890
Net Profit before Tax	(A-B)	2,607,065	3,820,413
Provisions for Tax		692,928	563,233
Deffered Tax		254,414	662,315
Provision for FBT		-	107,892
Provision for Gratuity		498,758	163,042
Prior period expenses		146,896	-
Net Profit after Tax		1,014,070	2,323,931
Income tax paid for earlier years		-	132,206
Balance Profit transferred to Reserve & Surplus		1,014,070	2,191,725

Notes: The Schedule referred to above form an integral part of the Profit & Loss Account.

As per our report of even date attached.
FOR VINOD RALHAN & CO
CHARTERED ACCOUNTANTS

Sd/-
(TARUN AGGARWAL)
DIRECTOR

Sd/-
(J.B.AGGARWAL)
DIRECTOR

Sd/-
(VINOD RALHAN)
PROPRIETOR

PLACE : NEW DELHI
DATE : 01.09.2010

M.no.91503/ FRN 12475N

KUWER INDUSTRIES LTD.

SCHEDULE FORMING PART OF BALANCE SHEET

	AS AT 31.03.2010	AS AT 31.03.2009
SCHEDULE: 1		
<u>SHARE CAPITAL</u>		
AUTHORISED		
60,00,000 Equity Shares of Rs. 10/- each	60,000,000	60,000,000
ISSUED		
50,95,000 Equity Shares of Rs. 10/- each	50,950,000	50,950,000
SUBSCRIBED AND PAID UP		
50,95,000 Equity Shares of Rs.10/- each fully paid in cash	50,950,000	50,950,000
	50,950,000	50,950,000
SCHEDULE: 2		
<u>RESERVES & SURPLUS</u>		
Opening Balance	41,594,274	39,402,549
Add :-Profit/ (loss) for the year	1,014,070	2,191,725
	42,608,344	41,594,274
SCHEDULE: 3		
<u>SECURED LOANS</u>		
1. STATE BANK OF BIKANER & JAIPUR		
- working Capital Loan	46,082,838	23,395,680
- Term Loan	9,538,728	13,586,926
2. VEHICAL LOAN		
(Secured by way of hypothecation over vehicles)	1,492,734	521,214
3. H.D.F.C. BANK		
	-	344,680
4. I.C.I.C.I. Bank		
	-	75,604
5. Reliance capital limited		
	25,834,053	27,737,619
	82,948,353	65,661,723
SCHEDULE: 3A		
<u>UNSECURED LOANS</u>		
- From Director	10,470,000	6,470,000
- From Others	8,350,000	7,850,000
	18,820,000	14,320,000

NOTES :-

1. The working Capital Loans & Term Loan from State Bank of Bikaner & Jaipure are secured by the mortgage and the first charge on all the stock, debtors & other current assets of the company and first charge on all fixed assets of the company and M/s Ellora Machelical product(P)Ltd. In such form as may be required by the State Bank of Bikaner & Jaipur.

KUWER INDUSTRIES LTD.

	AS AT 31.03.2010	AS AT 31.03.2009
SCHEDULE: 4		
<u>Deffered Tax Liabilities</u>		
Opening Balance	17,157,822	16,495,507
Addition/(Deduction): During the year	254,414	662,315
	<u><u>17,412,236</u></u>	<u><u>17,157,822</u></u>

SCHEDULE: 6
CURRENT ASSETS, LOANS & ADVANCES

a. Inventories

(As taken valued and certified by the Management)

- Raw Material	10,909,056	13,673,128
- Stores & Spares & Packaging Material	9,548,925	7,608,149
- Finished Goods	9,638,241	9,645,040
- Scrap	18,179	16,094
- Work in Progress	26,028,513	12,356,242
	<u><u>56,142,914</u></u>	<u><u>43,298,653</u></u>

b. SUNDRY DEBTORS

(Unsecured considered good)

Debts outstanding for		
more than 6 months	28,836,580	17,759,397
less than 6 months	61,020,087	77,238,433
	<u><u>89,856,667</u></u>	<u><u>94,997,830</u></u>

c. CASH & BANK BALANCES

- Cash in hand	991,101	1,157,438
- Cash with Excise Department	94,000	94,000
	<u><u>1,085,101</u></u>	<u><u>1,251,438</u></u>

(A)

