

Date: 09.12.2020

To, BSE Limited, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai- 400 001  Scrip Code: 590041	To, The Manager, Department of Corporate Services, The National Stock Exchange of India Limited BKC Complex, Bandra (East), Mumbai  NSE Symbol: KAVVERITEL
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**Subject : 25th Annual General Meeting of the Company.**

Dear Sirs,

This is to inform you that,

1. 25<sup>th</sup> Annual General Meeting of the company is scheduled to be held on Thursday, 31<sup>st</sup> December 2020 at 10.00 A.M at No. 31-36, I Main, II Stage, Arekere MICO Layout, Bannerghatta Road, Bangalore 560 076.
2. The Register of Members and the Share Transfer Books of the Company will remain closed from Thursday, December 24, 2020 to Thursday, December 31, 2020 (both days inclusive) for the purpose of the AGM.
3. The e-voting period commences on December 28, 2020 (09.00 A.M.) and ends on December 30, 2020 (05.00 P.M.). (both days inclusive).
4. We are sending a soft copy of the AGM Notice and Annual Report 2019-20 to all shareholders through email.
5. Attaching herewith the Notice Calling 25<sup>th</sup> Annual General Meeting and Board's Report for the financial year 2019-2020.

Kindly take the same on record.

Thanking You,  
Yours faithfully,  
**For Kavveri Telecom Products Limited**



**CHENNAREDDY SHIVAKUMARREDDY**

**Managing Director**

**DIN: 01189348**

**KAVVERI TELECOM PRODUCTS LIMITED**

(L85110KA1996PLC019627)

**BOARD OF DIRECTORS**

Name of the Director	DIN	Designation
Mr. CHENNAREDDY SHIVAKUMARREDDY	01189348	Chairman and Managing Director
RAJPETA KASTURI HANUMENTHAREDDY	00291851	Director (Operations)
SHANKARNARAYAN SRIKANTIAH BANGALORE	00269705	Independent Director
LAKSHMIPURAM RAJAGOPALACHAR VENUGOPAL	01058716	Independent Director

**COMPLIANCE OFFICER**

Ms. KAMLA CHOUDHARY,  
Company Secretary & Compliance Officer  
(Appointed w.e.f 14th September 2020)

**STATUTORY AUDITORS**

P. Murali & Co.  
Chartered Accountants  
6-3-655/2/3, Somajiguda, Hyderabad-500082  
Phone:040-2332 6666 Fax 040-2339 2474

**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**

Andhra Bank,  
STATE BANK OF INDIA  
AXIS BANK

**REGISTRAR & SHARE TRANSFER AGENTS**

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

**Company E Mail** : [companysecretary@kavveritelecoms.com](mailto:companysecretary@kavveritelecoms.com)

**Company Website** : [www.kavveritelecoms.com](http://www.kavveritelecoms.com)

**LISTING AT**

The National Stock Exchange of India Limited  
BSE Limited

ISIN : INE641C01019

**NOTICE**

NOTICE is hereby given that the 25th Annual General Meeting of the Members of the Company will be held on Thursday, the 31<sup>st</sup> December, 2020 at 10.00 A.M at No. 31-36, I Main, II Stage, Arekere MICO Layout, Bannerghatta Road, Bangalore 560 076 to consider the following Business:

**ORDINARY BUSINESS:**

01. To receive, consider and adopt the Financial Statements of the Company for the year ended 31st March 2020 including the Audited Balance Sheet and Statement of Profit & Loss for the year ended on that date and Reports of Directors and Auditors thereon for the said year.
02. To appoint a Director in place of Mrs. R H Kasturi, who retires by rotation and being eligible offers herself for reappointment.

For and on behalf of the Board of Directors of  
**KAVVERI TELECOM PRODUCTS  
LIMITED**

Sd/-  
C. Shivakumar Reddy  
CHAIRMAN & MANAGING DIRECTOR  
DIN: 01189348

Place : Bangalore  
Date : 08.12.2020

## **NOTES**

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON HIS / HER BEHALF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. Pursuant to the provisions of Section 105 of the Companies Act, 2013, a person can act as a proxy on behalf of not more than fifty members and holding in aggregate not more than ten percent of the total Share Capital of the Company. Members holding more than ten percent of the total Share Capital of the Company may appoint a single person as proxy, who shall not act as a proxy for any other Member. The instrument of Proxy, in order to be effective, should be deposited at the Registered Office of the Company, duly completed and signed, not later than 48 hours before the commencement of the meeting. A Proxy Form is annexed to this Report. Proxies submitted on behalf of limited companies, societies, etc., must be supported by an appropriate resolution / authority, as applicable.
  
2. The Register of Members and Share Transfer Books of the Company will remain closed from Thursday, 24th December 2020 to Thursday 31st December 2019 (both days inclusive). The book closure dates have been fixed in consultation with the Stock Exchanges.
  
3. The relevant details of Director seeking re-appointment under item no. 2 of this Notice are provided in the Annual Report.
  
4. Pursuant to Section 101 and Section 136 of the Companies Act, 2013 read with relevant Rules made thereunder, Companies can serve Annual Reports and other communications through electronic mode to those Members who have registered their e-mail address either with the Company or with the Depository. Members who have not registered their e-mail address with the Company can now register the same by submitting a duly filled in 'E-Communication Registration Form', available on the website of the Share Transfer Agent of the Company, to Integrated Registry Management Services Private Limited (Formally M/s. Integrated Enterprises (India) Ltd., & previously Alpha Systems Pvt Ltd.), Members holding shares in demat form are requested to register their e-mail address with their Depository Participant(s) only. Members of the Company, who have registered their e-mail address, are entitled to receive such communication in physical form upon request.
  
5. The Notice of AGM, Annual Report and Attendance Slip are being sent in electronic mode to Members whose e-mail IDs are registered with the Company or the Depository Participant(s) unless the Members have registered their request for a hard copy of the same. Physical copy of the Notice of AGM, Annual Report and Attendance Slip are being sent to those Members who have not registered their e-mail IDs with the Company or Depository Participant(s). Members who have received the Notice of AGM, Annual Report and Attendance Slip in electronic mode are requested to print the Attendance Slip and submit a duly filled in Attendance Slip at the registration counter to attend the AGM.

6. Pursuant to Section 108 of the Companies Act, 2013, read with the relevant Rules of the Act, the Company is pleased to provide the facility to Members to exercise their right to vote by electronic means. The Members, whose names appear in the Register of Members / list of Beneficial Owners as on 23rd December 2020, are entitled to vote on the Resolutions set forth in this Notice. Members who have acquired shares after the dispatch of the Annual Report and before the book closure may approach the Share Transfer Agent of the Company for issuance of the User ID and Password for exercising their right to vote by electronic means. The e-voting period will commence at 9.00 a.m. on 28th, December 2020 and will end at 5.00 p.m. on 30th December 2020. And whoever not voted in this time period, once again the e-voting facility will be enabled on the date of AGM. The Company has appointed CS Guruprasada Bhat, Company Secretary in practice, to act as the Scrutinizer, for conducting the scrutiny of the votes cast. The Members desiring to vote through electronic mode may refer to the detailed procedure on e-voting given hereinafter.

**7. The instructions for shareholders voting electronically are as under:**

- i. The e-voting period will commence at 9.00 a.m. on 28th, December 2020 and will end at 5.00 p.m. on 30th December 2020. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of 23rd December 2020, may cast their vote electronically. And whoever not voted in this time period, once again the e-voting facility will be enabled on the date of AGM The e-voting module shall be disabled by CDSL for voting thereafter.
- ii. The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
- iii. Click on Shareholders
- iv. Now Enter your User ID
  - a. For CDSL: 16 digits beneficiary ID,
  - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- v. Next enter the Image Verification as displayed and Click on Login.
- vi. If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.
- vii. If you are a first time user follow the steps given below:

	For Members holding shares in Demat Form and Physical Form
PAN	<p>Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> <li>• Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field.</li> <li>• In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the</li> </ul>

DOB	name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.  Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.
Dividend Bank Details	Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio.
	• Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv).

- viii. After entering these details appropriately, click on "SUBMIT" tab.
- ix. Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- x. For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- xi. Click on the EVSN for KAVEERI TELECOM PRODUCTS LIMITED on which you choose to vote.
- xii. On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- xiii. Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- xiv. After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- xv. Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- xvi. You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- xvii. If Demat account holder has forgotten the same password then Enter the User ID and the image verification code and click on Forgot Password& enter the details as prompted by the system.
- xviii. Note for Non – Individual Shareholders and Custodians

- a. Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves as Corporate.
    - b. After receiving the login details a compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
    - c. The list of accounts should be mailed to [helpdesk.evoting@cDSLindia.com](mailto:helpdesk.evoting@cDSLindia.com) and on approval of the accounts they would be able to cast their vote.
    - d. A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
  - xix. In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com), under help section or write an email to [helpdesk.evoting@cDSLindia.com](mailto:helpdesk.evoting@cDSLindia.com).
  - xx. The e-voting module shall be disabled by CDSL after 5.00 p.m. on 31<sup>st</sup> December 2020.
  - xxi. The results shall be declared on or before 3rd January 2021. The results along with the Scrutinizer’s Report, shall also be placed on the website of the Company.
8. Members holding shares in physical form are requested to intimate any change of address and / or bank mandate to Integrated Registry Management Services Private Limited (formally M/s. Integrated Enterprises (India) Ltd) Investor Service Department of the Company immediately.
9. The Securities and Exchange Board of India has mandated submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in demat form are, therefore, requested to submit PAN details to the Depository Participants with whom they have demat accounts. Members holding shares in physical form can submit their PAN details to M/s. Integrated Enterprises (India) Ltd / Investor Service Department of the Company.
10. For convenience of the Members and proper conduct of the meeting, entry to the meeting venue will be regulated by Attendance Slip. Members are requested to sign at the place provided on the Attendance Slip and hand it over at the registration counter.



11. Members desiring any information relating to the accounts are requested to write to the Company well in advance so as to enable the management to keep the information ready.

### **Chairman's message**

Dear Shareholders,

I am privileged to present on behalf of the Board of Kavveri Telecom Products Limited., the 25<sup>th</sup> Annual Report of the company for the financial year ended March 31, 2020. The year saw a very challenging economic environment starting from around October 2019 with India's GDP growth coming down to 4.7 % in Oct –Dec 2019 and then down to 3.1 % in Jan-March 2020. This was followed by the lockdowns starting from 25<sup>th</sup> March 2020 due to the global COVID-19 pandemic and your Company's fourth quarter (January -March 2020) was very seriously affected in terms of both the sales revenue, and its profit before tax.x`

The COVID-19 pandemic has changed the way people think and live today and your company and its management has also had to face and live with the 'new normal' since the last week of March 2020. Infact, over and above the guidelines from the concerned authorities, your company has taken many steps to educate the employees on how to 'take care and stay safe' both in the Company's premises and outside.

#### International economic situation:

After slowing sharply in the last three quarters of 2018, the pace of global economic activity remains weak. Momentum in manufacturing activity, in particular, has weakened substantially, to levels not seen since the global financial crisis. Rising trade and geopolitical tensions have increased uncertainty about the future of the global trading system and international cooperation more generally, taking a toll on business confidence, investment decisions, and global trade. A notable shift toward increased monetary policy accommodation—through both action and communication—has cushioned the impact of these tensions on financial market sentiment and activity, while a generally resilient service sector has supported employment growth.

#### Indian manufacturing sector – an overview:

The manufacturing component of IIP stood at 129.8 during FY20. Strong growth was recorded in the production of basic metals (10.8%), intermediate goods (8.8%), food products (2.7%) and tobacco products (2.9%). India's Index of Eight Core Industries stood at 131.9 in FY20.

India's manufacturing PMI stood at 52 in August 2020. Also, companies would start to spend more on hiring and anticipate good growth in prospects. As per the latest survey, capacity utilisation in India's manufacturing sector stood at 68.9% in Q3FY20.

The electronic goods industry is one of the fastest growing industries and is expected to be worth Rs 27.96 lakh crore (US\$ 400 billion) by 2020. The Government is working on an export-oriented policy for electronic products. The idea behind this policy is to promote greater export of electronics and drive larger investments by setting up port-based electronic manufacturing clusters.

The Government of India has been supportive towards industry's growth. It has set up Electronic Hardware Technology Parks (EHTPs), Special Economic Zones (SEZs) and has brought about a favourable climate for Foreign Direct Investment (FDI). The Government has also increased liberalisation and has relaxed tariffs to promote growth in the sector. In addition, it has given the nod to Modified Special Incentive Package Scheme (MSIPS) under which the Central Government will be offering up to Rs 11,881 crore (US\$ 1.7 billion) in benefits to the electronics sector in the next five years. Under the scheme, a subsidy for investment in capital expenditure is provided to the extent of 20% of investment in SEZs and 25% of investment in non-SEZs.

The growing customer base and the increased penetration in consumer durables segment have provided enough scope for the growth of the Indian electronics sector. Also, digitization of cable could lead to increased broadband penetration in the country and open new avenues for companies in the electronics industry.

Merchandise export decreased 4.78% y-o-y to reach US\$ 314.31 billion in FY20.

National Policy on Electronics (NPE), passed by the Union Cabinet in February 2019, envisaged the creation of Rs 27.96 lakh crore (US\$ 400 billion) electronics manufacturing industry in the country by 2025. 32% growth rate has been targeted globally over the next five years. Electronics manufacturing is expected to increase at an annual rate of 30% over the next five years and clock Rs 11.5 lakh crore (US\$ 163.14 billion) additional production during this period.

#### Financial performance:

For the reasons above stated, your Company's sales on a consolidated basis declined by 17.55 % year on year recording a total of ₹533 /- Lakhs revenue in FY20 as compare to FY 19 Rs. 647/- Lakhs.

## **Constitution of the Board of Directors**

Though mentioned later also in this Annual Report of your company, I would like to bring the following three important changes to the Board of your Company to your attention:

1. Mr. Y BHASKAR RAO, an Independent Director of the Company, has resigned from the Board with effect from July 22, 2019. I would like to place on record here our sincere appreciation of the significant contributions made by Mr. Y BHASKAR RAO during his tenure as a Director on the Board of your company. The Board wishes him all the best in all his future endeavors.

Finally, I would like to convey my sincere gratitude to my esteemed colleagues on the Board for their valuable advice and guidance which ensures that your company adheres to its principles, policies and processes and successfully meets the various challenges arising in these difficult times.

Thank you.

