



ANNUAL REPORT 2012-2013

**EMPOWERING FUTURE WIRELESS TECHNOLOGY
WORLD CLASS PRODUCTS AND SOLUTIONS**

MESSAGE FROM MANAGING DIRECTOR

Dear Members,

With immense pleasure, I am here before you again to present the highlights of the performance of your company "Kavveri Telecom Products Limited" for the financial year 2012-13.

This year has been challenging on many fronts with the economy in India and Spain on the down trend and telecom in India particularly has seen lot of upheavals. The telecom industry in India is experiencing a period of very low capex spends by the operators like never before hurting your Company's operations in India. Your Company is taking initiatives on how to address this issue.

Your Company continues to place thrust on Research and Development enabling it to meet the requirements of the Wireless telecom industry to gain further market share for its products in the new technology frontiers.

Your Company continues to perform well in North America with the help of the subsidiaries and the step down subsidiaries to drive growth in these markets with newer products being introduced and new customers being acquired.

Your company still continues to be in growth path by focusing on innovation and having valued customers in our kitty in the markets outside India. With this, I would like to thank our Customers, Suppliers, and Bankers for their continued support and also the entire team at Kavveri group of companies for their constant and dedicated efforts to achieve the vision of being "The best in Class Company of the world in the RF products and Antennae field". I would specially like to thank all the shareholders for their support in taking this company to greater heights and glory.

Best regards

C. SHIVAKUMAR REDDY

CHAIRMAN AND MANAGING DIRECTOR

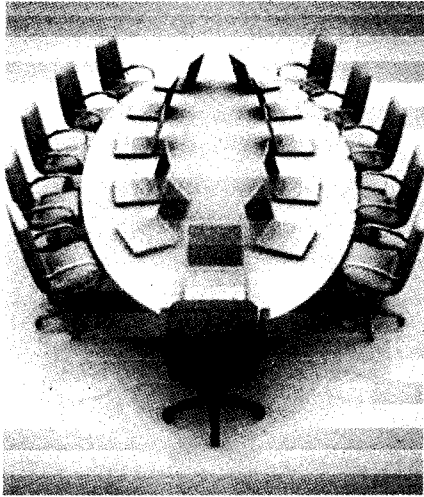
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VISION :

* To be the best in class company of the world in the RF products and Antennae Field



BOARD OF DIRECTORS

Mr. C Shivakumar Reddy

Chairman and Managing Director

Mrs. R H Kasturi

Director (Operations)

Mr. L R Venugopal

Independent Director

Mr. B S Shankarnarayan

Independent Director

**COMPANY SECRETARY &
COMPLIANCE OFFICER:**

Mr. Avinash Kumar Dubey

AUDITORS:

P. Murali and Co.
Chartered Accountants

REGISTERED OFFICE:

No. 31-36, I Main, II Stage
Arekere MICO Layout
Bannerghatta Road
Bangalore 560 076

LOCATION OF MANUFACTURING FACILITY:

Sy. No. 104/2
Suragajakkanahalli Village
Kasaba Hobli, Anekal Taluk
Bangalore

BANKERS:

State Bank of India,
Specialized Commercial Branch
Bangalore

AXIS Bank Ltd., Jayanagar Branch
Bangalore

REGISTRAR & SHARE TRANSFER AGENTS:

Integrated Enterprises (India) Ltd
(Erstwhile Alpha Systems Pvt. Ltd.)
30, Ramana Residency,
4th Cross, Sampige Road
Bangalore 560 003

**LISTING AND TRADING AT
STOCK EXCHANGES:**

National Stock Exchange Ltd.
Bangalore Stock Exchange Ltd.
Bombay Stock Exchange Ltd.

BOARD COMMITTEES:**AUDIT COMMITTEE:**

Mr. L R Venugopal, Chairman , Member
Mr. B S Shankarnarayan, Member
Mr. C Shivakumar Reddy, Member

REMUNERATION COMMITTEE:

Mr. L R Venugopal, Chairman of the Committee
Mr. B S Shankarnarayan, Member

**SHAREHOLDERS' AND
INVESTORS' GRIEVANCE COMMITTEE:**

Mr. L R Venugopal,
Chairman of the Committee, Member
Mr. B S Shankarnarayan, Member
Mr. C Shivakumar Reddy, Member

COMPENSATION COMMITTEE:

Mr. L R Venugopal, Chairman of the Committee
Mr. B S Shankarnarayan, Member
Mr. C Shivakumar Reddy, Member

SELECTION COMMITTEE:

Mr. L R Venugopal, Chairman of the Committee
Mr. B S Shankarnarayan, Member
Mr. C Shivakumar Reddy, Member

STOCK PRICE:

Month	Open	High	Low	Close	No. of	No. of	Total Turnover	Deliverable Quantity	% Deli. Qty to Traded Qty	* Spread	
					Shares	Trades				H-L	C-O
Apr-12	168	177.65	162	167.85	9,45,685	7,074	15,88,75,182	5,22,018	55.2	15.65	-0.15
May-12	167.5	197	160.25	182.8	21,79,087	17,106	36,32,40,305	9,49,470	43.57	36.75	15.3
Jun-12	182	236.8	175.8	220.05	18,83,616	23,209	38,12,02,671	7,89,146	41.9	61	38.05
Jul-12	221	255	195.15	231.1	8,87,450	14,788	19,72,15,152	2,41,054	27.16	59.85	10.1
Aug-12	271	271	209	223.15	9,32,605	14,224	21,28,09,759	3,94,344	42.28	62	-47.85
Sep-12	224.95	237	121	145.85	10,21,074	19,101	17,04,58,527	5,15,023	50.44	116	-79.1
Oct-12	146.7	146.7	116.15	117.4	3,10,110	5,786	4,06,18,927	1,51,046	48.71	30.55	-29.3
Nov-12	117.4	121.9	85	87.05	5,34,645	9,170	5,35,28,985	2,98,354	55.8	36.9	-30.35
Dec-12	89.8	95	76.7	84	82,731	1,722	72,52,875	60,048	72.58	18.3	-5.8
Jan-13	89	110	83.3	85.1	78,994	2,086	70,34,345	46,178	58.46	26.7	-3.9
Feb-13	88.85	95.7	68.5	71.55	1,18,952	1,467	87,55,516	94,109	79.12	27.2	-17.3
Mar-13	79.05	96.9	57	78.45	2,96,138	1,838	2,05,62,682	2,39,265	80.8	39.9	-0.6

ENRICHED VISION. GLOBAL APPROACH:



Smt. Rajupeta Hanumantha Reddy Kasturi started Kaveri Microwave Components (KMC) as a Proprietary concern during October 1991 for manufacture of Duplex Filters and subsequently started manufacturing products like Isolators, circulators Power combiners, Decombiners, Low noise Amplifiers, Attenuators, Dummy loads, Hybrid Transformers etc.

Incorporated on January 19, 1996, Kavveri Telecom Products Limited was started as a public limited company under the name and style of M/s Kaveri Telecoms Limited at Bangalore, Karnataka bearing registration number 08-19627 of 1996 to acquire the existing proprietary concern "Kaveri Microwave Components "(KMC) as a going concern dealing in the manufacture of professional grade microwave components for usage in Telecommunications, Defense and Space industry. The Company has received certificate of commencement of business on February 12, 1996

Subsequently, the company changed its name to Kavveri Telecom Products Limited (KTPL) for better description of the products that the company manufactures. In 1997, KTPL went public and got listed in Bangalore, Hyderabad, Madras and Ahmedabad stock exchanges. Presently, the company shares are traded in Bombay Stock Exchange as 'B' group under Indo-next segment. The company is presently listed in National Stock Exchange (NSE) and Bangalore Stock Exchange (BgSE).

REINFORCED EXPERTISE. INTERNATIONAL RECEPTION:

KTPL is into design, development and manufacturing of wireless subsystem Products such as antennas and RF products for telecom, defense and space applications in India and across four continents.

KTPL ventured into exports in 1993-94 and established a separate R&D Division in Bangalore to develop new products. The company's In-House R&D Centre has been recognized by the Ministry of Science and Technology since 1996. KTPL's R&D Centre has developed many Radio frequency(Rf) Products like Antenna Coupler units for 2 and 4 channels, Tunable Band Pass Filters(for Defense), Limiters, Circulators, Duplex Filters, UHF,VHF and Microwave Application Antennas viz. Yagi and Omni-directional (VHF and UHF) and are approved by Telecom Engineering Centre, New Delhi. Components like Duplex Filters, Isolators, power combiners etc. are approved by DOT (QA), and Components Approval for Communication Technology (CACT-DOT). KTPL also received an international approval from "Federal communication commission" (FCC), North America for designing and developing In-building solution repeaters for 4G Technology. Kavveri today has 50 patents and trade marks across the world.

KTPL continues to invest in the research and development of array of products for Telecom/ Defence/aerospace and In Building Solutions(IFS). KTPL has one of the industry's leading product portfolios in terms of performance and features. The proprietary design technology further enhances the company's strength in the industry.

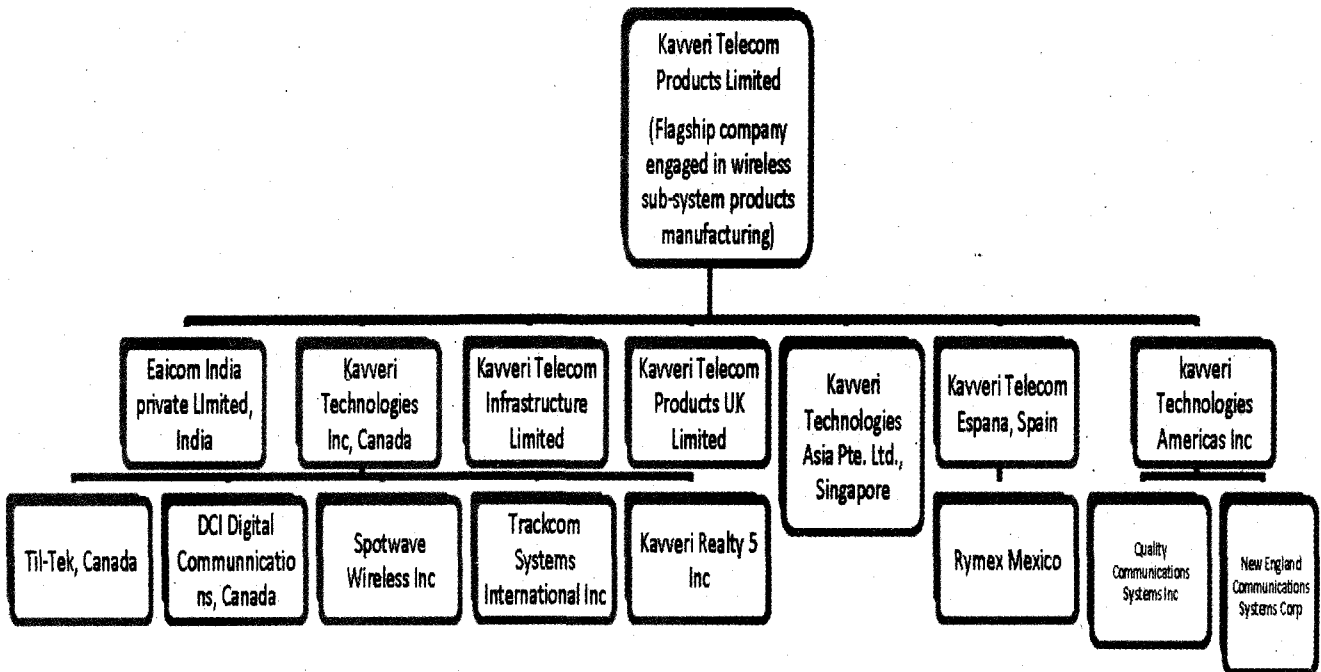
Today, KTPL is also one of the leading providers of wireless network coverage solutions inside buildings (IFS) in India and USA.

UNMATCHED QUALITY. CREATING IMPRESSIONS:

Kavveri also provides total Turnkey solutions for coverage and capacity enhancement requirements for GSM, CDMA, 2G,3G,4G,BWA carriers in India and are ready for all the future technological upgrades for over 10 years. Company's list of clients including wireless manufactures like Alcatel-Lucent, Bharat Electronics Ltd, Ericsson, ITI, Motorola, Nokia Siemens Network, ZTE,Huawei,Aviat etc. and telecom operators like Verizon, Telefonica,America Movil,GoGo, Aircel, Airtel, Idea, MTNL, Reliance, Spice, Tata Tele, Vodafone,Rogers,Bell and Telus etc.

GLOBAL EXPANSION. INNOVATIVE VENTURES:

Today, KTPL has acquired Eight Companies across Canada, USA, Spain and Mexico through its subsidiaries, Til-tek(in April 2006), DCI Digital Communications(in April 2007), Spotwave Wireless (in December 2007), Trackcom systems International (in July 2009), Telecom division of Rymxa Telecom called Kavveri Telecom Espana(In November 2011),Rymex(In November 2011) Quality Communications Systems Inc and New England Communication Systems Corp. (In July 2012) . These acquisitions have positioned KTPL as a leading player in wireless subsystem Products and IBS providers in India and Abroad.



KAVVERI TELECOM PRODUCTS LIMITED:

It is a leading Telecom & Defence, space Original Design Manufacturer listed in the Bangalore and National Stock exchange of India, providing world-class, Antennas and RF products and solutions for the Telecom, Defence and Space Industries with a worldwide presence. Founded in 1991, Kavveri Telecom designs, develops, tests and manufactures a diverse range of wireless sub-system products, from concept to deployment.

KAVVERI TELECOM INFRASTRUCTURE LIMITED (KTIL):

A subsidiary of Kavveri Telecom Products Limited is into the business of Providing Inbuilding solutions (IBS) as a Neutral Host Provider (NHP). The company provides customized carrier independent In-Building Solutions (IBS). These solutions enhance wireless coverage and capacity in non-accessible areas, spaces with a large footprint such as, Hospitals, Hotels, offices, malls and high-rise buildings. KTIL's custom installations i.e. IBS antennas and backhaul links boost the mobile & WiFi coverage at strategic buildings like hospitals, large malls, corporate offices, high-rise buildings, and work across GSM/CDMA/UMTS/WiFi/WiMAX/LTE networks.

TIL-TEK ANTENNA:

It brings more than 25 years of expertise in design and manufacture of cost-effective, high quality Base station and CPE antennas in the frequencies of 600 MHz to 6 GHz for the applications in broadband, WiFi, WiMAX and Cellular public safety.

Leader in design and manufacturing of high performance custom antenna solutions as well as research in new antenna technologies for both the government and the industry.

DCI DIGITAL COMMUNICATIONS:

Specializes in Radio Frequency Interference (RFI) products, which reduce interference problems in the 30 MHz to 6 GHz range. DCI manufactures VHF and UHF bandpass filters, low pass filters, WiFi filters, multiple-window filters, combiners, broad band duplexers, tower top amplifiers, CDMA repeaters and offers unique 'off the shelf' products as well as custom solutions.

SPOTWAVE WIRELESS:

Provides carrier-approved, indoor wireless coverage solutions to maximize the coverage indoors. These simple, affordable, effective solutions are applicable to wireless carriers and enterprise customers.

TRACKCOM SYSTEMS INTERNATIONAL:

Designs and manufactures complete set of active and passive RF elements required for the radio subsystem of a wireless user equipments.

The products include RF transceivers, waveguide / coaxial filters and diplexers, flexible/semi flexible waveguides, tuneless wave guides, E-plane filters, dividers, couplers, isolators, channel combiners and adapters.

RYMSA TELECOM (NOW KNOWN AS KAVVERI TELECOM ESPANA):

Designs and manufactures multi-band, multi-port, carrier-independent antenna systems for mobile telephony base stations. Rymsa thus improves wireless telecommunication through the constant development of high quality antennas with optimum specifications. Rymsa had successfully integrated multiple frequency bands into a single antenna with 12 connectors so as to go on a single pole.

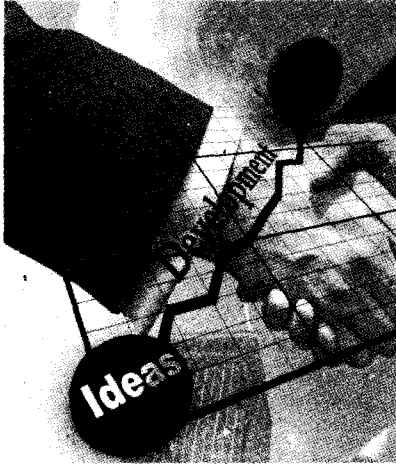
QUALITY COMMUNICATIONS SYSTEMS INC. & NEW ENGLAND COMMUNICATIONS SYSTEMS CORP. (WIRELESS DIVISIONS OF WPCS):

These companies are the recent acquisitions from Kavveri Specializes in comprehensive range of wireless systems solutions including In-Building for Public Safety and Cellular Applications, Network Solutions, Mobile Data, Asset Tracking, Radio Systems, Video solutions, Wireless Infrastructure and Integrated Business Systems.

TIMELINE AND MILESTONES:

Timeline	Milestones
1996-1997	Kavveri Incorporated on 19 Jan 1996 Receipt of Certificate for Commencement of Business-12.02.1996 Public issue for 31,00,000 equity shares, and subsequent listing with BgSE, Ahmedabad and Madras Stock Exchange. Ministry of Science and Technology (Govt of India) recognized R & D Center of Kavveri
1997-1998	ISO 9001 recognition from KPMG quality registrar for RF modules, Antennae system and MARR systems
1999-2000	Development of new technology for manufacture of High Bit Rate Digital Subscriber Line Equipment.
2002-2003	Change of name of the Company from Kavveri Telecom Limited to Kavveri Telecom Products Limited. Megasonic Telecoms Pvt Ltd amalgamates with Kavveri Telecom Products Limited.
2003-2004	Receipt of approval to the scheme of amalgamation with Megasonic Telecoms Pvt Ltd effective from July 01, 2003 against purchase consideration of 47 equity shares of Rs. 10 each of Kavveri Telecom Products Limited for every 2 equity shares held in Megasonic Telecoms Pvt Limited.
2004-2005	Proposal for voluntary De-listing of shares of Kavveri from Hyderabad, Ahmedabad, and Madras Stock Exchange approved by Board of Directors.
2005-2006	Kavveri Technology Inc., Canada incorporated as a subsidiary to Kavveri Telecom Products Limited
2006-2007	Shares of Kavveri Telecom Products Limited gets delisted from Hyderabad Stock Exchange. Acquisition of Til-tek Antennae Inc as a 100% subsidiary of Kavveri Technology Inc, Canada being the 100% shareholder of the company. Incorporation of step down subsidiary by the name Kavveri Realty 5 Inc, Kavveri Technology Inc being the 100% shareholder of the company.
2007-2008	Draft of Employee Stock Option Scheme-2008 and approved by the Board of Directors. Listing of equity shares on National Stock Exchange from January 28, 2008. Acquisition of DCI Digital Communications Inc by Kavveri Technology Inc making it 100% subsidiary. Incorporation of step down subsidiary by the name Spotwave wireless limited, Kavveri Technology Inc being the 100% shareholder of the company.
2008-09	Delisting of shares from ASE with effect from March 27, 2008 Delisting of shares from Madras Stock exchange with effect from October 15, 2008. Incorporation of Kavveri Telecom Infrastructure Limited in India as a Subsidiary to KTPL.
2009-10	Incorporation of Subsidiary in UK by the name "KAVVERI TELECOM PRODUCTS UK LIMITED". Acquisition of Trackcom Systems International by Kavveri Technologies Inc making it a Subsidiary. Best Small & Medium Enterprises Innovator of the year was awarded to the Company by YES BANK.
2010-11	Ranked No. 22 in Business world's "India's Fastest Growing Companies"
2011-12	Acquisition of telecom division of Rymosa Telecoms, Spain and subsequently renamed as Kavveri Telecom Espana. Acquisition of Rymex, Mexico Increase of investment by Foreign Institutional Investors to 35% with approval from Reserve Bank of India.
2012-13	Acquired the wireless division of WPCS International Inc, a Nasdaq listed Company.

KEY ACHIEVEMENTS:



1. Largest manufacturer of Antennas & RF Products in India
2. Mass manufacturing strengths in Antennas & RF Products - Capacity to manufacture 2, 00,000 high quality Antennas & 2, 00,000 RF products every Year.
3. First Indian private owned company to have Anechoic Chamber for testing the antenna parameters.
4. First Indian Company to design, develop & manufacture Frequency Translating Repeaters.
5. The Only Indian RF company to have global supply agreement with Nokia Siemens Network
6. Company awarded as Deloitte Technology Fast 50 India 2011 winner
7. Approval from Federal Communication Commission for design and development of In-Building solution repeaters.
8. Kavveri Telecom launched a 16dBi Array Antennae in AWS Band (1710-2155 mhz) for the North American Market
9. Kavveri Telecom designs and develops satellites receivers for space applications
10. Only Indian Company exporting Antennas & RF Products to North. America, Latin America and Europe.

PROFILES OF THE FOUNDERS:

Mr. Reddy, aged 50 years has completed degree in Bachelor of Technology, B. Tech (Electronics & Communications) from Jawaharlal Nehru Technological University (JNTU), Hyderabad in the year 1984. He was one of the promoter directors of Kavveri Microwave Components Ltd., Hyderabad which started operations in 1988 and was instrumental in design, development and marketing of RF products till August 1991.

Thereafter, Mr. Reddy took charge of a new proprietary concern Kavveri Microwave Components as its Chief Executive Officer from 1991 to 1996. After the takeover of Kavveri Microwave components by Kavveri Telecoms Limited, Mr. Reddy continued as the Chief Executive Officer of the merged entity and was later appointed as Managing Director of Kavveri Telecoms Limited in 2002.

Mr. C SHIVAKUMAR REDDY:

Ms. Kasturi aged 45 years, is a Bachelor of Engineering in Electronics & Communication from Bangalore University. She started M/s Kavveri Microwave Components as proprietary concern in 1991 and has been in-charge of administration activities of the firm. After the takeover of Kavveri Microwave Components by Kavveri Telecoms Limited in 1996, Ms. Kasturi was appointed as Director of Kavveri Telecoms Limited.

Mrs. R H KASTURI:

Ms. Kasturi is instrumental in successfully managing day to day HR and administration and operational activities of the company.

Ms. C UMA REDDY:

Ms. Reddy is a Bachelor in Arts, has more than 24 years experience in managing the business of Telecom and other sector companies. Prior to joining Kavveri in 1996, she was heading the marketing division of a leather products company and was instrumental in the development of the company.

Ms. Reddy has been in-charge of company operations and has been the driving force in successful implementation of various initiatives and strategies, which positioned the company as a global player.

ABOUT KAVVERI:

Kavveri Telecom Products Limited is a leading telecom wireless subsystem products manufacturer, providing world-class, hardware products and solutions for the Telecom, Defence & Aerospace segments.

Founded in 1991, Kavveri Telecom designs, develops, tests and manufactures a diverse range of wireless Telecom products, from concept to deployment. With over 500 R&D man-years of experience and over 20 years of high paced growth, Kavveri Telecom is uniquely positioned to offer an array of world-class products and solutions to meet product and sub-system requirements of wireless Telecom equipment manufacturers, Carriers, Defence and Space clients. The Company enjoys the status of being the largest Indian transnational manufacturer of Antennas & RF products with overseas offices, distributed R&D, and foreign acquisitions resulting in market access spanning four continents and is committed to meet the expectations of its share holding community, clients, business partners and employees.

Kavveri spends over 6% of its revenues on Research and Design of cutting edge defence, space and telecom products and has a dedicated 30,000 Sq. ft. area of R&D center of excellence. Collectively all Kavveri subsidiaries and acquisitions worldwide and respective in-house R&D have designed and manufactured over 1600 well tested and proven Telecom, Defence and Space products which are currently being used in various applications. Today KAVVERI owns 50 patents in various RF related products and sub-system design & development in use by leading telecom carriers globally.

Spread over 150,000 Sq ft of cumulative built-up area over 5 acres of prime Industrial zone in Bangalore and with five well equipped production plants worldwide, Kavveri telecom is fully geared up to meet all Telecom and Defence communication manufacturing needs of clients across the globe. Kavveri production plants are self-contained with the latest assembly line manufacturing infrastructure and most advanced test and measuring equipments and has technological competence of the highest levels to achieve technologically challenging product designs in the field of Radio Frequency. Kavveri facility at Bangalore has the capacity of manufacturing Rf products and Antennas worth over Rs 1000 crores sales revenues per annum.

CLIENTELE:

- Ericsson
- Bharat Electronics Ltd
- Alcatel-Lucent
- Airtel
- Motorola
- Huawei
- Nokia-Siemens Network
- ZTE
- Verizon
- Rogers
- Telus
- GOGO
- Telefonica
- AT&T
- Clear Wire
- Last Mile
- XM Radio
- Aviat Networks
- America Movil
- Telefonica
- Vodafone
- Idea Cellular
- Reliance Communications
- Aircel
- TTSL
- ISRO
- DRDO
- Airports Authority of India

RESEARCH AND DEVELOPMENT:

Research & Development of Kavveri was established in the year 1994. Our R&D is recognized by the department of science and industrial research, Ministry of Science & Technology, Government of India.

Our R & D is Strong and robust with well layered systems and processes to maintain the standards in innovation and production that meets the demands of our clients who have found our products meeting their standards and our innovation practical and effective. Our R&D is equipped with latest technology for research and testing to ensure that our products meet international standards.

Our Distributed R&D across the globe is a 70 member strong team with dedicated area of 30,000 sq.ft. of R&D Center of Excellence. Our Company's R & D capabilities and understanding of demands of the telecom, defence and space industry have resulted in early stage development work with various global telecom, defense and space companies with the intention of procuring long term manufacturing contract and capitalizing on potential outsourcing of wireless subsystem products. Our R & D team periodically releases new and improvised products both in terms of design and costing, giving us an advantage over other competitors.

NOTICE:

Notice is hereby given that the Eighteenth Annual General Meeting of M/s Kavveri Telecom Products Limited will be held as per the schedule given below:

Day and Date : Monday the 30th September 2013
Time : 10 A.M.
Venue : Plot No. 31-36, I Main, II Stage, Arakere MICO Layout,
Bannerghatta Road, Bangalore 560 076

Ordinary Business:

1. To receive, consider and adopt
 - a. The audited balance sheet as at 31st March 2013;
 - b. The audited Profit and Loss Account for the year ended on that date;
 - c. The auditors' report, thereon; and
 - d. The directors' report.
2. To appoint a Director in place of Mr. L.R. Venugopal, the Independent Director who retires by rotation and being eligible, offers herself for re-appointment.
3. To re-appoint M/s P. Murali and Co., Chartered Accountants, Hyderabad as Statutory Auditors and to hold office from the conclusion of this meeting, until the conclusion of the next Annual General Meeting and to fix their remuneration.