BALANCE WITH SCHEDULE BANKS

- Share Application Money refund Account	23,264	23,264
- In Current Accounts	181,697	(715,013)
- In Fixed Deposits	650,326	595,271
- Margin Money	3,933,036	2,610,640
	<u><u>4,788,323</u></u>	<u><u>2,514,162</u></u>
	<u><u>5,873,425</u></u>	<u><u>3,765,600</u></u>

(B)

(A+B)

D. LOAN & ADVANCES

- Advances recoverable in cash or in kind or for value to be received	8,548,032	12,132,109
- Security Deposits	1,018,061	956,031
- Balance with Excise Department	1,017,450	246,352
	<u><u>10,583,543</u></u>	<u><u>13,334,492</u></u>

KUWER INDUSTRIES LTD.

AMOUNT(IN RS)

SCHEDULE: 7

CURRENT LIABILITIES & PROVISIONS

**TOTAL
AS AT
31.03.2010**

**TOTAL
AS AT
31.03.2009**

a. CURRENT LIABILITIES

Sundry Creditors - Trade	32,121,212	41,980,621
Advances from Customers	531,449	1,213,553
Other Liabilities	3,090,937	5,557,641
A	<u>35,743,598</u>	<u>48,751,815</u>

b. PROVISIONS

For Taxation	2,593,217	2,443,015
For Gratuity	649,338	163,042
B	<u>3,242,555</u>	<u>2,606,057</u>
A+B	<u>38,986,153</u>	<u>51,357,871</u>

KUWER INDUSTRIES LTD.

SCHEDULE: 8
TURNOVER

Sales	320,976,119	367,763,388
Scrap Sales	14,860	-
	<u>320,990,979</u>	<u>367,763,388</u>

SCHEDULE: 9
OTHER INCOME

- Interest Income	309,866	244,780
Insurance claim recd	23,431	102,679
Processing charges recd.	1,592,939	352,022
Credit Balance written back (Net)	682,386	213,170
Art Work, Designing & Dev. Charges	372,867	809,590
Exchange Fluctuation	137,197	-
Misc. Income	-	70,937
Freight Charges on sale	-	9,614
	<u>3,118,686</u>	<u>1,802,792</u>

SCHEDULE: 10
INCREASE/(DECREASE) IN STOCK

Opening Stock

-Finished Goods	9,645,040	2,794,522
-Work in Progress	12,356,242	13,320,142
-Scrap	16,094	17,588
	<u>22,017,376</u>	<u>16,132,252</u>

Closing Stock

-Finished Goods	9,638,241	9,645,040
-Work in Progress	26,028,513	12,356,242
-Scrap	18,179	16,094
	<u>35,684,933</u>	<u>22,017,376</u>

Increase/(Decrease) in Stock	<u>13,667,557</u>	<u>5,885,124</u>
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KUWER INDUSTRIES LTD.

	AMOUNT (IN RS) AS AT 31.03.2010	AMOUNT (IN RS) AS AT 31.03.2009
<u>SCHEDULE: 11</u>		
<u>RAW MATERIAL CONSUMED</u>		
Opening Stock	13,673,128	6,902,932
Add : Purchases	240,111,723	272,875,086
Total	<u>253,784,851</u>	<u>279,778,019</u>
Less: Closing Stock	10,909,056	13,673,128
	<u><u>242,875,795</u></u>	<u><u>266,104,890</u></u>

SCHEDULE: 12
MANUFACTURING EXPENSES

- Consm.Stores,Spares & Packing Materials	15,817,592	18,757,117
- Power & Fuel Expenses	19,803,189	13,072,173
- Repair & Maintenance (Mechinery)	2,601,302	2,333,845
- Weight & Measurement Expenses	1,836	-
Excise duty paid	18,028,910	35,412,657
- Freight & Cartage Inward	450,103	358,768
Processing Charges	69,807	92,439
Job Work charges	4,149,635	4,232,901
	<u>60,922,374</u>	<u>74,259,900</u>

SCHEDULE: 13
BENEFITS TO EMPLOYEES

Salary & Wages	3,869,027	3,466,810
Staff welfare	90,483	116,445
Employer's Contribution (E.S.I.)	126,386	115,010
Bonus	249,656	231,103
Employer's Contribution (E.P.F.)	345,506	312,613
	<u>4,681,058</u>	<u>4,241,981</u>

SCHEDULE: 14
SELLING EXPENSES

-Freight & Cartage	-	174,363
-Advertisement	50,460	596,341
-Rebate,Discount & Commision	273,169	195,826
	<u>323,629</u>	<u>966,530</u>

KUWER INDUSTRIES LTD.