Sd/-

CHENNAREDDY SHIVAKUMARREDDY

Chairman

DIN: 01189348

**BOARD'S REPORT**

Your Directors are pleased to present below the 25<sup>th</sup> Annual Report along with the Consolidated and Standalone Audited Financial Statements for the financial year ended March 31, 2020.

**FINANCIAL RESULTS (₹ IN Lakhs)**

Particulars ( In ₹ Lakhs)	Consolidated		Standalone*	
	FY20	FY19	FY20	FY19
Total Revenue	533.71	647.32	184.31	180.29
<b>Profit before exceptional items and tax</b>	<b>(1633.95)</b>	<b>(2061.06)</b>	<b>(1661.29)</b>	<b>(2162.96)</b>
Add/Less-Exceptional Items Income/(Expense)	-	-	-	-
<b>Profit after exceptional items and before Tax</b>	<b>(1633.95)</b>	<b>(2061.06)</b>	<b>(1661.29)</b>	<b>(2162.96)</b>
<b>Less: provision for tax</b>	-	-	-	-
Current tax	-	-	-	-
Tax adjustment relating to earlier years	-	-	-	-
Deferred tax (credit)/charge	132.68	(2137.75)	132.68	(2137.74)
<b>Profit after Tax</b>	<b>(1766.63)</b>	<b>76.69</b>	<b>(1793.96)</b>	<b>(25.21)</b>
<b>Other comprehensive income for the year, net of tax</b>	-	-	-	-
<b>Total comprehensive income for the year</b>	-	-	-	-
Add: balance brought forward from previous year	-	-	-	-
<b>Total available for appropriation</b>	-	-	-	-
Interim dividend	-	-	-	-
Dividend distribution tax	-	-	-	-
Share based compensation adjustment	-	-	-	-
Balance transferred to Balance Sheet	(1766.63)	76.69	(1793.96)	(25.21)

\* The previous period figures have been regrouped and/or reclassified wherever necessary to confirm with the current period presentation in compliance with Ind AS requirement.

**DIVIDEND AND RESERVES**

The Directors regret their inability to recommend dividend for the year under review due to insufficient profit.

The Company has not transferred any amounts to reserves for the financial year ended March 31, 2020.

## **OPERATING RESULTS**

The Company's consolidated net revenue stood at Rs. 533.71/- Lakhs during the Financial Year as against the total revenue of Rs. 647.32/- Lakhs during the preceding financial year 2018-19 and the company has suffered loss after tax of Rs. 1766.63/- Lakhs during the Financial Year as compared to Profit of Rs. 76.69/- Lakhs during the preceding Financial Year 2018-19.

## **COMPANY'S PRODUCTS / SERVICES**

Kavveri Telecom Products Limited is a leading telecom wireless subsystem products manufacturer, providing world class, hardware products and solutions for the Telecom, Defense & 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 shareholding community, clients , business partners and employees.

## **CHANGES IN SHARE CAPITAL**

There were no changes in the Share Capital of the Company during the financial year.

## **CAPITAL STRUCTURE OF THE COMPANY**

The Authorized Share Capital of the Company as on date is ₹ 25,00,00,000/- (Indian Rupees Twenty Five Crores only) divided into 2,50,00,000 (Two Crore Fifty Lakhs only) Equity Shares of ₹ 10/- (Indian Rupees Ten only) each.

The Issued, Subscribed and Paid up Share Capital of the Company as on date is ₹ 20,12,42,600/- (Indian Rupees Twenty Crore Twelve Lakhs Forty Two Thousand Six Hundred only) divided into 2,01,24,260 (Two Crore One Lakh Twenty Four Thousand Two Hundred Sixty only) Equity Shares of ₹ 10/- (Rupees Ten only) each.

## **Disclosure regarding Issue of Equity Shares with Differential Voting Rights**

During the financial year under review, the Company has not issued Shares with Differential Voting Rights.

### **Disclosure regarding issue of Employee Stock Options**

During the financial year under review, the Company has not issued Shares Employee Stock Options.

### **Disclosure regarding issue of Sweat Equity Shares**

During the financial year under review, the Company has not issued Sweat Equity Shares.

## **MATERIAL CHANGES AND COMMITMENTS**

There has been no material changes and commitments, affecting the financial performance of the Company which occurred between the end of the financial year of the Company to which the financial statements relate and the date of this Report.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

The Management Discussion and Analysis (MD&A) Report is annexed to this report as **“Annexure I”** as required under Regulation 34 of SEBI [Listing Obligations and Disclosure Requirements (LODR)] Regulations, 2015 (Hereinafter referred as SEBI (LODR) Regulations 2015).

## **DIRECTORS AND KEY MANAGERIAL PERSONNEL**

### **Directors Retiring by Rotation**

In accordance with the provisions of Section 152 of the Companies Act, 2013 and Articles of Association of the Company, Ms. Rajpeta Kasturi Hanumentharedy, is due to retire by rotation at the forthcoming Annual General Meeting (“AGM”) and, being eligible, offers herself for re-appointment. The Board recommends his reappointment at the forthcoming AGM.

## **DECLARATION FROM INDEPENDENT DIRECTORS ON ANNUAL BASIS**

The Company has received declarations from all the Independent Directors of your Company confirming that they meet the criteria of Independence as mentioned under sub-section (6) of Section 149 of the Companies Act, 2013 and as per the SEBI (LODR) Regulations, 2015 and criteria of independence from the Management.

On October 22, 2019, the MCA had released the Companies (Accounts) Amendment Rules, 2019, the Companies (Appointment and Qualification of Directors) Fifth Amendment Rules, 2019 and the Companies (Creation and Maintenance of databank of Independent Directors)

Rules, 2019. These rules have come into force on December 1, 2019 and your Company yet to comply with these requirements.

The Policy on Director's appointment and remuneration including criteria for determining qualifications, positive attributes, Independence of Director, and also remuneration for Key Managerial Personnel and other employees' forms part of Corporate Governance Report of this Annual Report. The Independent Directors possess the requisite expertise and experience (including Proficiency) necessary for acting as Independent Directors of the Company.

### **DIRECTORS' INTEREST**

All contracts / arrangements / transactions entered by the Company during the financial year with related parties were in the ordinary course of business and on an arm's length basis. During the year, the Company had not entered into any contract / arrangement / transaction with related parties which could be considered material in accordance with the policy of the Company on materiality of related party transactions.

The Policy on materiality of related party transactions and dealing with related party transactions as approved by the Board may be accessed on the Company's website.

Your Directors draw attention of the members to Note to the financial statement which sets out related party disclosures.

### **Appointment/cessation/ Resignation of Directors:**

Mr. Y BHASKAR RAO , an Independent Director of the Company, has resigned from the Board with effect from July 22, 2019.

### **Investor Education and Protection Fund (IEPF)**

Pursuant to the applicable provisions of the Companies Act, 2013, read with the IEPF Authority Accounting, Audit, Transfer and Refund) Rules, 2016 ("the IEPF Rules"), all unpaid or unclaimed dividends are required to be transferred by the Company to the IEPF, established by the Government of India, after the completion of seven years. Further, according to the Rules, the shares on which dividend has not been paid or claimed by the shareholders for seven consecutive years or more shall also be transferred to the demat account of the IEPF Authority. During the year, the Company has not transferred the unclaimed and unpaid dividends. Further, no shares were transferred as per the requirements of the IEPF rules.

## **DIRECTORS' RESPONSIBILITY STATEMENT**

Based on the framework of internal financial controls and compliance systems established and maintained by the Company, work performed by the internal, statutory, cost and secretarial auditors and external consultant(s) including audit of internal financial controls over financial reporting by the Statutory Auditors and the reviews performed by Management and the relevant Board Committees, including the Audit Committee and Risk Management Committee, the Board is of the opinion that the Company's internal financial controls were adequate and effective during the FY20.

Accordingly, pursuant to the provisions of Section 134(3)(c) and Section 134(5) of the Companies Act, 2013, the Board of Directors, to the best of its knowledge and ability, report that:

- the applicable accounting standards have been followed in the preparation of the financial statements, along with proper explanations relating to material departures, if any;
- they have 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 as at March 31, 2020 and of the profit of the Company for the year ended on that date;
- they have 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 fraud and other irregularities;
- they have prepared the annual accounts on a going concern basis;
- they have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and
- they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

## **DEPOSITS**

During the financial year, your Company has not invited/ accepted any Public Deposits pursuant to the provisions of Chapter V of the Companies Act, 2013.

## **SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES**

The details of Subsidiaries are mentioned elsewhere in this Annual Report.



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, Requirements 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.

The consolidated Financial figures for the Financial Year ending on 31st March 2020 are not comparable with the Financial figures for the Financial Year ending on 31st March 2020, as the Financial figures for the Financial Year ending on 31st March 2020 do not include one of the subsidiaries i.e Kavveri Telecom Infrastructure Limited due to the reason that National Company Law Tribunal (NCLT) had initiated Corporate Insolvency Resolution Process under the provisions of the Insolvency and Bankruptcy Code, 2016 (the Code) in respect of Kavveri Telecom Infrastructure Limited, subsidiary of the Company and has appointed Interim Resolution Professional to carry out the functions as mentioned under the Code, and the functions of the Board of the subsidiary are suspended.

#### **PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS**

The details of Loans and Investments covered under the provisions of Section 186 of the Companies Act, 2013 are given in the Notes to the Financial Statements forming part of Annual Report. The Company has not provided any loans and guarantees during the Financial Year.

#### **SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS**

During the financial year under review, there were no significant and material orders passed by the Regulators or Courts or Tribunals impacting the going concern status of the Company and its future operations.

#### **CHANGE IN THE NATURE OF BUSINESS**

There were no changes in the nature of business of the Company during the financial year ended on 31st March, 2020.

## **EVALUATION OF THE BOARD'S PERFORMANCE**

Pursuant to the provisions of the Companies Act, 2013 and SEBI (LODR) Regulations, 2015, the Board had adopted a formal mechanism for evaluating its performance and that of its Committees and Directors, including the Chairman of the Board. During the financial year, the evaluation exercise was carried out through a structured evaluation process covering various aspects of the functioning of the Board and Committees such as their composition, experience & competencies, performance of specific duties & obligations, governance issues etc. A separate exercise was carried out to evaluate the performance of each individual Director including the Board's Chairman who were evaluated on parameters such as contribution at the meetings, independent judgment, attendance and other relevant aspects. The Board was satisfied with the evaluation results, which reflected the overall engagement of the Board, Committees and the Directors of the Company.

Further, SEBI (LODR) (Amendment) Regulations, 2018 has changed the evaluation criteria of Independent Directors from April 1, 2019. As per the amendment, evaluation of Independent Directors by the entire Board shall include:

- (a) Performance of Directors and
- (b) Fulfilment of independence criteria as specified in SEBI (LODR) Regulations, 2015 and their independence from the Management.

## **CORPORATE GOVERNANCE**

Pursuant to Regulation 34 (3) read with Schedule V(C) of SEBI (LODR) Regulations, 2015, a report on Corporate Governance and the Certificate as required under Schedule V Part C(10) (i) of SEBI (LODR) Regulations, 2015 from CS Guruprasada Bhat, Practicing Company Secretary, regarding compliance of conditions of Corporate Governance is annexed as **"Annexure II and Annexure III"** which forms part of this report. Further, in compliance with the Listing Regulations, your Board has adhered to the Corporate Governance Code.

As required by SEBI (LODR) (Amendment) Regulations, 2018, 'Annual Secretarial Compliance Report' issued by CS Guruprasada Bhat, Practicing Company Secretary for the financial year ended 31<sup>st</sup>March 2020 is annexed as **"Annexure IV "** which forms part of this report.

## **COMPLIANCE WITH THE CODE OF CONDUCT**

A declaration signed by the Managing Director affirming compliance with the Company's Code of Conduct by your Directors and Senior Management of your Company, for the financial year under review, as required under SEBI (LODR) Regulations, 2015 is annexed as **"Annexure V"** and forms part of this report.

**WHISTLE-BLOWER POLICY/VIGIL MECHANISM**

The Board of Directors of the company are committed to maintain the highest standard of honesty, openness and accountability and recognize that employees have important role to play in achieving the goal. As a public company the integrity of the financial matters of the Company and the accuracy of financial information is paramount. The stakeholders of the Company and the financial markets rely on this information to make decisions. For these reasons, the Company must maintain workplace where it can retain and treat all complaints concerning questionable accounting practices, internal accounting controls or auditing matters or concerning the reporting of fraudulent financial information to our shareholders, the Government or the financial markets. The employees should be able to raise these free of any discrimination, retaliation or harassment. Pursuant to the policy, employees are encouraged to report questionable accounting practices to Mr. L R Venugopal, Chairman of Audit Committee through email or by correspondence through post.

**FAMILIARISATION PROGRAMME FOR INDEPENDENT DIRECTORS**

Pursuant to the Companies Act 2013 and Provisions of SEBI (LODR) Regulations 2015, the Company has formulated a programme for familiarising the Independent Directors with the company, their roles, rights, responsibilities in the company, nature of the industry in which the company operates, business model of the company etc through various initiatives.

**STATUTORY AUDITORS & THEIR REPORT:**

Members of the Company in their Annual General Meeting held on 30th September 2019, had appointed M/s. P. Murali & Co., Chartered Accountants, as Statutory Auditors of the Company for a period of three Years i.e. from 2019-20 to 2021-22. Earlier, P Murali & Co., had acted as the Statutory Auditors of the Company for 2012-13 & 2018-19.

**REPORTING OF FRAUDS**

There was no instance of fraud during the financial year under review, which required the Statutory Auditors to report to the Audit Committee and / or the Board, as required under Section 143(12) of the Act and Rules framed thereunder.

**SECRETARIAL AUDIT**

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Secretarial Audit Report is obtained by the company and forms part of this Annual report.

Disclosures pursuant to The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

1. The Disclosures pursuant to sub-rule (1) of Rule 5 of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are forms part of the Board's Report.
2. The Disclosures pursuant to sub-rule (2) of Rule 5 of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, in respect of employees of the Company forms part of the Board's Report.

### **COST AUDIT**

Cost Audit is not applicable as your industry is not within the purview of cost audit

### **INTERNAL FINANCIAL CONTROL**

The Company has in place adequate internal financial controls with reference to financial statements. Periodic audits are undertaken on a continuous basis covering all the operations i.e., manufacturing, sales & distribution, marketing, finance, etc. Reports of internal audits are reviewed by management from time to time and desired actions are initiated to strengthen the control and effectiveness of the system.