By Order of the Board

Avinash kumar Dubey
Company Secretary

Place: Bangalore
Date: 05.09.2013

Notes:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON HIS BEHALF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE INSTRUMENT APPOINTING A PROXY SHOULD BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LATER THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.

2. Documents relating to any of the items mentioned in the Notice are open for inspection at the Registered Office of the Company on any working day during the business hours.

3. The Register of Members and share transfer books will remain closed from 27.09.2013 to 30.09.2013 both days inclusive.

4. Members who have not encashed their dividend warrants so far, for the below mentioned financial years, may claim or approach the Company for the payment thereof as the same will be transferred to the Investor Education and Protection Fund of the Central Government, pursuant to the provisions of Section 205 C of the Companies Act, 1956 on the respective dates mentioned hereunder. The members will lose their right to claim such dividend after such date from the Company.

Financial Year	Due Date
2005-06	29-09-2013
2006-07	29-09-2014
2007-08	30-09-2015
2008-09	30-09-2016
2009-10	30-09-2017
2010-11	30-09-2018
2011-12	30-09-2019
2012-13	30-09-2020

5. Members are requested to notify any change in their address, transfer of shares, and request for demat of shares to our Registrar and Share Transfer Agents.

6. The trading in the Company's equity shares on the Stock Exchanges is permitted only in dematerialized form for all classes of investors. In view of numerous advantages offered by the depository system, members are requested to avail of the facility of dematerialization of the Company's equity shares held by them.

7. Members are requested to bring duly filled in Attendance Slip for attending the meeting. The Corporate Members are requested to attach the Certified True Extract of the Board Resolution duly authorizing their representative to attend this Annual General Meeting along with the attendance slip.

8. Annual Report is also available on the website of the Company at www.kaveritelecoms.com in the Investor section.
9. For the security and safety of the Members, no article/baggage will be allowed at the venue of the meeting.
10. **GREEN INITIATIVE IN CORPORATE GOVERNANCE:**

The Ministry of Corporate Affairs has taken a 'Green Initiative in Corporate Governance' by issuing circulars (vide circular nos. 17/2011 and 18/2011 dated 21st April, 2011 and 29th April, 2011 respectively), and allowing paperless compliances by Companies through electronic mode. Recent amendment to the Listing Agreement with the Stock Exchanges permits companies to send soft copies of the Annual Report to all those shareholders who have registered their e-mail ID's for the said purpose. Therefore, the Company is sending the Annual report through e-mail to those Members who have registered e-mail ID's. To further support this initiative Members, whose e-mail ID's have not been registered so far, are requested to register their e-mail ID's with their respective Depository Participants, in respect of holdings in demat form and with the Company's RTA, in respect of shares held in physical form.

By Order of the Board

Date : 5-9-2013

Place: Bangalore

Avinash Kumar Dubey
Company Secretary

DIRECTORS' REPORT:**To****The Members,**

The Board of Directors take pleasure in presenting their Report along with the Audited Accounts of the Company for the year ended 31st March, 2013.

FINANCIAL HIGHLIGHTS:

PARTICULARS	FOR THE YEAR	FOR THE YEAR
	ENDED MARCH 2013 (RUPEES IN LAKHS)	ENDED MARCH 2012 (RUPEES IN LAKHS)
Net Sales & Other Incomes	23926.92	47301.31
Operating Profit	(30.95)	8854.4
Interest	2360.35	1477.99
Profit before Depreciation	(2391.31)	7376.41
Depreciation	1214.68	918.5
Exceptional Items	(64.39)	26.66
PBT & Exceptional items	(3541.59)	6431.25
Provision for Tax	160.95	1419.12
Deferred Tax	608.59	168.11
PAT	(4311.12)	4844.02

RESULTS OF OPERATIONS:

The Year has been a challenging one for the company as the cellular operators have drastically reduced their capex spends and this has severely affected your company's operations resulting in drastic reduction of sales revenues compared to the previous year.

During the year the Company's sales were Rs. 25569.65 Lacs as against Rs. 47301.31 lacs in the corresponding period of last year. The Company made a loss of Rs. 4189.74 Lacs as against a Profit of Rs 4808.27 lacs in the corresponding period of last year

DIVIDEND:

To maintain liquidity, your Directors have not recommended any dividend for the reporting period.

SUBSIDIARIES:

The company has following subsidiaries:

Direct subsidiaries:

M/s Kavveri Telecom Infrastructure Limited, India
M/s Eaicom India Private Limited, India
M/s Kavveri Technologies Inc., Canada
M/s Kavveri Telecom Products UK Limited, UK
M/s Kavveri Technologies Asia PTE. Limited, Singapore
M/s Kavveri Telecom Espana, Spain
M/s Kavveri Technologies Americas Inc., USA*

Step down subsidiaries: (i.e., subsidiaries of M/s Kavveri Technologies Inc.,)

M/s Til-Tek Antennae Inc,
M/s Spotwave Wireless Ltd,
M/s DCI Digital Communications Inc.,
M/s Kavveri Realty 5 Inc.,
M/s Trackcom Systems Inc.

M/s Rymex, Mexico is a step down subsidiary with majority stake held by M/s Kavveri Telecom Espana, Madrid, Spain.

*M/s Kavveri Technologies Americas Inc was incorporated during the first quarter of 2012-13 which has acquired the wireless division of WPCS International Inc, USA on 25. 07. 2012 and now functioning as two subsidiaries of Kavveri Technologies Americas Inc as below:

- 1) Quality Communications Systems Inc, Lakewood, New Jersey, USA
- 2) New England Communications Systems Corp., Hartford, Connecticut, USA

Pursuant to Ministry of Corporate Affairs Circular No. 2/2011 dated 08.02.2011, since the company is presenting consolidated financial statement of Holding and Subsidiary companies, the individual financial statements of the subsidiaries are not presented separately.

The consolidated financial statement has been prepared in strict compliance with applicable Accounting Standards and, where applicable, Listing Agreement as prescribed by the Security and Exchange Board of India. The company do undertake that annual report that annual accounts of the subsidiary companies and the related detailed information shall be made available to shareholders of the holding and subsidiary companies seeking such information at any point of time. Annual accounts of the subsidiary companies are also kept for inspection by any shareholders in the head office (i.e., Registered Office) of the company and of the subsidiary companies.

FIXED DEPOSITS:

Your Company has not accepted any Fixed Deposits during the year within the meaning of Section 58A of the Companies Act, 1956 and the Rules made there under.

DIRECTORS RESPONSIBILITY STATEMENT:

Pursuant to the provisions of Section 217(2AA) of the Companies Act, 1956, the directors hereby confirm that:

- In preparation of the annual accounts, the applicable Accounting Standards had been followed along with proper explanation relating to material departures.
- 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 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.
- The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities.
- The Directors had prepared the annual accounts on a going concern basis.

CORPORATE GOVERNANCE:

Certificate of Compliance of Corporate Governance in terms of Clause 49 of the Listing Agreement is attached and forms part of this Report.

PARTICULARS OF EMPLOYEES:

As required under the provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, the names and other particulars of employees are set out as Annexure to this report.

HUMAN RESOURCE MANAGEMENT:

At Kavveri, the most important asset is its employees. Your company has created a favorable work culture that encourages ambition and innovation. Your company has set up a scalable recruitment and human resource management process to attract and retain talent.

DISCLOSURES:

Disclosures in terms of Companies (Disclosure of Particulars in report of the Board of Directors) Rules, 1988 in respect of Conservation of Energy, Technology Absorption, Foreign Exchange Earnings & Outgo are attached and forms part of this Report.

PARTICULARS OF THE DIRECTORS SEEKING RE-APPOINTMENT:

Brief Profile of Mr. L.R.Venugopal, who retires by rotation and is eligible for re-appointment:.

Mr. L.R.Venugopal is a Chartered Accountant by profession. He has now over 27 years of experience in

the Industry and is also a partner in a reputed Audit Firm. K.V.Narsimhan & Company. Mr. L.R.Venugopal does holds directorship in one other company-i.e. M/s Kavveri Telecom Infrastructure Limited. Mr. L.R.Venugopal does not hold any equity shares of the company as on 31st March, 2013

AUDITORS:

M/s. P. MURALI & Co., Chartered Accountants, retiring auditors of the Company being eligible offer themselves for appointment as auditors of the Company. M/s. P. Murali & Co., Chartered Accountants have furnished a certificate of their eligibility u/s 224(1B) of the Companies Act, 1956.

CORPORATE SOCIAL RESPONSIBILITY:

Your Company believes in addressing the needs of the underprivileged and is committed to serving them. Your Company aims to fulfill its social responsibilities by being actively involved in a variety of public service projects serving underprivileged groups. Your Company has also made donations to religious institutions.

SEPARATION OF OWNERSHIP FROM MANAGEMENT:

The Chairman being executive, Two (2) out of Four(4) directors on the Board of your company are non-executive and independent as per the requirements of Listing Agreement.

DISQUALIFICATION OF DIRECTORS:

None of the Directors were disqualified in terms of Section 274(1) of the Companies Act 1956, during the year under review.

ACKNOWLEDGEMENTS:

The Directors wish to place on record their appreciation and acknowledge with gratitude the support and co-operation extended by the customers, vendors, bankers, investors, shareholders and the media. We look forward to your continued support. Your Directors also thank employees at all levels for their contribution, and recognize and deeply value the dedication, co-operation and support which paved the way for our growth and success.

For and on behalf of the Board

Place: Bangalore
Date : 05.09.2013

C.SHIVAKUMAR REDDY
Chairman and Managing Director

ANNEXURE TO DIRECTORS REPORT

Annexure - I

S.No	Name	Designation	Qualification	Age	Experience (Years)	Date of Commencement of Employment	Remuneration received 2012-13(in rupees)	Previous employment
1	Mr. C. Shivakumar Reddy	Chairman-managing director	B.Tech	50	24	19.01.1996	15,25,440/-	---
2	Mrs. R.H.Kasturi	Director-Operations	BE	45	21	19.01.1996	15,25,440/-	---

Annexure II

Disclosures of particulars pertaining to conservation of energy, Research and development expenditure and Foreign Exchange earnings and out go as required under Companies (Disclosure of Particulars in the report of Board of Directors) Rules, 1988.

A. Conservation of Energy

The operations of the Company are not energy intensive. However, adequate measures have been taken to conserve and reduce the energy consumption.

B. Technology Absorption

Efforts made in Technology absorption : Form - B Enclosed

C. Particulars of Foreign Exchange Earnings and Outgo

CIF Value of Imports	:	Rs. 9,20,50,890
Expenditure in Foreign Currency	:	Rs. 3,38,726
Technical Know-how/ Research & Development Expenses	:	Nil
Professional and Consultation Fees	:	Nil
Maintenance Charges	:	Rs. 10,07,141
Foreign Exchange Earned	:	Rs. 9,36,86,134

FORM B

Specific areas in which Research and Development was carried out by Your Company

The Company has In-house Research and Development Centre which has been recognized by the Ministry of Science & Technology, Government of India since 1994. It carries out R&D in specific areas, design and development of various RF products and antennas for Telecom, Defense and Space applications. Company invests in continuous up-gradation of R&D facilities to keep them cutting edge and state of the art. Our R & D is always focused on providing

innovative benefits to our customers and other stakeholders by working both proactively (self driven research) and reactively (customer driven research)

R & D also carried out continuous improvements on various existing products achieving better productivity by design improvements and working with alternate input materials to reduce the cost without compromising on the quality of the products.

Products developed for Defense and Space:

1. Dual Module Stage-1 Amplifier (Freq: 300-350MHz).
2. Low Noise Amplifier Ku Band (Freq: 12-18GHz).
3. Power Amplifier Ku Band (Freq: 14-15GHz).
4. Power Amplifier KU Band (Freq: 16-17GHz).
5. Band Pass Filter (Freq: 145MHz).
6. Band Pass Filter (Freq: 410MHz).
7. Band Pass Filter (Freq: 460MHz).
8. Band Pass Filter (Freq: 510MHz).
9. Band Pass Filter (Freq: 560MHz).
10. Band Pass Filter (Freq: 610MHz).
11. Dual Band GSM Antenna, 12dBi, (Freq: 880-960MHz & 1710-1880MHz).
12. 5 dBi Omni Directional Antenna (900-960 MHz)
13. HF BITE System with Antennas
14. VHF/UHF BITE System with Antennas
15. GSM & DCS Band RF Unit
16. Waveguide Switch, Ka Band (Freq: 34.5 to 35.5GHz)
17. GPS LNA with Filter, L1 Band
18. Low Noise High Gain Amplifier, Freq: 435-440MHz
19. Broad beam Antenna 2.4GHz
20. Phased Array Antenna 900MHz
21. Guard Antenna 5 Ghz

Products developed for Telecom Application:

1. 2:2 wideband combiner
2. N:N power Combiner
3. 4: 1 wideband combiner
4. 4 Port BTS LTE Antenna
5. 5/8/10/12 dBi 145MHz Yagi Antenna
6. 5/9/12 dBi 400MHz Yagi Antenna
7. 9/12/16 dBi 900MHz Yagi Antenna
8. 400MHz Circular Polarized Yagi Antenna
9. 2/3 dBi Flat Indoor Omni Antenna
10. Dual Band Train Antenna
11. 11/16 dBi 1800MHz Panel Antenna
12. TETRA Band Omni Antenna with GPS
13. Wide Band IBS Panel Antenna
14. Tri-band LPD Antenna
15. Dual Slant Omni Antenna 3.4GHz
16. 900MHz High Gain Omni Antenna
17. TETRA Band Sector Antenna
18. GSM 900/1800/UMTS Tri-sector Antenna
19. GSM 900/1800/UMTS Dual Slant Omni Antenna
20. 750MHz and 2100MHz Panel Antenna

EXPENDITURE ON RESEARCH AND DEVELOPMENT:

Particulars	2012-13	2011-12
a) Capital	1491280.00	73,512,558
b) Recurring	23405935.00	37,550,412
Total	24897215.00	111,062,970
Total R & D expenditure as a percentage of Sales and Services	0.92%	3.32%

Your company's Research and Development Team continues to develop new products, Innovate new processes for the existing ones and improve production facilities and processes. In future also, thrust will continue to be on Quality as always, to identify ways to optimize costs and develop new products with focus on customer needs.

For and on behalf of the Board

C. SHIVAKUMAR REDDY
Chairman and Managing Director

Place: Bangalore
Date: 05.09.2013

Annexure-III

AUDITORS' CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE PURSUANT TO CLAUSE 49 OF THE LISTING AGREEMENT

To
The Members
Kavveri Telecom Products Limited

We have examined the compliance of conditions of corporate governance by **KAVVERI TELECOM PRODUCTS LIMITED**, for the year ended on 31st March , 2013, as stipulated in Clause 49 of the Listing Agreement.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to a review of the procedures 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 and the representations made by the Directors and the management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We state that such compliance is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For P. Murali & Co.,
Chartered Accountants
Firm's Registration Number: 007257S

P. Murali Mohana Rao
(Partner)
Membership Number: 023412

Place : Hyderabad
Date : 30-05-2013

REPORT ON CORPORATE GOVERNANCE

COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

The Company's philosophy on corporate governance envisages the attainment of corporate excellence by providing enhanced shareholders value and customer satisfaction. The company believes that governance process should ensure economic prosperity and long term value creation for the company and its shareholders by following well laid out principles of transparency, accountability and responsibility, investor protection, compliance with statutory laws and regulations. The Company also upholds the rights of its investors and other stakeholders to information on the performance of the Company.

I. BOARD OF DIRECTORS

A. Composition of Board:

The Board of Directors of the Company has an optimum combination of executive and non-executive directors. The Chairman and Managing Director along with one whole-time Director is managing the day-to-day operations of the Company.

The Chairman of the Board is an Executive Director. There are Two executive directors and Two non-executive directors.

For the Financial Year ended 31st March 2013 there were 8 board meetings

Board Meetings held, the dates of which are 20th April 2012, 30th May 2012, 14th August 2012, 5th September 2012, 15th October 2012, 14th November 2012 November 2012, February 14th 2013.

The composition of the Board of Directors, the attendance of each Director in each Board Meeting and the last AGM and also membership on other company's Board or Committee of Board is as under:

Name of the Director	Category	Presence in last AGM	No. of Board Meetings attended	Directorship in other Companies			
				Public	Private	Committee Chairman	Committee Member
1. C Shivakumar Reddy	Chairman & MD	Yes	8	2	3	Nil	Nil
2. R H Kasturi	Director Operations	Yes	8	3	2	Nil	Nil
3. L R Venugopal	Independent Director	Yes	8	2	0	Nil	Nil
4. B S Shankarnarayan	Independent Director	Yes	8	3	1	Nil	Nil

B. There were no pecuniary relations or transactions between the non-executive Directors and the Company during the financial year 2012-13

II. COMMITTEES OF THE BOARD:

The Board of Directors has constituted the following committees with adequate delegation of powers to discharge day to day affairs of the company as well as to meet the exigencies of the business of the company.

The Committees constituted by the Board as on date are:

1. AUDIT COMMITTEE:

The Board has set up an Audit Committee as per the provisions of part II of clause 49 of the Listing Agreement and Section 292A of the Companies Act, 1956.

Members of the committee are as follows:

Mr. L R Venugopal	Chairman of the Committee
Mr. B S Shankarnarayan	Member
Mr. C Shivakumar Reddy	Member

The Secretary of the Company also acts as Secretary to the Committee. The quorum for meeting of Audit Committee is two independent members present.

Terms of reference:

- Oversee the Company's financial reporting to ensure that the statements are correct, sufficient and credible.
- Recommending to the Board, appointment, re-appointment and removal of internal auditors and fixing their fees.
- Reviewing with the management and auditors the adequacy of internal control systems.
- Review of Management discussion and analysis of financial condition and results of operations.
- Review of significant related party transactions submitted by management.
- Reviewing the Internal Audit function.
- Investigating into activities within its terms of reference including seeking information from employees, taking outside legal opinion wherever deemed necessary.
- Reviewing financial and risk management policies.
- Ensuring legal and other statutory compliances.
- Ensuring compliance with the accounting standards.

The Audit Committee of the Board had met 4 times during the period under review and the meetings were held on 30th May 2012, 14th August 2012, 14th November 2012, February 14th 2013. The details of attendance of members of the Audit Committee are as follows:

Name of the Member	Status	No. of Meetings attended
Mr. L R Venugopal	Chairman	4
Mr. B S Shankarnarayan	Member	4
Mr. C Shivakumar Reddy	Member	4

2. REMUNERATION COMMITTEE:

Members of the committee are as follows:

Mr. L R Venugopal Chairman of the Committee

Mr. B S Shankarnarayan Member

Details of the remuneration paid to the Executive Directors during the year 2012-13 and the number of shares held by each director:

Details of the remuneration paid to the Executive Directors during the year 2012-13 and the number of shares held by each director:

Sl. No	Name	Designation	Remuneration received (in rupees)	No of Shares held
1.	Mr. C Shivakumar Reddy	Chairman cum Managing Director	Rs. 15,25,440/-	1736199
2.	Mrs. R H Kasturi	Director-Operations	Rs. 15,25,440/-	1671977

Terms of reference: To fix the remuneration payable to Managerial Personnel from time to time.

The Committee has met on 30th May 2012, 14th August 2012, 14th November 2012, February 14th 2013. during the year.

2. SHAREHOLDERS / INVESTORS GRIEVANCE COMMITTEE:

Members of the committee are as follows:

Mr. L R Venugopal Chairman of the Committee

Mr. B S Shankarnarayan Member

Mr. C Shivakumar Reddy Member

Terms of reference:

- Allotment, transfer, transmission and issue of share certificates including duplicate, split, sub-divide or consolidated certificates and to deal with all related matters.
- To look into and redress shareholders/ investors grievances relating to transfer of shares, non-receipt of balance sheets, dividend warrants and such other matters that may be considered necessary in relation to shareholders and investors of the Company.

The Committee has met on 30th May 2012, 14th August 2012, 14th November 2012, February 14th 2013 during the year.

3. COMPENSATION COMMITTEE:

Members of the Committee are as follows:

Mr. L R Venugopal Chairman of the Committee

Mr. B S Shankarnarayan Member

Mr. C Shivakumar Reddy Member

Terms of Reference:

To administer ESOS / ESOP of the Company according to the ESOS Scheme as approved by the shareholders

The committee did not meet for the financial year 2012-13.

Depository System:

The Shares of the Company can be dematerialized through either of the two Depositories in India - ISIN Code- INE 641C01019

The Company has signed agreements with both the Depositories in India namely M/s National Securities Depository Ltd. and M/s Central Depository Services (India) Ltd.

As on 31/03/2013, around 99.69% of the shares of the Company were dematerialized.

Mode of Shareholding	No. of shares	% of total equity shares
Physical Mode	72827	0.31
Electronic Mode	20051433	99.69

5. SELECTION COMMITTEE:

Members of the committee are as follows:

Mr. L.R.Venugopal	Chairman
Mr. B.S. Shankarnarayan	Member
Mr. C Shivkumar Reddy	Member

Terms of Reference:

To consider and recommend the Board of Directors of the Company to appoint and/or re appoint a person on the Board of the company.

The committee did not meet for the financial year 2012-13.

ANNUAL GENERAL MEETINGS:

The last three Annual General Meetings of the Company were held as under:

Year	Venue	Date & Time
2010	Plot No. 9, I Main, II Stage, Arakere MICO Layout, Bannerghatta Road, Bangalore 560 076	30-09-2010 & 10.00 AM
2011	31-36, 1 st Main, 2 nd Stage, Arakere MICO Layout, Bannerghatta Road, Bangalore 560 076.	30-09-2011 & 10.00 AM
2012	31-36, 1 st Main, 2 nd Stage, Arakere MICO Layout, Bannerghatta Road, Bangalore 560 076.	29-09-2012 and 10.00 AM

AGM	Whether any special resolutions passed	Whether any special resolution passed last year through postal ballot	Whether any special resolution is proposed to be conducted through postal ballot	Procedure for Postal Ballot
2012	Yes	yes	yes	Duly Followed
2011	No	no	No	NA
2010	No	No	No	NA

DISCLOSURES:

The Company has complied with the requirements of listing agreement/ regulations / guidelines / rules of the Stock Exchange / SEBI / other statutory authorities.

There has not been any non-compliance, penalties or strictures imposed by the Stock Exchange, SEBI or any other Statutory Authority, on any matter relating to Capital Markets during the last 3 years.

MEANS OF COMMUNICATION:

The quarterly / half-yearly / annual / un-audited / audited financial results are sent to the Stock Exchanges immediately after they are approved by the Board of Directors.

The Results are published in the widely- circulated Business Standard a leading English edition. The Company does not send Half Yearly reports to the shareholders.

All official news release and financial results are communicated by the company through its corporate website www.kaveritelecoms.com

GENERAL SHAREHOLDERS INFORMATION:

AGM : Annual General Meeting
Date & time : 30th September, 2013
Venue : Plot No. 31-36, 1st Floor, 1st Main, 2nd Stage, Arakere MICO Layout, Bannerghatta Road, Bangalore 560 076
Financial year : 1st April, 2012 to 31st March, 2013,
Book Closure : 27th September, 2013 to 30th September, 2013 (both days inclusive)
Dividend Payment date: Not Applicable as no dividend is proposed by directors.

LISTING AND TRADING ON STOCK EXCHANGES:

S No.	Name & Address of the Stock Exchange	Stock Code
1.	National Stock Exchange of India Ltd. Exchange Plaza, Bandra Kurla Complex, Bandra (E), Mumbai- 400 051	KAVVERITEL
2.	Bangalore Stock Exchange Ltd. Stock Exchange Towers, No. 51, 1 st Cross, J C Road, Bangalore 560 027	KAVERITELE
3.	Bombay Stock Exchange Ltd. 25 th Floor, P J Towers, Dalal Street Mumbai 400 001	590041 (Group B) BSE Indonext

The listing fee for the year has been paid to all the Stock Exchanges where the Company's shares are listed.

SHARE TRANSFER SYSTEM:

The Shareholders Committee of the Board of Directors of the Company are authorized to approve, allot, transfer, transmission of shares, consolidation, split of share certificates, issue of duplicate share certificates in lieu of misplaced/lost share certificates, renewal of share certificates, dematerialization/re-materialization of shares.

The Shareholders and Investors Grievances Committee meets as often as required (depending upon the share transfers received) to consider and approve all share related matters.

Transfers in Physical form are registered by our Registrar and Share Transfer Agents M/s Integrated Enterprises (India) Ltd (Erstwhile M/s Alpha Systems Private Ltd.) within 21 days of receipt of documents complete in all respects. Invalid Share Transfers are returned within 15 days of receipt.

SHAREHOLDING PATTERN AS ON 30TH JUNE 2013:

(I)(a) Statement showing Shareholding Pattern

Name of the Company : Kavveri Telecom Products Limited

Scrip Code, Name of the scrip, class of security : KAVVERITEL

As on Date : 30-Jun-2013

Partly paid-up shares	No. of partly paid-up shares	As a % of total no. of partly paid-up Shares	As a % of total no. of shares of the company
Held by promoter/promoter group	0	0	0
Held by public	0	0	0
Total	0	0	0
Outstanding convertible securities	No. of outstanding securities	As a % of total no. of outstanding convertible securities	As a % of total no. of shares of the company, assuming full conversion of the convertible securities
Held by promoter/promoter group	0	0	0
Held by public	0	0	0
Total	0	0	0
Warrants	No. of warrants	As a % of total no. of warrants	As a % of total no. of shares of the company, assuming full conversion of Warrants
Held by promoter/promoter group	0	0	0
Held by public	0	0	0
Total	0	0	0
Total paid-up capital of the company, assuming full conversion of warrants and convertible securities	20124260		100.00

(I)(a) Statement showing Shareholding Pattern as on 30th June 2013

Sr. no. (I)	Category of shareholder (II)	Number of shareholders (III)	Total number of shares (IV)	Number of shares held in dematerialized form (V)	Total shareholding as a percentage of total number of shares		Shares Pledged or otherwise encumbered	
					As a percentage of (A+B) ¹ (VI)	As a percentage of (A+B+C) (VII)	Number of shares (VIII)	As a percentage (IX) = (VIII) / (IV) * 100
(A)	Promoter and Promoter Group²							
(1)	Indian							
(a)	Individuals/ Hindu Undivided Family	3	515 827 6	515 827 6	2 5 6 3	2 5 6 3	226 700 0	4 3 9 5
	Central Government /State Government (s)	0	0	0	0 0 0	0 0 0	0	0
	Bodies Corporate	0	0	0	0 0 0	0 0 0	0	0
	Financial Institutions /Banks	0	0	0	0 0 0	0 0 0	0	0
	Any Other (Total)	0	0	0	0 0 0	0 0 0	0	0
	Sub-Total (A)(1)	3	5158276	5158276	25.63	25.63	2267000	43.95
(2)	Foreign							

(2) Foreign

(a)	Individuals (Non-Resident Individuals/Foreign Individuals)	0	0	0	0.00	0.00	0	0.00
(b)	Bodies Corporate	0	0	0	0.00	0.00	0	0.00
(c)	Institutions	0	0	0	0.00	0.00	0	0.00
(d)	Qualified Foreign Investor	0	0	0	0.00	0.00	0	0.00
(e)	Any Other (Total)	0	0	0	0.00	0.00	0	0.00
	Sub-Total (A)(2)	0	0	0	0.00	0.00	0	0.00
	Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)	3	5158276	5158276	25.63	25.63	226 700 0	4 3. 9 5
(B)	Public shareholding³							
(1)	Institutions							
(a)	Mutual Funds/UTI	0	0	0	0.00	0.00	N.A.	N.A.
(b)	Financial Institutions/Banks	0	0	0	0.00	0.00	N.A.	N.A.
(c)	Central Government/State Government(s)	0	0	0	0.00	0.00	N.A.	N.A.
(d)	Venture Capital Funds	0	0	0	0.00	0.00	N.A.	N.A.
(e)	Insurance Companies	2	1883071	1883071	9.36	9.36	N.A.	N.A.
(f)	Foreign Institutional Investors	6	3060691	3060691	15.21	15.21	N.A.	N.A.