	AMOUNT (IN RS)	AMOUNT (IN RS)
SCHEDULE: 15	AS AT	AS AT
	31.03.2010	31.03.2009
<u>ADMINISTRATIVE & OTHER EXPENSES</u>		
Listing fees	27,652	-
Technical Fee	543,095	776,310
Printing & Stationery	117,927	110,837
Postage & Stamps / courier charges	110,511	179,899
Legal & Professional Expenses	363,935	424,547
Insurance Expenses	280,265	270,865
Telephone Expenses	534,502	391,008
Auditors Remuneration :		
- Audit Fee	57,300	40,000
- Tax Audit fee	14,390	10,000
Vehicle running and maintainance	197,884	205,546
Office Rent	780,000	780,000
Lease Rent	651,900	-
Repairs to Building & Others	107,515	314,745
Misc. Expenses	30,036	105,562
Filing Fee	1,500	4,000
Membership & subscription	49,500	72,759
Business Promotion	113,710	55,324
Directors Remuneration	540,000	540,000
Administration exp.on PF	24,014	21,933
Watch & Ward Expenses	66,800	174,000
Deepawali Expences	-	31,070
AGM & Board Meeting Expenses	15,500	15,500
Conveyance	26,179	11,255
Travelling Expenses (Director)	43,649	7,587
Travelling Expenses (Staff)	69,214	89,860
Travelling Expenses (Foreign)	45,778	365,463
Administrative fees	-	385,468
Sundry balance W/off	173,228	2,793
Exchange Fluctuation	-	94,969
Sales tax Paid	160,541	160,518
Service Tax & Eduction cess Paid	10,288	-
Pollution Charges	175,500	-
Loss on Sale of Vehicle	260,776	-
	<u>5,593,089</u>	<u>5,641,817</u>

SCHEDULE: 16

FINANCIAL EXPENSES

Interest Paid		
-on Rupee term loan-SBBJ	1,804,329	1,632,575
Bank Charges,commission & interest	11,030,460	12,078,390
	<u>12,834,789</u>	<u>13,710,965</u>

KUWER INDUSTRIES LIMITED

SCHEDULE – 17: Significant Accounting Policies

a) The accounts of the company are prepared under the historical cost convention and in accordance with applicable accounting standards and relevant disclosure requirements of the Companies Act 1956, as adopted consistently by the company.

b) Foreign Currency Transactions

- i) Transactions in Foreign Currency are recorded at the rates prevailing at the time of the transaction.
- ii) Any income or expenses on account of exchange difference either on the settlement or transaction is recognized in the profit or loss account except in cases where they are adjusted to the carrying cost of such assets.

c) Inventory Valuation

The valuation of inventory has been done as per method of valuation prescribed under section 145A of the Income Tax Act 1961.

Stock of raw materials are stated at cost. Finished goods and Scrap are valued at cost or realizable value which ever is lower.

d) Fixed Assets & Depreciation

- i) Fixed Assets are stated at cost, net of modvat, less accumulated depreciation. All costs including financing cost till commencement of commercial production, net charges on foreign exchange contracts and adjustment arising from exchange rate variations relating to borrowings attributable to the fixed assets are capitalized.
- ii) Depreciation has been calculated on straight line method at the rates given in schedule XIV of the companies act 1956, except on additions arising on account of translation of foreign currency liabilities for acquisition of fixed assets, on which depreciation has been provided as aforesaid over the residual life of respective plant & machinery.

e) Insurance/Claims

The company covers all the normal risk on the basis of cost for the fixed assets and inventories. The premium pertaining to the year is charged against the revenue of the year. The insurance claims lodged by the company will be adjusted as and when the final amount will be received by the company from the insurance companies.

f) Sales

Sales are stated net of returns and sales tax but inclusive of excise duty.

KUWER INDUSTRIES LIMITED

SCHEDULE – 18: NOTES FORMING PART OF THE ACCOUNTS

1. CONTINGENT LIABILITIES

(a) Letter of credit of Rs. 253.83 lacs given by the Company's bankers and counter guaranteed by the company by way of margin money of Rs. 39.33 lacs against letter of credit.