### **PARTICULARS OF DISCLOSURES AS REQUIRED UNDER SECTION 197 OF THE COMPANIES ACT, 2013**

The Board has, on the recommendation of the Nomination & Remuneration Committee framed a policy for selection and appointment of Directors, Senior Management and their remuneration. The details pertaining to criteria for determining qualifications, positive attributes and independence of a Director and remuneration policy have been provided in Section of the attached Corporate Governance Report.

### **DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013**

The Company has in place an Anti Sexual Harassment Policy in line with the requirements of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act 2013. An Internal committee has been set up to redress the complaints received regarding sexual harassment at workplace. All employees including trainees are covered under this policy.

### **CORPORATE SOCIAL RESPONSIBILITY (CSR)**

Your Company believes in addressing the needs of the underprivileged and is committed to serving them. Your Company aims to full fill its social responsibilities by being actively

involved in a variety of public service projects serving underprivileged groups.

## **PERSONNEL / INDUSTRIAL RELATIONS**

The relationship between the management and the staff was very cordial throughout the year under review. Your Directors take this opportunity to record their appreciation for the cooperation and loyal services rendered by the employees.

## **RISK MANAGEMENT**

During the year, your Directors have constituted a Risk Management Committee which has been entrusted with the responsibility to assist the Board in (a) Overseeing and approving the Company's enterprise wide risk management framework; and (b) Overseeing that all the risks that the organization faces such as strategic, financial, credit, market, liquidity, security, property, IT, legal, regulatory, reputational and other risks have been identified and assessed and there is an adequate risk management infrastructure in place capable of addressing those risks. A Group Risk Management Policy was reviewed and approved by the Committee.

The Company managers, monitors and reports on the principal risks and uncertainties that can impact its ability to achieve its strategic objectives. The Company's management systems, organisational structures, processes, standards, code of conduct and behaviours together form the Reliance Management System (RMS) that governs how the Group conducts the business of the Company and manages associated risks.

The Company has introduced several improvements to Integrated Enterprise Risk Management, Internal Controls Management and Assurance Frameworks and processes to drive a common integrated view of risks, optimal risk mitigation responses and efficient management of internal control and assurance activities. This integration is enabled by all three being fully aligned across Group wide Risk Management, Internal Control and Internal Audit methodologies and processes

## **EXTRACT OF THE ANNUAL RETURN**

An extract of the annual return as per Form MGT - 9 is enclosed in "**Annexure VI**" to the Board's Report.

## **NUMBER OF BOARD MEETINGS**

The Board of Directors met 6 (Six) times during the financial year 2019-20. The details of the Board meetings and the attendance of the Directors are provided in the Corporate Governance Report.

The Agenda of the Meeting is circulated to the Directors in advance. Minutes of the Meetings of the Board of Directors are circulated amongst the Members of the Board for their perusal and approval.

### **COMMITTEES OF BOARD OF DIRECTORS**

Details of memberships and attendance of various Committee Meetings of the Company are given in the Corporate Governance Report.

### **COMPLIANCE WITH THE APPLICABLE SECRETARIAL STANDARDS**

The Company has complied with Secretarial Standards issued by the Institute of Company Secretaries of India on Board Meetings and Annual General Meetings.

### **ACKNOWLEDGEMENTS**

Your Directors place on record their appreciation for the support and assistance received from customers, investors, business associates, bankers, vendors, regulatory and governmental authorities. Your Directors also wish to place on record their gratitude to

the shareholders for their continued trust, confidence and express its sincere appreciation to all employees for their teamwork and contributions during the financial year.

**For and on behalf of the Board of Directors of  
KAVVERI TELECOM PRODUCTS LIMITED**

**Sd/-**

**CHENNAREDDY SHIVAKUMARREDDY**

**Chairman Managing Director**

**DIN: 01189348**

**Address:** PLOT NO.31-36, 1ST FLOOR,1ST  
MAIN 2ND STAGE ARAKERE MICO LAYOUT  
BANNERGHATTA ROAD, BANGALORE KA  
560076

**Sd/-**

**RAJPETA**

**HANUMENTHAREDDY**

**(Operations)**

**DIN: 00291851**

**Address:** PLOT NO.31-36, 1ST FLOOR,1ST  
MAIN 2ND STAGE ARAKERE MICO LAYOUT  
BANNERGHATTA ROAD, BANGALORE KA  
560076

**KASTURI**

**Director**

**Bengaluru**

**December 08, 2020**

**Annexure I to the Board's Report****Management Discussion and Analysis Report****A. INDUSTRY BACKGROUND**

As per the reports of India Brand Equity Foundation, India is currently the world's second-largest telecommunications market and has registered strong growth in the past decade and half. The Indian mobile economy is growing rapidly and is expected to contribute substantially to India's Gross Domestic Product (GDP). The liberal and reformist policies of the Government of India have been instrumental along with strong consumer demand in the rapid growth in the Indian telecom sector. The government has enabled easy market access to telecom equipment and a fair and proactive regulatory framework that has ensured availability of telecom services to consumer at affordable prices. The deregulation of Foreign Direct Investment (FDI) norms has made the sector one of the fastest growing and a top five employment opportunity generator in the country.

**B. INDUSTRY OUTLOOK**

The total number of telephone subscribers in the country rose by 11.13 per cent year-on-year to 1,151.78 million in the September-December quarter of 2016. According to a report by leading research firm Market Research Store, the Indian telecommunication services market will likely grow by 10.3 per cent year-on-year to reach US\$ 103.9 billion by 2020.

According to the Ericsson Mobility Report India, smartphone subscriptions in India is expected to increase four-fold to 810 million users by 2021, while the total smartphone traffic is expected to grow seventeen-fold to 4.2 Exabytes (EB) per month by 2021.

According to a study by GSMA, smartphones are expected to account for two out of every three mobile connections globally by 2020 making India the fourth largest smartphone market. India is expected to lead in the growth of smartphone adoption globally with an estimated net addition of 350 million by year 2020.

The government has fast-tracked reforms in the telecom sector and continues to be proactive in providing room for growth for telecom companies. Some of the other major initiatives taken by the government are as follows:

- The Telecom Regulatory Authority of India (TRAI) focuses on identifying issues that make it difficult to do telecom business in India like licence acquisition and spectrum allotment among others, and review them in order to simplify these processes to the maximum possible extent.
- The Government of India plans to auction the 5G spectrum in bands like 3,300 MHz and 3,400 MHz to promote initiatives like Internet of Things (IoT), machine-to-machine

communications, instant high definition video transfer as well as its Smart Cities initiative.

- The Government of India has launched a phased manufacturing programme (PMP) aimed at adding more smartphone components under the Make in India initiative thereby giving a push to the domestic manufacturing of mobile handsets.

India will emerge as a leading player in the virtual world by having 700 million internet users of the 4.7 billion global users by 2025, as per a Microsoft report. Internet economy expected to touch Rs 10 trillion (US\$ 155 billion) by 2018, contributing around 5 per cent to the country's GDP. With the government's favourable regulation policies and 4G services hitting the market, the Indian telecommunication sector is expected to witness fast growth in the next few years. The Government of India also plans to auction the 5G spectrum in bands like 3,300 MHz and 3,400 MHz to promote initiatives like Internet of Things (IoT), machine-to-machine communications, instant high definition video transfer as well as its Smart Cities initiative.

### **C. OPPORTUNITIES AND THREATS**

The government has fast-tracked reforms in the telecom sector and continues to be proactive in providing room for growth for telecom companies. The Telecom Regulatory Authority of India (TRAI) has released a consultation paper which aims to offer consumers free Internet services within the net neutrality framework and has proposed three models for free data delivery to customers without violating the regulations. The Department of Telecommunications (DoT) has amended the Unified Licence for telecom operations which will allow sharing of active telecom infrastructure like antenna, feeder cable and transmission systems between operators, thereby lowering the costs of operations and leading to faster rollout of networks.

- The Telecom Regulatory Authority of India (TRAI) has recommended amendments in the Unified Licence in order to facilitate interconnection at Internet Protocol (IP) level among licenced operators.
- The Telecom Regulatory Authority of India (TRAI) has recommended a Public-Private Partnership (PPP) model for BharatNet, the central government's ambitious project to set up a broadband network in rural India, and has also envisaged central and state governments to become the main clients in this project.
- The Ministry of Skill Development and Entrepreneurship (MSDE) signed a Memorandum of Understanding (MoU) with Department of Telecommunication (DoT) to develop and implement National Action Plan for Skill Development in Telecom Sector, with an objective of fulfilling skilled manpower requirement and providing employment and entrepreneurship opportunities in the sector.
- With a view to encourage consolidation in the telecom sector, the Government of India has approved the rules for spectrum trading that will allow telecom companies to buy and sell rights to unused spectrum among themselves.



- The Central Government's several initiatives to promote manufacturing in the country, such as 'Make in India' campaign appears to have had a positive impact on mobile handsets manufacturing in the country.

#### **D. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY**

The Internal control systems are aimed at promoting operational efficiencies while stressing adherences to policies. The systems are designed with adequate internal controls commensurate size and nature of operations. Transactions are executed in accordance with the company policies. Assets are safeguarded and deployed in accordance with the Company's Policies.

The Company has in place adequate internal financial controls with reference to financial statements. Periodic audits are undertaken on a continuous basis covering all the operations i.e., manufacturing, sales & distribution, marketing, finance, etc. Reports of internal audits are reviewed by management from time to time and desired actions are initiated to strengthen the control and effectiveness of the system.

#### **E. MATERIAL DEVELOPMENTS IN HUMAN RESOURCES/INDUSTRIAL RELATIONS**

The Company is able to retain the experienced staff, in spite of the copper consuming Industries are under recession, the Company feels confident of keeping its manpower costs to below industry norms. The atmosphere that is created in the organization is conducive for self-development and career growth; this is the success in retaining our manpower.

**REPORT ON CORPORATE GOVERNANCE****Company's Philosophy on Code of Governance**

Your Company has been committed to the highest standard of Corporate Governance practices in the entire gamut of its business philosophy. The guiding forces of Corporate Governance at KAVVERI TELECOM are its core values – Quality operations, Customer satisfaction, Shareholders' value, Belief in people. The Company believes that a strong Corporate Governance policy is indispensable to healthy growth of business and resilient and vibrant capital markets, besides being an important instrument of investor protection. In this direction, your company endeavors in true spirit, to adopt the best global practices in Corporate Governance.

The SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time is collectively referred to hereinafter as 'SEBI (LODR) Regulations, 2015'.

**1. Composition of the Board of Directors**

The Board of Directors has Four (4) members (as on March 31, 2020), including the Managing Director and one Women Director and Two (2) Non-Executive Directors. All Directors bring in wide range of skills and experience to the Board. The Company has a Executive Director as its Chairman and the two Independent Directors constitute half of the total number of Directors on Board. Thus, the composition of the Board is in conformity with the provisions of the Companies Act, 2013 and SEBI [Listing Obligations and Disclosure Requirements (LODR)] Regulations, 2015.

None of the Directors on the Board is a Member of more than 10 committees or Chairman of more than 5 companies across all the Companies in which he is a Director. The Directors have made necessary disclosures regarding Committee positions in other public companies as on March 31, 2020.

The names and categories of the Directors on the Board, their attendance at Board Meetings held during the year and the number of Directorships and Committee Chairmanships / Memberships held by them in other companies is given below. Other Directorships do not include alternate directorships, directorships of private limited companies, section 8 companies and of companies incorporated outside India. Chairmanship / Membership of Board Committees include only Audit and Shareholders / Investors Grievance Committees.

During the year the Board of Directors of the Company duly constituted and the details of the Board of Director of the Company as on 31<sup>st</sup> March, 2020 tabled below.

Sl. No	Name of the Director	DIN	Designation
1	Chennareddy Shivakumarreddy	01189348	Chairman and Managing Director
2	Rajpeta Kasturi Hanumenthareddy	00291851	Director
3	Shankarnarayan Srikantiah Bangalore	00269705	Non-Executive - Independent Director
4	Lakshmipuram Rajagopalachar Venugopal	01058716	Non-Executive - Independent Director

Changes took place in the Board of Directors of the Company.

- Ms. Rajpeta Kasturi Hanumenthareddy (DIN: 00291851) who retired at the 24<sup>th</sup> Annual General Meeting of the Company was reappointed to the office of Director in the said AGM.

**2. No. of meetings held and attended:**

**Date of Board Meeting:**

30-05-2019	22-07-2019	13-08-2019	02-09-2019	14-11-2019
14-02-2020				

Name	Designation	No. of Board Meeting held	No. of Board Meeting Entitled to attend	No. of Board Meeting attended
Chennareddy Shivakumarreddy	Chairman & Managing Director	6	6	6
Rajpeta Kasturi Hanumenthareddy	Director	6	6	6
Shankarnarayan Srikantiah Bangalore	Non-Executive - Independent Director	6	6	6
Lakshmipuram Rajagopalachar Venugopal	Non-Executive - Independent Director	6	6	6

**3. Membership in other Boards or Committee:**

Name	No. of Memberships in other Companies (including Private Limited Companies)		
	Board	Committees (Details excluding the chairmanship held in this Company)	
		Membership	Chairmanship (Excluding the chairmanship held in this Company)
Chennareddy Shivakumarreddy	6	3	0
Rajpeta Kasturi Hanumenthareddy	6	0	0
Shankarnarayan Srikantiah Bangalore	4	4	0
Lakshmipuram Rajagopalachar Venugopal	2	4	0

**4. Attendance at previous Annual General Meeting:**

Name	Attendance at previous AGM
Chennareddy Shivakumarreddy	Yes
Rajpeta Kasturi Hanumenthareddy	Yes
Mr. Shankarnarayan Srikantiah Bangalore	Yes
Mr. Lakshmipuram Rajagopalachar Venugopal	Yes

**5. Responsibilities of the Chairman & Managing Director and Whole Time Director of the Company:**

In short, the Chairman & Managing Director and the Executive Director are the mentors of the Management and responsible for Corporate Strategy, Planning, Internal & External Controls. They also take care of business operations and targets, new initiatives and investments and planning for achieving targets. They also overview customer service & support operations new advancements, in addition to governance, compliances and guidance on day to day challenges.

**6. Independent Directors:**

During the financial year, the Board consists of one Independent Directors. Mr. Shankarnarayan Srikantiah Bangalore and Mr. Lakshmipuram Rajagopalachar Venugopal are an Independent Directors of the Company, who comply the criteria's mentioned in the Section 149 of the Companies Act, 2013 and LODR regulations.