(g)	Foreign Venture Capital Investors	1	987500	987500	4.91	4.91	N.A.	N.A.
(h)	Qualified Foreign Investor	0	0	0	0.00	0.00	N.A.	N.A.
(i)	Any Other (Total)	0	0	0	0.00	0.00	N.A.	N.A.
	Sub-Total (B)(1)	9	5931262	5931262	29.47	29.47	N.A.	N.A.
(2) Non-institutions								
(a)	Bodies Corporate	200	4151341	4151340	20.63	20.63	N.A.	N.A.
(b)	Individuals - i. Individual Shareholders Holding Nominal Share Capital Up To >Rs. 1 Lakh.	5411	1874297	1801471	9.31	9.31	N.A.	N.A.
	Individuals - ii. Individual Shareholders Holding Nominal Share Capital In Excess Of Rs. 1 Lakh	44	2630551	2630551	13.07	13.07	N.A.	N.A.
(c)	Qualified Foreign Investor	0	0	0	0.00	0.00	N.A.	N.A.
(d)	Any Other (Total)	177	378533	378533	1.88	1.88	N.A.	N.A.
(d1)	Clearing Member	95	172932	172932	0.86	0.86	N.A.	N.A.
(d2)	NRI	82	205601	205601	1.02	1.02	N.A.	N.A.

	Sub-Total (B)(2)	5832	9034722	8961895	44.89	44.89	N.A.	N.A.
	Total Public Shareholding (B)=(B)(1)+(B)(2)	5841	14965984	14893157	74.37	74.37	N.A.	N.A.
	TOTAL (A)+(B)	5844	20124260	20051433	100.00	100.00	2267000	11.27
(C)	Shares held by Custodians and against which Depository Receipts have been issued.	0	0	0	N.A.	0.00	N.A.	N.A.
C1	Promoter and Promoter Group	0	0	0	N.A.	0.00	N.A.	N.A.
C2	Public	0	0	0	N.A.	0.00	N.A.	N.A.
	GRAND TOTAL (A)+(B)+(C)	5844	20124260	20051433	N.A.	100.00	2267000	11.27

NAME AND DESIGNATION OF THE COMPLIANCE OFFICER:

Mr. Avinash Kumar Dubey : Company Secretary
Telephone No : 080-41215999/60/61
Fax : 080-41215966
E-mail : companysecretary@kaveritelecoms.com
complianceofficer@kaveritelecoms.com

REGISTRAR AND SHARE TRANSFER AGENTS

M/s Integrated Enterprises (India) Ltd
No 12, Ramanuja Plaza, Ground Floor,
5th Cross, Malleswaram,
Bangalore - 560 003
Ph: 080- 23446386
Fax: 080-23461470
Email: bglmalles@iepindia.com

MANUFACTURING FACILITY

1. Kavveri Telecom Products Ltd.
Plot No. 104, Suragajakkanahalli,
Kasaba Hobli, near Jigani, Anekal Road
Bangalore 560 106

2. P O Box 550 500, Van Buren Street,
Kempville, ON K0G1J0 Canada.

3. 7730, TransCanadienne RTE,
Saint Larent, Quebec, Canada H4T1A5

4. Kavveri Telecom Espania S.LU
C/Brezo, 60 Arganda Del rey, Madrid 28500 Spain

5. Prolong, Recursos Hidraulicos, 1 E
Colonia la Loma, Tlalnepantla,
Edo de Mexico, MX - 54060 Mexico

MANAGING DIRECTOR CERTIFICATION ON CORPORATE GOVERNANCE

I, C Shivakumar Reddy, Managing Director of Kavveri Telecom Products Limited, to the best of my knowledge and belief, certify that:

1. I have reviewed the balance sheet and profit and loss account (standalone and consolidated), and all its schedules and notes on accounts, as well as the cash flow statements and the directors' report;

2. Based on my knowledge and information, these statements do not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the statements made;

3. Based on my knowledge and information, the financial statements, and other financial information included in this report, present in all material respects, a true and fair view of, the company's affairs, the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report, and are in compliance with the existing accounting standards and / or applicable laws and regulations;

4. To the best of my knowledge and belief, no transactions entered into by the company during the year are fraudulent, illegal or violation to the company's code of conduct;

5. I am responsible for establishing and maintaining disclosure controls, procedures and internal controls over financial reporting for the company, and we have:

a) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

b) Evaluated the effectiveness of the company's disclosure, controls and procedures; and

c) Disclosed in this report any change in the company's internal control over financial reporting that occurred during the company's most recent fiscal year that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting

6. We have disclosed based on our most recent evaluation, wherever applicable, to the company's auditors and the audit committee of the company's Board of Directors (and persons performing the equivalent functions)

a) All deficiencies in the design or operation of internal controls, which could adversely affect the company's ability to record, process, summarize and report financial data, and have identified for the company's auditors, any material weaknesses in internal controls over financial reporting including any corrective actions with regard to deficiencies;

b) Significant changes in internal controls during the year covered by this report;

c) All significant changes in accounting policies during the year, if any, and that the same have been disclosed in the notes to the financial statements.

d) Instances of significant fraud of which we are aware, that involves management or other employees who have a significant role in the company's internal controls system;

7. In the event of any materially significant misstatements or omissions, we will return to the company that part of any bonus or incentive or equity-based compensation, which was inflated on account of such errors, as decided by the audit committee;

8. I affirm that we have not denied any personnel, access to the audit committee of the company (in respect of matters involving alleged misconduct) and we have provided protection to 'whistle blowers' from unfair termination and other unfair or prejudicial employment practices; and

9. I further declare that all board members and senior managerial personnel have affirmed compliance with the code of conduct for the current year.

C SHIVAKUMAR REDDY
Managing Director

Place: Bangalore
Date : 05.09.2013

MANAGEMENT DISCUSSION AND ANALYSIS

PROFILE:

Kavveri Telecom Products Limited is a leading telecom wireless subsystem products manufacturer, providing world-class, hardware products and solutions for the Telecom, Defence & Aerospace segments.

Founded in 1991, Kavveri Telecom designs, develops, tests and manufactures a diverse range of wireless Telecom products, from concept to deployment. With over 500 R&D man-years of experience and over 20 years of high paced growth, Kavveri Telecom is uniquely positioned to offer an array of world-class products and solutions to meet product and sub-system requirements of Telecom manufacturers, Carriers ; Defence and Space clients. The Company enjoys the status of being the largest Indian transnational manufacturer of Antennas & RF products with overseas offices, distributed R&D, and foreign acquisitions resulting in market access spanning four continents and is committed to meet the expectations of its share holding community, clients , business partners and employees.

DEVELOPMENTS AND EXPANSIONS:

TELECOM APPLICATION:

The growth of Cellular Industry is rapid with the present subscriber base of approximately 900 million. Company's RF products and Antennas are the requirements for the cellular industry to have their network roll out to increase the subscriber base and revenues by maximizing the existing capacity utilization of the operators.

To enable seamless connectivity to the targeted subscribers, TRAI has projected need of additional 330,000 cell sites. This would provide strong thrust to the wireless telecom sub-system product manufacturing companies like Kavveri.

The advent of 4G should spur the requirement of Kavveri products more in India and abroad. Your Company's Infrastructure and products are already 4G ready. Having a positive forecast of the regulations to be introduced in the telecom industry, your company forecasts enormous opportunity in 4G with readily available infrastructure and products.

Your Company has been pursuing various opportunities in defense and space segments and it has worked on the prototypes of these products. Your Company has designed, developed and delivered some of these products to defense and space establishments.

Some of the prototypes have been approved by the defense and space industry and these are expected to generate huge revenues in the coming years. Your Company has received a very positive response from the Defense and Space segments and has been entrusted with the design developments of various RF products and Antennas for Defense and Space applications.

Your company is planning to foray into the international markets for defence & space and actively looking for opportunities of both organic and inorganic expansion in this segment.

IN BUILDING SOLUTION:

Your Company's subsidiary "Kavveri Telecom Infrastructure Limited" (KTIL) is providing coverage solutions to the wireless network carriers for a positive customer experience. KTIL is the collaborator with the mobile operators in the IBS sphere by enhancing the quality and coverage of the signal. Selling service quality has become an increasingly important step to prevent attrition of the installed customer base. KTIL acts as a Neutral Host Provider to multiple operators. Neutral Host Provider is an entity that designs, deploys and maintains systems on a common platform to benefit upto 8 no.s operators simultaneously via a single distribution backbone. It saves opex and capex for the operators.

Your company's unique solutions takes care of 2G, 3G, 4G, Mobile television, WiFi, BWA and CDMA and all the future Technology upgrades for another 10 years. Currently, KTEL has deployed its services in 125 buildings in India and the projected demand will increase this to 3000 buildings in next 5 years.

Your company's new acquisitions Quality communications Systems Inc and New England Communications systems Corp. will further open up new markets in the field of In building solutions in US markets and also an opportunity for Kavveri to bring US technology to India in the fields of Public Safety and Cellular Applications, Network Solutions, Mobile Data, Asset Tracking, Radio Systems, Video solutions, Wireless Infrastructure and Integrated Business Systems.

PRODUCT WISE PERFORMANCE:

ANTENNAS & RF PRODUCTS:

Your Company during the year has sold reasonable quantity of RF Products & Antennas for GSM, CDMA, 2G, 3G and LTE Carriers across the globe.

The Antennas supplied were Yagi Antenna, Omni Antenna, Patch Panel Antenna, Multi-port antennas and Base Station Antenna. Base Station antennas are the first critical component of wireless infrastructure. They capture wireless signals from the users' handsets, delivers the radio frequency (RF) signal from the base station radio back to the handset and sends signals to operators base stations

The RF Products supplied during the year were TMA, TMB, filters, combiners, splitters, couplers etc. RF Products & Antennas are having reasonable margins. Your company has started supplying RF subsystems components for mission critical applications of defence and aerospace segments.

IN-BUILDING SOLUTIONS

Your Company during the year has been able to establish itself as a major player in in-building solutions with GSM, CDMA, 2G and 3G Carriers like Vodafone, Airtel, Idea, Reliance & Tata Tele Services. Your Company sees growing opportunities going forward in In-building solutions with reasonable margins.

Your Company has formed a new subsidiary to meet this growing demand for In-building solutions. This subsidiary caters to Build, Operate, & Lease model projects which are a welcome relief to the operators as they give them a good value addition to their markets in addition to savings in Capex and Opex. This subsidiary is ready with solutions for 4G, mobile television, WiFi and BWA. The added subsidiaries in the US will further enhance the potential and opportunities for Kavveri in inbuilding solutions area.

OUTLOOK:

The products your company manufactures are all in high growth segments. The outlook for your company's products in wireless Telecom world-wide is very encouraging with the growing network roll out action plans of various operators to meet the demands of the subscribers. Telecommunication is the backbone of a flourishing economy. Your Company's entry into defense and space segments will allow it to tap the huge potential over a longer period. Your Company sees In-building solutions as huge growth opportunities for the next 3-4 years as IBS Infrastructure is mandatory for large building in many countries and will be soon in India.

OPPORTUNITIES AND THREATS:

Your Company has designed and developed various RF Products and Antennas for 3G, 4G & other Wireless Technologies. Some of them are approved and some of them are in the process of approval. Your Company sees great opportunities for these products. Your Company is also tapping the opportunities for its products in defense and space applications. Also, your company is pursuing the opportunities for its products in the Canadian, Latin American European & US Markets.

CAPACITY EXPANSION:

Your company has shifted its manufacturing facility to Jigani, about 25 km away from Bangalore under one roof. This new facility, comprising of 3 floors built on the company's own land, is approximately 1,50,000 square foot in area- the largest facility in India for RF Products. We started operations in this facility from the end of February 2009. We plan to dedicate one of the floors for contract manufacturing and are under discussions with some firms for the same.

We are also planning for tie-ups with partners for manufacturing in India and will also manufacture items for our overseas subsidiaries. We have also started a dedicated EOU in this facility.

Our infrastructure:

R&D INFRASTRUCTURE:

The infrastructure in terms of equipments and tools available with your R&D is as follows;

- | | |
|------------------------------------|--|
| 1. Network Analyzers upto 20GHz | 9. Anechoic chamber for antenna testing |
| 2. Spectrum Analyzers upto 26.6GHz | 10. Satimo Star Lab for Base Station antenna testing |
| 3. Signal Generators | 11. Environmental Chamber |
| 4. Oscilloscopes | 12. Vibration test table |
| 5. PIM Analyzer 900 | 13. Bump and shock table |
| 6. PIM Analyzer 1800 | 14. Machine Shop |
| 7. RF Communication test set | 15. Wideband amplifiers |
| 8. PIM Analyzer 1900 | 16. Painting shop |

SOFTWARE TOOLS IN R&D:

1. Advanced design software (ADS) for 2D circuit and EM Simulation
2. CST Microwave studio for 3D EM simulation, Time domain
3. WIPL-D 3D EM simulation frequency domain
4. Auto CAD Inventor – Mechanical 3D design tool
5. Solidworks – Mechanical 2D design tool
6. AutoCAD – Mechanical 2D design tool
7. EDWIN 2000 – PCB design tool

INFRASTRUCTURE AT THE MANUFACTURING PLANT AT JIGNAI:

1. Backup power of 180KVA
2. Sewage treatment plant
3. Microwave antenna reflector hydraulic press
4. Cable cutting and stripping machine
5. Network analyzers
6. Antenna Tester
7. ROHS Soldering stations
8. Semi automatic assembly lines
9. Machine shop
10. Painting shop
11. Passive Intermodulation testing facility (PIM)
12. Near Field measuring test Set up
13. Environment test facility.

AWARDS:

Your company was awarded as the best provider of Innovative Managed services by Economic times in 2012. This would not have been possible without your support and encouragement.

RISKS AND CONCERNS:

Our business faces risks. The risks described below may not be the only risks we face. Additional risks that we do not yet know of or that we currently think are immaterial may also impair our business operations. If any of the events or circumstances described in the following risks actually occurs, our business, results of operations or financial conditions could suffer and the trading price of our shares could decline.

We rely upon a few customers for the majority of our revenues and the loss of any one of these customers or rescheduling of orders from any of these customers would have material adverse effect on our business, results of operations and financial condition.

Our success is tied to the growth of the wireless services communications market and our future revenue growth is dependent on the expected increase in the size of the market.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY:

KTPL has a proper and adequate system of internal controls to ensure that all assets are safeguarded and protected against any loss and all the transactions are authorized, recorded and reported correctly. The internal control system is designed to ensure that the financial and other records are reliable for preparing final statements and maintaining accountability of assets. The system is also supplemented by reviews undertaken by the management and the Audit Committee of the findings and recommendations of the internal audit.

MAJOR DEVELOPMENTS IN HUMAN RESOURCES/INDUSTRIAL RELATIONS FRONT:

Human Resources are the center of focus at KTPL. They are the driving force behind the accelerated growth of the Company. KTPL provides constant training and development to ensure both personnel and technical enhancement. Several new initiatives in terms of new HR policies, benefits to employees, new recruitments have taken Kavveri into a higher growth path. The employer and employee relationship has been cordial and the directors wish to place on record their appreciation for the contribution of all the employees towards the growth of the company.

INDEPENDENT AUDITORS' REPORT

To the Members of KAVVERI TELECOM PRODUCTS LIMITED

Report on the Financial Statements:

We have audited the accompanying financial statements of Kavveri Telecom Products Limited "the Company", which comprise the Balance Sheet as at March 31, 2013, and the Statement of Profit and Loss and 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:

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:

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.

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.

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

Opinion:

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act 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 March 31, 2013;
- (b) In the case of the Profit and Loss Account, of the loss for the year ended on that date; and
- (c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements:

1. 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 Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

2. 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 purpose 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 and 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 and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
- e) On the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 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 P. Murali & Co.,
Chartered Accountants
Firm's Registration Number: 007257S

P. Murali Mohana Rao
Partner
Membership Number: 023412

Place: Hyderabad
Date : 30-05-2013

ANNEXURE TO THE AUDITORS' REPORT

- I. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of Fixed Assets.
- (b) As explained to us, the fixed assets have been physically verified by the management at reasonable intervals and no material discrepancies between the book records and the physical inventory have been noticed on such verification.
- (c) The Company has not disposed off substantial part of the Fixed Assets during the year.
- II. (a) The Inventory has been physically verified during the year by the Management and in our opinion, the frequency of verification is reasonable.
- (b) In our opinion, the procedures of the 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 and as explained to us, no material discrepancies were noticed on physical verification of stocks as compared to book records.
- III. (a) According to the information and explanations given to us the company has made an advance of Rs.8,53,50,050/- to the parties covered in the register maintained under section 301 of the Companies Act, 1956 and the year-end balance of loans granted to such parties is Rs. 53,50,050/-
- (b) As per the information given to us, rate of interest & other terms and conditions on which loans have been granted to parties listed in the register maintained under Section 301 are not prejudicial to the interests of the Company.
- (c) In respect of loans granted, repayment of principal amount is as stipulated and payment of interest is regular.
- (d) There is no overdue amount of loans granted to Companies, Firms and other parties listed in the register U/S 301 of the Companies Act, 1956.
- (e) The Company has taken unsecured loans from Parties covered in the register maintained U/s.301 of the Companies Act, 1956 amounting to Rs. 17.63 Crores.
- (f) The rate of interest and other terms and conditions on which loans have been taken from parties listed in the register maintained under section 301 is not prejudicial to the interest of company.
- (g) The payment of principal & interest are in accordance with the terms and conditions of such loans.
- IV. In our opinion and according to the information and explanations given to us, there are generally 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 sale of goods and services. There is no continuing failure by the company to correct any major weaknesses in internal control.
- V. (a) In our opinion and according to the information and explanation given to us, the transactions made in pursuance of contracts or arrangements referred to in section 301 of the Companies Act, 1956 have been entered in the register required to be maintained U/s.301 of the Companies Act, 1956.
- (b) 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 the prices which are reasonable having regard to prevailing market prices at the relevant time except that reasonableness could not be ascertained where comparable quotations are not available having regard to

the specialized nature of some of the transactions of the Company.

- VI.** The Company has not accepted any deposits from the public and hence the applicability of the clause of directives issued by the Reserve Bank of India and provisions of section 58A, 58AA or any other relevant provisions of the Act and the rules framed there under does not arise
- VII.** In our opinion, the company is having internal audit system, commensurate with its size and nature of its business.
- VIII.** We have broadly verified the books of account and records maintained by the Company pursuant to the order made by the Central Government for the maintenance of cost records under section 209(1)(d) of the Companies act,1956 and are of the opinion that prima facie the prescribed accounts and records have been made and maintained
- IX. (a)** The Company is generally regular in depositing statutory dues including PF, ESI, Income Tax, Cess, and any other statutory dues with the appropriate authorities except in few cases where there was a delay in remitting the statutory dues and at the end of last financial year there were no amounts outstanding which were due for more than 6 months from the date they became payable.
- (b)** According to the information and explanations given to us, there are no dues of Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty and Cess which have fallen due on before 31st March 2013 and not been deposited with appropriate authorities on account of any dispute except for the following:

Name of Statute	Nature of Dues	Amount (Rs. In Lakhs)	Period to which amount relates	Forum where dispute is pending
Central Excise	A ailment of cenvat credit (Including penalty)	5424.26	February 2007 to 2009	CESTAT Bangalore
However, the authorities have granted stay of the above, on payment of Rs. 2.15 crores within specific period.				
Central Excise	Irregular aviliment of Cenvat Credit(Including penalty)	33.2	2010-2011	Commissioner of customs and central excise (Appeals) Bangalore
Sales Tax	Rate of tax levied	44.37	2007-08 to 2009-10	Joint Commissioner of commercial taxes (Appeals) Bangalore
Income Tax	Net Tax Payable	4078.955	01.04.2004 to 31.03.2010	Commissioner of Income Tax Appeals - 1, Bangalore

- X. The Company has been registered for a period of not less than 5 years, and the company has no accumulated losses at the end of the financial year and the company has incurred cash losses in this financial year and there were no cash losses in the immediately preceding financial year.
- XI. According to information and explanations given to us, the company has defaulted in repayment of cash credit and term loan to bank an amount of Rs. 96.85 crores which includes outstanding interest.
- XII. According to the information and explanations given to us, the Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures and other securities and hence the applicability of the clause regarding maintenance of adequate documents in respect of loans does not arise.
- XIII. This clause is not applicable to this Company as the Company is not covered by the provisions of special statute applicable to Chit Fund in respect of Nidhi/Mutual Benefit Fund/Societies.
- XIV. According to the information and explanations given to us, the company is not dealing or trading in shares, securities, Debentures and other investments and hence 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 given guarantee for loans taken from banks by a subsidiary Company and prima facie, the terms and conditions on which such guarantee have been given are not prejudicial to the interests of the company.
- XVI. According to the information and explanations given to us, the Term Loans obtained by the company were applied for the purpose for which such loans were obtained by the Company.
- XVII. **On the basis of our examination of the books & accounts and** according to the information and explanations given to us, in our opinion the funds raised on short term basis have not been used for Long term investment.
- XVIII. 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 Companies Act, 1956 and hence the applicability of the clause regarding the price at which shares have been issued and whether the same is prejudicial to the interest of the Company does not arise.
- XIX. According to the information and explanations given to us, the company does not have any debentures and hence the applicability of the clause regarding the creation of security or charge in respect of debentures issued does not arise.
- XX. According to information and explanations given to us, the company has not raised money by way of public issues during the year; hence the clause regarding the disclosure by the management on the end use of money raised by public issue is not applicable.
- XXI. According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year under audit.

For P.MURALI & CO.,

CHARTERED ACCOUNTANTS
FRN:007257S

PLACE : HYDERABAD
DATE : 30-05-2013

P. Murali Mohana Rao
Partner
M.No. 023412

KAVVERI TELECOM PRODUCTS LIMITED

Balance Sheet as at 31.03.2013

	Note No.	31.03.2013	31.03.2012
		Rs.	Rs.
EQUITY AND LIABILITIES			
Shareholders' Funds			
(a) Share Capital	2.1	20,12,42,600	20,12,42,600
(b) Reserves and Surplus	2.2	1,66,79,00,390	2,38,96,25,452
(c) Money received against share warrants		25,50,000	-
Share application money pending allotment			
Non-current liabilities			
(a) Long-term borrowings	2.3	62,45,221	55,82,533
(b) Deferred tax liabilities (Net)	2.4	10,08,06,517	7,63,91,000
(c) Other Long term liabilities		-	-
(d) Long-term provisions	2.5	21,63,89,494	29,23,67,496
Current liabilities			
(a) Short-term borrowings	2.6	1,13,26,05,990	63,37,74,896
(b) Trade payables	2.7	19,82,15,593	36,49,91,957
(c) Other current liabilities	2.8	8,41,89,759	4,61,96,274
(d) Short-term provisions	2.9	7,64,67,963	33,32,69,773
TOTAL		3,68,66,13,527	4,34,34,41,981

ASSETS			
Non-current assets			
(a) Fixed Assets			
(i) Tangible assets	2.10	39,77,28,885	41,57,30,021
(ii) Intangible assets	2.10	7,78,65,708	8,72,44,218
(iii) Capital work-in-progress		49,41,350	13,56,639
(b) Non-current Investments	2.11	53,82,50,215	48,85,70,160
(c) Deferred tax assets (Net)		-	-
(d) Long-term loans and advances	2.12	43,06,93,500	1,00,14,69,800
(e) Other non-current assets	2.13	5,51,44,542	12,22,98,272
Current Assets			
(a) Current Investments		-	-
(b) Inventories	2.14	61,56,73,817	58,38,31,284
(c) Trade receivables	2.15	49,62,83,884	99,56,34,254
(d) Cash and bank balances	2.16	39,12,067	3,13,53,273
(e) Short-term loans and advances	2.17	1,05,50,46,249	59,66,73,193
(f) Other current assets	2.18	1,10,73,310	1,08,80,867
TOTAL		3,68,66,13,527	4,33,50,41,981

The accompanying notes are an integral part of the financial statements.