(b) Sales Tax

There is a demand of Rs. 4.42 lacs for the financial year 2006-07. The company has filed appeal to the department. However, the company has deposited Rs. 4.42 lacs under protest with the sales tax department and same has been shown under the head current asset in the balance sheet.

(c) Income tax

There is a demand of Rs.85.28 lacs against which Rs. 10 lacs has been deposited under protest with the department. The company has filed an appeal before the CIT (Appeals).

2. During the financial year 07-08 there was an excise checking conducted by the excise department on 16/10/07 at the factory premises of the company at A 71-72 sector-58, noida and at B-154,sector-6 noida. However the case is pending before the excise department till the signing of the balance sheet.
3. The provision for taxation has been made as per the provision of Income Tax Act 1961.
4. In the opinion of the board and to the best of their knowledge, the current assets, loan and advances shown in the Balance Sheet have a value on realization in the ordinary course of business at least equal to the amount stated therein. The provisions for all the known liabilities has been made are adequate
5. In accordance with the requirement of the Accounting Standards – 22 dealing with the taxes on Income issued by the institute of Chartered Accountants of India, the deferred tax liability increase for the current year Rs. 2,54,414/- (consisting mainly depreciation) has been adjusted.
6. Sundry Debtors and Creditors balance are subject to confirmation.
7. The previous year figures, have been re-grouped or re-arranged wherever consider necessary .
8. Related party disclosures in terms of Accounting Standard 18 issued by The Institute of Chartered Accountants of India:

Name of Related Party	:	Ellora Mechanicals Products Pvt. Ltd.
Description of relationship	:	Under the control of same management
<u>Nature of transaction</u>	:	<u>Volume of transaction</u>
		(In Rs.)
(a) Payment of Factory Rent	:	780000

9. Earning per Share in terms of Accounting Standard 20 issued by The Institute of Chartered Accountant of India :

Particulars	Current year (Rs.)	Previous year (Rs.)
Net Profit after tax	10,14,070.00	21,91,725.00
Weighted average No. of Equity Share of Rs. 10 each outstanding during the year (No. of Equity Share)	5095000	5095000
Basic/ Diluted Earning Per Share	0.20	0.43

10. Additional Information pursuant to the provisions of the paragraph 3,4C & 4D of part –II of schedule VI of the Companies Act 1956.

A. Information in respect of capacity and class of goods manufactured.

- (i) Class of goods - Metallized Polyester & BOPP Films
Metallized Embossed Polyester and BOPP
- (ii) Licenced and - 2400 MT on 3 Shift basis
Installed capacity

- Certified by the Management but not certified by the Auditors being a technical matter .

B. Information in respect of production, Sales and stock.

	Production	Sales	Opening Stock		Closing Stock	
	Qty.	Qty.	Qty.	Value	Qty.	Value
Metallised /Embossed Plastic Film (In Kg.)	1629894.19	1586382.55	23321.93	3628011.42	66833.57	8760019.00
Holograme Sticker (In Sheet)	1659500.00	1520656.00	79967.00	212788.99	218811.0	429014.00
Holographic Tap (In Meter)	19480000.0	19148754.00	297407	83699.25	628653.00	238938.00
Coated polyster film (in Kg.)	525861.00	555595.00	30970	4630069.82	1236.00	185334.00
Hologram (In No.)	59563600	59464261	107726	10919.10	207065	24936
Scrap (In Kg.)	41715.80	42312.60	1987.95	16094.00	1391.15	18179.00

- C. Information in respect of consumed.

	For the Year Ended 31.03.2010		For the Year Ended 31.03.2009	
	Qty. (Kgs.)	Value (Rs.)	Qty. (Kgs.)	Value (Rs.)
Plastic Film And Other	2197471	242875795	2446188	266104890

D. Information in respect of consumption of imported and indigenous material and percentage thereof.

	For the Year Ended 31.03.2010		For the Year Ended 31.03.2009	
	Value (Rs.)	%	Value (Rs.)	%
<u>Raw Material</u>				
Indigenous	242875795	100	266104890	100
Others				

E. Other particulars

DESCRIPTION	For the Year Ended 31.03.2010 Value(Rs.)	For the Year Ended 31.03.2009 Value(Rs.)
CIF Value of Imports		
Capital Goods	199407	15041425
Other Goods	5412618	1854248
Travelling Exp.	158641	462910

Note :- Signatories are Schedule 1 to 18.