**7. Code of Conduct:**

The Board has laid down a code of conduct for all its members, Senior Management Personnel and Designated Employees of the Company. All Board members and Senior Management Personnel affirm compliance with the code on an annual basis.

**8. Vigil Mechanism:**

As referred in the Directors Report, the vigil mechanism for its Directors and employees also incorporates a Whistle Blower Policy, basically enabling the seamless flow of grievances from the victims / observers to the redressal authority. The Managing Director of the Company has been made the nodal officer to receive the complaints / concerns / grievances of employees, who in turn escalates the matter to the Audit Committee who oversees the vigil mechanism. The nodal officer, upon receipt of any complaints / concerns / grievances, processes the same and does the preliminary investigation and then presents the facts of the case to the Audit Committee. The employee, in exceptional cases, can directly access the Chairman of the Audit Committee by any available mode of communication.

**9. Board Evaluation:**

As mentioned in the Directors Report, the Companies Act, 2013 as well as the Listing Agreement envisage a performance evaluation framework whereby the performance of Directors, committees and the Board as a whole is subject to evaluation from time to time which in turn helps the Company to address several issues such as appointment / reappointment of Directors, improving the quality of performance of the Directors at individual level and the Board as a whole, effective discharge of duties by the Directors, optimum utilization of Board level resources, determining suitable remuneration / compensation packages etc., With the aforesaid objective in mind, the Board, based on the recommendations of the Nomination and Remuneration Committee, has devised a policy for performance evaluation of Directors, committees and the Board, which include criteria for determining qualifications, positive attributes and independence of Directors. The Company has also surveyed on the best practices prevalent in the Industry with respect to evaluation of the performance of the Board and its members. The Company has also availed the services of professionals seeking their suggestions on the said matter. Based on the inputs received from the aforesaid sources and in accordance with the Policy of the Company, evaluation process has been undertaken.

**10. Transactions with Related Parties:**

The Company has not entered into any related party transactions which are not on arms length basis or not in the ordinary course of business. All the related party transactions were in the ordinary course of business and at arm's length basis.

**I. Committees of the Board:**

Currently, there are Four Board Committees – Audit Committee, Nomination and Remuneration Committee, Stakeholders Relationship Committee and Corporate Social Responsibility Committee. The terms and reference of the Board Committees are determined by the Board from time to time. Meetings of each Board Committee are convened by the Chairman of the respective Committee. The role and composition of these Committees, including the number of Meetings held during the financial year and the related attendance are provided below.

**1. Audit Committee:**

The primary objective of the committee is to monitor and provide effective supervision of the Management Financial Reporting process to ensure accurate and timely disclosures, with the highest levels of transparency, integrity and quality of financial reporting. The committee oversees the work carried out in the financial reporting process by the Management and the independent auditors. The committee has the ultimate authority and responsibility to select, evaluate and wherever required, replace the independent auditor in accordance with the law.

**(i) Composition and Attendance in the Meeting:**

Name	Designation	No. of Meetings held during the year	No. of meetings entitled to attend	No. of meetings attended
Mr. Lakshmipuram Rajagopalachar Venugopal	Chairperson	5	5	5
Mr. Shankarnarayan Srikantiah Bangalore	Member	5	5	5
Mr. Chennareddy Shivakumarreddy	Member	5	5	5

All the Members of the Audit Committee are financially literate and possess knowledge about accounting and Financial Management.

**(ii) Role of the Audit Committee:**

1. Overseeing the Company's Financial Reporting Process and disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.
2. Recommending to the Board, the appointment, re-appointment and if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
3. Reviewing with the Management, the Annual financial statements before submission to the Board for approval, with particular reference to:
  - a) Matters required to be included in the Director's Responsibility Statement and Board's Report in terms of provisions of the Companies Act.
  - b) Changes, if any, in Accounting Policies and practices and reasons for the same.
  - c) Major accounting entries involving estimates based on the exercise of judgment by the management.
  - d) Significant adjustments made in the financial statements arising out of audit findings.
  - e) Compliance with listing and other legal requirements relating to financial statements.
  - f) Disclosure of any related party transactions.
  - g) Qualifications in the draft audit report.
4. Reviewing, with the management, the quarterly financial statements before submission to the Board for approval.
5. Reviewing, with the management, performance of the statutory auditor and adequacy of the internal control systems.
6. To discuss with statutory auditors before the audit commences, the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
7. Reviewing the adequacy of the internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
8. Discussion with the internal auditors of any significant findings and follow up there on.
9. Reviewing the risk management policies, practices and the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
10. Review and monitor the auditor's independence and performance and effectiveness of audit process.

11. Approval or any subsequent modification of transactions of the Company with related parties.
12. Evaluation of internal financial controls and risk management systems.
13. To look into the reasons for substantial defaults in the payment to the depositors, if any, shareholders (in case of non-payment of declared dividends) and creditors.
14. Reviewing with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilised for purposes other than those stated in the offer document / prospectus/ notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of public issue or rights issue and making appropriate recommendations to the Board to take up steps in this matter.
15. To review the functioning of Whistle Blower Mechanism.
16. Approval of appointment / reappointment / remuneration of CFO (or any other person heading the finance function or discharging that function) after assessing the qualifications, experience & background, etc. of the candidate.
17. Carrying out any other function as may be mentioned in the terms of reference of the Audit Committee.

The Audit Committee discharges its functions and obligations on regular basis and on the occurrence of the events.

## **2. Nomination and remuneration committee:**

### **(i) Composition & Attendance:**

<b>Name</b>	<b>Designation</b>	<b>No. of Meetings held during the year</b>	<b>No. of meetings entitled to attend</b>	<b>No. of meetings attended</b>
Mr. Lakshmipuram Rajagopalachar Venugopal	Chairperson	1	1	1
Mr. Shankarnarayan Srikantiah Bangalore	Member	1	1	1
Mr. Bhaskar Rao Y	Member	1	1	1



**(ii) The Role of the Nomination and Remuneration Committee includes:**

1. Formulation of criteria for determining qualifications, positive attributes of a director and recommend to the Board a policy, relating to the remuneration of the directors, Key managerial personnel and other employees;
2. Formulation of criteria for evaluation of Directors and the Board;
3. Devising a policy on Board diversity;
4. Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal.
5. To recommend/review remuneration of Key Managerial Personnel i.e. salary, benefits, bonus etc.
6. Recommendation of Fee/compensation, if any, to be paid to Non-Executive Directors, including Independent Directors of the Board.
7. Payment / revision of remuneration payable to Managerial Personnel.
8. While approving the remuneration, the committee shall take into account the financial position of the Company, qualification, experience and past performance of the appointee.
9. The committee shall be in a position to bring about objectivity in determining the remuneration package while striking the balance between the interest of the Company and shareholders.
10. Any other functions / powers / duties as may be entrusted by the Board from time to time.

**(iii) Remuneration policy:**

The Board has, on the recommendation of the Nomination & Remuneration Committee framed a policy for selection and appointment of Directors, Senior Management and their remuneration. The details pertaining to criteria for determining qualifications, positive attributes and independence of a Director and remuneration policy have been provided in Section of the attached Corporate Governance Report

While reviewing the remuneration of management personnel, the committee takes into account the following:

- a. Financial position of the Company
- b. Trends in the Industry
- c. Appointee’s qualification and experience.
- d. Past performance.
- e. Past remuneration etc.

**3. Stakeholders Relationship Committee:**

The Board of Directors of the Company constituted a committee to for considering and redresses the matters relating to shareholders grievances.

**(i) Composition & Attendance:**

Name	Designation	No. of Meetings held	No. of meetings attended
Mr. Lakshmipuram Rajagopalachar Venugopal	Chairman	4	4
Mr. Shankarnarayan Srikantiah Bangalore	Member	4	4
Mr. Chennareddy Shivakumarreddy	Member	4	4

The Stakeholders Relationship Committee is responsible for resolving investor’s complaints pertaining to share transfers, non-receipt of Annual Reports, Dividend Payments, Issue of Duplicate share certificates, Transmission of shares and other related complaints.

**4. Corporate Social Responsibility Committee:**

The primary function of the Corporate Social Responsibility Committee is to assist the Board to manage the CSR activities of the Company in order to promote a social cause. The committee oversees the identification of major drawbacks in the societies and arrange to fulfill the same.

**(i) Composition & Attendance:**

Name	Designation	No. of Meetings held	No. of meetings attended
Mr. Lakshmipuram Rajagopalachar Venugopal	Chairman	0	0
Mr. Shankarnarayan Srikantiah Bangalore	Member	0	0
Mr. Chennareddy Shivakumarreddy	Member	0	0

**II. GENERAL BODY MEETINGS & SHAREHOLDERS INFORMATION:**

**a. The Details of the last three (3) Annual General Meetings are as follows:**

Financial Year	Date	Place
2016-17	28.09.2017	PLOT NO.31-36, 1ST FLOOR,1ST MAIN 2ND STAGE ARAKERE MICO LAYOUT BANNERGHATTA ROAD, BANGALORE KA 560076
2017-18	30.09.2018	PLOT NO.31-36, 1ST FLOOR,1ST MAIN 2ND STAGE ARAKERE MICO LAYOUT BANNERGHATTA ROAD, BANGALORE KA 560076
2018-19	30.09.2019	PLOT NO.31-36, 1ST FLOOR,1ST MAIN 2ND STAGE ARAKERE MICO LAYOUT BANNERGHATTA ROAD, BANGALORE KA 560076

**b. Postal ballot:**

No special resolution was passed by Postal Ballot during the year.

As of now, there is no proposal to pass any Special resolution through Postal Ballot process. Special resolutions, if required to be passed in the future, will be decided at the relevant time. The procedure for postal Ballot is / shall be as per the provisions contained in this behalf in the Companies Act, 2013 and rules made there under.

**c. Annual General Meeting:**

Date & Time: 10.00 A.M, 31<sup>st</sup> December, 2020

Venue: PLOT NO.31-36, 1ST FLOOR, 1ST MAIN 2ND STAGE ARAKERE MICO LAYOUT  
BANNERGHATTA ROAD, BANGALORE KA 560076

**d. Financial year (2019-20):**

The financial year under review is 2019-20 (1<sup>st</sup> April, 2019 to 31<sup>st</sup> March, 2020).

**e. Financial Calendar 1st April 2020 to 31st March 2021 (Tentative Schedule)**

Quarter ending June 30, 2020	14 <sup>th</sup> September 2020
Quarter ending September 30, 2020	14 <sup>th</sup> November 2020
Quarter ending December 31, 2020	1st / 2nd week of February 2021
Quarter ending March 31, 2021	on or before 30th May 2021
Annual General Meeting for FY ended 31st March, 2021	Before end of September, 2021

**f. Book closure:** 24th December 2020 to 31st December 2020

**g. Dividend:**

In absence of allocable surplus the Board of Directors of the Company did not recommended any dividend for the financial year 2019-20.

**h. Listing on Stock Exchanges:**

a. BSE Limited (BSE), Mumbai.

b. The National Stock Exchange of India Limited (NSE), Mumbai

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

**i. Market Price:**

During the financial year the shares of the company were traded on Bombay Stock Exchange Limited & on National Stock Exchange Limited, the following Market Price High & Low during each Month in the Last Financial Year 2019-20 as follows:

Month & Year	BSE (in Rs.)		NSE (in Rs.)	
	High	Low	High	Low
April 2019	5.90	5.15	5.40	4.45
May 2019	5.61	5.33	4.75	3.45
June 2019	5.80	5.80	4.60	3.30
July 2019	5.22	3.66	3.95	2.60

August 2019	3.48	2.71	2.90	2.45
September 2019	2.85	2.66	2.80	2.50
October 2019	2.88	2.29	2.80	2.20
November 2019	2.60	2.27	2.90	2.20
December 2019	2.60	2.47	2.60	1.80
January 2020	2.59	2.04	1.95	1.70
February 2020	2.30	1.90	1.90	1.80
March 2020	1.81	1.81	1.85	1.65

**j. Stock Performance in Comparison to Broad-based indices such as BSE Sensex, CRISIL Index, BZX 200, Nifty etc.**

During the financial year the shares of the company were traded actively and the Share price has been moving with the trend of the indices.

**k. Registrar and Share transfer agents:**

The Board of Directors of the Company has delegated the power of share transfer and related operations to M/s. Integrated Registry Management Services Private Limited, registrar and Share Transfer Agents.

All the correspondence relating to the shares of the company should be addressed to M/s. Integrated Registry Management Services Private Limited at the address given below.

M/S Integrated Registry Management Services Private Limited.,

**Registered office:**

# 30, Ramana Residency, 4th Cross, Sampige Road, Bangalore-560 003.  
4th Cross, Sampige Road, Bangalore - 560 003

**l. Share transfer system:**

All the physical transfers are noted by the Stakeholders relationship Committee. Share transfer requests which are received in physical form are processed and the share certificates returned within a period of 30 days from the date of receipt, subject to the documents being in order and complete in all respects.

**m. Statement Showing Shareholding Pattern as on 31.03.2020 is mentioned elsewhere in this Annual Report**

**n. Dematerialization of shares & liquidity**

The Company's shares are compulsory traded in dematerialized form and are available for

trading on both the Depositories in India viz. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). Company representing 99.64% of the company's share capital are dematerialized as on 31<sup>st</sup> March 2020.

The Company's shares are listed and eligible to trade on the above-mentioned Stock Exchanges in electronic form. Under the Depository System, the International Securities Identification Number (ISIN) allotted to the Company's shares is **INE641C01019**.

- o. Address for Correspondence :** No. 31-36, I Main, II Stage, Arekere MICO Layout, Bannerghatta Road, Bangalore 560 076.

### III. DISCLOSURES

- a. There were no materially significant related party transactions that may have potential conflict with the interest of the Company at large.
- b. There was no incidence of non-compliance during the last three years by the Company on any matter related top Capital markets. There were some penalties, strictures imposed on the company by Stock Exchange or SEBI or any statutory authority. Details are as follows:

- i. Penalties levied by NSE

Sl. No.	Regulation	Amount	Remark
1	Reg 19(1)/19(2)	1,42,000/-	Penalty has been waived off by the NSE
2	Regulation 6(1)	92,000/-	Penalty has been waived off by the NSE
3	Regulation 7(1)	92,000/-	Penalty has been waived off by the NSE

### IV. NOTES ON DIRECTORS APPOINTMENT/RE-APPOINTMENT::

Relevant details forms part of the explanatory statement to the notice of the Annual General Meeting /Director's Report.