**For and on behalf of the Board of Directors of
Kavveri Telecom Products Limited**

**As per our report of even date
For P. Murali & Co
Chartered Accountants
FRN No: 007257S**

**C.Shivakumar Reddy
Managing Director
Place: Bangalore
Date: 30.05.2013**

**R.H.Kasturi
Director**

**Sidharth C A
Company Secretary**

**P.Murali Mohana Rao
Partner
Membership No: 023412**

KAVVERI TELECOM PRODUCTS LIMITED

Statement of Profit and Loss for the year ended 31.03.2013

	Note No.	31.03.2013 Rs.	31.03.2012 Rs.
Revenue from operations(Gross)	2.21	2,70,22,73,413	3,36,80,91,415
Less: Excise Duty		1,60,01,519	2,77,52,312
Less Sales Returns		1,30,10,52,525	-
		1,38,52,19,369	3,34,03,39,103
Other Income	2.22	23,61,21,924	16,26,71,006
Total Revenue		1,62,13,41,293	3,50,30,10,109
Expenses:			
Cost of materials consumed and Purchases Stock-in -Trade	2.23	1,58,17,19,027	2,45,21,75,702
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	2.24	(9,81,38,695)	11,64,48,560
Employee benefits expense	2.25	6,36,77,560	9,09,72,463
Finance costs	2.26	15,38,64,186	12,67,40,593
Depreciation and amortisation expense	2.27	4,87,39,413	3,99,98,918
Other expenses	2.28	10,03,71,607	13,36,07,352
Total Expenses		1,85,02,33,097	2,95,99,43,588
Profit before exceptional and extraordinary items and tax		(22,88,91,804)	54,30,66,521
Exceptional items	2.29	(73,19,908)	19,88,200
Profit before extraordinary items and tax		(22,15,71,897)	54,10,78,321
Extraordinary Items		-	-
Profit before Tax		(22,15,71,897)	54,10,78,321
Tax expense:			
(1) Current tax		-	13,40,10,000
(2) Deferred tax		2,44,15,517	(52,15,000)
Profit for the year from continuing operations		(24,59,87,414)	41,22,83,321
Profit / (Loss) from discontinuing operations		-	-
Tax expense of discontinuing operations		-	-
Profit/ (Loss) from Discontinuing operations (after tax)		-	-
Profit for the period		(24,59,87,414)	41,22,83,321
Earnings per share:			
(1) Basic		(13.78)	23.09
(2) Diluted		(13.75)	23.05

The accompanying notes are an integral part of the financial statements.

**For and on behalf of the Board of Directors of
Kavveri Telecom Products Limited**

**As per our report of even date
For P. Murali & Co
Chartered Accountants
FRN No: 0072575**

**C.Shivakumar Reddy
Managing Director**

**R.H.Kasturi
Director**

**Sidharth C A
Company Secretary**

**P.Murali Mohana Rao
Partner**

**Place: Bangalore
Date: 30.05.2013**

Membership No: 023412

KAVVERI TELECOM PRODUCTS LIMITED

Cash Flow Statement for the year ended 31st March 2013

Particulars	Year Ended March 31,2013	Year ended March 31, 2012
A. Cash Flow from Operating Activities		
Profit before Taxation and extraordinary items	(22,15,71,897)	54,10,78,321
Adjustments for Depreciation	4,87,39,413	3,99,98,918
Loss on sale of Tangible assets	12,81,714	1,94,125
Provision for Advance given to a Foreign Subsidiary	-	37,18,584
Unrealised Loss/(Gain) on foreign currency translation	-	(4,10,59,659)
Deferred employee Cost	1,15,96,656	39,40,923
Bad debts written off	-	1,30,32,783
Interest Expenditure	15,38,64,186	12,67,40,593
Interest Income	(4,57,52,725)	(5,14,76,943)
Income Tax relating to earlier years	(73,19,908)	13,37,520
Discount	(47,89,34,304)	-
Liabilities/Provisions written back	-	(17,27,329)
Operating Profit before working capital changes	(53,80,96,865)	63,57,77,835
Changes in Working Capital:		
Increase/(Decrease) in Trade Payables	(16,67,76,365)	24,95,38,631
Increase/(Decrease) in Short Term Provisions	(25,68,01,810)	(1,73,28,166)
Increase/(Decrease) in Long Term Provisions	(7,59,78,002)	2,81,36,055
Increase/(Decrease) in Other Current Liabilities	3,79,93,485	(39,689)
(Increase)/Decrease in Trade Receivables	49,93,50,370	(16,20,03,384)
(Increase)/Decrease in Inventories	(3,18,42,533)	2,74,73,185
(Increase)/Decrease in Short term Loans and advances	(45,83,73,055)	(6,10,79,711)
(Increase)/Decrease in Long Term Loans and advances	57,07,76,300	(82,14,53,796)
(Increase)/Decrease in Other Current assets	(1,92,443)	(91,44,988)
(Increase)/Decrease in Other non Current assets	6,71,53,730	(10,79,04,887)
Cash generated from Operations	(35,27,87,189)	(23,80,28,914)
Taxes paid (Net of refunds)	-	(10,61,47,818)
Net cash generated from operations before extraordinary items	(35,27,87,189)	(34,41,76,732)
Net cash generated from operating activities	(35,27,87,189)	(34,41,76,732)
B. Cash Flow from Investing Activities		
Purchase of Tangible/Intangible Assets	(1,66,82,229)	(1,66,82,229)
Purchase of long term investments	(4,96,80,055)	(6,97,42,860)
Capital Work in Progress	(35,84,711)	6,29,26,408
Money received on Sale of Assets	13,60,664	1,00,000
Interest received	4,57,52,725	5,14,76,943
Net Cash from Investing Activities	(2,28,33,606)	2,80,78,262
C. Cash flow from Financing Activities		
Dividends paid	-	(2,10,00,747)
Dividend distribution tax	-	(67,68,701)
Dividend relating to earlier year	-	-
Dividend distribution tax relating to earlier year	-	(6,80,817)
Interest paid	(15,38,64,186)	(12,67,40,593)
Increase/(Repayment) of borrowings	49,94,93,783	1,54,66,104
Proceeds from share capital increase	-	6,05,52,800
Security Premium	-	67,80,62,500
Share application money pending allotment	25,50,000.00	(12,23,81,445)
Expenses on account of share capital increase	-	(71,38,846)
Net cash raised in Financing activities	34,81,79,597	46,93,70,256
Net increase in cash and cash equivalents	(2,74,41,198)	15,32,71,785

Cash and Cash equivalents at the beginning of the year	3,13,53,275	31,42,307
Cash and Cash equivalents at the end of the year	39,12,077	3,13,53,275

Cash and Cash equivalents comprise of

Cash on Hand	4,52,001	57,697
Balances with Banks*	34,60,076	3,12,95,577
Total	39,12,077	3,13,53,274

*Includes the following balances which are not available for use by the Company

Unpaid dividend account		11,52,479
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**For and on behalf of the Board of Directors of
Kavveri Telecom Products Limited**

C.Shivakumar Reddy
Managing Director

R.H.Kasturi
Director

Sidharth C A
Company Secretary

Place: Bangalore
Date: 30-05-2013

**As per our report of even date
For P. Murali & Co
Chartered Accountants
FRN No: 007257S**

P.Murali Mohana Rao
Partner
Membership No: 023412

KAVVERI TELECOM PRODUCTS LIMITED
2. NOTES ON ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2013

The previous year figures have been regrouped / reclassified, wherever necessary to conform to the current year presentation.

2.1 SHARE CAPITAL

Particulars	As at 31.3.2013	As at 31.3.2012
Authorised		
2,50,00,000 (Previous Year 2,00,00,000) Equity Shares of Rs. 10/- each	25,00,00,000	25,00,00,000
Issued and Subscribed and fully Paid-up		
2,01,24,260 (Previous Year 14,068,980) Equity Shares of Rs 10/- each	20,12,42,600	20,12,42,600
fully paid up	20,12,42,600	20,12,42,600

The Company has only one class of shares referred to as equity shares having a par value of Rs.10/-. Each holder of equity shares is entitled to one vote per share held.

Paid-up capital includes 4,935,000 shares issued as consideration as per the Scheme of amalgamation with erstwhile Megasonic Telecoms Private Limited in the year 2003-04.

The Company declares and pays dividend in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing annual general meeting.

Dividend, if approved, is payable to the shareholders in proportion to their shareholding.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining assets of the company. The distribution will be in proportion to the number of equity shares held by the shareholders.

Reconciliation of number of Shares

Equity Shares:	As at 31st March 2013		As at 31st March 2012	
	Number of Shares	Amount	Number of Shares	Amount
Balance as at the beginning of the previous year	2,01,24,260	20,12,42,600	1,40,68,980	14,06,89,800
Add: Shares issued during the year			60,55,280	6,05,52,800
Balance as at the end of the year	2,01,24,260	20,12,42,600	2,01,24,260	20,12,42,600

Details of Shares held by shareholders, holding more than 5% of the aggregate shares in the Company.

	No. of Shres	Percentage	No. of shares	Percentage
C Shiva Kumar Reddy	17,97,995	8.93	23,56,704	11.71
R H Kasturi	18,41,604	9.15	23,63,769	11.75
C Uma Reddy	17,50,100	8.70	17,50,100	8.70

Stock Option Plan (2008)

In the financial year 2008-09, the company instituted the 2008 Plan. The shareholders and Board of Directors approved the plan in April 2008 which provides for the issue of 5,00,000 equity shares to the employees. The compensation committee administers the 2008 Plan. Options were issued to employees at an exercise price at par value of the share.

Vesting of employee stock options granted occurs in tranches as under:

Period	Vesting proportion	Vesting proportion
At the end of one year from the date of grant	0	20%
At the end of two years from the date of grant	0	30%
At the end of three years from the date of grant	1	50%

The activity in the 2008 Plan during the year ended March 31, 2013 is set out below:

Price of exercise per share		Number of shares outstanding arising out of options
Rs. 10/-	3,07,200	3,07,200

As of March 31, 2013, the Company had 3,07,200 number of shares reserved for the issue.

2.2 RESERVES AND SURPLUS

Particulars	As at 31.3.2013	As at 31.3.2012
(a) Capital Reserve		
Opening balance	73,25,779	73,25,779
Add: Transferred from surplus	-	-
Balance as at the end of the year	73,25,779	73,25,779
(b) Securities Premium account		
Opening balance	1,18,00,36,432	50,14,63,071
Add: Receipt on issue of securities	-	67,80,62,500
Add: Receipt on exercise of Employee Stock Options	-	76,49,707
	1,18,00,36,432	1,18,71,75,278
Less: Utilisation towards QIP Expenses	-	71,38,846
Balance as at the end of the year	1,18,00,36,432	1,18,00,36,432
(c) Employee Stock option outstanding		
Opening balance	5,82,88,050	87,59,420
Add: New Grants during the year	-	5,82,88,050
Less:- Transfer to Securities premium Account	-	76,49,707
Less:- Transfer towards Lapsed options	4,93,297	11,09,713
	5,77,94,753	5,82,88,050
Less:- Deferred stock compensation cost	4,53,33,408	5,74,23,361
		8,64,689
(d) General Reserve		
Opening balance	9,07,44,280	4,95,15,948
Add : Transfer from Statement of Profit and Loss	-	4,12,28,332
Balance as at the end of the year	9,07,44,280	9,07,44,280
(e) Surplus in Statement of Profit and Loss		
Opening balance	1,10,22,54,272	82,96,35,772
Less: Discount given to Al Mehrab Trading	39,62,93,026	-
Discount given to M/s.Nextgen Electronics Pvt Ltd	27,27,06,974	-
Dividend relating to earlier year on account of increased capital	-	42,00,000
Dividend distribution tax on above	-	6,80,817
Add: Reduction in Tax provision due to Discount given	13,15,93,401	-
Add: Reduction of Dividend from 40% to 15% for the year 2011-12	5,03,10,650	-
Add: Dividend distribution tax on above	81,61,645	-
Add: Profit for the year	(24,59,87,414)	41,22,83,321
Amount available for appropriation	37,73,32,554	1,24,54,38,276
Appropriations:		
Proposed Dividend on Equity shares for the year	-	8,04,97,040
Dividend distribution tax on proposed dividend of equity Equity Shares	-	1,30,58,632
Transfer to General Reserve	-	4,12,28,332
Balance as at the end of the year	37,73,32,554	1,11,06,54,272
TOTAL	1,66,79,00,390	2,38,96,25,452

2.3 LONG TERM BORROWINGS

Particulars	As at 31.03.2013	As at 31.03.2012
Secured		
Term Loan account with State Bank of India		7,35,735
Vehicle Loan from Banks	62,45,221	48,46,798
TOTAL	62,45,221	55,82,533

a) Term Loan Account with State Bank of India is secured by first charge on the entire present and future fixed assets of the company and equitable mortgage of the land and building at Suragajakkanahalli, Anekal Taluk where the factory is located and further secured by the securities offered in respect of Cash Credit facilities as referred to in Column No. 2.6.

Terms of Repayment: Repayable in 38 monthly instalments from the date of the Loan (February 2010) alongwith interest of 13.15% p.a.

b) Vehicle loan from the respective banks are secured by the respective vehicles against which the loans are granted

- (i) Vehicle Loan from HDFC Bank is repayable in 36 monthly instalments commencing from June 2010 with an interest rate of 8.5%
- (ii) Vehicle Loan from Axis Bank is repayable in 36 monthly instalments commencing from October 2011 with an interest rate of 10%
- (iii) Vehicle Loan from Axis Bank is repayable in 60 monthly instalments commencing from April 2012 with an interest rate of 11.34%
- (iv) Vehicle Loan from Axis Bank is repayable in 36 monthly instalments commencing from August 2012 with an interest rate of 9.71%
- (v) Vehicle Loan from Axis Bank is repayable in 36 monthly instalments commencing from July 2012 with an interest rate of 10.88%
- (vi) Vehicle Loan from Axis Bank is repayable in 36 monthly instalments commencing from July 2012 with an interest rate of 10.89%
- (vii) Vehicle Loan from Axis Bank is repayable in 36 monthly instalments commencing from July 2012 with an interest rate of 10.89%

2.4 DEFERRED TAX LIABILITIES (Net)

Particulars	As at 31.03.2013	As at 31.03.2012
Liability attributable to Depreciation	10,41,25,426	7,96,40,000
Less: Asset attributable to expenses allowable when paid	33,18,909	32,49,000
TOTAL	10,08,06,517	7,63,91,000

2.5 LONG TERM PROVISIONS

Particulars	As at 31.03.2013	As at 31.03.2012
Provision for Warranty	21,04,73,437	28,81,67,255
Gratuity obligation (Refer Note. 2.39)	59,16,057	42,00,241
TOTAL	21,63,89,494	29,23,67,496

2.6 SHORT TERM BORROWINGS

Particulars	As at 31.03.2013	As at 31.03.2012
Secured		
Cash Credit account with State Bank of India	94,75,94,608	58,37,74,896
Corporate Loan	86,68,967	5,00,00,000
Loans from Directors	17,63,42,415	
TOTAL	1,13,26,05,990	63,37,74,896

2.7 TRADE PAYABLES

Particulars	As at 31.03.2013	As at 31.03.2012
Acceptances		29,22,02,509
Trades payables	19,82,15,593	7,27,89,448
TOTAL	19,82,15,593	36,49,91,957

Refer Note: Refer to Note No. 2.41 regarding further disclosures relating to MSMED Act.

2.8 OTHER CURRENT LIABILITIES

Particulars	As at 31.03.2013	As at 31.03.2012
Current maturities of Long term debt:		
Term Loan account with State Bank of India	1,32,90,726	3,12,00,000
Vehicle Loan Payable	46,66,745	45,74,215
Unpaid dividend	3,09,40,802	11,52,479
Statutory dues (Including Provident Fund, Withholding and other taxes payable)	2,18,40,659	79,15,454
Others payable	55,06,736	9,40,115
Advance received from related party	1,80,223	1,58,927
Advance received from customers	77,63,868	2,55,084
TOTAL	8,41,89,759	4,61,96,274

There are no amounts due for payment to the Investor Education and Protection Fund under Section 205 C of the Companies Act, 1956 as at the year end.

2.9 SHORT TERM PROVISIONS

Particulars	As at 31.3.2013	As at 31.3.2012
Provision for Employee benefits	11,69,798	88,74,840
Provision for Income Tax	2,50,00,186	16,83,94,301
Provision for Compensated absence (Refer Note No. 2.39)	43,13,281	20,94,081
Dues to Key Managerial Personnel	3,80,76,361	3,78,83,676
Provision for Warranty	67,13,261	1,44,49,062
Other Provisions	11,95,076	80,18,141
Provision for proposed Dividend on Equity Shares	-	8,04,97,040
Provision for dividend distribution tax on proposed Dividend on equity shares	-	1,30,58,632
TOTAL	7,64,67,963	33,32,69,773

2.11 NON-CURRENT INVESTMENTS

Particulars	As at 31.03.2013	As at 31.03.2012
Trade Investments (Valued at cost)		
<u>Unquoted</u>		
Investment in Subsidiaries (Refer Note: 2.32 for list of investments)	53,82,50,215	48,85,70,160
TOTAL	53,82,50,215	48,85,70,160

2.12 LONG TERM LOANS AND ADVANCES

Particulars	As at 31.03.2013	As at 31.03.2012
(Unsecured, Considered good)		
Security Deposits	68,82,876	68,79,933
Sales Tax disputed payments	10,43,331	73,65,844
Statutory Disputed payments	2,38,73,795	26,80,021
Advances recoverable in cash or kind		
Loans and advances to related parties (Refer Note 2.40)	27,30,95,548	89,55,96,119
Less: Provision for no longer recoverable advances	37,18,584	37,18,584
Interest receivable on loans given to Related Parties	26,93,76,964	89,18,77,535
TOTAL	43,06,93,500	1,00,14,69,800

2.13 OTHER NON CURRENT ASSETS

Particulars	As at 31.03.2013	As at 31.03.2012
Long term trade receivables		
Long term deposits with banks with maturity period more than 12 months (Out of the above deposits, Rs.5,00,00,000 is given as a collateral security against the Term Loan availed by a subsidiary Company and Rs. 2,00,00,000 is given as collateral against the Facilities granted by State Bank of India)	4,90,87,000	7,00,00,000
Margin Money Deposits (Held as Margin money by the banks against guarantees given by the banks)	60,57,542	5,22,98,272
TOTAL	5,51,44,542	12,22,98,272

2.14 INVENTORIES

Particulars	As at 31.3.2013	As at 31.3.2012
(a) Raw materials	22,17,68,444	28,80,12,574
Antennae/Accessories/Components	21,44,41,314	27,69,26,032
Cables	73,27,130	1,11,38,574
(b) Work-in-progress	4,25,63,903	69,79,297
(c) Finished goods		5,07,86,452
Antennae/Accessories/Components		4,43,87,846
Cables		75,91,516
(d) Stock-in-trade	35,13,41,470	23,80,00,929
RF Products and others	35,14,41,470	23,80,00,929
(e) Packing Materials		52,032
TOTAL	61,56,73,817	58,38,31,284

2.15 TRADE RECEIVABLES

Particulars	As at 31.3.2013	As at 31.3.2012
<u>Unsecured, considered good</u>		
Outstanding for a period exceeding six months from the date they are due for payment		
- from related Parties	3,87,07,325	5,34,06,327
- from Other customers	40,13,27,184	39,49,152
Others	2,42,88,343	92,79,62,390
Due from Related Parties	3,19,61,032	1,03,16,385
<u>Unsecured, considered doubtful</u>		
Outstanding for a period exceeding six months from the date they are due for payment		-
Others		-
Less: Provision for doubtful debts		-
TOTAL	49,62,83,884	99,56,34,254

2.16 CASH AND BANK BALANCES

Particulars	As at 31.3.2013	As at 31.3.2012
Cash and Cash equivalents		
Cash on hand	25,53,414	57,697
Bank balances:		
in current Account	4,52,001	3,01,43,099
in Unpaid dividend account	9,06,662	11,52,479
TOTAL	39,12,078	3,13,53,275

2.17 SHORT TERM LOANS AND ADVANCES

Particulars	As at 31.3.2013	As at 31.3.2012
<u>Unsecured, considered good</u>		
Balances with Customs, Central Excise, VAT etc.	43,26,471	36,24,367
Prepaid expenses	23,25,747	38,84,829
Loans and advances to Employees	1,10,236	5,16,305
Advances paid to Vendors for supply of goods and rendering of services	73,57,19,298	4,68,23,253
Share application money pending allotment in a subsidiary	12,20,00,000	12,20,00,000
Short Term deposit with corporates		40,00,00,000
Due from Related Parties	5,81,23,590	1,98,24,439
Deffered Expenses for Services	13,20,00,000	
Advances recoverable in cash or kind	4,40,907	
TOTAL	1,05,50,46,249	59,66,73,193

2.18 OTHER CURRENT ASSETS

Particulars	As at 31.3.2013	As at 31.3.2012
<u>(Unsecured, considered good)</u>		
Income accrued on deposits	13,18,733	11,26,290
Income accrued on Loan to Others	97,54,577	97,54,577
TOTAL	1,10,73,310	1,08,80,867

2.19 CONTINGENT LIABILITIES AND COMMITMENTS**(to the extent not provided for)**

Claims against the Company not acknowledged as debts	80,80,428	80,80,428
<u>Statutory claims under appeals/disputes:</u>		
(a) Income tax matters	40,78,95,506	5,14,13,876
(b) Excise Matters (Refer Note (v) below)	54,24,26,022	50,35,82,590
(c) Sales Tax matter	44,37,266	63,22,513
Guarantees by Bank	79,91,851	67,98,570
Corporate Guarantee	73,41,00,865	81,49,50,191

- (i) M/s. Mahanagar Telephone Nigam Ltd and M/s Bharat Sanchar Nigam Ltd. had invoked bank guarantees totaling to Rs. 4,41,000 and Rs.7,55,081 respectively against which the company has filed cases against such invoking of bank guarantees and is advised that the matter will be resolved in favour of the company in respect of the said amount and hence no provision is made in the books of account.
- (ii) in the Matter of dispute with M/s Bharat Sanchar Nigam Limited (BSNL), the Honourable High Court of Karnataka at Bangalore have referred the matter to the arbitrator to be appointed by M/s BSNL, against invoking of Bank guarantee of a sum of Rs.22,70,000.
- (iii) There are claims against one of the Company's properties located at Bangalore, which is presently owned by the Company.
- (iv) Margin Money deposits with the bank amounting to Rs. 5,22,98,272 (Rs. 1,43,93,385) has been given as margin money for the guarantees issued by the bankers.
- (v) Customs, Excise an Service Tax Appellate Tribunal, South Zone, Bangalore, however had stayed the aforesaid demand subject to payment of Rs.2 Crores within six weeks from 07.03.2012 and Rs 15 Lakhs within a period of six weeks from 31.01.2012

2.20 PROPOSED DIVIDEND

The final dividend proposed for the year is as follows:

	Year ended 31st March 2013	Year ended 31st March 2012
On equity shares of Re.10 each	in Rs.	in Rs.
Amount of dividend proposed Dividend per Equity Share	0.00	1.50

2.21 REVENUE FROM OPERATIONS

Particulars	Year ended 31st March 2013	Year ended 31st March 2012
(a) Sale of Products	1,37,55,79,682	3,36,29,92,468
(b) Sale of services	96,39,687	50,98,947
TOTAL	1,38,52,19,369	3,36,80,91,415

Details of Sales of Products:

Antennae/Accessories/Components	13,80,60,202	96,00,19,564
RF Products	1,22,86,55,429	2,23,22,14,685
EOU sales	8864051	14,30,05,907
TOTAL	1,37,55,79,682	3,33,52,40,156

2.22 OTHER INCOME

Particulars	Year ended 31st March 2013	Year ended 31st March 2012
(a) Interest received from Banks	86,55,502	1,37,16,831
(b) Interest received on Loan given to subsidiaries	3,70,97,223	3,77,60,111
(c) Management Fees	-	1,56,85,135
(d) Bad debts recovered	4,75,264	-
(e) Liabilities written back to the extent no longer required	-	17,27,329
(f) Provisions no longer required written back	8,54,29,619	-
(g) Net gain on foreign currency transactions and translations	5,45,48,619	9,37,32,395
(h) Professional Charges	4,99,15,697	-
(i) Miscellaneous income	-	49,205
(j) Profit on sale of Fixed Assets	-	-
TOTAL	23,61,21,924	16,26,71,006

2.23 COST OF MATERIAL CONSUMED AND PURCHASES STOCK IN TRADE

Particulars	Year ended 31st March 2013	Year ended 31st March 2012
Material Consumption:		
Opening Stock of Raw Materials	28,80,12,574	19,90,38,207
Add : Purchases during the year	13,16,71,374	31,06,49,904
Less: Closing Stock	22,17,68,444	28,80,12,574
	19,79,15,504	22,16,75,537
Packing Materials		
Opening Stock of Raw Materials	52,032	51,024
Add : Purchases during the year	10,81,376	12,69,973
Less: Closing Stock	-	52,032
	11,33,408	12,68,965
Purchases Stock in Trade	1,38,26,70,115	2,22,92,31,200
TOTAL	1,58,17,19,027	2,45,21,75,702

2.24 CHANGES IN INVENTORY OF FINISHED GOODS AND WORK IN PROGRESS

Particulars	Year ended 31st March 2013	Year ended 31st March 2012
(Increase)/Decrease in Stocks		
Stock at the end of the year:		
Finished Goods		5,07,86,452
Work-in-Progress	4,25,63,903	69,79,297
Stock in Trade	35,13,41,470	23,80,00,929
	39,39,05,373	29,57,66,678
Less: Stock at the beginning of the year		
Finished Goods	5,07,86,452	4,72,27,190
Work-in-Progress	69,79,297	52,80,015
Less: Transfer to Research and Development	-	-
Stock in Trade	23,80,00,929	35,97,08,033
	29,57,66,678	41,22,15,238
Increase/(Decrease) in Stocks (A-B)	9,81,38,695	(11,64,48,560)

2.25 EMPLOYEE BENEFIT EXPENSES

Particulars	Year ended 31st March 2013	Year ended 31st March 2012
Salaries, Wages and Bonus	4,68,04,129	4,05,32,408
Contribution to Provident and other funds	24,49,638	23,17,161
Gratuity paid	19,01,666	8,14,046
Deferred Employee cost	1,15,96,657	39,40,923
Managerial Remuneration	-	4,28,41,276
Staff welfare expenses	9,25,470	5,26,649
TOTAL	6,36,77,560	9,09,72,463

(Refer Note 2.39 on disclosure requirement as per Accounting Standard 15 on Employee benefits)

2.26 FINANCE COSTS

Particulars	Year ended 31st March 2013	Year ended 31st March 2012
Interest on Long term borrowings	28,40,899	75,86,748
Other borrowing cost	14,45,32,821	10,78,76,432
interest on statutory dues	2,84,277	27,42,681
Charges towards letter of credit and guarantees	61,67,168	77,38,644
Others	39,021	7,96,088
TOTAL	15,38,64,186	12,67,40,593

2.27 DEPRECIATION AND AMORTISATION EXPENSES

Particulars	Year ended 31st March 2013	Year ended 31st March 2012
Depreciation on tangible assets	3,38,17,263	3,01,05,714
Amortisation on Intangible assets	1,49,22,150	98,93,104
TOTAL	4,87,39,413	3,99,98,818

2.28 OTHER EXPENSES

Particulars	Year ended 31st March 2013	Year ended 31st March 2012
Consumption of stores and spare parts	4,31,398	11,36,008
Excise Duty on Increase/Decrease of Finished Goods	(67,96,455)	(9,69,149)
Power and Fuel	18,80,831	18,56,442
Warranty Charges	-	3,31,01,819
Job work and handling charges	29,15,302	26,99,326
Freight Inwards	53,09,586	55,33,365
Rent	7,20,000	12,60,000
Repairs and Maintenance – Plant and Machinery	22,53,750	28,54,302
Repairs and Maintenance – Building	62,375	1,84,455
Repairs and Maintenance – Others	16,35,653	14,54,414
Insurance	15,64,207	14,82,422
Rates and Taxes	2,57,098	1,61,612
Travelling and Conveyance	54,84,237	71,20,378
Directors' Sitting fees	40,000	85,000
Statutory Auditors : Audit fees	5,00,000	5,00,000
Tax Audit fees	75,000	75,000
Other Services	1,25,000	1,25,000
Cost Audit Fees	65,000	-
Reimbursement of expenses (also refer note no.2.51)	7,65,000	23,418
Professional fees	55,18,225	63,35,029
Service Charges	3,99,91,982	1,40,27,832
Bad debts written off	-	1,30,32,783
Freight Outward Charges	25,36,298	24,83,838
Loss on Sale of assets	12,81,714	1,94,125
Provision for Advance given to a Foreign Subsidiary	-	37,18,584
Research and Development Expenses	1,19,88,722	1,72,67,365
Miscellaneous expenses	1,94,74,956	1,78,63,984
Other Expenses	3056728.09	-
TOTAL	10,03,71,607	13,36,07,352

2.29 EXCEPTIONAL ITEMS

Particulars	Year ended 31st March 2012	
Income tax relating to previous years		13,37,520
Prior Period Adjustments	(73,19,908)	6,50,680
TOTAL	(73,19,908)	19,88,200

2.30 AMALGAMATION

Amalgamation with Megasonic Telecoms Private Limited: - The Company got amalgamated with erstwhile Megasonic Telecoms Private Limited in the year 2003-04 and as per the scheme of amalgamation 4,935,000 equity shares were issued as consideration.