FOR AND ON BEHALF OF BOARD

Sd/-
(J. .B. AGGARWAL)
DIRECTOR

Sd/-
(TARUN AGGARWAL)
DIRECTOR

FOR VINOD RALHAN & COMPANY
CHARTERED ACCOUNTANTS

PLACE: NEW DELHI
DATE: 01.09.2010

Sd/-
(VINOD RALHAN)
PROPRIETOR

KUWER INDUSTRIES LIMITED

**BALANCE SHEET ABSTRACT AND COMPANY GENERAL BUSINESS PROFILE –
PART –IV**

I. REGISTRATION DETAILS

Registration No.	56627	Stete Code	55
Balance Sheet		31	03
Date		Date	Month Year

II. CAPITAL RAISED DURING THE YEAR (AMOUNT IN RS.)

Public Issue		Right Issue	
Nil		Nil	
Bonus Issue		Private Placement	
Nil		Nil	

**III. POSITION OF MOBILISATION AND DEVELOPMENT OF FUNDS
(AMOUNT IN RS.)**

Total Liabilities	21,27,38,933	Total Assets	21,27,38,933
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SOURCE OF FUNDS

Paid up Capital	5,09,50,000	Reserve & Surplus	4,26,08,344
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Secured Loans	8,29,48,353	Unsecured Loans	1,88,20,000
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Deffered Tax Liability
1,74,12,236

APPLICATION OF FUNDS

Net Fixed Assets	8,92,68,537	Invetments	Nil
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Net Current Assets	12,34,70,396	Miscellaneous Expenditure	Nil
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Accumulated Assets
NIL

IV. PERFORMANCE OF COMPANY (AMOUNT IN RS.)

Turnover	32,41,09,665	Total Expenditure	32,15,02,600
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Profit Before Tax	26,07,065	Profit / Loss after Tax	10,14,070
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Earning per Share	0.20	Dividend Rate %	NIL
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V. GENERIC NAMES OF PRINCIPLES PRODUCT / SERVICES OF COMPANY (AS PER MONETARY TERMS)

Item Code No. :

Product Description : Metalizing / Embossed Polyester and BOPP Film.

Note :- Signatories are Schedule 1 to 18.

FOR AND ON BEHALF OF BOARD

Sd/-
(J. B. AGGARWAL)
DIRECTOR

Sd/-
(TARUN AGGARWAL)
DIRECTOR

FOR VINOD RALHAN & COMPANY
CHARTERED ACCOUNTANTS

PLACE: NEW DELHI
DATE: 01.09.2010

Sd/-
(VINOD RALHAN)
PROPRIETOR

PROXY FORM
KUWER INDUSTRIES LIMITED
D- 1004, First Floor, New Friends Colony, New Delhi - 110065

I/Weof
In the district ofbeing
Member/Members of Kuwer Industries Limited hereby appoint
In the district ofor falling him / her
.....of
.....in the district ofas my / our proxy
to vote for me / us on my / our behalf at the Seventeenth Annual General Meeting of
the members of the company to be held at D-1004, First Floor, New Friends Colony,
New Delhi- 110065 at 11.00 A.M. on Thursday, 30Th September, 2010 and any
adjournment thereof.

Send the Day of2010.

Signature.....
Address.....
Folio No.
No. of Equity Shares Held.....

Affix Revenue Stamp of 1/- Rupee

Notes:

1. Any member entitled to attend and vote at the Meeting is entitled to attend and either vote in person or by Proxy and the Proxy need not be a Member.
2. The proxy form duly signed across Revenue Stamp of Re.1.00 should reach the Company's Registered Office not less than 48 hours before the time for holding the aforesaid Meeting. The proxy need not be a Member of the Company.

KUWER INDUSTRIES LIMITED
D- 1004, First Floor, New Friends Colony, New Delhi - 110065

ATTENDENCE SLIP
(To be handed over at the entrance of the Meeting Hall)

ANNUAL GENERAL MEETING
30th September, 2010

Members are requested to bring their copy of Annual Report along with them to the Annual General Meeting. Please complete this Attendance Slip and Hand over at the Entrance of Hall. Only Members or their Proxies are entitled to be present at the Meeting.

Name of the Shareholder / Proxy
L.F.
Address
No. of Shares held

I/We hereby record my / our presence at the Annual General Meeting of the Company held on Thursday, 30th September, 2010.

Strike out whichever is not applicable

Signature of the Shareholder / Proxy