### V. MEANS OF COMMUNICATIONS:

The quarterly, half-yearly and yearly financial results will be sent to the Stock Exchanges immediately after the Board approves the same and these results will also be published in prominent daily newspapers. These financial statements, press releases are also posted on the Company's website. As the financial performance of the Company is well published,

individual communication of half yearly results are not sent to the shareholders.

The Management Discussion and Analysis Report forms part of the annual report, which is posted to the shareholders of the Company.

**VI. OUTSTANDING GDRS/ ADRS/ WARRANTS OR ANY CONVERTIBLE INSTRUMENTS, CONVERSION DATE AND LIKELY IMPACT ON EQUITY:**

The Company has not issued any of these instruments till date.

**VII. CODE OF CONDUCT**

The Company has formulated and implemented a Code of Conduct for Board Members and Senior Management of the Company. Requisite annual affirmations of compliance with the respective Codes have been made by the Directors and Senior Management of the Company.

Certificate of Code of Conduct for the year 2019-20

KAVVERI TELECOM is committed for conducting its business in accordance with the applicable laws, rules and regulations and with highest standards of business ethics. The Company has adopted "Code of Conduct" which is applicable to all director, officers and employees.

I hereby certify that all the Board Members and Senior Management have affirmed the compliance with the Code of Conduct, under a certificate of Code of Conduct for the year 2019-20.

**C. Shivakumar Reddy**  
**CHAIRMAN & MANAGING DIRECTOR**

**VIII. DISCLOSURE OF ACCOUNTING TREATMENT**

The Company has complied with the appropriate accounting policies and has ensured that they have been applied consistently. There have been no deviations from the treatment prescribed in the Accounting Standards notified under the provisions of the Companies Act, 2013.

**IX. NON EXECUTIVE DIRECTORS' COMPENSATION AND DISCLOSURES**

None of the Independent / Non-executive Directors has any pecuniary relationship or transactions with the Company which in the judgment of the Board may affect the independence of the Directors.

**X. CEO CERTIFICATION**

The CEO certification of the financial statements for the year 2019-20 is provided elsewhere in this Annual Report.

By the order of the Board  
For **KAVVERI TELECOM PRODUCTS  
LIMITED**

Sd/-

**C. Shivakumar Reddy**  
**CHAIRMAN & MANAGING DIRECTOR**  
**DIN: 01189348**

Address: No.31-36, 1st Floor, 1st Main  
2nd Stage Arakere Mico Layout  
Bannerghatta Road, Bangalore Ka 560076

Date:08.12.2019

Place: Bangalore



**Annexure III to the Board's Report**

**AUDITOR'S CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE AS REQUIRED UNDER THE SECURITIES AND EXCHANGE BOARD OF INDIA (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015:**

To  
The Members  
KAVVERI TELECOM PRODUCTS LIMITED  
Bengaluru

I have examined all the relevant records of KAVVERI TELECOM PRODUCTS LIMITED ('the Company') for the purpose of certifying the compliances of the conditions of Corporate Governance by the Company for the year ended 31<sup>st</sup> March, 2020 as stipulated under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('the Listing Regulations').

The compliance of the conditions of Corporate Governance is the responsibility of the Management. My examination was limited to 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 my opinion and to the best of my information and explanations given to me, I certify that the Company has complied with the conditions of Corporate Governance as stipulated under the Listing Regulations.

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

For G Bhat & Associates.,  
COMPANY SECRETARIES  
Sd/-  
CS Guruprasada Bhat  
Proprietor  
M. No. A48176  
CP No. 18963  
UDIN: A048176B001439093

Place: Bengaluru  
Date: December 8, 2020

**Annexure IV to the Board's Report**  
**FORM No. MR-3**  
**SECRETARIAL AUDIT REPORT**  
**FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2019**  
**(Pursuant to Section 204 (1) of the Companies Act, 2013 and rule No.9 of the**  
**Companies**  
**(Appointment and Remuneration of Managerial Personnel) Rules, 2014)**

I have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Kavveri Telecom Products Limited (CIN: L85110KA1996PLC019627) (hereinafter called 'the Company'). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31.03.2020 complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31.03.2020 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;

- (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
  - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
  - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
  - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
  - (i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
- (vi) Other laws applicable to the Company as per the representations made by the Management. We have also examined compliance with the applicable clauses of the following:
- (a) Secretarial Standards of The Institute of Company Secretaries of India with respect to board and general meetings are yet to be specified under the Act by the Institute.
  - (b) The provisions of Companies Act 2013 and Provisions of SEBI (LODR) Regulations 2015.

During the period under review and as per the explanations and clarifications given to us and the representations made by the Management, the Company has complied (except delay filings with ROC / delay intimations to Stock Exchange in some cases) with the provisions of the Act, Rules, Regulations, Guidelines, etc. mentioned above except the following.

1. *Company was not appointed the company secretary and the compliance officer for the quarter ended 31<sup>st</sup> December 2019.*

We further report that:

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The company could not constitute the Nomination & Remuneration Committees as per the Companies Act 2013 and Provisions of SEBI (LODR) Regulations 2015, and we were informed that the Management is in the process of appointing the independent Director to comply with the said provisions.

Adequate notice was given to all Directors at least seven days in advance to schedule the Board Meetings. Agenda and detailed notes on agenda were sent in advance, and a system

exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Decisions at the Board Meetings, as represented by the management, were taken unanimously. We further report that as per the explanations given to us and the representations made by the Management and relied upon by us there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period, there were no instances of Amalgamation or arrangements.

Further, I report that with regard to financial and taxation matters, I have relied on the Audit Report, Limited Review Report and the Internal Audit Report provided by the Statutory/Internal Auditor as the case may be.

I further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

For G Bhat & Associates.,  
COMPANY SECRETARIES  
Sd/-  
CS Guruprasada Bhat  
Proprietor  
M. No. A48176  
CP No. 18963  
UDIN: A048176B001439104

Place: Bengaluru

Date: December 8, 2020

*Note: This report is to be read with my letter of even date which is annexed as Annexure and forms an integral part of this report.*

My report of even date is to be read along with this letter:

1. Maintenance of secretarial records is the responsibility of the management of the Company. My responsibility is to express an opinion on these secretarial records based on our audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of Secretarial Records. The verification was done on test basis to ensure that correct facts are reflected in the secretarial records. I believe that the processes and practices, I have followed provide a reasonable basis for our opinion.
3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company including records under Income Tax Act, Central Excise Act, Customs Act, Goods and Service Tax Act.
4. Where ever required, the Company has represented about the compliance of laws, rules and regulations and happening of events etc as applicable from time to time.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of Management. My examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the Management has conducted the affairs of the Company.

For G Bhat & Associates.,  
COMPANY SECRETARIES

Sd/-

CS Guruprasada Bhat

Proprietor

M. No. A48176

CP No. 18963

UDIN: A048176B001439104

Place: Bengaluru

Date: December 8, 2020

**Annexure V to the Board's Report**

**MANAGING DIRECTOR'S CERTIFICATION**

**(Code of Conduct for Directors and Senior Management)**

To  
**The Members of  
KAVVERI TELECOM PRODUCTS LIMITED**

I hereby confirm that all the Members of the Board of Directors and the Senior Management of the Company have affirmed compliance with the Code of Conduct of the Company for the year ended March 31, 2020.

For KAVVERI TELECOM PRODUCTS LIMITED

Sd/-  
CHENNAREDDY SHIVAKUMARREDDY  
Managing Director  
DIN: 01189348

Bengaluru  
December 08, 2020

**FormNo.MGT-9  
EXTRACTOFANNUALRETURN**

**As on the financial year ended 31<sup>ST</sup> March 2020**

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014 ]

**I. REGISTRATION AND OTHER DETAILS:**

<b>CIN</b>	L85110KA1996PLC019627
Registration Date	19/01/1996
Name of the Company	KAVVERI TELECOM PRODUCTS LIMITED
Category/Sub-Category of the Company	Limited Company
Address of the Registered office and contact details	<b>Plot No.31-36,1<sup>st</sup> FLOOR, 1<sup>st</sup> MAIN, 2<sup>nd</sup> STAGE,AREKERE MICO LAYOT, BENGALURU, 560 076</b>
Whether listed company	YES
Name, Address and Contact details of Registrar and Transfer Agent, if any	Integrated Enterprises (India) Ltd (Erstwhile Alpha Systems Pvt. Ltd.) # 30, Ramana Residency, 4 <sup>th</sup> Cross, Sampige Road Bangalore 560 003

**II. PRINCIPALBUSINESSACTIVITIESOFTHECOMPANY**

Allthebusinessactivitiescontributing10%ormoreofthetotal turn over of the company shall be stated:-

SI.No.	Name and Description of main products/ services	NIC Code of the Product/ service	% to total turn over of the company
1	Manufacture telecom sub-systems hardware equipment	6190	100%

**III. PARTICULARS OF HOLDING, SUBSIDIARYANDASSOCIATE COMPANIES-**

S. NO	NAME OF THE COMPANY	CIN/GLN	HOLDING/ SUBSIDIARY / ASSOCIATE
1	KAVVERI TELECOM INFRASTRUCTURE LTD	U64203KA2008PLC047733	Subsidiary Company
2	EAICOM INDIA (P) LTD	U30007KA1984PTC057130	Subsidiary Company

**IV. SHAREHOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)**

**i) Category-wise Share Holding**

Category of Shareholders	No. of Shares held at the beginning of the year [As on 31-March-2019]				No. of Shares held at the end of the year [As on 31-March-2020]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
(1) Indian									
a) Individual/HUF	3045931	-	3045931	15.14	3045931	0	3045931	15.14	0
<b>Sub Total (A)(1)</b>	<b>3045931</b>	<b>0</b>	<b>3045931</b>	<b>15.14</b>	<b>3045931</b>	<b>0</b>	<b>3045931</b>	<b>15.14</b>	<b>0</b>
(2) Foreign									
<b>Sub Total (A)(2)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total shareholding of Promoter (A(1)+A(2))</b>	<b>3045931</b>	<b>0</b>	<b>3045931</b>	<b>15.14</b>	<b>3045931</b>	<b>0</b>	<b>3045931</b>	<b>15.14</b>	<b>0</b>
<b>B. Public Shareholding</b>									
1. Institutions									
a) Mutual Funds									
b) Banks / FI	582928	0	582928	2.80	4500	0	4500	0.02	(99.23)
f) Insurance Companies	1883071	0	1883071	9.03	1883071	0	1883071	9.36	0
g) FII's	5170809	0	5170809	24.80	2926955	0	2926955	14.54	(43.39)
h) Foreign Venture Capital Funds	887500	0	887500	4.26	0	0	0	0	(100)
<b>Sub Total B1</b>	<b>8524308</b>	<b>0</b>	<b>8524308</b>	<b>40.88</b>	<b>5702026</b>	<b>0</b>	<b>5702026</b>	<b>28.33</b>	<b>(33.11)</b>
<b>2. Non-Institutions</b>									



a) Bodies Corp.	258398 5	1	258398 6	12.39	284045 3	1	284045 4	14.11	9.93
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	247950 0	71861	255136 1	12.24	262766 2	7186 1	269952 3	13.41	5.81
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	402562 8	0	402562 8	19.31	583382 5	0	583382 5	28.99	44.9 2
c) Others (specify)									
Non Resident Indians	500	0	500	0.00	500	0	500	0.00	0
Clearing Members	119576	0	119576	0.57	2002	0	2002	0.01	(98.3 3)
<b>Sub-total (B)(2):-</b>	<b>84821 59</b>	<b>71862</b>	<b>855402 1</b>	<b>42.51</b>	<b>113044 41</b>	<b>7186 2</b>	<b>113763 03</b>	<b>56.53</b>	<b>22.5 8</b>
Total Public Shareholding (B)=(B)(1)+ (B)(2)	<b>17006 467</b>	<b>71862</b>	<b>170783 29</b>	<b>84.86</b>	<b>170064 67</b>	<b>7186 2</b>	<b>170783 29</b>	<b>84.86</b>	<b>Nil</b>
<b>Grand Total (A+B+C)</b>	<b>20052 398</b>	<b>72852</b>	<b>201242 50</b>	<b>100.0 0</b>	<b>200523 98</b>	<b>7285 2</b>	<b>201242 50</b>	<b>100.0 0</b>	<b>Nil</b>

ii) Shareholding of Promoter-

SN	Shareholder's Name	Shareholding at the beginning of the year			Share holding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the company	%of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	%of Shares Pledged / encumbered to total shares	
1	Shivkumar Reddy	773854	3.85	3.54	773854	3.85	3.54	Nil
2	R.H.Kasturi	521977	2.59	2.34	521977	2.59	2.34	Nil
3	Uma Reddy C	1750100	8.70	2.51	1750100	8.70	2.51	Nil

iii) Change in Promoters' Shareholding (please specify, if there is no change)

SN.		Shareholding at the beginning of the year		Cumulative Shareholding during the Year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	<b>No Change during the year</b>			

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

SN	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Shareholding at the ending of the Year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	ASHISH NANDA	1670000	8.30	1670000	8.30
2	KARJAT TRADE PLACE PVT LTD	1434214	7.13	1434214	7.13
3	ANTARA INDIA EVERGREEN FUND LTD	1000000	4.97	1000000	4.97
4	GENERAL INSURANCE CORPORATION OF INDIA	983071	4.89	983071	4.89
5	UNITED INDIA INSURANCE COMPANY LIMITED	900000	4.47	900000	4.47
6	ATHENA INDIA OPPORTUNITIES	887500	4.41	887500	4.41
7	BRIDGE INDIA FUND	727980	3.62	727980	3.62
8	INDIA FOCUS CARDINAL FUND	400000	1.99	400000	1.99
9	DAVOS INTERNATIONAL FUND	380000	1.89	380000	1.89
10	SHAH DHIREN MAHENDRAKUMAR	300000	1.49	300000	1.49

i. Indebtedness of the company including interest outstanding/accrued but not due for payment

<b>Indebtedness at the beginning of the financial year</b>	<b>As per the financials attached with this Annual Report</b>
i) Principal Amount	
ii) Interest due but not paid	
iii) Interest accrued but not due	
<b>Total (i+ii+iii)</b>	
<b>Change in Indebtedness during the financial year</b>	
* Addition	
* Reduction	