2.31 CAPITAL RESERVES

The Capital Reserve of Rs. 73,25,779/- represents the excess of net fair value of assets over the purchase consideration in terms of scheme of amalgamation taken place during the year 2003-04, which was duly approved by the Hon'ble High Courts of Karnataka and Bombay.

2.32 INVESTMENTS

Pursuant to the Scheme of Amalgamation as referred to in Note 2.30 above, Eaicom India Private Limited (EIPL, erstwhile 100% subsidiary company of Megasonic Telecoms Private Limited has become a wholly owned subsidiary of the Company.

The Company incorporated a 100% subsidiary in the name of KAVVERI TECHNOLOGIES INC at Canada during the financial year 2005-06 with an initial investment of 292,000 CAD Dollars. Additional investment of CAD 2,015,000/- was made during the year 2007-08 in the aforesaid subsidiary by partial conversion of the loan granted to the subsidiary.

The Company incorporated a 100% subsidiary in the name of KAVVERI TELECOM PRODUCTS UK Limited at UK during the financial year 2009-10 with no initial cost of investment.

The Company has incorporated a 100% subsidiary in the name of Kavveri Telecom Espana at Spain during the current financial year 2011-12 with one million and three thousand Euros as cost of investment.

The Company incorporated a 100% subsidiary in the name of KAVVERI TECHNOLOGIES ASIA PTE LTD at Singapore during the financial year 2012-13 with an investment of US\$1/-.

DETAILS OF INVESTMENT IN SUBSIDIARIES

Particulars	Year ended 31st March 2013	Year ended 31st March 2012
2,12,850(Previous Year 2,12,850) Shares of Rs. 10/- each fully paid up in M/s. Eaicom India Pvt Ltd	14,57,18,000	14,57,18,000
2,30,700(Previous Year 2,30,700) Shares of CAD 10/- each fully paid up in M/s. Kavveri Technologies Inc	8,80,09,300	8,80,09,300
909,600(Previous Year 909,600) Shares of Rs. 10/- each fully paid up in M/s. Kavveri Telecom Infrastructure Limited	18,51,00,000	18,51,00,000
1,003,000 (Previous Year NIL) Shares of Euro 1/- each fully paid up in Kavveri Telecom Espana	6,97,42,860	6,97,42,860
900,000 (Previous Year NIL) Shares of US\$ 1/- each fully paid up in M/s. Kavveri Technologies Asia PTE Ltd. Singapore		
900,000 (Previous Year NIL) Shares of US\$ 1/- each fully paid up in	55	
	48,85,70,215	48,85,70,160

The following is the list of Subsidiary Companies and percentage shareholding as at the end of the year:

Particulars	Country of Incorporation	Year ended 31st March 2013	Country of Incorporation	Year ended 31st March 2012
Eaicom India Private Ltd	India	100%	India	100%
KAVVERI TELECOM INFRASTRUCTURE LIMITED	India	51%	India	51%
KAVVERI TELECOM PRODUCTS UK LIMITED	England	100%	England	100%
KAVVERI TECHNOLOGIES INC	Canada	100%	Canada	100%
KAVVERI TELECOM ESPANA	Spain	100%	Spain	100%
KAVVERI TECHNOLOGIES ASIA PTE LTD	Singapore	100%	Singapore	/
<u>Subsidiaries of wholly owned subsidiary, Kavveri Technologies Inc.</u>				
TIL-TEK ANTENNAE INC	Canada	100%	Canada	100%
TRACKCOM SYSTEMS INTERNATIONAL INC	Canada	67%	Canada	67%
DCI DIGITAL COMMUNICATIONS INC	Canada	100%	Canada	100%
SPOTWAVE WIRELESS LTD	Canada	100%	Canada	100%
KAVVERI REALTY S INC	Canada	100%	Canada	100%
<u>Subsidiary of wholly owned subsidiary, Kavveri Telecom Espana</u>				
RYMSA De MEXICO	Spain	100%	Spain	100%

2.33 CIF VALUE OF IMPORTS

Particulars	Year ended 31st March 2013	Year ended 31st March 2012
Raw materials	9,20,50,890	9,09,57,593
Components and spare parts	Nil	NIL
Capital Goods	Nil	12,78,622
TOTAL	9,20,50,890	9,22,36,215

2.34 EXPENDITURE INCURRED IN FOREIGN CURRENCY

Particulars	Year Ending 31st March 2013		Year ended 31st March 2012	
Technical knowhow/Research and development expenses		Nil		6,09,61,500
Professional and consultation fees		Nil		1,51,140
Travelling expenses		3,38,726		16,96,677
Maintenance Charges		10,07,141		23,52,972
	TOTAL	13,45,867		6,51,62,289

2.35 DETAILS OF CONSUMPTION

Particulars	Year ended 31st March 2013		Year ended 31st March 2012	
a) Details of Raw Materials Consumed				
Raw Materials Consumption		1,58,17,19,027		2,45,21,75,702
	TOTAL	1,58,17,19,027		2,45,21,75,702
b) Details of value of imported and indigenous material consumed				
Raw Materials	Imported	Indigenous	Imported	Indigenous
	8,00,44,252	1,50,16,74,775	7,90,91,209	2,37,30,84,493
	TOTAL	8,00,44,252	7,90,91,209	2,37,30,84,493

2.36 DIVIDEND REMITTED IN FOREIGN EXCHANGE

Particulars	Year ended 31st March 2013		Year ended 31st March 2012	
Dividend paid during the year		-		-
Number of Non Resident Shareholders		-		-
Number of equity shares held by such Non Resident Shareholders		-		-
Year to which the Dividend relate to		-		-

2.37 EARNINGS IN FOREIGN CURRENCY

Particulars	Year ended 31st March 2013		Year ended 31st March 2012	
Revenue from exports on FOB basis		66,73,214		68,57,96,774
Interest		3,70,97,223		2,08,66,358
Other Income		4,99,15,697		1,56,85,135
	TOTAL	9,36,86,134		72,23,48,267

2.38 EARNINGS PER SHARE

Particulars	Year ended 31st March 2013		Year ended 31st March 2012	
	Basic extra-ordinary items	After extra-ordinary items	Basic extra-ordinary items	After extra-ordinary items
(a) Basic				
Profit after tax	(24,59,87,414)	(24,59,87,414)	41,22,83,321	41,22,83,321
Weighted average number of shares outstanding	1,78,56,009	1,78,56,009	1,78,56,009	1,78,56,009
Basic EPS	(13.78)	(13.78)	23.09	23.09
(b) Diluted				
Profit after tax	(24,59,87,414)	(24,59,87,414)	41,22,83,321	41,22,83,321
Adjusted net profit for the year	(24,59,87,414)	(24,59,87,414)	41,22,83,321	41,22,83,321
Weighted average number of shares outstanding for diluted EPS	1,78,85,450	1,78,85,450	1,78,85,450	1,78,85,450
Diluted EPS	(13.75)	(13.75)	23.05	23.05
Face value per share	10.00	10.00	10.00	10.00

2.39 EMPLOYEE BENEFITS

The details required under IS 15 – Employee Benefits is as follow

The present value of the obligation is determined based on actuarial valuation using the projected unit credit method, which recognises each period of service as giving rise to additional unit of employees benefit entitlement and measures each unit separately to build up the final obligation. The obligation for Compensated absence is recognised in the same manner as gratuity. The Company has not funded the Gratuity and Compensated absence liability.

Particulars	Year ended 31st March 2013		Year ended 31st March 2012	
	Rs. Gratuity	Rs. Compensated absence	Rs. Gratuity	Rs. Compensated absence
Obligations at Period beginning	42,00,241	20,94,081	33,99,868	24,53,961
Service cost	6,34,402	26,65,119	5,84,164	(1,12,501)
Interest cost	3,69,975	-	2,89,856	-
Actuarial (Gain) / Loss	8,97,289	-	(59,974)	-
Benefits paid	(1,85,850)	(4,45,919)	(13,673)	(2,47,379)
Obligations at Period at the end of the year	59,16,057	43,13,281	42,00,241	20,94,081
Change in Plan Assets				
Plan assets at period beginning at fair value	-	-	-	-
Expected return on plan assets	-	-	-	-
Actuarial (Gain) / Loss	-	-	-	-
Contributions	1,85,850	4,45,919	13,673	1,51,668
Benefits paid	(1,85,850)	(4,45,919)	(13,673)	(1,51,668)
Plan assets at period end at fair value	-	-	-	-
Reconciliation of present value of the obligation and fair value of the plan assets				
Fair value of plan assets at period end	-	-	-	-
Present value of the defined benefit obligations at the end of the	59,16,057	43,13,281	42,00,241	20,94,081
Asset / (Liability) recognised in the balance sheet	59,16,057	43,13,281	42,00,241	20,94,081
Assumptions				
Discount rate	7.95%	7.95%	8.60%	8.60%
Estimated salary escalation rate	10.00%	10.00%	10.00%	10.00%
Cost of the period				
Service cost	6,34,402	26,65,119	5,84,164	(1,12,501)
Interest cost	3,69,975	-	2,89,856	-
Expected return on plan assets	-	-	-	-
Actuarial (Gain) / Loss	(8,97,289)	-	(59,974)	-
Net cost	1,07,088	26,65,119	8,14,046	(1,12,501)

2.40 TRANSACTIONS WITH RELATED PARTIES (as identified by the Company)

Description of the nature of transaction	Description of Relationship	Related Party	Year ended 31st March 2013	Year ended 31st March 2012
Sale of goods	Subsidiary	Tiltek Antennae Inc Trackcom Systems	18,61,825	20,00,778
	Subsidiary	International Inc	8,23,183	2,16,708
	Key Managerial Personnel	Shivakumar Reddy	-	16,372
	Subsidiary	Ryma De Mexico Kaveri Telecom	81,36,865	-
	Subsidiary	Espana	18,05,915	-
	Subsidiary	Spotwave Wireless In Kaveri Telecom	30,22,536	6,735
	Subsidiary	Infrastructure Limited	50,97,238	NIL
	Purchase of goods	Subsidiary	Tiltek Antennae Inc Kaveri Telecom	-
Subsidiary		Infrastructure Limited	47,33,08,790	-
Subsidiary		Kaveri Telecom Esp.	46,69,752	-
Subsidiary		Ryma De Mexico	31,14,365	-
Interest received	Subsidiary	Kaveri Technologies Inc	-	87,14,873
	Subsidiary	Kaveri Telecom	-	-
	Subsidiary	Espana Kaveri Telecom	2,88,96,939	1,21,51,485
	Subsidiary	Infrastructure Limited	-	1,68,93,753
	Other Related Party	SMR Telecom Holdings Private Limited	-	1,24,123

Rendering of services	Subsidiary	Ryma De Mexico	1,42,91,219	90,62,094
	Subsidiary	Kavveri Telecom Esp	88,70,969	66,23,041
	Subsidiary	Spotwave Wireless Ir	83,29,654	-
	Subsidiary	Tiltek Antenna Inc New England Communication Systems	82,45,679	-
	Subsidiary	Systems	47,62,878	-
Receiving of services	Subsidiary	Kavveri Telecom Infrastructure Limited	4,04,30,304	1,49,24,617
	Subsidiary	Kavveri Technologies Inc	-	33,58,748
	Subsidiary	Tiltek Antennae Inc	-	2,74,48,200
	Subsidiary	Spotwave Wireless Inc.	-	1,37,24,100
	Subsidiary	Kavveri Telecom Products UK Limited	-	37,18,584
Remuneration paid	Key Managerial Personnel	Shivakumar Reddy	15,25,440	15,09,360
	Key Managerial Personnel	R H Kasturi	15,25,440	15,09,360
	Key Managerial Personnel	L. Nicolas	29,75,844	33,72,280
	Other related party	Uma Reddy	1,80,000	7,20,000
Loans taken	Key Managerial Personnel	R H Kasturi	61,82,805	73,50,000
	Key Managerial Personnel	Shivakumar Reddy DCI Digital Communication Inc	13,34,53,857	1,34,12,343
	Subsidiary	Spotwave Wirless Limited	-	2,87,698
Trade Receivables	Subsidiary	Tiltek Antennae Inc	-	2,26,651
	Subsidiary	Trackcom Systems International Inc	-	-
	Subsidiary	Ryma De Mexico	-	-
	Key Managerial Personnel	Shivakumar Reddy	13,27,64,800	1,74,75,138
	Key Managerial Personnel	R H Kasturi	61,82,805	1,74,75,138
Payable at the year end	Other related party	Uma Reddy	1,58,40,000	13,81,566
	Subsidiary	Trackcom Systems International Inc	-	1,58,927
	Subsidiary	Kavveri Technologies Inc	5,06,07,451	2,78,46,490
	Subsidiary	DCI Digital Communication Inc	6,49,364	-
	Subsidiary	Kavveri Realty Inc	18,195	17,181
Receivable at the year end	Subsidiary	Kavveri Telecom Esp	20,27,27,454	21,21,18,387
	Subsidiary	Spotwave Wireless Ir Kavveri Telecom Infrastructure Limited	1,04,54,221	-
	Subsidiary	Kavveri Telecom Products UK Limited	84,40,841	61,75,98,391
	Subsidiary	UK Limited	37,19,685	37,18,584
	Subsidiary	Eaicaom India	-	-
	Subsidiary	Private Limited	3,43,46,795	3,42,97,085
	Subsidiary	Tiltek Antennae Inc	9,24,25,103	1,98,24,439
	Subsidiary	Trackcom System Inc	8,14,717	-
	Subsidiary	Ryma De Mexico	2,18,00,215	-

	Subsidiary	Kavveri Telecom Espana Kavveri Telecom Infrastructure Limited		1,21,51,485
	Subsidiary	Kavveri Technologies Inc		1,52,04,378
	Subsidiary	SMR Telecom		6,51,86,481
	Other Related Party	Holdings Pvt Ltd		1,24,123
Share application money pending allotment	Subsidiary	Kavveri Telecom Infrastructure Limited	12,20,00,000	12,20,00,000

**LIST OF RELATED PARTIES
Key Management Personnel**

	Direct Subsidiaries	Indirect Subsidiaries	Other Associates/ Other related party
Mr.C.Shivakumar Reddy	Eaicom India Private Limited	DCI Digital Communications Inc	SMR Telecom Holdings Private Limited
	Kavveri Technologies inc.	Spotwave Wireless Ltd	Ms. C.Uma Reddy
Ms. R .H Kasturi	Kavveri Telecom Infrastructure Limited Kavveri Telecom Products UK Limited Kavveri Telecom Espana	Kavveri Realty 5 Inc. Trackcom Systems International Inc Til-Tek Antennae Inc. Ryma De Mexico Quality Communications Systems New England Communication Systems	

2.41 DUES TO MICRO AND SMALL ENTERPRISES

Particulars	Year ended 31st March 2013	Year ended 31st March 2012
Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at year end	Nil	Nil
Interest due to suppliers registered under the MSMED Act and remaining unpaid as at year end	Nil	Nil
Principal amounts paid to suppliers registered under the MSMED Act, beyond the appointed day during the year	Nil	Nil
Interest paid, other than under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	Nil	Nil
Interest paid, under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	Nil	Nil
Interest due and payable towards suppliers registered under MSMED Act, for payments already made.	Nil	Nil
Further interest remaining due and payable for earlier years.	Nil	Nil

2.42 MANGERIAL REMUNERATION

Name	Year ended 31st March 2013		Year ended 31st March 2012	
	Remuneration	Commission	Remuneration	Commission
C.Shiva Kumar Reddy - Managing Director	15,00,000	-	15,00,000	1,45,48,717
R. H Kasturi - Whole Time Director	15,00,000	-	15,00,000	1,45,48,717
L. Nicholas - Whole Time director	33,72,280	-	21,00,000	-
Other Non Executive Directors	-	15,00,000	-	15,00,000
Total	63,72,280	15,00,000	51,00,000	3,05,97,434

As the future liability of Gratuity and leave encashment is provided on an actuarial basis for the Company as a whole, the amount pertaining to the Directors is not ascertainable and therefore not included in above.

2.43 SEGMENT RESULTS

The company's predominant risks and returns are from the segment of "Wireless sub-systems Products" represented by Intenna, Duplexer, RF Products and RF accessories, which constitute the major revenue of the company for the reporting period. Since this being a single business segment, the segment information as per Accounting Standard 17, "Segment Reporting", is not disclosed.

2.44 RESEARCH AND DEVELOPMENT EXPENSES

Particulars	Year ended 31st March 2013	Year ended 31st March 2012
Salaries & Wages	1,14,67,535	1,42,89,367
Cost of Materials and services (Included under material purchase)	64,20,730	86,76,936
Overhead	-	1,45,84,109
Capital Expenditure	3,27,241	7,35,12,558
Total	1,82,15,506	11,10,62,970

The aforesaid expenses have been debited under various heads of expenses account in the Statement of Profit and Loss.

(Auditors have relied on the certificate of the management regarding the apportionment of the expenses incurred in connection with the Company's Research and Development Activity)

2.45 UNEXPIRED WARRANTY CHARGES

Particulars	Year ended 31st March 2013	Year ended 31st March 2012
Balance at the beginning of the year	30,26,16,317	26,95,14,498
Additions during the year	67,13,261	4,07,09,467
Reversals during the year	9,21,42,880	76,07,648
Balance at the end of the year	21,71,86,698	30,26,16,317

(The management has ascertained the Warranty liability that will accrue in the future periods as on 31st March 2012 and has reversed such excess liability, if any, to the Profit and Loss Account as at the year end. The auditors have relied on the certificate of the management in this regard.)

2.46 OPERATING LEASE OBLIGATIONS

The company has taken office, other facilities under cancelable and non-cancelable operating leases, which are renewable on a periodic basis.

The disclosures relating to the leases undertaken are given under:

Particulars	Year Ended 31st March 2013	Year ended 31st March 2012
Lease rent recognized in the Statement of Profit and Loss	-	12,60,000
Minimum lease payments outstanding in respect of these areas under:		12,60,000
Not later than one year	1,80,000	1,721
Later than one year and not later than 5 years	-	6,884

2.47 In the opinion of Board of Directors, all current assets, loans and advances, Investments have atleast the value as stated in the Balance Sheet, if realized in the ordinary course of business.

2.48 IMPAIRMENT OF ASSETS

Pursuant to Accounting Standard AS-28- Impairment of assets issued by the Companies Accounting Standards Rules, 2006, the Company assessed its fixed assets for impairment as at 31st March 2012 and concluded that there has been no significant impaired fixed asset that needs to be recognized in the books of account.

2.49 DERIVATIVE INSTRUMENTS AND UNHEDGED FOREIGN CURRENCY EXPOSURE

a. Particulars of unhedged foreign currency exposure as at the reporting date.

Particulars	Year ended 31st March 2013	Year ended 31st March 2012
Payables	US Dollars 12,48,401	US Dollars 20,29,351
	CAD Dollars 17,577	CAD Dollars 1,100
	Euro 21,313	Euro NIL
	Sterling Pound NIL	Sterling Pound NIL
	Singapore Dollars NIL	Singapore Dollars NIL
Receivables	US Dollars 1,19,38,673	US Dollars 1,74,28,059
	CAD Dollars 18,571	CAD Dollars 10,532
	Euro 25,26,764	Euro 32,88,696
	Sterling Pound 45,952	Sterling Pound 82,333
	Singapore Dollars	Singapore Dollars 11,105
	recognised @ Rs	recognised @ Rs
US Dollars	53.83	US Dollars 50.83
CAD Dollars	52.55	CAD Dollars 50.80
Euro	68.73	Euro 67.62
Sterling Pound	81.38	Sterling Pound 80.94
Singapore Dollars	43.06	Singapore Dollars 40.33

2.50 Confirmation of balances in respect of debtors and creditors has not been obtained in a few cases.

2.51 The Provision for income tax has been calculated taking into consideration investments in Capital expenditure made under Research and development eligible for a weighted deduction of 200% under section 35(2AB) of the Income Tax Act 1961.

2.52 The Company has defaulted in repayment of cash credit and term loan which were availed from Bank. The Bank has issued notice U/s. 13(2) of Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 to recover an amount of Rs. 96.85 crores which includes outstanding interest towards cash credit and term loan availed by the Company.

2.53 During the year, the company had taken back the materials from the customers as the payments were not being received from them. The Company in turn made arrangements with the vendors to return these materials back to the vendors from whom they were sourced.

2.54 The Company during the year gave volume discounts to various customers and to have future business from these customers.

**For and on behalf of the Board of Directors of
Kavveri Telecom Products Limited**

**As per our report of even date
For P.Murali & Co.,
Chartered Accountants
Firm's Registration No. 0072575**

**C.Shivakumar Reddy
Managing Director**

**R.H.Kasturi
Director**

**Sidharth CA
Company Secretary**

**P. Murali Mohana Rao
Partner
Membership No. 023412**

**Place: Bangalore
Date: 30.05.2013**

KAVVERI TELECOM PRODUCTS LIMITED

2.10 Intangible and Tangible Fixed Assets

(In Rs)

Sl. No.	Particulars	Gross Block			Depreciation			Net Block	
		As at 01.04.2012	Additions during the year	Deletions/ adjustments	As at 31.03.2013	For the year	Deletions/ adjustments	As at 31.03.2013	As at 31.03.2012
	Tangible Fixed Assets								
1	Land - Free Hold	5,62,500	-	-	5,62,500	-	-	5,62,500	5,62,500
2	Land - Leasehold (refer note 1 below)	1,13,77,758	-	-	1,13,77,758	-	-	1,13,77,758	1,13,77,758
3	Buildings	16,40,88,444	8,76,314	-	16,49,64,758	55,84,154	2,52,96,659	13,96,68,099	14,42,95,939
4	Plant and Machinery	28,53,37,389	45,77,539	39,78,381	28,59,36,547	1,98,22,893	4,76,400	20,20,86,026	22,08,33,361
5	Furnitures and Fixtures	85,22,500	2,57,536	-	87,80,036	44,84,123	5,52,926	37,42,987	40,38,377
6	Computers	2,37,96,919	4,72,109	-	2,42,69,028	1,50,91,750	39,13,099	52,64,179	87,05,169
7	Vehicles	2,47,63,266	1,02,89,856	85,86,025	2,64,67,097	63,30,387	24,77,235	2,01,72,451	1,84,32,879
8	Temporary Structures	53,73,197	-	-	53,73,197	32,23,917	10,74,639	10,74,641	21,49,280
	Intangible Fixed Assets								
1	Technical Knowhow	10,44,55,134	-	-	10,44,55,134	1,72,10,915	1,04,45,513	7,67,98,706	8,72,44,219
2	Computer Software	1,74,96,980	2,08,875	-	1,77,05,855	1,21,62,216	44,76,637	10,67,002	53,34,764
	Total	64,57,74,087	1,66,82,229	1,25,64,406	64,98,91,910	4,82,67,096	29,89,376	46,18,14,348	50,29,74,246
	Previous Year Figure	50,04,71,149	87,31,098	4,71,209	50,87,31,038	3,89,67,668	1,35,644	40,57,24,233	43,62,96,368

1. STATEMENT ON SIGNIFICANT ACCOUNTING POLICIES

1. Background

M/s Kavveri Telecom Products Limited ('company' or 'Kavveri') was incorporated in 1996 and is engaged in the design, development and manufacture of Radio Frequency products and antennae for telecom, defense and space applications in India and abroad. Kavveri enjoys the status of being the largest manufacturer of wireless subsystem products like, Radio frequency products and antenna and Radio Frequency products in India. Kavveri also provides total turnkey solutions for coverage and capacity enhancement requirements for GSM 3G and CDMA carriers in India.

2. Basis of Preparation of Financial Statements:

The financial statements have been prepared to comply in all material respects with the notified Accounting Standards by Companies Accounting Standards Rules, 2006 and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention on an accrual basis in accordance with accounting principles generally accepted in India. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year and in case of any such variation in the accounting policy as compared to the previous year; such variations are disclosed separately as a part of notes to accounts.

3. Change in Accounting Policy:

During the year ended March 31, 2012, the revised schedule VI notified under the Companies Act, 1956, has become applicable to the Company, for preparation and presentation of financials. The adaptation of revised schedule VI does not impact recognition and measurement principles followed by the Company for preparation of financial statements. However, it has significant impact on presentation and disclosures made in the financial statements. The Company has also reclassified the previous year figures in accordance with the requirements applicable in the current year.

4. Use of estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of the operations during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

5. Tangible and Intangible Fixed Assets:

Tangible Fixed Assets:

Fixed Assets are stated at cost of acquisition (Net of Cenvat and VAT) plus subsequent improvements thereto including taxes, duties, freight and other incidental expenses related to acquisition and installation including finance charges which are directly attributable to the Fixed assets less accumulated depreciation and impairment loss.