<b>Net Change</b>	
<b>Indebtedness at the end of the financial year</b>	
i) Principal Amount	
ii) Interest due but not paid	
iii) Interest accrued but not due	
<b>Total (i+ii+iii)</b>	

**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:**
**A. Remuneration to Managing Director, Whole-time Directors and/or Manager:**

SN.	Particulars of Remuneration	Name of MD/WTD/ Manager		Total Amount
		C.S. Reddy (M.D)	R.H.Kasturi (WTD)	
1	Gross salary	Nil	Nil	Nil
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	Nil	Nil	Nil
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	Nil	Nil	Nil
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	Nil	Nil	Nil
2	Stock Option	Nil	Nil	Nil
3	Sweat Equity	Nil	Nil	Nil
4	Commission- as % of profit - others specify	Nil	Nil	Nil
5	Others, please specify	Nil	Nil	Nil
	Total (A)	Nil	Nil	Nil
	Ceiling as per the Act	Nil	Nil	Nil

**B. Remuneration to other directors**

SN.	Particulars of Remuneration	Name of Directors		Total Amount
		B.S. Shankarnarayan	L.R.Venugopal	
1	Independent Directors	Nil	Nil	Nil
	Fee for attending board committee meetings	Nil	Nil	Nil
	Commission	Nil	Nil	Nil
	Others, please specify	Nil	Nil	Nil
	Total (1)	Nil	Nil	Nil
2	Other Non-Executive Directors	N.A	N.A	N.A

	Fee for attending board committee meetings	N.A	N.A	N.A
	Commission	N.A	N.A	N.A
	Others, please specify	N.A	N.A	N.A
	Total (2)	N.A	N.A	N.A
	Total (B)=(1+2)	Nil	Nil	Nil
	Total Managerial Remuneration	Nil	Nil	Nil
	Overall Ceiling as per the Act			

**C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD**

SN	Particulars of Remuneration	Key Managerial Personnel			
		CEO	CS	CFO	Total
1	Gross salary	Nil	Nil	Nil	Nil
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	Nil	Nil	Nil	Nil
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	Nil	Nil	Nil	Nil
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	Nil	Nil	Nil	Nil
2	Stock Option	Nil	Nil	Nil	Nil
3	Sweat Equity	Nil	Nil	Nil	Nil
4	Commission	Nil	Nil	Nil	Nil
	- as % of profit	Nil	Nil	Nil	Nil
	others, specify...	Nil	Nil	Nil	Nil
5	Others, please specify	Nil	Nil	Nil	Nil
	Total	Nil	Nil	Nil	Nil

**VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:**

**Nil**

**CHIEF EXECUTIVE OFFICER (CEO) AND CHIEF FINANCIAL OFFICER (CFO)  
CERTIFICATION**

To  
The Board of Directors  
CHENNAREDDY SHIVAKUMARREDDY

I, C Shivakumar Reddy, Chairman & Managing Director of M/s Kavveri Telecom Products Limited certify:

1. That we have reviewed the financial statements and the cash flow statement for the year ended 31st March 2020 and to the best of our knowledge and belief;
  - a. These statements do not contain any materially untrue statement nor omit any material fact nor contain statements that might be misleading, and
  - b. These statements present a true and fair view of the company's affair and are in compliance with the existing accounting standards, applicable laws and regulations.
2. That there are, to the best of our knowledge and belief, no transactions entered into by the company during the year, which are fraudulent, illegal or violative of the company's code of conduct;
3. That we accept responsibility for establishing and maintaining internal controls, we have evaluated the effectiveness of the internal control systems of the company and we have disclosed to the auditors and the audit committee, deficiencies in the design or the operation of internal controls, if any, of which we are aware and the steps that we have taken or purpose to take and rectify the identified deficiencies and;
4. That we have informed the auditors and the audit committee of:
  - a. Significant changes in the internal control during the year;
  - b. Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - c. There is no Instances of significant fraud of which we have become aware and the involvement of an employee having a significant role in the company's internal control system.

Sd/-  
Chennareddy Shivakumarreddy  
Managing Director

Sd/-  
Rajpeta Kasturi Hanumenthareddy  
Chief Financial Officer

Bengaluru  
December 8, 2020

**INDEPENDENT AUDITOR'S REPORT ON  
CONSOLIDATED FINANCIAL STATEMENTS**

To the Members of **M/s. Kavveri Telecom Products Limited**

Report on the Consolidated Ind AS Financial Statements

Qualified Opinion

We have audited the accompanying consolidated Ind AS financial statements of **M/s. Kavveri Telecom Products Limited** (hereinafter referred to as 'the Company'), its subsidiaries (the Holding Company and its subsidiaries together referred to as 'the Group'), which comprise the Consolidated Balance Sheet as at March 31, 2020, the Consolidated Statement of Profit and Loss (including the statement of other comprehensive income), the Consolidated Statement of Cash Flow, the Consolidated Statement of Changes in Equity for the year then ended and a summary of significant accounting policies and other explanatory information (hereinafter referred to as 'consolidated Ind AS financial statements').

In our opinion and to the best of our information and according to the explanations given to us, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the aforesaid 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, of the state of affairs of the Company as at March 31, 2020, and loss and other comprehensive Income, consolidated changes in equity and its consolidated cash flows for the year ended on that date.

Basis for Qualified opinion

1. In respect of preparation of financial statements of **"the group"** on going concern basis, during the Year ended, **"the group"** has incurred a Net Loss (after tax) of Rs. 1,766.63 Lakhs resulting into accumulated losses of Rs. 12,781.10 Lakhs. **"The group"** has obligations towards fund based borrowings and significant decrease in revenue over the years. These conditions indicate the existence of a material uncertainty that may cast significant doubt on **"the group's"** ability to continue as going concern and **"the group"** may be unable to realize its assets and discharge its liabilities in the normal course of business. The ultimate outcome of these matters is at present not ascertainable. Accordingly, we are unable to comment on the consequential impact, if any, on the accompanying consolidated financial statements.
2. In the consolidated financial results, the results of Kavveri Telecom Infrastructure Limited, which is a Subsidiary to the "Holding Company" are not included.

3. We refer to "**Qualified Opinion**" in our Auditor's Report on Standalone financial statements of KAVVERI TELECOM PRODUCTS LIMITED ("the Holding company") for the Year Ended 31st March, 2020

***Basis for Qualified Opinion***

- I. **Material uncertainty related to Going Concern:** During the year the company has incurred a Net Loss of Rs. 1,793.96 Lakhs (which includes Rs.132.68 Lakhs provision for deferred tax liability) resulting into accumulated losses of Rs. 8,796.45 Lakhs (Retained Earnings). The Company has obligations towards fund based borrowings from banks aggregating to Rs. 18,045.42 Lakhs, Operational creditors, statutory dues. There is significant decrease in revenue over the past few years. These conditions indicate the existence of a material uncertainty that may cast significant doubt on the Company's ability to continue as going concern and therefore may be unable to realize its assets and discharge its liabilities in the normal course of business. The ultimate outcome of these matters is at present not ascertainable. Accordingly we are unable to comment on the consequential impact, if any, on the accompanying standalone financial statements.*
- II. In relation to carrying value of investments held in by the company to its subsidiaries, which have been incurring losses and in some of these companies, net worth was fully or substantially eroded. Taking into account the management internal assessment and initiatives to be implemented to improve the profitability in the medium to long term, the management of the company is of the view that carrying value of investments are realizable at the value stated in the books. In the absence of fair valuation of these investments, we are unable to comment upon the carrying value and thus, we are unable to comment whether any provision for impairment in the value of investments is required.*
- III. The Company has defaulted in repayment of dues to Banks for the year ended 31st March, 2020. All the loans outstanding were classified as NPA by the Banks. The balance outstanding as at 31.03.2020 is Rs. 18045.42 Lakhs (Including Principal and Interest Provisions on the loans but excluding Penal Interest if any) as per books of account. In the absence of confirmation of balances from banks, we are unable to ascertain the actual dues to Banks as at 31.03.2020.*

- IV. *In the absence of proof of physical verification of inventories during the year by the management, we are unable to comment on the discrepancies, if any, between the book records and physical stocks of inventories (Value of inventories as per books of account as at 31.03.2020 is Rs.5748.15 Lakhs).*
- V. *In the absence of proof of physical verification of Property, Plant and Equipment during the year by the management, we are unable to comment on the discrepancies, if any, between the book records and physical stocks (Net Block of PPE of Rs.820.82 lakhs as per books of account as at 31.03.2020).*
- VI. *The Company is not regular in payment of undisputed statutory dues towards ESI PF, GST and TDS for the year ended 31st March, 2020.*
- VII. *The company has not appointed Whole-time Company Secretary, which is not in accordance with the Companies Act, 2013.*
- VIII. *In the absence of confirmations of Trade Receivables and various advances, we are unable to comment on the extent to which such balances are recoverable.*
- IX. *In the absence of confirmations of Trade Payables and various advances/borrowings, we are unable to comment on the extent to which such balances are payable.*
- X. *The company recognised deferred tax assets on account of carried forward unused tax losses and other taxable temporary differences aggregating to Rs. 1,941.09 Lakhs. The management of the company is confident that sufficient future taxable income will be available against which such deferred tax assets would get adjusted. However, in our opinion, in absence of convincing evidence that sufficient future taxable income will be available against which such deferred tax assets would get adjusted, such recognition is not in accordance with Indian Accounting Standard 12 "Income Taxes" (Ind AS 12).*



We conducted our audit in accordance with Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In connection with our audit of the Information Other than the Consolidated Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexure to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon, financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

#### **Management's Responsibility for the Consolidated Ind AS Financial Statements**

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Consolidated IND AS 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 principles generally accepted in India, including the accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in

accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the Accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group are also responsible for overseeing the financial reporting process of the Group.

#### Auditor's Responsibility

Our objectives are to obtain reasonable assurance about whether the Consolidated IND AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit Procedures that is appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of

accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists; we are required to draw attention in our auditor's report to the related disclosures in the Consolidated IND AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the Consolidated IND AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Materiality is the magnitude of misstatements in the Consolidated IND AS financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the Consolidated IND AS financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.
- We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
  - From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Consolidated IND AS financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### **Other Matter Paragraph**

We did not audit the financial statements and other financial information, in respect of the nine foreign subsidiaries, whose Ind AS financial statements include total assets

of Rs.11,604.12 Lakhs as at 31st March, 2020, total revenue of Rs. 404.53 Lakhs for the year ended on that date. These Ind AS financial statements and other financial information have been prepared by the management and these financial statements have not been audited by any other auditors. Our opinion, in so far as it relates to the affairs of such subsidiaries is based solely on the Financial Statements provided by the management.

These consolidated financial statements and other information includes the results of the following entities:

- a) DCI- Digital Communications Ltd.
- b) EAICOM India Private Limited.
- c) Kaveri Realty 5 Inc.
- d) Kavveri Technologies Americas Inc.
- e) Til – Tek Antennae Inc.
- f) Spotwave Wireless Ltd.
- g) New England Communications Systems Inc.
- h) Quality Communications Systems Inc. .
- i) Kavveri Technologies Inc.

#### Report on Other Legal and Regulatory Requirements

**1) As required by section 143(3) of the Act, we report that:**

- i) We have sought and obtained, *except for the possible effects of the matters described in the Basis for Qualified Opinion paragraph above*, all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;**
- ii) *Except for the possible effects of the matters described in the Basis for Qualified Opinion paragraph above*, 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;**
- iii) The Balance Sheet, Statement of Profit and Loss including Other Comprehensive Income, the Statement of Cash Flows and the statement of changes in equity dealt with by this Report are in agreement with the books of account;**
- iv) *Except for the possible effects of the matters described in the Basis for Qualified Opinion paragraph above*, in our opinion, the aforesaid Ind AS Financial Statements comply with the applicable Accounting Standards specified under Section 133 of the Act, read with relevant rules issued there under.**
- v) On the basis of written representations received from the directors as on March 31, 2020, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164(2) of the Act.**
- vi) With respect to the adequacy of the internal financial controls over financial reporting of the company and the operating effectiveness of such controls, refer to our separate report in 'Annexure A'; and**

**vii)** With respect to other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

- The Group has disclosed the pending litigations which would impact on its financial position in its notes to financial statements.
- The Company has not made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.
- There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

**For P. Murali & Co.,  
Chartered Accountants  
Firm Registration No: 007257S**

**Sd/-  
P.Murali Mohana Rao  
Partner  
M. No. 023412  
UDIN: 20023412AAAAJZ2323**

**Place: Hyderabad  
Date: 31.07.2020**

### **Annexure A to the Independent Auditor's Report**

#### **Report on the Internal Financial Controls over Financial Reporting under clause (i) of the Sub-section 3 of the Section 143 of the Companies Act, 2013 ('The Act')**

We have audited the internal financial controls over financial reporting of M/s. Kavveri Telecom Products Limited ('the company') as of 31<sup>st</sup> march 2020 in conjunction with our audit of IND AS Consolidated Financial Statements of the company for the year ended on that date.

#### **Management's Responsibility for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence

to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on the company's internal financial controls over financial reporting based on our Audit. We conducted our audit in accordance with the Guidance note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the standards on Auditing deemed to be prescribed under section 143(10) of the Act to the extent applicable to an Audit of Internal Financial Controls, both applicable to an audit of Internal Financial Controls and both issued by the ICAI. These standards and guidance note require that we comply with ethical requirements and plan and performed the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our Audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the Auditor's Judgment, including the assessment of the risk of material misstatement of the IND AS Financial Statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion and the company's internal financial control system over financial reporting.

### **Meaning of Internal Financial Controls over Financial Reporting**

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Ind AS Financial Statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting includes these policies and procedures that (1) pertain to the maintenance of records that, in reasonable detailed, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of Ind AS Consolidated Financial Statements in accordance with generally accepted principles, and that receipts and expenditures are being made only in accordance with authorization of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the Ind AS Financial Statements.

## **Inherent Limitation of Internal Financial Controls over Financial Reporting**

Because of the inherent limitation of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, Projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### **Basis for Qualified Opinion:**

1. The company did not have appropriate internal controls for confirmation and reconciliation of trade receivables, trade payables, other current assets and current liabilities.
2. The company did not have fixed asset register as on 31.03.2020.

As a result of above matters, we have not been able to obtain sufficient and appropriate audit evidence in relation to Internal Financial Controls over Financial Reporting and consequently, we are unable to determine whether the company has established adequate internal financial controls over Financial Reporting and also whether such internal financial controls were operating effectively as at March 31st, 2020.