- Capital Work in Progress comprises of the cost of fixed assets that are not put to use as at the Balance Sheet date and advance paid towards acquisition of Fixed Assets and relevant financial charges incurred thereon.

Intangible Fixed Assets:

- Technical knowhow acquired to be used to upgrade and develop new products and used for enhancement of features & functionalities of the products are capitalised under Fixed asset as Technical Knowhow.
- Software which are not integral part of the hardware are classified as intangibles and is stated at cost less accumulated amortization. Software's are being amortized over the estimated useful life which is estimated as 3 Years.

6. Depreciation:

- Depreciation on Fixed Assets is provided using Straight-line method at the rates prescribed under Schedule XIV of the Companies Act, 1956 on proportionate basis.
- Cost of Technical knowhow is being written off over a period of 10 years.
- Cost of assets wherever less than Rs. 5000 is written off fully in the year of purchase.
- Depreciation in respect of overseas subsidiaries is provided over the estimated useful life by using the Witten down Value (WDV) method.
- However, the said rates of depreciation, respect of overseas subsidiaries are higher than the rates prescribed vide Schedule XIV to the Companies Act, 1956.

7. Impairment of Assets:

The Company assesses at each Balance Sheet date, whether there is any indication that an asset may be impaired based on internal/external factors. If any such indication exists, the Company estimates the recoverable amount of the asset. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.

8. Leases:

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased term, are classified as operating leases. Operating lease payments are recognized as an expense in the Statement of Profit and Loss on a straight-line basis over the lease term.

9. Inventory Valuation:

Raw Materials, Stores and spares and Traded Goods are stated at lower of cost and net realizable value. Cost is determined based on first in first out basis and are net of provisions.

Work in Progress and Finished Goods are valued at lower of cost and net realizable value. Cost includes Direct Materials and labour and a proportion of manufacturing overheads based on normal operating capacity.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and selling expenses.

10. Investments:

Investments that are readily realizable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long term investments. Long term investments are carried at cost. However, provision for diminution in value is made to recognize a diminution other than temporary in the value of investments.

11. Research and Development:

Expenditure on Research and Development other than capital items is charged to revenue. Cost incurred on any generation of intangible/tangible asset out of the Research and development activity is amortized/written off over the estimated life of the asset.

12. Revenue Recognition:

- Sales are recognized when the significant risks attached to the goods are passed on to the buyer and are recorded net of duties, trade discounts, and rebates.
- Sales Returns are recognized as and when ascertained and are reduced from the sales turnover of the year.
- Interest income is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.
- Export benefits are accounted on accrual basis.

13. **Warranty Expenses:** Estimated amount of warranty expenses evaluated on a technical basis on sale of Radio Products wherever it is obligated to cover under warranty, is provided in the year of sale and the expired portion of the Warranty expenses relating to the period/year are transferred to the Statement of Profit and Loss. Unexpired portion of the Warranty expenses is carried over as a liability in the books of account and is written back over the number of years of the coverage of warranty on the basis of estimated warranty expenses for such products.

14. Exchange Fluctuation:

- a. Foreign currency transactions are accounted at exchange rates prevailing on the date of the transaction.
- b. Gains and losses resulting from the settlement of foreign currency transaction and from the translation of monetary assets and liabilities denominated in foreign currencies at the yearend rates are recognized in the Statement of Profit and Loss.
- c. In case the monetary assets and liabilities are covered by forward contract, the premium or discount arising at the inception of such a forward contract is amortized as expense or income over the life of the contract.

15. Employee Benefits:

In respect of Parent Company including Indian Subsidiaries

- **Provident Fund:** Eligible employees receive benefits from a Provident Fund, which is a defined contribution plan. Aggregate contributions along with interest thereon, are paid at retirement, death, incapacitation or termination of employment. Both the employee and the Company make monthly contributions to the Government administered Provident Fund. The Company has no obligation beyond its contribution.
- **Gratuity:** A defined benefit retirement plan ("the Gratuity Plan") is provided to all employees. In accordance with the Payment of Gratuity Act, 1972, the Gratuity Plan provides a lump sum amount to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of employment. Liabilities with regard to the Gratuity plan are determined by actuarial valuation using the projected unit credit method, as of the balance sheet date.
- Expenses on ex-gratia payment to employees, a defined contribution plan, are accounted as and when accepted by the management.
- Provision in respect of Leave encashment is made, based on actuarial valuation.

16. Borrowing Cost:

Borrowing costs relating to acquisition of qualifying assets are capitalized until the time all substantial activities necessary to prepare the qualifying assets for their intended use are complete. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. All other borrowing costs not eligible for capitalization are charged to revenue.

17. Taxes:

- Tax expense comprises of current and deferred tax. Current Income Tax is measured based on the tax liability computed after considering tax allowances and exemptions.
- Deferred tax is recognized, subject to the consideration of prudence in respect of deferred tax assets, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.
- Deferred Tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

18. Cash Flow Statement:

Cash flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of a non cash nature, any deferrals or accruals of past or future operating cash receipts or payments and items income or expense associated with investing or financing cash flows. Cash and Cash Equivalents include Cash on hand and balance with banks in current and deposit accounts, with necessary disclosure of cash and cash equivalent balances that are not available for use by the company.

19. Stock Option Plan (2008): The Company instituted the Kavveri ESOS 2008 Plan for all eligible employees in pursuance of the special resolution approved by the shareholders by Postal ballot on 23rd April 2008. The Kavveri ESOS 2008 Plan covers all employees of the company and its subsidiaries and Directors (excluding Promoter Directors) of the Company and its subsidiaries (collectively, "eligible employees"). Under the Scheme, the Compensation Committee of the Board ('the Committee') shall administer the Scheme and grant stock options to eligible directors and employees of the Company and its Subsidiaries. The

Committee shall determine the employees eligible for receiving the options, the number of options to be granted, the exercise price, the vesting period and exercise period. Vesting of employee stock options granted occurs in tranches as under:

Period	Vesting proportion
At the end of one year from the date of grant	20%
At the end of two years from the date of grant	30%
At the end of three years from the date of grant	50%

The exercise price for the purpose of exercise of options will be at Rs.10/- per share i.e. at par.

The employee stock options granted shall be capable of being exercised within a period of 5 years from the date of vesting options or such lesser period as may be decided by the Compensation Committee from time to time.

Under the Scheme 3,07,200 stock options out of the total of 5,00,000 stock options reserved for grant of options having an exercise price equal to the par value of the underlying equity shares on the date of grant (i.e. Rs. 10 per option) are outstanding as at the balance sheet date.

As the number of shares that an individual employee is entitled to receive and the price of the options are known at the grant date, the scheme is considered as a fixed grant.

In the case of termination of employment, all non-vested options would stand cancelled. Options that have been vested but have not been exercised can be exercised within the time prescribed under each option agreement by the Committee or if no time limit is prescribed, within 30 days of the date of employment termination, failing which they would stand cancelled.

The Company follows intrinsic method of accounting based on which the compensation cost is recognized in the Statement of Profit and Loss.

During the current year, the company under the Kavveri 2008 Plan has granted 76,800 options to eligible employees.

20. Earnings per share:

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. The weighted average number of shares outstanding during the year is adjusted for events of bonus issue.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

21. Investments in Subsidiary Companies:

- a. Pursuant to the scheme of Amalgamation, Eaicom India Private Limited (EIPL), erstwhile 100% subsidiary company of Megasonic Telecoms private Limited has become a wholly owned subsidiary of the company.
- b. The Company incorporated a 100% subsidiary in the name of KAVVERI TECHNOLOGIES INC at Canada during the financial year 2005-06 with an initial investment of 292,000 CAD Dollars. Additional investment of CAD 2,015,000 /- was made during the year 2007-08 in the aforesaid subsidiary by partial conversion of the loan granted to the subsidiary.

- c. The Company incorporated a 100% subsidiary in the name of KAVVERI TELECOM PRODUCTS UK Limited at UK during the financial year 2009-10 with no initial cost of investment.
- d. The company has incorporated a 100% subsidiary in the name of KAVVERI TELECOM ESPANA during the financial year 2011-12 with 1,003,000 Euros as cost of investment.
- e. The company has incorporated a 100% subsidiary in the name of KAVVERI TELECOM ASIA PTE LTD during the financial year 2012-13 with 1singapore dollar as cost of investment.

22. Contingent Liability:

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent liabilities are not recognized but are disclosed in the Notes. Contingent assets are neither recognized nor disclosed in the financial statements.

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Kavveri Telecom Products Limited

We have audited the accompanying consolidated financial statements of Kavveri Telecom Products Limited ("the Company") and its subsidiaries, which comprise the consolidated Balance Sheet as at March 31, 2013, and the consolidated Statement of Profit and Loss and the consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements:

Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Company in accordance with accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financials. As there is no reporting on 'Other Legal and Regulatory Requirements', there is no necessity of including the heading 'Report on the Financial Statements' above the introductory paragraph statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated 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 consolidated financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 presentation of the consolidated financial statements that give a true and fair view 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 consolidated financial statements.

We did not audit the financial statements of the three subsidiaries of M/s Kavveri Telecom Products Limited namely Kavveri technologies Inc, Canada , Eaicom India Private Limited, Kavveri Telecom Espana, Spain whose financial statements reflect total assets of Rs.128,73,81,147/- as at 31st March, 2013 and total revenue of Rs.94,79,45,687/- for the year ended on that date and these financial statements have been audited by Ananth Shravan & Co., Chartered Accountants based at Bangalore. Our opinion in so far as it relates to the said amounts included in respect of the subsidiaries is based solely on the accounts prepared and certified by them.

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

In our opinion and to the best of our information and according to the explanations given to us, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) In the case of the consolidated Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
- (b) In the case of the consolidated Profit and Loss Account, of the loss for the year ended on that date; and
- (c) In the case of the consolidated Cash Flow Statement; of the cash flows for the year ended on that date.

For P.Murali & Co.,
Chartered Accountants
Firm's Registration Number: 007257S

P. Murali Mohana Rao
Partner
M.No: 023412

Place: Hyderabad
Date : 30-05-2013.

KAVVERI TELECOM PRODUCTS LIMITED
Consolidated Balance Sheet as at 31.03.2013

Particulars	Note No.	31.03.2013 Rs.	31.03.2012 Rs.
EQUITY AND LIABILITIES			
Shareholders' Funds			
(a) Share Capital	2.1	20,12,42,600	20,12,42,600
(b) Reserves and Surplus	2.2	1,87,96,76,827	2,85,47,31,768
(c) Money Received against warrants		25,50,000	-
Share application money pending allotment		43,10,000	43,10,000
Minority Interest		19,72,441	1,41,10,342
Non-current liabilities			
(a) Long-term borrowings	2.3	78,74,81,961	70,72,38,522
(b) Deferred tax liabilities (Net)	2.4	16,82,49,604	10,73,91,000
(c) Other Long term liabilities	2.5	72,55,641	5,80,69,950
(d) Long-term provisions	2.6	22,64,17,661	29,32,02,482
Current liabilities			
(a) Short-term borrowings	2.7	1,33,34,40,763	66,65,65,198
(b) Trade payables	2.8	91,51,20,882	50,28,50,410
(c) Other current liabilities	2.9	35,33,27,540	41,22,23,058
(d) Short-term provisions	2.10	10,54,83,260	34,59,69,808
TOTAL		5,98,65,29,180	6,16,79,05,138
ASSETS			
Non-current assets			
(a) Fixed Assets			
(i) Tangible assets	2.11	1,74,87,51,656	1,30,86,44,754
(ii) Intangible assets	2.11	10,64,86,683	9,86,27,971
(iii) Capital work-in-progress		34,74,91,791	81,53,05,747
Goodwill on consolidation		39,72,56,522	39,72,56,522
(b) Non-current Investments		4,96,80,055	-
(c) Long-term loans and advances	2.12	31,78,12,199	3,40,46,614
(d) Other non-current assets	2.13	10,89,66,800	17,24,93,178
Current Assets			
(a) Current Investments		-	-
(b) Inventories	2.14	86,07,80,157	77,96,06,265
(c) Trade receivables	2.15	91,80,42,351	1,74,20,90,326
(d) Cash and bank balances	2.16	1,17,75,179	6,82,32,237
(e) Short-term loans and advances	2.17	96,22,89,935	74,07,20,660
(f) Other current assets	2.18	15,71,95,852	1,08,80,864
TOTAL		5,98,65,29,180	6,16,79,05,138

The accompanying notes are an integral part of the financial statements.

**For and on behalf of the Board of Directors of
Kavveri Telecom Products Limited**

**As per our report of even date
for p. Murali & Co.,
Chartered Accountants
Firms' Registration No.0072575**

C.Shivakumar Reddy
Managing Director
Place: Bangalore
Date: 30.05.2012

R.H.Kasturi
Director

Sidharth.C.A
Company Secretary

P.Murali Mohan Rao
Partner
Membership No.023412

KAVVERI TELECOM PRODUCTS LIMITED**Statement of Consolidated Profit and Loss for the year ended 31ST March, 2013**

	Note No.	31.03.2013 Rs.	31.03.2012 Rs.
Revenue from operations(Gross)	2.21	2,40,86,93,081	4,57,05,70,923
Less: Excise Duty		1,60,01,519	2,77,52,312
		2,39,26,91,562	4,54,28,18,611
Other Income	2.22	16,42,73,741	18,73,12,647
Total Revenue		2,55,69,65,304	4,73,01,31,258
Expenses:			
Cost of materials consumed and Purchases Stock in Trade	2.23	1,78,49,42,975	3,17,21,31,202
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	2.24	10,35,30,091	7,58,70,054
Employee benefits expense	2.25	32,14,26,609	28,55,62,435
Finance costs	2.26	23,60,35,225	14,77,98,835
Depreciation and amortisation expense	2.27	12,14,67,531	9,18,50,217
Other expenses	2.28	35,01,61,053	31,11,27,512
Total Expenses		2,91,75,63,482	4,08,43,40,255
Profit before exceptional and extraordinary items and tax		(36,05,98,179)	64,57,91,003
Exceptional items		(64,38,988)	26,65,108
Profit before extraordinary items and tax		(35,41,59,191)	64,31,25,895
Extraordinary Items		-	-
Profit before Tax			64,31,25,895
Tax expense:			
(1) Current tax		1,60,94,531	14,71,62,473
Less: Mat tax credit		-	(52,50,000)
(2) Deferred tax		1,60,94,531	14,19,12,473
		6,08,58,604	1,68,11,000
Profit for the year from continuing operations		(43,11,12,325)	48,44,02,422
Profit / (Loss) from discontinuing operations		-	-
Tax expense of discontinuing operations		-	-
Profit/ (Loss) from Discontinuing operations (after tax)		-	-
Less/(Add): Share of Minority Interest		(1,21,37,901)	35,74,670
Profit for the period		(41,89,74,424)	48,08,27,752
Earnings per share:			
(1) Basic		(23.46)	26.93
(2) Diluted		(23.43)	26.88

The accompanying notes are an integral part of the financial statements.

For and on behalf of the Board of Directors of
Kavveri Telecom Products Limited

As per our report of even date
for p. Murali & Co.,
Chartered Accountants
Firms' Registration No. 0072575

C.Shivakumar Reddy
Managing Director
Place: Bangalore
Date: 30.05.2012

R.H.Kasturi
Director

Sidharth.C.A
Company Secretary

P.Murali Mohan Rao
Partner
Membership No.023412

KAVVERI TELECOM PRODUCTS LIMITED

Consolidated Cash Flow Statement for the year ended 31st March 2013

Particulars	Year Ended March 31, 2013	Year Ended March 31, 2012
A. Cash Flow from Operating Activities		
Profit before Taxation and extraordinary items	(35,41,59,191)	64,31,25,895
Adjustments for Depreciation	12,14,67,531	9,18,50,217
Loss on sale of Tangible assets	12,81,714	69,08,195
Deferred employee Cost	1,15,96,657	39,40,923
Bad debts written off	-	1,47,26,859
Interest Expenditure	23,60,35,225	14,77,98,835
Interest Income	(1,18,44,536)	(1,66,76,611)
Translation adjustments	-	(1,86,25,802)
Discount	(48,96,48,220)	-
Income Tax relating to earlier years	64,38,988	13,37,520
Liabilities/Provisions written back	(8,44,51,320)	(27,35,182)
Operating Profit before working capital changes	(56,32,83,153)	87,16,50,850
Changes in Working Capital:		
Increase/(Decrease) in Trade Payables	41,22,70,472	33,20,27,898
Increase/(Decrease) in Short Term Provisions	(24,04,86,548)	7,49,62,756
Increase/(Decrease) in Long Term Provisions	(6,67,84,821)	1,98,70,157
Increase/(Decrease) in Other Current Liabilities	(5,88,95,518)	27,72,82,362
Increase/(Decrease) in Long Term Liabilities	(5,08,14,309)	5,20,11,399
(Increase)/Decrease in Trade Receivables	82,40,47,975	(75,38,05,873)
(Increase)/Decrease in Inventories	(8,11,73,891)	(5,73,67,922)
(Increase)/Decrease in Short Term Loans and advances	(22,15,69,275)	(17,19,78,529)
(Increase)/Decrease in Long Term Loans and advances	(28,37,65,585)	33,57,73,177
(Increase)/Decrease in Other Current assets	(14,63,14,988)	(81,55,861)
(Increase)/Decrease in Other non Current assets	6,35,26,378	(11,21,24,463)
(Increase)/Decrease in Other non Current Investments	(4,96,80,055)	-
Cash generated from Operations	(46,29,23,317)	86,01,45,951
Taxes paid (Net of refunds)	-	(17,33,51,375)
Net cash generated from operations before extraordinary items	(46,29,23,317)	68,67,94,576
Net cash generated from operating activities	(46,29,23,317)	68,67,94,576
B. Cash Flow from Investing Activities		
Purchase of Tangible/Intangible Assets	(58,99,71,330)	(38,79,87,237)
Capital Work in Progress	46,78,13,956	(57,49,07,703)
Sale of Asset	31,45,318	1,66,53,000
Translation adjustments	-	1,01,53,358
Interest received	1,18,44,536	1,66,76,611
Net Cash from Investing Activities	(10,71,67,520)	(91,94,11,972)
C. Cash flow from Financing Activities		
Dividends paid	-	(2,12,06,194)
Dividend distribution tax	-	(67,68,701)
Dividend relating to earlier year	-	(42,00,000)
Dividend distribution tax relating to earlier year	-	(6,80,817)
Interest paid	(23,60,35,225)	(14,77,98,835)
Increase/(Repayment) of Short Term borrowings	66,68,75,565	(35,80,30,762)
Increase/(Repayment) of Long Term borrowings	8,02,43,439	19,81,73,335
Proceeds from share capital increase	-	6,05,52,800
Security Premium	-	67,85,73,361
Share application money pending allotment	25,50,000	(11,80,71,445)
Expenses on account of share capital increase	-	(71,38,846)
Net cash raised in Financing activities	51,36,33,779	27,34,03,896
Net increase in cash and cash equivalents	(5,64,57,057)	4,07,86,501

Cash and Cash equivalents at the beginning of the year	6,82,32,237	2,74,45,738
Cash and Cash equivalents at the end of the year	1,17,75,179	6,82,32,237

Cash and Cash equivalents comprise of

Cash on Hand	48,48,769	3,76,692
Balances with Banks*	69,26,410	6,78,55,545

Total

*Includes the following balances which are not available for use by the Company

Unpaid dividend account	9,06,662	11,52,479
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**As per our report of even date
for P. Murali & Co.,
Chartered Accountants
Firms' Registration No.007257S**

**For and on behalf of the Board of Directors of
Kavveri Telecom Products Limited**

**C.Shivakumar Reddy
Managing Director**

**R.H.Kasturi
Director**

**Sidharth.C.A
Company Secretary**

**P. Murali Mohana Rao
Partner
Membership No.023412**

**Place: Bangalore
Date: 30.05.2013**

KAVVERI TELECOM PRODUCTS LIMITED
2. NOTES ON CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2013

The previous year figures have been regrouped / reclassified, wherever necessary to conform to the current year presentation.

2.1 SHARE CAPITAL

Particulars	As at 31.3.2013	As at 31.3.2012
Authorised		
2,50,00,000 (Previous Year 2,00,00,000) Equity Shares of Rs. 10/- each	25,00,00,000	25,00,00,000
Issued and Subscribed and fully Paid-up		
2,01,24,260 (Previous Year 14,068,980) Equity Shares of Rs 10/- each fully paid up	20,12,42,600	20,12,42,600
	20,12,42,600	20,12,42,600

The Company has only one class of shares referred to as equity shares having a par value of Rs.10/-. Each holder of equity shares is entitled to one vote per share held.

Paid-up capital includes 4,935,000 shares issued as consideration as per the Scheme of amalgamation with erstwhile Megasonic Telecoms Private Limited in the year 2003-04.

The Company declares and pays dividend in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing annual general meeting.

Dividend, if approved, is payable to the shareholders in proportion to their shareholding.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining assets of the company. The distribution will be in proportion to the number of equity shares held by the shareholders.

Reconciliation of number of Shares

Equity Shares:	As at 31st March 2013		As at 31st March 2012	
	Number of Shares	Amount	Number of Shares	Amount
Balance as at the beginning of the previous year	2,01,24,260	20,12,42,600	1,40,68,980	14,06,89,800
Add: Shares issued during the year			60,55,280	6,05,52,800
Balance as at the end of the year	2,01,24,260	20,12,42,600	2,01,24,260	20,12,42,600

Details of Shares held by shareholders, holding more than 5% of the aggregate shares in the Company.

	No. of Shres	Percentage	No. of shares	Percentage
C Shiva Kumar Reddy	17,97,995	8.93	23,56,704	11.71
R H Kasturi	18,41,604	9.15	23,63,769	11.75
C Uma Reddy	17,50,100	8.70	17,50,100	8.70

Stock Option Plan (2008)

In the financial year 2008-09, the company instituted the 2008 Plan. The shareholders and Board of Directors approved the plan in April 2008 which provides for the issue of 5,00,000 equity shares to the employees. The compensation committee administers the 2008 Plan. Options were issued to employees at an exercise price at par value of the share.

Vesting of employee stock options granted occurs in tranches as under:

Period	Vesting proportion	Vesting proportion
At the end of one year from the date of grant	0	20%
At the end of two years from the date of grant	0	30%
At the end of three years from the date of grant	1	50%

The activity in the 2008 Plan during the year ended March 31, 2013 is set out below:

Price of exercise per share	Rs. 10/-	3,07,200	Number of shares outstanding arising out of options	3,07,200

As of March 31, 2013, the Company had 3,07,200 number of shares reserved for the issue.

2.2 RESERVES AND SURPLUS

Particulars	As at 31.3.2013	As at 31.3.2012
(a) Capital Reserve		
Opening balance	95,91,325	73,25,779
Add: addition during the year		22,65,546
Balance as at the end of the year	95,91,325	95,91,325
(b) Securities Premium account		
Opening balance	1,55,03,58,582	87,17,85,221
Add: Receipt on issue of securities		67,80,62,500
Add: Receipt on exercise of Employee Stock Options		76,49,707
		1,55,74,97,428
Less: Utilisation towards QIP Expenses		71,38,846
Balance as at the end of the year	1,55,03,58,582	1,55,03,58,582
(c) Employee Stock option outstanding		
Opening balance	5,82,88,050	87,59,420
Add: New Grants during the year		5,82,88,051
Less:- Transfer to Securities premium Account		76,49,707
Less:- Transfer towards Lapsed options	4,93,297	11,09,713
	5,77,94,753	5,82,88,051
Less:- Deferred stock compensation cost	4,53,33,408	5,74,23,361
	1,24,61,345	8,64,689
(d) General Reserve		
Opening balance	9,07,44,280	4,95,15,948
Add : Transfer from Statement of Profit and Loss		4,12,28,332
Balance as at the end of the year	9,07,44,280	9,07,44,280
(e) Foreign currency translation reserve		
As per Last Balance sheet		4,32,23,223
Add: Currency Translation gain during the year	(1,94,56,676)	1,86,25,802
	(1,94,56,676)	6,18,49,025
(f) Reserve for fall in value of Investment		
Opening balance	37,18,584	
Add : Transfer from Statement of Profit and Loss		37,18,584
	37,18,584	37,18,584
(g) Surplus in Statement of Profit and Loss		
Opening balance	1,13,76,05,283	79,64,42,352
Less: Discount given to Al Mehrab Trading	39,62,93,026	
Discount given to M/s.Nextgen Electronics Pvt Ltd	27,27,06,974	
Dividend relating to earlier year on account of increased capital		42,00,000
Dividend distribution tax on above		6,80,817
Add: Reduction in Tax provision due to Discount given	13,15,93,401	
Add: Reduction of Dividend from 40% to 15% for the year 2011-12	5,03,10,650	
Add: Dividend distribution tax on above	81,61,645	
Add: Profit for the year	(41,89,74,424)	48,08,27,752
Amount available for appropriation	23,96,96,555	1,27,23,89,287
Appropriations:		
Proposed Dividend on Equity shares for the year		8,04,97,040
Dividend distribution tax on proposed dividend of equity Equity Shares		1,30,58,632
Transfer to General Reserve		4,12,28,332
Balance as at the end of the year	23,96,96,555	1,13,76,05,283
TOTAL	1,87,96,76,827	2,85,47,31,768

2.3 LONG TERM BORROWINGS

Particulars	As at 31.3.2013	As at 31.3.2012
Secured		
from Banks	73,41,00,865	70,18,68,410
Vehicle Loan from Banks	62,45,221	48,46,798
Others	4,71,35,874	5,23,314
TOTAL	78,74,81,961	70,72,38,522

Kavveri Telecom Products Ltd

a) Term Loan Account with State Bank of India is secured by first charge on the entire present and future fixed assets of the company and equitable mortgage of the land and building at Suragajakkanahalli, Anekal Taluk where the factory is located and further secured by the securities offered in respect of Cash Credit facilities as referred to in Column No. 2.7

Terms of Repayment: Repayable in 38 monthly instalments from the date of the Loan (February 2010) alongwith interest of 13.15% p.a.

b) Vehicle loan from the respective banks are secured by the respective vehicles against which the loans are granted

(i) Vehicle Loan from Tata Capital Limited is repayable in 36 monthly instalments commencing from November 2010 with an interest rate of 9.50% p.a.