### **Qualified Opinion**

In our opinion, as a result of the matters given in the Basis of Qualified opinion paragraph in the Audit report of the company, we have not obtained sufficient appropriate audit evidence in respect of those matters specified in the Basis of Qualified opinion paragraph. We are unable to determine whether the company has established adequate internal financial controls over Financial Reporting and also whether such internal financial controls were operating effectively as at March 31st, 2020 based on the internal control over financial reporting criteria established by the company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute Of Chartered Accountants of India.

**For P. Murali & Co.,  
Chartered Accountants  
Firm Registration No: 007257S**

**Sd/-  
P.Murali Mohana Rao  
Partner  
M. No. 023412  
UDIN: 20023412AAAAJZ2323**

**Place: Hyderabad  
Date: 31.07.2020**

<b>KAVVERI TELECOM PRODUCTS LIMITED</b>			
<b>Consolidated Balance Sheet as at 31st March, 2020</b>			
<b>PARTICULARS</b>	<b>Note No.</b>	<b>As at 31 March, 2020</b>	<b>As at 31 March, 2019</b>
<b>ASSETS</b>			
<b>Non - Current Assets</b>			
Property, Plant, Equipment (including goodwill)	1	22,95,36,488	26,05,86,240
Capital Work in Progress		54,16,969	54,16,969
<b>(i) Financial Assets</b>			
(a) Security Deposits	2	32,15,840	-
Other Non Current Assets	3	94,69,39,785	73,37,05,184
Deffered Tax Asset	4	16,39,69,982	17,72,37,804
Investment	5	-	-
		<b>1,34,90,79,064</b>	<b>1,17,69,46,197</b>
<b>Current Assets</b>			
Inventories	6	74,10,06,044	73,42,23,949
<b>(i) Financial Assets</b>			
(a) Trade receivables	7	53,51,32,539	53,12,28,311
(b) Cash and Cash Equivalents	8	3,91,40,622	3,82,76,196
Current Tax Assets (Net)	9	-	-
Other Current Assets	10	88,53,53,249	1,04,57,69,629
		<b>2,20,06,32,454</b>	<b>2,34,94,98,085</b>
<b>Total</b>		<b>3,54,97,11,518</b>	<b>3,52,64,44,282</b>
<b>PARTICULARS</b>	<b>Note No.</b>	<b>As at 31 March, 2020</b>	<b>As at 31 March, 2019</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity share capital	11	20,12,42,600	20,12,42,600
Other equity	12	(4,25,14,821)	17,57,66,733
		<b>15,87,27,779</b>	<b>37,70,09,333</b>
<b>Minority Interest</b>			
		-	-
<b>LIABILITIES</b>			
<b>Non- Current liabilities</b>			
<b>(i) Financial liabilities</b>			
(a) Borrowings	13	7,43,54,450	2,29,86,311
(B) Provisions	14	22,54,50,505	22,48,57,647
Deferred tax liabilities (Net)	15	-	-
		<b>29,98,04,955</b>	<b>24,78,43,957</b>
<b>Current Liabilities</b>			
<b>(i) Financial Liabilities</b>			
(a) Borrowings	16	2,27,88,06,323	2,27,84,48,368
(b) Trade Payables	17	33,00,26,914	32,45,36,391
(c) Other Financial Liabilities	18	3,61,53,274	4,43,31,163
Other Current Liabilities	19	41,31,64,941	22,11,28,115
Provisions	20	3,30,27,332	3,31,46,954
		<b>3,09,11,78,784</b>	<b>2,90,15,90,991</b>
<b>Total</b>		<b>3,54,97,11,518</b>	<b>3,52,64,44,282</b>
<b>Corporate Information &amp; Summary of Significant Policies and the accompanying notes are an integral part of the financial statements</b>	<b>29 &amp; 30</b>		
<b>As Per our report of even date attached For P.Murali&amp;Co Chartered Accountants Firm Registration Number:007257S Sd/- P Murali Mohana Rao Partner Membership No.: 023412 UDIN:20023412AAA AJZ2323 Place: Hyderabad Date: 31.07.2020.</b>	<b>For and on behalf of the Board Of Directors Of Kavveri Telecom Products Limited</b>		
	<b>Sd/-</b>	<b>Sd/-</b>	<b>Sd/-</b>
	<b>C.Shiva Kumar Reddy</b>	<b>C.Shiva Kumar Reddy</b>	<b>R.H.Kasturi</b>
	<b>Managing Director</b>	<b>Managing Director</b>	<b>Director</b>
	<b>DIN:01189348</b>	<b>DIN:01189348</b>	<b>DIN:00291851</b>



<b>KAVVERI TELECOM PRODUCTS LIMITED</b>			
<b>Consolidated Statement of Profit and Loss for the Period ended 31st Mar 2020</b>			
Particulars	Note	For the Period Ended 31-Mar-20	For the Period Ended 31-Mar-19
<b>Revenue</b>			
Revenue from operations	21	4,54,95,719	5,58,81,628
Other Income	22	78,75,584	88,50,040
<b>Total Income</b>		<b>5,33,71,304</b>	<b>6,47,31,668</b>
<b>Expenses</b>			
Cost of Material Consumed	23	1,41,92,185	1,94,08,884
Purchase of Stock-in-Trade		-	-
Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	24	(23,239)	-
Employee Benefit Expenses	25	99,36,837	1,32,92,132
Other Operating Expenditure	26	7,73,810	5,21,227
Finance costs	27	13,44,63,391	13,02,85,111
Other expenses	28	2,61,84,898	6,79,33,521
Depreciation	1	3,12,38,723	3,93,96,311
<b>Total Expenses</b>		<b>21,67,66,605</b>	<b>27,08,37,186</b>
<b>Profit/(loss) before exceptional items and Tax</b>		<b>(16,33,95,301)</b>	<b>(20,61,05,518)</b>
<b>Exceptional Items</b>		-	-
<b>Profit/(loss) before Tax</b>		<b>(16,33,95,301)</b>	<b>(20,61,05,518)</b>
<b>Tax expense:</b>			
Provision for Tax			
Deferred Tax		1,32,67,823	(21,37,74,680)
<b>Profit/(Loss) for the period</b>		<b>(17,66,63,124)</b>	<b>76,69,162</b>
Other Comprehensive Income		-	-
<b>Total comprehensive income for the period</b>		<b>(17,66,63,124)</b>	<b>76,69,162</b>
<b>Loss attributable to:</b>			
Owners of the entity		<b>(17,66,63,124)</b>	<b>76,69,162</b>
non-Controlling interest		-	-
<b>VII. Earning per equity share of Rs 10/- each:</b>			
(1) Basic		(8.78)	0.38
(2) Diluted		(8.78)	0.38
<b>Corporate Information &amp; Summary of Significant Policies and the accompanying notes are an integral part of the financial statements</b>	<b>29 &amp; 30</b>		
<b>As Per our report of even date attached For P.Murali&amp;Co Chartered Accountants Firm Registration Number:007257S Sd/- P Murali Mohana Rao Partner Membership No.: 023412 UDIN: 20023412AAAAJZ2323 Place: Hyderabad Date: 31.07.2020.</b>		<b>For and on behalf of the Board Of Directors Of Kavveri Telecom Products Limited</b>	
		<b>Sd/- C.Shiva Kumar Reddy Managing Director DIN:01189348</b>	<b>Sd/- R.H.Kasturi Director DIN:00291851</b>

<b>KAVVERI TELECOM PRODUCTS LIMITED</b>		
<b>Statement of Consolidated Cash flow for the period ended 31st March 2020</b>		
<b>Particulars</b>	<b>For the year ended</b>	
	<b>2020</b>	<b>2019</b>
<b>A. Cash flow from operating activities</b>		
Profit / (Loss) before tax	(16,33,95,301)	(20,61,05,518)
<b>Adjustments to reconcile profit before tax to net cash from / (used in) operating activities.</b>		
Depreciation on property, plant and equipment	3,12,38,723	3,93,96,311
KTIL Property Plant & Equipment*		1,56,16,41,909
Finance income (including fair value change in financial instruments)	-	(6,99,791)
Finance costs (including fair value change in financial instruments)	13,44,63,391	13,02,85,111
Increase in Capital Reserve	59,84,130	-
Foreign Currency Translation adjustments	(4,77,08,084)	-
<b>Operating Profit before working capital changes</b>	<b>(3,94,17,141)</b>	<b>1,52,45,18,022</b>
<b>Working capital adjustments</b>		
Decrease/ (increase) in Trade and Other Advances	-	15,59,14,419
Decrease/ (increase) in Inventory	(67,82,095)	1,69,09,619
Increase/ (decrease) in Trade Payables	54,90,523	(46,33,19,582)
(Increase) / decrease in Trade Receivables	(39,04,228)	52,61,74,664
Increase/(Decrease) in Long Term Liabilities		
Decrease/ (increase) in other Current assets	16,04,16,380	8,70,99,118
(Decrease)/ increase in Provisions	5,92,858	(65,30,785)
Decrease/ (increase) in other Non Current assets	(21,32,34,601)	(70,73,88,522)
Increase/ (decrease) Other Current Liabilities	18,37,39,315	(65,07,12,898)
Increase/ (decrease) in Short term borrowings	3,57,955	(74,32,98,959)
<b>Sub Total</b>	<b>8,72,58,967</b>	<b>(26,06,34,905)</b>
Income tax paid	-	-
<b>Net cash flows from operating activities (A)</b>	<b>8,72,58,967</b>	<b>(26,06,34,905)</b>
<b>B. Cash flow from investing activities</b>		
Payment for purchase and construction of property, plant and equipment	(83,448)	(1,13,83,509)
Decrease/ (increase) in Capitalwork-in-progress	-	(50,050)
Proceeds from sale of property, plant and equipment		
Interest received	-	6,99,791
Repayment of loans given	(32,15,841)	1,69,73,197
(Increase) / decrease in Investments		
<b>Net cash flows from / (used in) investing activities (B)</b>	<b>(32,99,288)</b>	<b>62,39,429</b>
<b>C. Cash flow from financing activities</b>		
Proceeds from long term loans and borrowings	5,13,68,139	37,33,97,848
Interest payment	(13,44,63,391)	(13,02,85,111)
<b>Net Cash flows from / (used in) Financing activities (C)</b>	<b>(8,30,95,252)</b>	<b>24,31,12,737</b>
<b>Net increase / (decrease) in cash and cash equivalents (A+B+C)</b>	<b>8,64,426</b>	<b>(1,12,82,739)</b>
Opening Balance of Cash	3,82,76,196	4,95,58,935
Closing Balance	<b>3,91,40,622</b>	<b>3,82,76,196</b>
<b>Components of Cash and Cash Equivalents</b>		
Cash on Hand	8,80,648	8,40,068
Balances with bank in current account	3,82,59,974	3,74,36,128
<b>Balance at the end of the year</b>	<b>3,91,40,622</b>	<b>3,82,76,196</b>

\* Consolidated Cash Flow statement was prepared for the Financial year 2019-20 without considering the financials of Kavveri Telecom Infrastructure Limited which is a subsidiary to the Kavveri telecom products limited.

As Per our report of even date attached  
For P.Murali&Co  
Chartered Accountants  
Firm Registration Number:007257S

Sd/-

P Murali Mohana Rao

Partner

Membership No.: 023412

UDIN: 20023412AAAAJZ2323

Place: Hyderabad

Date: 31.07.2020.

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

Sd/-

C.Shiva Kumar Reddy

Managing Director

DIN:01189348

Sd/-

R.H.Kasturi

Director

DIN: 00291851

KAVVERI TELECOM PRODUCTS LIMITED												
1) Notes to financial statements for the year ended March 31, 2020												
(All amounts in Indian Rupees, except for share data or as otherwise stated)												
1. Property, Plant and Equipment & Intangible assets	Furnitures	Office Equipment	Plant & machinery I	Land(Free hold)	Land(Lease hold)	Computers	Vehicles	Buildings	Computer Software	Technical Know how	Total tangible assets	Total intangible assets
Cost												
As at March 31, 2018	1,04,00,581	9,07,559	30,28,15,862	2,02,83,383	1,13,77,758	2,63,53,766	6,10,02,240	16,49,64,758	1,87,89,737	21,27,79,580	54,89,64,126	23,15,69,317
Additions	-	-	-	5,62,500	-	2,83,509	-	16,49,64,758	1,11,00,000	-	2,83,509	1,11,00,000
Disposals	-	-	-	-	-	-	-	-	-	-	-	-
As at March 31, 2019	1,04,00,581	9,07,559	30,28,15,862	1,97,20,883	1,13,77,758	2,66,37,275	6,10,02,240	-	2,98,89,737	21,27,79,580	38,34,36,868	24,26,69,317
Additions	-	83,448	-	-	-	-	-	-	-	-	83,448	-
Disposals	-	-	-	-	-	-	-	-	-	-	-	-
Foreign Exchange Impact	-	7,443	-	-	-	-	74,615	-	-	23,465	82,080	23,465
As at March 31, 2020	1,04,00,581	9,98,450	30,28,15,862	1,97,20,883	1,13,77,758	2,66,37,275	6,10,76,855	-	2,98,89,737	21,28,03,045	38,36,02,374	24,26,92,782
Depreciation / Amortization												
As at March 31, 2018	86,22,658	6,30,886	19,17,34,223	-	-	2,43,15,738	5,84,06,706	5,04,09,018	1,77,19,568	7,91,66,912	33,41,19,229	9,68,86,480
Charge for the period	7,26,006	25,510	2,29,57,017	-	-	1,12,280	50,47,767	50,47,767	8,79,779	96,47,952	2,88,68,580	1,05,27,731
Disposals	-	-	-	-	-	-	-	5,54,56,785	-	-	5,54,56,785	-
As at March 31, 2019	93,48,664	6,56,396	21,46,91,240	-	-	2,44,28,018	5,84,06,706	-	1,85,99,347	8,88,14,864	30,75,31,024	10,74,14,211
Charge for the year	9,79,838	7,239	1,89,01,380	-	-	8,010	-	-	16,65,000	96,77,256	1,98,96,466	1,13,42,256
Disposals	-	-	-	-	-	-	-	-	-	-	-	-
Foreign Exchange Impact	-	6,63,635	23,35,92,620	-	-	2,44,36,028	5,84,06,706	-	2,02,64,347	9,84,92,120	32,74,27,490	11,87,56,467
As at March 31, 2020	1,03,28,502	13,27,269	24,36,84,260	-	-	2,44,36,028	11,68,13,412	-	2,02,64,347	19,73,77,984	63,50,54,914	75,38,10,678
Net Block												
As at March 31, 2020	72,079	3,34,815	6,92,23,242	1,97,20,883	1,13,77,758	22,01,247	26,70,149	-	96,25,390	11,43,10,925	10,56,00,173	12,39,36,315
As at March 31, 2019	10,51,917	2,51,163	8,81,24,622	1,97,20,883	1,13,77,758	22,09,257	25,95,534	-	1,12,90,390	12,39,64,716	12,53,31,134	13,52,55,106
As at March 31, 2018	17,77,923	2,76,673	11,10,81,639	2,02,83,383	1,13,77,758	20,38,028	25,95,534	11,45,55,740	10,70,169	13,36,12,668	26,39,86,678	13,46,82,837