(ii) Vehicle Loan from HDFC Bank is repayable in 36 monthly instalments commencing from June 2010 with an interest rate of 8.5%

(iii) Vehicle Loan from Axis Bank is repayable in 36 monthly instalments commencing from June 2009 with an interest rate of 11%

(iv) Vehicle Loan from HDFC Bank is repayable in 36 monthly instalments commencing from October 2011 with an interest rate of 10%

(v) Vehicle Loan from Axis Bank is repayable in 60 monthly instalments commencing from April 2012 with an interest rate of 11.34%

(vi) Vehicle Loan from Axis Bank is repayable in 36 monthly instalments commencing from July 2012 with an interest rate of 10.89%

(vii) Vehicle Loan from Axis Bank is repayable in 36 monthly instalments commencing from July 2012 with an interest rate of 10.89%

Kavveri Telecom Infrastructure Ltd

(a) Term Loan from Axis Bank is secured by pledge of 637,000 shares of Kavveri Telecom Products Private Limited held by promoters. Further the loan is guaranteed by two directors along with the corporate guarantee of M/s Kavveri Telecom Products Ltd. Terms of Repayment: Repayable in 84 monthly instalments including a moratorium of 9 months commencing from the date of the Loan ie. 12.03.2011 alongwith interest @12% p.a.

(b) Term Loan 1 & 2 from ICICI Bank is secured by first charge by way of hypothecation of Company's entire stocks of raw materials, semi finished goods and finished goods, consumable goods and spares and other movable assets including book debts, all type of bills and receivables both present and future. The loan is further secured by exclusive charge on the present and future movable fixed assets of the company and corporate guarantee of the holding Company. Further the bank will have the exclusive charge on the land owned by EAICOM India Private Ltd. And corporate guarantee of Eaicom India Private Ltd in the capacity of collateral owner. The loan is personally guaranteed by two of the company's directors and exclusive charge on property /pledge of shares of the holding company of Rs. 50 Million.

Term Loan 1 is repayable in 54 instalments from 09.02.2010 and the rate of interest is 12% per annum. Term Loan 2 is repayable in 60 monthly instalments commencing from 31.01.2011 and the rate of interest payable is 11.5% p.a

(c) Term Loan from Dena Bank is secured by the entire movable fixed assets ranking pari-passu first charge with ICICI Bank Ltd and Axis Bank Ltd and further secured by first charge on the entire current assets of the company both present and future ranking pari-passu with ICICI Bank Ltd and Axis Bank Ltd. It is further secured by pledge of promoters' share to an extent of 16% of exposure during the entire currency of the Term Loan. Further pari-passu charge on the escrow account need to be maintained where all the collections from the debtors are deposited.

Terms of Repayment: Repayable in 8 years including implementation period of 1 year and moratorium period of 1 year. Loan will be repaid in 24 quarterly instalments of Rs. 187.50 lakhs each after 2 years from the date of disbursement. Floating rate of interest @ 14% is payable as per the prevailing market rates. The loan was disbursed in the month of February 2012

2.4 DEFERRED TAX LIABILITIES

Particulars	As at 31.3.2013		As at 31.3.2012
Opening Balance	10,73,91,000		
Liability attributable to depreciation	6,08,58,604		12,48,80,000
Less: Asset attributable to expenses allowable when paid		36,59,000	
Asset attributable to carried forward loss		1,38,30,000	1,74,89,000
TOTAL	16,82,49,604		10,73,91,000

In the absence of Deferred Tax provisions, in case of countries where the foreign subsidiaries are located, no deferred tax has been provided and hence the same has not been considered on consolidation.

2.5 OTHER LONG TERM LIABILITIES

Particulars	As at 31.3.2013		As at 31.3.2012
Other Non current liabilities	72,55,641		5,80,69,950
TOTAL			5,80,69,950

2.6 LONG TERM PROVISIONS

Particulars	As at 31.03.2013		As at 31.3.2012
Provision for Warranty	21,89,32,891	28,83,13,057	
Gratuity obligation	74,84,770	48,89,425	
TOTAL	22,64,17,661		29,32,02,482

2.7 SHORT TERM BORROWINGS

Particulars	As at 31.3.2013	As at 31.3.2012
Secured		
Operating credit facilities from Banks	1,00,26,62,902	61,42,77,994
Loan from Corporate	86,68,967	5,00,00,000
Others	32,21,08,894	22,87,204
Unsecured		
Loan from Corporate	-	-
Others	-	-
TOTAL	1,33,34,40,763	66,65,65,198

2.8 TRADE PAYABLES

Particulars	As at 31.3.2013	As at 31.3.2012
Acceptances	-	29,22,02,509
Trades payables	91,51,20,882	21,06,47,901
TOTAL	91,51,20,882	50,28,50,410

2.9 OTHER CURRENT LIABILITIES

Particulars	As at 31.3.2013	As at 31.3.2012
Current maturities of Long term debt:		
Term Loan account	1,32,90,726	14,50,17,516
Vehicle Loan Payable	46,66,745	45,74,215
Unpaid dividend	3,09,40,802	11,52,479
Statutory dues (Including Provident Fund, Withholding and other taxes payable)	3,67,72,822	97,61,505
Book overdraft - Axis Bank	-	4,04,95,321
Book overdraft - SBI Bank	16,85,673	-
Other payables	23,52,03,049	15,69,95,810
Advance received from customers and advance rental income	3,05,87,500	5,42,26,212
Advance received from related party	1,80,223	-
TOTAL	35,33,27,540	41,22,23,058

2.10 SHORT TERM PROVISIONS

Particulars	As at 31.3.2013	As at 31.3.2012
Provision for Employee benefits	39,09,542	93,27,126
Provision For Income Tax	4,94,91,405	17,74,57,586
Provision for Compensated absence	56,03,949	26,72,330
Dues to Key Managerial Personnel	3,80,76,361	3,63,31,842
Provision for Warranty	67,13,261	1,44,49,062
Other Provisions	16,88,744	1,21,76,189
Provision for proposed Dividend on Equity Shares	-	8,04,97,040
Provision for dividend distribution tax on proposed Dividend on equity shares	-	1,30,58,633
TOTAL	10,54,83,260	34,59,69,808

2.12 LONG TERM LOANS AND ADVANCES

Particulars	As at 31.03.2013	As at 31.3.2012
(Unsecured, Considered good)		
Security Deposits	2,35,18,109	2,03,76,626
Capital Advances		35,00,000
Loans and advances to related parties (Refer Note 2.40)	26,93,76,964	
Statutory Payments	2,49,17,126	1,00,45,865
Others		1,24,123
TOTAL	31,78,12,199	3,40,46,614

2.13 OTHER NON CURRENT ASSETS

Particulars	As at 31.03.2013	As at 31.3.2012
Long term deposits with banks with maturity period more than 12 months	10,04,37,156	11,52,43,994
Margin Money Deposits	60,84,786	5,22,98,272
Unamortised Expenses	24,44,858	49,50,912
TOTAL	10,89,66,800	17,24,93,178

2.14 INVENTORIES

Particulars	As at 31.03.2013	As at 31.3.2012
(a) Raw materials	34,76,27,012	36,99,83,211
(b) Work-in-progress	4,27,84,452	2,65,87,632
(c) Finished goods	11,90,27,222	14,50,34,492
(d) Stock-in-trade	35,13,41,470	23,80,00,930
TOTAL	86,07,80,157	77,96,06,265

2.15 TRADE RECEIVABLES

Particulars	As at 31.03.2013	As at 31.3.2012
<u>Unsecured, considered good</u>		
Outstanding for a period exceeding six months from the date they are due for payment		3,73,37,896
- from related Parties	3,87,07,325	
- from Other customers	40,13,27,184	
Others	47,80,07,841	1,70,47,52,430
<u>Unsecured, considered doubtful</u>		
Outstanding for a period exceeding six months from the date they are due for payment		
Others		
Less: Provision for doubtful debts		
TOTAL	91,80,42,351	1,74,20,90,326

2.16 CASH AND BANK BALANCES

Particulars	As at 31.03.2013	As at 31.3.2012
<u>Cash and Cash equivalents</u>		
Cash on hand	48,48,769	3,76,692
<u>Bank balances:</u>		
- in current Account	60,19,749	6,67,03,066
Unpaid dividend account	9,06,662	11,52,479
TOTAL	1,17,75,179	6,82,32,237

2.17 SHORT TERM LOANS AND ADVANCES

Particulars	As at 31.03.2013	As at 31.3.2012
<u>Unsecured, considered good</u>		
Advance income Tax	2,32,13,682	1,21,29,250
Balances with Customs, Central Excise,VAT etc.	12,29,06,966	14,37,29,656
Prepaid expenses	26,50,643	55,13,074
Loans and advances to Employees	39,35,025	5,64,066
MAT credit entitlement	1,20,00,000	1,20,00,000
Short Term Deposits with Corporates		40,00,00,000
Others	79,75,83,620	16,67,84,614
TOTAL	96,22,89,935	74,07,20,660

2.18 OTHER CURRENT ASSETS

Particulars	As at 31.03.2013	As at 31.3.2012
(Unsecured, considered good)		
Income accrued on deposits	26,56,821	11,26,290
Income accrued on Loans to others	1,02,74,266	97,54,574
Other Receivables	14,42,64,765	
TOTAL	15,71,95,852	1,08,80,864

**2.19 CONTINGENT LIABILITIES AND COMMITMENTS
(to the extent not provided for)**

Claims against the Company not acknowledged as debts		80,80,428
Statutory claims under appeals/disputes:		
(a) Income tax matters		5,14,13,876
(b) Excise Matters (Refer Note (v) below)		50,35,82,590
(c) Sales Tax matter		63,22,513
Guarantees by Bank		67,98,570
Corporate Guarantee		81,49,50,191

- (i) M/s. Mahanagar Telephone Nigam Ltd and M/s Bharat Sanchar Nigam Ltd. had invoked bank guarantees totaling to Rs. 4,41,000 and Rs.7,55,081 respectively against which the company has filed cases against such invoking of bank guarantees and is advised that the matter will be resolved in favour of the company in respect of the said amount and hence no provision is made in the books of account.
- (ii) In the Matter of dispute with M/s Bharat Sanchar Nigam Limited (BSNL), the Honourable High Court of Karnataka at Bangalore have referred the matter to the arbitrator to be appointed by M/s BSNL, against invoking of Bank guarantee of a sum of Rs.22,70,000.
- (iii) There are claims against one of the Company's properties located at Bangalore, which is presently owned by the Company.
- (iv) Margin Money deposits with the bank amounting to Rs. 5,22,98,272 (Rs. 1,43,93,385) has been given as margin money for the guarantees issued by the bankers.
- (v) Customs, Excise and Service Tax Appellate Tribunal, South Zone, Bangalore, however had stayed the aforesaid demand subject to payment of Rs. 2 Crores within six weeks from 07.03.2012 and Rs 15 Lakhs within a period of six weeks from 31.01.2012

2.20 PROPOSED DIVIDEND

The final dividend proposed for the year is as follows:

	As at 31.03.2013	Year ended 31st March 2012
On equity shares of Re.10 each		in Rs.
Amount of dividend proposed Dividend per Equity Share		4.00

2.21 REVENUE FROM OPERATIONS

Particulars	Year ended 31st March 2013	Year ended 31st March 2012
(a) Sale of Products	2,21,64,98,991	4,40,25,03,818
(b) Sale of services	19,21,94,090	20,07,02,049
Less: Advance Rental Income		3,26,34,944
TOTAL	2,40,86,93,081	4,57,05,70,923

2.22 OTHER INCOME

Particulars	As at 31.03.2013	Year ended 31st March 2012
(a) Interest Income from Banks	1,18,44,536	1,66,76,611
(c) Bad debts recovered	4,75,264	
(d) Liabilities written back to the extent no longer required	8,44,51,320	27,35,182
(e) Net gain on foreign currency transactions and translations	5,45,48,619	14,00,33,285
(f) Miscellaneous income		2,78,67,571
TOTAL	16,42,73,741	18,73,12,647

2.23 COST OF MATERIAL CONSUMED

Particulars	Year ended 31st March 2013	Year ended 31st March 2012
Material Consumption		
Opening Stock of Raw Materials	36,99,83,211	23,67,45,236
Add : Purchases during the year	33,48,99,322	74,83,31,043
Less: Closing Stock of Raw - Materials	34,76,27,012	36,99,83,211
Raw Materials	35,72,55,521	61,50,93,068
Packing Materials		14,31,921
Opening Stock of Raw Materials	52,032	
Add : Purchases during the year	10,81,376	
Less: Closing Stock		
Purchases Stock in Trade	11,33,408	
Purchases during the year	1,42,65,54,046	2,55,56,06,213
TOTAL	1,78,49,42,975	3,17,21,31,202

2.24 CHANGES IN INVENTORY OF FINISHED GOODS AND WORK IN PROGRESS

Particulars	Year ended 31st March 2013	Year ended 31st March 2012
(Increase)/Decrease in Stocks		
Stock at the end of the year:		
Finished Goods	11,90,27,222	14,50,34,492
Work-in-Progress	4,27,84,452	2,65,87,632
Stock in Trade	35,13,41,470	23,80,00,929
	51,31,53,144	40,96,23,053
Less: Stock at the beginning of the year		
Finished Goods	14,50,34,492	11,79,87,141
Work-in-Progress	2,65,87,632	77,97,933
Stock in Trade	23,80,00,929	35,97,08,033
	40,96,23,053	48,54,93,107
(Increase)/Decrease in Stocks (A-B)	10,35,30,091	(7,58,70,054)

2.25 EMPLOYEE BENEFIT EXPENSES

Particulars	Year ended 31st March 2013	Year ended 31st March 2012
Salaries, Wages and Bonus	27,39,31,877	22,95,03,674
Contribution to Provident and other funds	3,45,99,800	27,66,951
Deferred Employee Compensation Cost	1,15,96,657	39,40,923
Gratuity paid		8,14,046
Managerial Remuneration		4,28,41,276
Staff welfare expenses	12,98,274	56,95,565
TOTAL	32,14,26,609	28,55,62,435

2.26 FINANCE COSTS

Particulars	Year ended 31st March 2012	Year ended 31st March 2012
Interest on Long term borrowings	28,40,899	2,21,36,773
Other borrowing cost	22,67,03,860	10,88,90,457
Charges towards letter of credit and guarantees	61,67,168	77,38,644
Others	39,021	90,32,961
interest on statutory dues	2,84,277	
TOTAL	23,60,35,225	14,77,98,835

2.27 DEPRECIATION AND AMORTISATION EXPENSES

Particulars	Year ended 31st March 2013	Year ended 31st March 2012
Depreciation on tangible assets	10,65,36,481	8,16,71,769
Amortisation on Intangible assets	1,49,31,049	1,01,78,448
TOTAL	12,14,67,531	9,18,50,217

2.28 OTHER EXPENSES

Particulars	As at 31.03.2013	Year ended 31st March 2012
Consumption of stores and spare parts	4,31,398	11,36,008
Excise Duty	(67,96,455)	(9,69,149)
Power and Fuel	1,22,12,328	82,57,900
Warranty Charges		3,31,01,819
Job work and handling charges	70,66,120	1,15,24,648
Freight Inwards	53,09,586	1,20,76,043
Rent	6,51,93,027	5,21,35,947
Repairs and Maintenance – Plant and Machinery	22,53,750	60,54,767
Repairs and Maintenance – Building	2,61,051	4,72,842
Repairs and Maintenance – Others	16,35,653	37,09,024
Insurance	18,53,145	80,81,244
Rates and Taxes	2,67,943	11,20,417
Carriage Outwards		40,98,415
Travelling and Conveyance	78,61,121	99,68,577
Directors' Sitting fees	40,000	85,000
Statutory Auditors : Audit fees	9,54,027	7,00,000
Tax Audit fees	75,000	1,00,000
Other Services	1,25,000	1,25,000
Reimbursement of expenses		25,460
Cost Audit fees	65,000	
	12,19,027	9,50,460
Management fee	1,29,18,750	
Communication Expenses	90,959	
Professional fees	81,94,408	
Service Charges		
Other expenses	9,98,36,964	
	22,91,213	
Freight Outward Charges	25,36,298	
Exchange fluctuation loss (Net)	6,86,91,286	
Loss on Sale of assets	12,81,714	69,08,195
Research and Development Expenses		2,96,10,486
Provision for Advance in Foreign Subsidiary		37,18,585
Research and Development Expenses	2,92,25,686	
Bad debts written off		1,47,26,859
Miscellaneous expenses	2,12,96,856	10,30,03,459
Preliminary expenses written off	3,16,845	1,33,536
Deferred revenue expenses written off	46,72,379	12,22,430
TOTAL	35,01,61,053	31,11,27,512

2.29 EXCEPTIONAL ITEMS

Particulars	As at 31.03.2013	Year ended 31st March 2012
Income tax relating to previous years		13,37,520
Prior Period adjustments	64,38,988	13,27,588
TOTAL		26,65,108

2.30 AMALGAMATION

Amalgamation with Megasonic Telecoms Private Limited: - The Company got amalgamated with erstwhile Megasonic Telecoms Private Limited in the year 2003-04 and as per the scheme of amalgamation 4,935,000 equity shares were issued as consideration.

2.31 CAPITAL RESERVES

The Capital Reserve of Rs. 73,25,779/- represents the excess of net fair value of assets over the purchase consideration in terms of scheme of amalgamation taken place during the year 2003-04, which was duly approved by the Hon'ble High Courts of Karnataka and Bombay.

2.32 EARNINGS PER SHARE

Particulars	Year ended 31st March 2013		Year ended 31st March 2012	
	Basic extra-ordinary items	After extra-ordinary items	Basic extra-ordinary items	After extra-ordinary items
(a) Basic				
Profit after tax	(41,89,74,424)	(41,89,74,424)	48,08,27,752	48,08,27,752
Weighted average number of shares outstanding	1,78,56,009	1,78,56,009	1,78,56,009	1,78,56,009
Basic EPS	(23.46)	(23.46)	26.93	26.93
(b) Diluted				
Profit after tax	(41,89,74,424)	(41,89,74,424)	48,08,27,752	48,08,27,752
Adjusted net profit for the year	(41,89,74,424)	(41,89,74,424)	48,08,27,752	48,08,27,752
Weighted average number of shares outstanding for diluted EPS	1,78,85,450	1,78,85,450	1,78,85,450	1,78,85,450
Diluted EPS	(23.43)	(23.43)	26.88	23.05
Face value per share	10	10	10.00	10.00

2.33 TRANSACTIONS WITH RELATED PARTIES (as identified by the Company)

Description of the nature of transaction	Description of Relationship	Related Party	Year ended	Year ended
			31st March 2013	31st March 2012
Sale of goods	Subsidiary	Tiltek Antennae Inc	18,61,825	20,00,778
		Trackcom Systems		
	Subsidiary	International Inc	8,23,183	2,16,708
	Key Managerial			
	Personnel	Shivakumar Reddy		16,372
	Subsidiary	Ryma De Mexico	81,36,865	-
	Subsidiary	Kavveri Telecom Espana	18,05,915	-
Purchase of goods	Subsidiary	Spotwave Wireless Inc	30,22,536	6,735
		Kavveri Telecom		
	Subsidiary	Infrastructure Limited	50,97,238	NIL
	Subsidiary	Tiltek Antennae Inc		1,67,761
		Kavveri Telecom		
	Subsidiary	Infrastructure Limited	47,33,08,790	
	Subsidiary	Kavveri Telecom Espana	46,69,752	
Interest received	Subsidiary	Ryma De Mexico	31,14,365	
	Subsidiary	Kavveri Technologies Inc	-	87,14,873
	Subsidiary	Kavveri Telecom Espana	2,88,96,939	1,21,51,485
		Kavveri Telecom		
	Subsidiary	Infrastructure Limited	-	1,68,93,753
		SMR Telecom Holdings		
	Other Related Party	Private Limited	-	1,24,123
Rendering of services	Subsidiary			
	Subsidiary	Ryma De Mexico	1,42,91,219	90,62,094
	Subsidiary	Kavveri Telecom Espana	88,70,969	66,23,041
	Subsidiary	Spotwave Wireless Inc	83,29,654	-
	Subsidiary	Tiltek Antenna Inc	82,45,679	-
	Subsidiary	New England Communication Systems	47,62,878	-
Receiving of services		Kavveri Telecom		
	Subsidiary	Infrastructure Limited	4,04,30,304	1,49,24,617
	Subsidiary	Kavveri Technologies Inc		33,58,748
	Subsidiary	Tiltek Antennae Inc		2,74,48,200
	Subsidiary	Spotwave Wireless Inc.		1,37,24,100
Provision for Advances		Kavveri Telecom Products		
	Subsidiary	UK Limited		37,18,584
Remuneration paid	Key Managerial			
	Personnel	Shivakumar Reddy	15,25,440	15,09,360
	Key Managerial			
	Personnel	R H Kasturi	15,25,440	15,09,360
Lease rentals paid	Key Managerial			
	Personnel	L. Nicolas	29,75,844	33,72,280
Loans taken	Other related party	Uma Reddy	1,80,000	7,20,000
	Key Managerial			
	Personnel	R H Kasturi	61,82,805	73,50,000
	Key Managerial			
Trade Receivables	Personnel	Shivakumar Reddy	13,34,53,857	1,34,12,343
		DCI Digital Communication		
	Subsidiary	Inc		2,87,698

	Subsidiary	Spotwave Wireless Limited		2,26,651
	Subsidiary	Tiltek Antennae Inc		
		Trackcom Systems		
	Subsidiary	International Inc		
	Subsidiary	RymSa De Mexico		
Payable at the year end	Key Managerial Personnel	Shivakumar Reddy	13,27,64,800	1,74,75,138
	Key Managerial Personnel	R H Kasturi	61,82,805	1,74,75,138
	Other related party	Uma Reddy	1,58,40,000	13,81,566
		Trackcom Systems		
Receivable at the year end	Subsidiary	International Inc		1,58,927
	Subsidiary	Kavveri Technologies Inc	5,06,07,451	2,78,46,490
	Subsidiary	DCI Digital Communication Inc	6,49,364	
	Subsidiary	Kavveri Realty Inc	18,195	17,181
	Subsidiary	Kavveri Telecom Espana	20,27,27,454	21,21,18,387
	Subsidiary	Spotwave Wireless Inc	1,04,54,221	
		Kavveri Telecom		
	Subsidiary	Infrastructure Limited	84,40,841	61,75,98,391
		Kavveri Telecom Products		
	Subsidiary	UK Limited	37,19,685	37,18,584
	Subsidiary	Eaicom India Private Limited	3,43,46,795	3,42,97,085
	Subsidiary	Tiltek Antennae Inc	9,24,25,103	1,98,24,439
	Subsidiary	Trackcom System Inc	8,14,717	
	Subsidiary	RymSa De Mexico	2,18,00,215	
	Subsidiary	Kavveri Telecom Espana		1,21,51,485
		Kavveri Telecom		
	Subsidiary	Infrastructure Limited		1,52,04,378
	Subsidiary	Kavveri Technologies Inc		6,51,86,481
		SMR Telecom Holding s Pvt Ltd		
	Other Related Party	Ltd		1,24,123
Share application money pending allotment	Subsidiary	Kavveri Telecom Infrastructure Limited	12,20,00,000	12,20,00,000

LIST OF RELATED PARTIES
Key Management Personnel

	Direct Subsidiaries	Indirect Subsidiaries	Other Associates/ Other related party
Mr.C.Shivakumar Reddy	Eaicom India Private Limited Kavveri Technologies Inc.	DCI Digital Communications Inc Spotwave Wireless Ltd	SMR Telecom Holdings Private Limited Ms. C.Uma Reddy
Ms. R .H Kasturi	Kavveri Telecom Infrastructure Limited Kavveri Telecom Products UK Limited Kavveri Telecom Espana Kavveri Technologies Americas Inc	Kavveri Realty 5 Inc. Trackcom Systems International Inc Til-Tek Antennae Inc. RymSa De Mexico Quality Communications Systems New England Communication Systems	

2.34 SEGMENT RESULTS

The company's predominant risks and returns are from the segment of "Wireless sub-systems Products" represented by Intenna, Duplexer, RF Products and RF accessories, which constitute the major revenue of the company for the reporting period. Since this being a single business segment, the segment information as per Accounting Standard 17, "Segment Reporting", is not disclosed.

2.35 Expenses incurred under the following heads, on account of capital items have been initially debited to the Statement of Profit and Loss and thereafter it has been capitalised to the respective capital asset

Head of Expenses	2013	2012
Salaries and Wages	68,16,430	1,18,78,833
Rent	-	11,36,550
Labour Charges	22,12,854	27,14,587
Travelling and conveyance	-	5,85,503
Transportation charges	-	4,91,278
Rates and Taxes	-	-
Insurance	2,49,951	3,44,994
Interest and Bank Charges	4,77,12,842	7,09,06,337
Miscellaneous Expenses	-	6,24,438
	5,69,92,077	8,86,82,520

2.36 OPERATING LEASE OBLIGATIONS

The company has taken office, other facilities under cancelable and non-cancelable operating leases, which are renewable on a periodic basis.

The disclosures relating to the leases undertaken are given under:

Particulars	Year ended 31st March 2012	
Lease rent recognized in the Statement of Profit and Loss	5,78,06,915	4,62,24,688
Minimum lease payments outstanding in respect of these areas under:		
Not later than one year	5,94,00,216	4,45,32,377
Later than one year and not later than 5 years	23,76,00,864	17,20,10,440

2.37 The Company has defaulted in repayment of cash credit and term loan which were availed from Bank. The Bank has issued notice U/s. 13(2) of Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 to recover an amount of Rs. 96.85 crores which includes outstanding interest towards cash credit and term loan availed by the Company.

2.38 During the year, the company had taken back the materials from the customers as the payments were not being received from them. The Company in turn made arrangements with the vendors to return these materials back to the vendors from whom they were sourced.

2.39 The Company during the year gave volume discounts to various customers and to have future business from these customers.

For and on behalf of the Board of Directors of
Kavveri Telecom Products Limited

for P. Murali & Co.,
Chartered Accountants
Firms' Registration No.0072575

C.Shivakumar Reddy
Managing Director
Place: Bangalore
Date: 30.05.2013

R.H.Kasturi
Director

Sidharth.C.A
Company Secretary

P. Murali Mohana Rao
Partner
Membership No.023412

1. STATEMENT ON SIGNIFICANT ACCOUNTING POLICIES FOR CONSOLIDATED ACCOUNTS

1.1 Basis of Preparation of Financial Statements:

The consolidated financial statements (CFS) relate to Kavveri Telecom Products Limited here-inafter referred to as the "Company") and its Subsidiaries (hereinafter referred as the "Group')

The accounts of the group are prepared and presented under the historical cost convention on the accrual basis of accounting in accordance with the accounting principles generally accepted in India ("GAAP") and comply with the mandatory accounting standards notified by the Central Government of India under the Companies (Accounting Standards) Rules, 2006 and with the relevant provisions of the Companies Act, 1956.

The financial statements have been prepared to comply in all material respects with the notified Accounting Standards by Companies Accounting Standards Rules, 2006 and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention on an accrual basis in accordance with accounting principles generally accepted in India. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year and in case of any such variation in the accounting policy as compared to the previous year; such variations are disclosed separately as a part of notes to accounts.

1.2 Principles of Consolidation:

- i) The consolidated financial statements of Kavveri Telecom Products Ltd together with audited financial statements of its subsidiaries, has been consolidated for the purpose of consolidation.
- ii) The financial statements of the parent company and its subsidiaries have been combined to the extent possible on a line by line basis by adding together like items of assets, liabilities, income and expenses. The results of subsidiaries acquired or disposed off during the year are included in consolidated Statement of Profit and Loss from the effective date of acquisition or upto the effective date of disposal as appropriate.
- iii) The consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are prepared to the extent possible, in the same manner as the parent company's financial statements
- iv) Minority interest in the net income and net asset of the consolidated financial statements are computed and shown separately. Losses applicable to minority in excess of minority interest in the subsidiaries equity are allowed against the interest of the group.
- v) Unamortised carrying value of goodwill is tested for impairment as at each balance sheet date.
- vi) Subsidiaries – The subsidiary companies considered in CFS are:

Name of the company	Country of incorporation	Percentage of holding as on 31 st March, 2012	Accounting Period
Direct subsidiaries			
Eaicom India Private Limited	India	100%	1 st April 2012 to 31 st March 2013
Kavveri Telecom Infrastructure Limited	India	51%	1 st April 2012 to 31 st March 2013
Kavveri Telecom Products UK Limited	England	100%	1 st April 2012 to 31 st March 2013
Kavveri Technologies Inc	Canada	100%	1 st April 2012 to 31 st March 2013
Kavveri Telecom Espana	Spain	100%	1 st April 2012 to 31 st March 2013

Subsidiaries of wholly owned subsidiary, Kavveri Technologies Inc

Til – Tek Antennae Inc	Canada	100%	1 st April 2012 to 31 st March 2013
Trackcom Systems International Inc	Canada	67%	1 st April 2012 to 31 st March 2013
DCI Digital Communications Inc	Canada	100%	1 st April 2012 to 31 st March 2013
Spotwave Wireless Ltd	Canada	100%	1 st April 2012 to 31 st March 2013
Kaveri Realty 5 Inc	Canada	100%	1 st April 2012 to 31 st March 2013

Subsidiaries of wholly owned subsidiary, Kavveri Telecom Espana

Ryma De Mexico, SA DE C.V	Mexico	100%	1 st April 2012 to 31 st March 2013
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1.3 Use of estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of the operations during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

1.4 Fixed Assets:

- Fixed Assets are stated at cost of acquisition (Net of Cenvat and VAT) plus subsequent improvements thereto including taxes, duties, freight and other incidental expenses related to acquisition and installation including finance charges which are directly attributable to the Fixed assets less accumulated depreciation and impairment loss.
- Capital Work in Progress comprises of the cost of fixed assets that are not put to use as at the Balance Sheet date and advance paid towards acquisition of Fixed Assets and relevant financial charges incurred thereon.
- Technical knowhow acquired to be used to upgrade and develop new products and used for enhancement of features & functionalities of the products are capitalised under Fixed asset as Technical Knowhow.

- Software which are not integral part of the hardware are classified as Intangibles and is stated at cost less accumulated amortization. Software's are being amortized over the estimated useful life which is estimated as 3 Years.
- Temporary structures installed at the leased out premises is being written off over the tenure of the lease agreement.
- The excess of cost of the Company of its investments in the subsidiary Company over its share of the equity of the subsidiary Company, at the dates on which the investment in the subsidiary Company was made, is recognized as "Goodwill" being an asset in the consolidated financial statement.

1.5 Depreciation:

- Depreciation on Fixed Assets is provided using Straight-line method at the rates prescribed under Schedule XIV of the companies Act, 1956 on proportionate basis.
- Cost of Technical knowhow is being written off over a period of 10 years.
- Cost of assets wherever is less than Rs. 5000 is written off fully in the year of purchase.
- Depreciation in respect of overseas subsidiaries is provided over the estimated useful life by using the Witten Down Value (WDV) method.
- However, the said rates of depreciation, respect of overseas subsidiaries are higher than the rates prescribed vide Schedule XIV to the Companies Act, 1956.

1.6 Minority Interest

Minority interest is the net assets of consolidated subsidiaries consist of the amount of equity attributable to the minority shareholders at the dates on which investments are made by the Company in the subsidiary companies and further movements in their share in the equity, subsequent to dates of investments as stated above. The excess of loss over the minority interest in the equity is adjusted against General Reserve of the Company.

1.7 Impairment of Assets:

The Company assesses at each Balance Sheet date, whether there is any indication that an asset may be impaired based on internal/external factors. If any such indication exists, the Company estimates the recoverable amount of the asset. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.

1.8 Leases:

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased term, are classified as operating leases. Operating lease payments are recognized as an expense in the Statement of Profit and Loss on a straight-line basis over the lease term.

Subsidiary company takes on lease various properties on lease to provide "In building Solutions" which are

cancellable and is in turn sub let to various cell phone operators while providing "In building Solutions".

1.9 Inventory Valuation:

Raw Materials, Stores and spares and Traded Goods are stated at lower of cost and net realizable value. Cost is determined based on first in first out basis and are net of provisions.

Work in Progress and Finished Goods are valued at lower of cost and net realizable value. Cost includes Direct Materials and labour and a proportion of manufacturing overheads based on normal operating capacity.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and selling expenses.

1.10 Investments:

Investments that are readily realizable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long term investments. Long term investments are carried at cost. However, provision for diminution in value is made to recognize a diminution other than temporary in the value of investments.

1.11 Research and Development:

Expenditure on Research and Development other than capital items is charged to revenue. Cost incurred on any generation of intangible/tangible asset out of the Research and development activity is amortized/written off over the estimated life of the asset.

1.12 Revenue Recognition:

- Sales are recognized when the significant risks attached to the goods are passed on to the buyer and are recorded net of duties, trade discounts, and rebates.
- Sales Returns are recognized as and when ascertained and are reduced from the sales turnover of the year.
- Interest income is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.
- Export benefits are accounted on accrual basis.
- Service Income is recognised as and when "On Air" status has been achieved as certified by the customer; based on the contractual terms and conditions of each site of the "In building wireless solutions" upto the end of the year.
- Future rentals invoiced as per the contractual terms are excluded from the services income as "Advance Income received".

1.13 Warranty Expenses: Estimated amount of warranty expenses evaluated on a technical basis on sale of Radio Products wherever it is obligated to cover under warranty, is provided in the year of sale and the

expired portion of the Warranty expenses relating to the period/year are transferred to the Statement of Profit and Loss. Unexpired portion of the Warranty expenses is carried over as a liability in the books of account and is written back over the number of years of the coverage of warranty on the basis of estimated warranty expenses for such products.

1.14 Exchange Fluctuation:

- a. Foreign currency transactions are accounted at exchange rates prevailing on the date of the transaction.
- b. Gains and losses resulting from the settlement of foreign currency transaction and from the translation of monetary assets and liabilities denominated in foreign currencies at the yearend rates are recognized in the Statement of Profit and Loss.
- c. In case the monetary assets and liabilities are covered by forward contract, the premium or discount arising at the inception of such a forward contract is amortized as expense or income over the life of the contract.
- d. For the purpose of consolidation of accounts of foreign subsidiaries, average rate of currencies have been taken for revenue items and year-end rates have been applied for Balance sheet items as per Accounting Standard 11 (AS 11) – “The effects of changes in Foreign Exchange Rates”, notified by the Central Government of India under the Companies (Accounting Standard) Rules 2006.
- e. The net exchange difference for the translation items in the financial statement of foreign subsidiaries is taken to Exchange Fluctuation Reserve.

1.15 Employee Benefits:

In respect of Parent Company including Indian Subsidiaries

- **Provident Fund:** Eligible employees receive benefits from a Provident Fund, which is a defined contribution plan. Aggregate contributions along with interest thereon, are paid at retirement, death, incapacitation or termination of employment. Both the employee and the Company make monthly contributions to the Government administered Provident Fund. The Company has no obligation beyond its contribution.
- **Gratuity:** A defined benefit retirement plan (“the Gratuity Plan”) is provided to all employees. In accordance with the Payment of Gratuity Act, 1972, the Gratuity Plan provides a lump sum amount to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of employment. Liabilities with regard to the Gratuity plan are determined by actuarial valuation using the projected unit credit method, as of the balance sheet date.
- Expenses on ex-gratia payment to employees, a defined contribution plan, are accounted as and when accepted by the management.
- Provision in respect of Leave encashment is made, based on actuarial valuation.

In respect of foreign subsidiaries:

Foreign subsidiaries make contribution to various social security plans and insurance schemes as per local requirements and generally accepted practices in their respective country of incorporation. Such contributions are charged to Statement of Profit and Loss in the year in which liability to pay arises.

1.16 Borrowing Cost:

Borrowing costs relating to acquisition of qualifying assets are capitalized until the time all substantial activities necessary to prepare the qualifying assets for their intended use are complete. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. All other borrowing costs not eligible for capitalization are charged to revenue.

1.17 Taxes:

- Tax expense comprises of current and deferred tax. Current Income Tax is measured based on the tax liability computed after considering tax allowances and exemptions.
- Deferred tax is recognized, subject to the consideration of prudence in respect of deferred tax assets, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.
- Deferred Tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

1.18 Cash Flow Statement:

Cash flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of a non cash nature, any deferrals or accruals of past or future operating cash receipts or payments and items income or expense associated with investing or financing cash flows. Cash and Cash Equivalents include Cash on hand and balance with banks in current and deposit accounts, with necessary disclosure of cash and cash equivalent balances that are not available for use by the company.

1.19 Stock Option Plan (2008):

The Company instituted the Kavveri ESOS 2008 Plan for all eligible employees in pursuance of the special resolution approved by the shareholders by Postal ballot on 23rd April 2008. The Kavveri ESOS 2008 Plan covers all employees of the company and its subsidiaries and Directors (excluding Promoter Directors) of the Company and its subsidiaries (collectively, "eligible employees"). Under the Scheme, the Compensation Committee of the Board ('the Committee') shall administer the Scheme and grant stock options to eligible directors and employees of the Company and its Subsidiaries. The Committee shall determine the employees eligible for receiving the options, the number of options to be granted, the exercise price, the vesting period and exercise period. Vesting of employee stock options granted occurs in tranches as under:

Period	Vesting proportion
At the end of one year from the date of grant	20%
At the end of two years from the date of grant	30%
At the end of three years from the date of grant	50%

The exercise price for the purpose of exercise of options will be at Rs.10/- per share i.e. at par.

The employee stock options granted shall be capable of being exercised within a period of 5 years from the date of vesting options or such lesser period as may be decided by the Compensation Committee from time to time.

Under the Scheme 3,07,200 stock options out of the total of 5,00,000 stock options reserved for grant of options having an exercise price equal to the par value of the underlying equity shares on the date of grant (i.e. Rs. 10 per option) are outstanding as at the balance sheet date.

As the number of shares that an individual employee is entitled to receive and the price of the options are known at the grant date, the scheme is considered as a fixed grant.

In the case of termination of employment, all non-vested options would stand cancelled. Options that have been vested but have not been exercised can be exercised within the time prescribed under each option agreement by the Committee or if no time limit is prescribed, within 30 days of the date of employment termination, failing which they would stand cancelled.

The Company follows intrinsic method of accounting based on which the compensation cost is recognized in the Statement of Profit and Loss.

During the current year, the company under the Kavveri 2008 Plan has granted 76,800 options to eligible employees.

1.20 Earnings per share:

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. The weighted average number of shares outstanding during the year is adjusted for events of bonus issue.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

1.21 Contingent Liability:

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent liabilities are not recognized but are disclosed in the Notes. Contingent assets are neither recognized nor disclosed in the financial statements.

. STATEMENT ON SIGNIFICANT ACCOUNTING POLICIES FOR CONSOLIDATED ACCOUNTS

1.1 Basis of Preparation of Financial Statements:

The consolidated financial statements (CFS) relate to Kavveri Telecom Products Limited hereinafter referred to as the "Company") and its Subsidiaries (hereinafter referred as the "Group")

The accounts of the group are prepared and presented under the historical cost convention on the accrual basis of accounting in accordance with the accounting principles generally accepted in India ("GAAP") and comply with the mandatory accounting standards notified by the Central Government of India under the Companies (Accounting Standards) Rules, 2006 and with the relevant provisions of the Companies Act, 1956.

The financial statements have been prepared to comply in all material respects with the notified Accounting Standards by Companies Accounting Standards Rules, 2006 and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention on an accrual basis in accordance with accounting principles generally accepted in India. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year and in case of any such variation in the accounting policy as compared to the previous year; such variations are disclosed separately as a part of notes to accounts.

1.2 Principles of Consolidation:

i) The consolidated financial statements of Kavveri Telecom Products Ltd together with audited financial statements of its subsidiaries, has been consolidated for the purpose of consolidation.

ii) The financial statements of the parent company and its subsidiaries have been combined to the extent possible on a line by line basis by adding together like items of assets, liabilities, income and expenses. The results of subsidiaries acquired or disposed off during the year are included in consolidated Statement of Profit and Loss from the effective date of acquisition or upto the effective date of disposal as appropriate.

iii) The consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are prepared to the extent possible, in the same manner as the parent company's financial statements.

iv) Minority interest in the net income and net asset of the consolidated financial statements are computed and shown separately. Losses applicable to minority in excess of minority interest in the subsidiaries equity are allowed against the interest of the group.

v) Unamortised carrying value of goodwill is tested for impairment as at each balance sheet date.

vi) Subsidiaries – The subsidiary companies considered in CFS are:

Name of the company	Country of incorporation	Percentage of holding as on 31 st March, 2012	Accounting Period
Direct subsidiaries			
Eaicom India Private Limited	India	100%	1 st April 2012 to 31 st March 2013
Kavveri Telecom Infrastructure Limited	India	51%	1 st April 2012 to 31 st March 2013
Kavveri Telecom Products UK Limited	England	100%	1 st April 2012 to 31 st March 2013
Kavveri Technologies Inc	Canada	100%	1 st April 2012 to 31 st March 2013
Kavveri Telecom Espana	Spain	100%	1 st April 2012 to 31 st March 2013
Subsidiaries of wholly owned subsidiary, Kavveri Technologies Inc			
Til – Tek Antennae Inc	Canada	100%	1 st April 2012 to 31 st March 2013
Trackcom Systems International Inc	Canada	67%	1 st April 2012 to 31 st March 2013
DCI Digital Communications Inc	Canada	100%	1 st April 2012 to 31 st March 2013
Spotwave Wireless Ltd	Canada	100%	1 st April 2012 to 31 st March 2013
Kaveri Realty 5 Inc	Canada	100%	1 st April 2012 to 31 st March 2013
Subsidiaries of wholly owned subsidiary, Kavveri Telecom Espana			
Ryma De Mexico, SA DE C.V	Mexico	100%	1 st April 2012 to 31 st March 2013

1.3 Use of estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of the operations during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

1.4 Fixed Assets:

- Fixed Assets are stated at cost of acquisition (Net of Cenvat and VAT) plus subsequent improvements thereto including taxes, duties, freight and other incidental expenses related to acquisition and installation including finance charges which are directly attributable to the Fixed assets less accumulated depreciation and impairment loss.
- Capital Work in Progress comprises of the cost of fixed assets that are not put to use as at the Balance Sheet date and advance paid towards acquisition of Fixed Assets and relevant financial charges incurred thereon.
- Technical knowhow acquired to be used to upgrade and develop new products and used for enhancement of features & functionalities of the products are capitalised under Fixed asset as Technical Knowhow.
- Software which are not integral part of the hardware are classified as Intangibles and is stated at cost less accumulated amortization. Software's are being amortized over the estimated useful life which is estimated as 3 Years.
- Temporary structures installed at the leased out premises is being written off over the tenure of the lease agreement.
- The excess of cost of the Company of its investments in the subsidiary Company over its share of the equity of the subsidiary Company, at the dates on which the investment in the subsidiary Company was made, is recognized as "Goodwill" being an asset in the consolidated financial statement.

1.5 Depreciation:

- Depreciation on Fixed Assets is provided using Straight-line method at the rates prescribed under Schedule XIV of the companies Act, 1956 on proportionate basis.
- Cost of Technical knowhow is being written off over a period of 10 years.
- Cost of assets wherever is less than Rs. 5000 is written off fully in the year of purchase.
- Depreciation in respect of overseas subsidiaries is provided over the estimated useful life by using the Witten Down Value (WDV) method.
- However, the said rates of depreciation, respect of overseas subsidiaries are higher than the rates prescribed vide Schedule XIV to the Companies Act, 1956.

1.6 Minority Interest

Minority interest is the net assets of consolidated subsidiaries consist of the amount of equity attributable to the minority shareholders at the dates on which investments are made by the Company in the subsidiary companies and further movements in their share in the equity, subsequent to dates of investments as stated above. The excess of loss over the minority interest in the equity is adjusted against General Reserve of the Company.

1.7 Impairment of Assets:

The Company assesses at each Balance Sheet date, whether there is any indication that an asset may be impaired based on internal/external factors. If any such indication exists, the Company estimates the recoverable amount of the asset. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.

1.8 Leases:

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased term, are classified as operating leases. Operating lease payments are recognized as an expense in the Statement of Profit and Loss on a straight-line basis over the lease term.

Subsidiary company takes on lease various properties on lease to provide "In building Solutions" which are cancellable and is in turn sub let to various cell phone operators while providing "In building Solutions".

1.9 Inventory Valuation:

Raw Materials, Stores and spares and Traded Goods are stated at lower of cost and net realizable value. Cost is determined based on first in first out basis and are net of provisions.

Work in Progress and Finished Goods are valued at lower of cost and net realizable value. Cost includes Direct Materials and labour and a proportion of manufacturing overheads based on normal operating capacity.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and selling expenses.

1.10 Investments:

Investments that are readily realizable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long term investments. Long term investments are carried at cost. However, provision for diminution in value is made to recognize a diminution other than temporary in the value of investments.

1.11 Research and Development:

Expenditure on Research and Development other than capital items is charged to revenue. Cost incurred on any generation of intangible/tangible asset out of the Research and development activity is amortized/written off over the estimated life of the asset.

1.12 Revenue Recognition:

Sales are recognized when the significant risks attached to the goods are passed on to the buyer and are recorded net of duties, trade discounts, and rebates.

- Sales Returns are recognized as and when ascertained and are reduced from the sales turnover of the year.
- Interest income is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.
- Export benefits are accounted on accrual basis.
- Service Income is recognised as and when "On Air" status has been achieved as certified by the customer; based on the contractual terms and conditions of each site of the "In building wireless solutions" upto the end of the year.
- Future rentals invoiced as per the contractual terms are excluded from the services income as "Advance Income received".

1.13 Warranty Expenses: Estimated amount of warranty expenses evaluated on a technical basis on sale of Radio Products wherever it is obligated to cover under warranty, is provided in the year of sale and the expired portion of the Warranty expenses relating to the period/year are transferred to the Statement of Profit and Loss. Unexpired portion of the Warranty expenses is carried over as a liability in the books of account and is written back over the number of years of the coverage of warranty on the basis of estimated warranty expenses for such products.

1.14 Exchange Fluctuation:

- a. Foreign currency transactions are accounted at exchange rates prevailing on the date of the transaction.
- b. Gains and losses resulting from the settlement of foreign currency transaction and from the translation of monetary assets and liabilities denominated in foreign currencies at the yearend rates are recognized in the Statement of Profit and Loss.
- c. In case the monetary assets and liabilities are covered by forward contract, the premium or discount arising at the inception of such a forward contract is amortized as expense or income over the life of the contract.
- d. For the purpose of consolidation of accounts of foreign subsidiaries, average rate of currencies have been taken for revenue items and year-end rates have been applied for Balance sheet items as per Accounting Standard 11 (AS 11) – "The effects of changes in Foreign Exchange Rates", notified by the Central Government of India under the Companies (Accounting Standard) Rules 2006.
- e. The net exchange difference for the translation items in the financial statement of foreign subsidiaries is taken to Exchange Fluctuation Reserve.

1.15 Employee Benefits:

In respect of Parent Company including Indian Subsidiaries:

- **Provident Fund:** Eligible employees receive benefits from a Provident Fund, which is a defined contribution plan. Aggregate contributions along with interest thereon, are paid at retirement, death, incapacitation or termination of employment. Both the employee and the Company make monthly contributions to the Government administered Provident Fund. The Company has no obligation beyond its contribution.
- **Gratuity:** A defined benefit retirement plan ("the Gratuity Plan") is provided to all employees. In accordance with the Payment of Gratuity Act, 1972, the Gratuity Plan provides a lump sum amount to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of employment. Liabilities with regard to the Gratuity plan are determined by actuarial valuation using the projected unit credit method, as of the balance sheet date.
- Expenses on ex-gratia payment to employees, a defined contribution plan, are accounted as and when accepted by the management.
- Provision in respect of Leave encashment is made, based on actuarial valuation.

In respect of foreign subsidiaries:

Foreign subsidiaries make contribution to various social security plans and insurance schemes as per local requirements and generally accepted practices in their respective country of incorporation. Such contributions are charged to Statement of Profit and Loss in the year in which liability to pay arises.

1.16 Borrowing Cost:

Borrowing costs relating to acquisition of qualifying assets are capitalized until the time all substantial activities necessary to prepare the qualifying assets for their intended use are complete. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. All other borrowing costs not eligible for capitalization are charged to revenue.

1.17 Taxes:

- Tax expense comprises of current and deferred tax. Current Income Tax is measured based on the tax liability computed after considering tax allowances and exemptions.
- Deferred tax is recognized, subject to the consideration of prudence in respect of deferred tax assets, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.
- Deferred Tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

1.18 Cash Flow Statement:

Cash flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of a non cash nature, any deferrals or accruals of past or future operating cash receipts or payments and items income or expense associated with investing or financing cash flows. Cash and Cash Equivalents include Cash on hand and balance with banks in current and deposit accounts, with necessary disclosure of cash and cash equivalent balances that are not available for use by the company.

1.19 Stock Option Plan (2008): The Company instituted the Kavveri ESOS 2008 Plan for all eligible employees in pursuance of the special resolution approved by the shareholders by Postal ballot on 23rd April 2008. The Kavveri ESOS 2008 Plan covers all employees of the company and its subsidiaries and Directors (excluding Promoter Directors) of the Company and its subsidiaries (collectively, "eligible employees"). Under the Scheme, the Compensation Committee of the Board ('the Committee') shall administer the Scheme and grant stock options to eligible directors and employees of the Company and its Subsidiaries. The Committee shall determine the employees eligible for receiving the options, the number of options to be granted, the exercise price, the vesting period and exercise period. Vesting of employee stock options granted occurs in tranches as under:

Period	Vesting proportion
At the end of one year from the date of grant	20%
At the end of two years from the date of grant	30%
At the end of three years from the date of grant	50%

The exercise price for the purpose of exercise of options will be at Rs.10/- per share i.e. at par.

The employee stock options granted shall be capable of being exercised within a period of 5 years from the date of vesting options or such lesser period as may be decided by the Compensation Committee from time to time.

Under the Scheme 3,07,200 stock options out of the total of 5,00,000 stock options reserved for grant of options having an exercise price equal to the par value of the underlying equity shares on the date of grant (i.e. Rs. 10 per option) are outstanding as at the balance sheet date.

As the number of shares that an individual employee is entitled to receive and the price of the options are known at the grant date, the scheme is considered as a fixed grant.

In the case of termination of employment, all non-vested options would stand cancelled. Options that have been vested but have not been exercised can be exercised within the time prescribed under each option agreement by the Committee or if no time limit is prescribed, within 30 days of the date of employment termination, failing which they would stand cancelled.

The Company follows intrinsic method of accounting based on which the compensation cost is recognized in the Statement of Profit and Loss.

During the current year, the company under the Kavveri 2008 Plan has granted 76,800 options to eligible employees.

1.20 Earnings per share:

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. The weighted average number of shares outstanding during the year is adjusted for events of bonus issue.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

1.21 Contingent Liability:

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent liabilities are not recognized but are disclosed in the Notes. Contingent assets are neither recognized nor disclosed in the financial statements.

Statement pursuant to Section 212 of the Companies Act, 1956

PARTICULARS	KAVERI TELECOM INFRASTRUCTURE LTD	KAVVERI TECHNOLOGIES INC	TIL TEK ANTE NNA INC	DCI DIGITAL COMMUNICATIONS INC	SPOT WAVE WIRELESS LTD.,	KAVE RI REALTY5 INC	TRAC KCOM SYST EMS INTER NATIONAL INC.	EAIC OM INDI A PRIV ATE LIMITE D	Kavve ri Telec om Produ cts UK Limited	Ryms a
FINANCIAL YEAR OF THE SUBSIDIARY ENDED ON	31.03.2012	31.03.2012	31.03.2012	31.03.2012	31.03.2012	31.03.2012	31.03.2012	31.03.2012	31.03.2012	31.03.2012
HOLDING COMPANY'S INTEREST IN THE SUBSIDIARY AS AT	9096000 EQUITY SHARES	230700 SHARES OF	120 EQUITY SHARES OF	1000 EQUITY SHARES OF	120 EQUITY SHARES OF	120 EQUITY SHARES OF	67 EQUITY SHARES OF	212850 EQUITY SHARES	1 EQUITY SHARE OF	
31.03.2012	OF RS.10/- EACH	CAD 10/- EACH	CAD 1/- EACH	CAD 1/- EACH	USD 1/- EACH	CAD 1/- EACH	USD 1/- EACH	OF RS.10/- EACH	& 1/-	
EXTENT OF HOLDING	51%	100%	100%	100%	100%	100%	67%	100%	100%	100%
NET AGREGATE AMOUNT OF SUBSIDIARY COMPANY'S PROFIT /(LOSSES) NOT DEALT WITH THE HOLDING COMPANY'S ACCOUNTS:										
FOR THE AFORESAID FINANCIAL YEAR ENDED 31.03.2012	4209938.00	7107048	12732289	4696127	18549419	(6911078)	(20727862)		NIL	1108204
FOR THE PREVIOUS FINANCIAL YEAR ENDED 31.03.2011	25027256	(18731288)	15668705	8059290	27012919	(769402)	394922	(9842718)	11076	NIL
CHANGE OF INTEREST OF THE COMPANY IN THE SUBSIDIARY BETWEEN THE END OF FINANCIAL YEAR OF THE SUBSIDIARY COMPANY AND THAT OF HOLDING COMPANY	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL

NOTE: As the financial year of the subsidiary company coincides with the financial year of the Holding

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