KAVVERI TELECOM PRODUCTS LIMITED			
Notes to Consolidated Financial Statement as at 31st March, 2020			
2	<b>Security Deposits</b>		
	Particulars	As at	As at
		31st Mar 2020	31st Mar 2019
	Security Deposits	32,15,840	-
<b>Total</b>	<b>32,15,840</b>	<b>-</b>	
3	<b>Other Non-Current Assets</b>		
	Particulars	As at	As at
		31st Mar 2020	31st Mar 2019
	<b>Advances Otherthan capital advances</b>		
	Margin Money Deposits	10,62,707	-
	Earnest Money deposits	1,82,58,261	2,49,810
	Other Advances	1,23,04,694	-
	Deposits	-	-
	Other Non Current Assets	91,53,14,123	73,25,36,645
	Long Term Deposits for more than 12 months	-	9,18,729
<b>Total</b>	<b>94,69,39,785</b>	<b>73,37,05,184</b>	
4	<b>Deferred Tax Asset</b>		
	Particulars	As at	As at
		31st Mar 2020	31st Mar 2019
	Deferred Tax Asset	17,72,37,804	17,72,37,804
Add: Current Year	(1,32,67,823)		
<b>Total</b>	<b>16,39,69,982</b>	<b>17,72,37,804</b>	
5	<b>Investments</b>		
	Particulars	As at	As at
		31st Mar 2020	31st Mar 2019
	Investment in subsidiaries	-	-
Kaveri Technologies Inc	-	-	
Kaveri technologies america	-	-	
<b>Total</b>	<b>-</b>	<b>-</b>	
6	<b>Inventories</b>		
	Particulars	As at	As at
		31st Mar 2020	31st Mar 2019
	Finished Goods	15,84,31,499	15,84,31,499
	Work-in-progress	20,29,123	20,05,884
	Raw Materials	11,11,79,007	10,44,20,152
Stock in Trade	46,93,66,414	46,93,66,414	
<b>Total</b>	<b>74,10,06,044</b>	<b>73,42,23,949</b>	

7	<b>Trade Receivables</b>		
	<b>Particulars</b>	<b>As at</b>	<b>As at</b>
		<b>31st Mar 2020</b>	<b>31st Mar 2019</b>
	<b>Outstanding for a period exceeding six months from the date they are due for payment</b>		
	Unsecured and considered good	53,51,32,539	31,90,81,819
<b>Other Receivables</b>			
Unsecured and considered good	-	21,65,14,766	
Provision for bad and Doubtful debts	-	(43,68,273)	
	<b>Total</b>	<b>53,51,32,539</b>	<b>53,12,28,311</b>
8	<b>Cash and Cash Equivalents</b>		
	<b>Particulars</b>	<b>As at</b>	<b>As at</b>
		<b>31st Mar 2020</b>	<b>31st Mar 2019</b>
	<b>Cash &amp; Cash Equivalents :</b>		
	Balances with Banks		
In Current Accounts	3,75,25,868	3,67,02,022	
Unpaid Dividend	7,34,106	7,34,106	
Cash on hand	8,80,648	8,40,068	
	<b>Total</b>	<b>3,91,40,622</b>	<b>3,82,76,196</b>
9	<b>Current Tax Assets</b>		
	<b>Particulars</b>	<b>As at</b>	<b>As at</b>
		<b>31st Mar 2020</b>	<b>31st Mar 2019</b>
	a) Advance Income Tax (Includes TDS Receivable)	-	-
	b) CENVAT Credit (Including of Capital Goods & PLA Amount)	-	-
c) MAT Credit entitlement	-	-	
d) ICICI OTS amount paid	-	-	
e) GST Receivable	-	-	
	<b>Total</b>	<b>-</b>	<b>-</b>
10	<b>Other Current Assets</b>		
	<b>Particulars</b>	<b>As at</b>	<b>As at</b>
		<b>31st Mar 2020</b>	<b>31st Mar 2019</b>
	a) Advances to Employees	1,29,272	-
	b) Advances to Suppliers	1,52,17,981	1,52,17,981
	c) Interest Accrued	-	4,99,21,426
	d) Other Advances	75,80,32,037	91,16,35,804
	e) R & D expenses	30,15,858	-
	f) Other current assets	2,47,33,106	1,45,15,256
	g) Prepaid Expenses	2,03,94,320	2,03,93,639
	h) Balance with Revenue	3,12,32,204	32,86,749
	i) GST	63,36,006	45,36,308
j) Excise duty under protest	2,62,62,465	2,62,62,465	
	<b>Total</b>	<b>88,53,53,249</b>	<b>1,04,57,69,628</b>

12	<b>Other Equity</b>		
	Particulars	As at	As at
		31st Mar 2020	31st Mar 2019
	<b>Securities Premium</b>		
	As per last Balancesheet	1,18,00,36,432	1,18,00,36,432
	<b>General reserve</b>		
	As per last Balancesheet	9,07,44,280	9,07,44,280
	<b>Capital Reserve</b>		
	As per last Balancesheet	1,33,09,909	73,25,779
	Foreign Currency Translation reserve	(6,09,56,841)	(1,33,54,281)
	Fall in Value of investment	-	-
	Employee stock option outstanding	1,24,61,345	1,24,61,345
	Deferred stock compensation cost		
	<b>Surplus/(deficit) in the statement of profit and loss:</b>		
	Balance as at the beginning of the year	(1,10,14,46,822)	(1,10,91,15,994)
	Add: change to profit / (loss) for the year	(17,66,63,124)	76,69,172
	<b>Balance as at the end of the year</b>	<b>(1,27,81,09,946)</b>	<b>(1,10,14,46,822)</b>
	<b>Total</b>	<b>(4,25,14,821)</b>	<b>17,57,66,733</b>
13	<b>Borrowings (Non Current)</b>		
	Particulars	As at	As at
		31st Mar 2020	31st Mar 2019
	Term Loans		
	i) From Banks	2,49,25,428	2,29,86,311
		<b>2,49,25,428</b>	<b>2,29,86,311</b>
	ii) From other parties		
	Loans from related parties	1,75,47,779	-
	Other Loans	3,18,81,243	-
		<b>4,94,29,022</b>	<b>-</b>
	<b>Total</b>	<b>7,43,54,450</b>	<b>2,29,86,311</b>
	<b>Notes: Loans from Banks</b>		
	<b>1. Kavveri Telecom Products Limited</b>		
	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.		
	<b>Terms of Repayment:</b> Repayable in 38 monthly instalments from the date of the Loan (February 2010)		
14	<b>Provisions (Non Current)</b>		
	Particulars	As at	As at
		31st Mar 2020	31st Mar 2019
	(a) Provision for Employee benefit	61,21,679	61,21,679
	(b) Provision for Leave encashment	38,26,937	38,26,937
	(c) Deposits	5,92,858	-
	(d) Other Provisions	21,49,09,031	21,49,09,031
	<b>Total</b>	<b>22,54,50,505</b>	<b>22,48,57,647</b>

<b>15</b>	<b>Deffered Tax Liability</b>		
	<b>Particulars</b>	<b>As at</b>	<b>As at</b>
		<b>31st Mar 2020</b>	<b>31st Mar 2019</b>
	Deffered tax liability	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	
<b>16</b>	<b>Borrowing (Current)</b>		
	<b>Particulars</b>	<b>As at</b>	<b>As at</b>
		<b>31st Mar 2020</b>	<b>31st Mar 2019</b>
	<b>Secured Loans</b>		
	(a) From banks - Secured Loans	1,77,96,16,874	1,64,71,70,642
<b>Unsecured Loans</b>			
(a) Loans from Directors & Other Parties	49,91,89,449	63,12,77,726	
<b>Total</b>	<b>2,27,88,06,323</b>	<b>2,27,84,48,368</b>	
<b>17</b>	<b>Trade Payables</b>		
	<b>Particulars</b>	<b>As at</b>	<b>As at</b>
		<b>31st Mar 2020</b>	<b>31st Mar 2019</b>
	Trade Payables		
	- Dues to MSME'S		
- Other Payables	33,00,26,914	32,45,36,391	
<b>Total</b>	<b>33,00,26,914</b>	<b>32,45,36,391</b>	
<b>18</b>	<b>Other Financial Liabilities (Current)</b>		
	<b>Particulars</b>	<b>As at</b>	<b>As at</b>
		<b>31st Mar 2020</b>	<b>31st Mar 2019</b>
	Current Maturities of Long-term debt		-
	Interest on term loans payable	3,61,53,274	4,40,45,655
Others	-	2,85,508	
<b>Total</b>	<b>3,61,53,274</b>	<b>4,43,31,163</b>	
<b>19</b>	<b>Other Current Liabilities</b>		
	<b>Particulars</b>	<b>As at</b>	<b>As at</b>
		<b>31st Mar 2020</b>	<b>31st Mar 2019</b>
	Other Payables	38,74,19,166	15,16,51,025
	Statutory dues (Including Provident Fund, Withholding and other taxes payable)	1,81,93,509	1,70,34,600
	Vehicle Loan Payable	-	1,40,544
	Unpaid dividend	7,34,106	7,34,106
	Interest Payable	-	4,40,45,655
	Diferred Revenue	68,18,160	75,22,185
	<b>Total</b>	<b>41,31,64,941</b>	<b>22,11,28,115</b>
<b>20</b>	<b>Provisions</b>		
	<b>Particulars</b>	<b>As at</b>	<b>As at</b>
		<b>31st Mar 2020</b>	<b>31st Mar 2019</b>
	Provisions for Emppoyee Benefits	90,07,433	91,27,055
	Provisions for Income Tax	2,39,48,845	2,39,48,845
	Dues to Key managerial personnel	-	-
Others	71,055	71,055	
<b>Total</b>	<b>3,30,27,332</b>	<b>3,31,46,954</b>	

<b>KAVVERI TELECOM PRODUCTS LIMITED</b>			
<b>Notes to Financial Statement as at 31st Mar, 2020</b>			
		<b>As at</b>	
<b>11</b>	<b>Particulars</b>	<b>31-Mar-20</b>	<b>31-Mar-19</b>
	<b>Authorised Capital</b> 2,50,00,000 (March 31, 2017: 5,000,000) Equity shares of Rs. 10/- each	25,00,00,000	25,00,00,000
	<b>Issued, subscribed &amp; fully paid up Capital</b> 2,01,24,260 (March 31, 2017: 1783530) Equity shares of Rs. 10/- each Less: Calls Unpaid by others	20,12,42,600	20,12,42,600
	<b>Total</b>	<b>20,12,42,600</b>	<b>20,12,42,600</b>
<b>Terms/ rights attached to the equity shares:</b>			
i) The Company has only one class of shares referred to as equity shares having a par value of Rs. 10/-. Each,			
ii) The Company did not declare any dividend during the accounting period under reporting.			
iii) In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts in proportion to the number of equity shares held by the share holders.			
iv) No shares have been issued for consideration other than cash during the immediately preceding five years from the end of the reporting period.			
<b>b Reconciliation of equity shares outstanding as at the beginning and at the end of the reporting Period:</b>			
		<b>As at</b>	
<b>Particulars</b>	<b>31-Mar-20</b>		<b>31-Mar-19</b>
	<b>No. of Shares</b>		<b>No. of Shares</b>
<b>Equity shares</b>			
Ordinary equity shares			
Shares at the beginning of the year	2,01,24,260	2,01,24,260	
Issued during the year			
<b>Shares outstanding as at end of the period</b>	<b>2,01,24,260</b>	<b>2,01,24,260</b>	
<b>c Details of Shareholders holding more than 5% Shares in the Company</b>			
		<b>As at</b>	
<b>Name of the Shareholder</b>	<b>31-Mar-20</b>		<b>31-Mar-19</b>
	<b>No. of Shares</b>	<b>% of holding</b>	<b>No. of Shares</b>
<b>Ordinary equity shares</b>			
Kavveri Telecom Products Limited	9,09,600	4.52%	9,09,600
C. Shiva Kumar Reddy	4,09,878	2.04%	4,09,878
C. Uma Reddy	2,31,670	1.15%	2,31,670
R H Kasturi	2,31,670	1.15%	2,31,670



<b>KAVVERI TELECOM PRODUCTS LIMITED</b>			
<b>Notes to Consolidated Financial Statement as at 31st Mar, 2020</b>			
<b>21</b>	<b>Revenue From operations</b>		
	<b>Particulars</b>	<b>For the Year Ended 31st Mar 2020</b>	<b>For the Year Ended 31st Mar 2019</b>
	<b>Revenue From operations</b>		
	(a) Sale of Products	4,54,95,719	5,58,81,628
	(b) Sale of Services	-	-
		<b>4,54,95,719</b>	<b>5,58,81,628</b>
	Less: Excise Duties & Service tax Collected	-	-
	VAT,CST & GST Collected	-	-
	<b>Total</b>	<b>4,54,95,719</b>	<b>5,58,81,628</b>
<b>22</b>	<b>Other Income</b>		
	<b>Particulars</b>	<b>For the Year Ended 31st Mar 2020</b>	<b>For the Year Ended 31st Mar 2019</b>
	Interest Income	-	6,99,791
	Misc Income	5,368	-
	Other Income	45,67,492	49,11,524
	Rental income	-	32,17,580
	Sundry Balance Written off	-	-
	Discount Received	32,000	-
	Foreign exchange gain	32,70,724	21,145
	<b>Total</b>	<b>78,75,584</b>	<b>88,50,040</b>
<b>23</b>	<b>Cost of Materials consumed</b>		
	<b>Particulars</b>	<b>For the Year Ended 31st Mar 2020</b>	<b>For the Year Ended 31st Mar 2019</b>
	<b>Material Consumption</b>		
	Opening Stock of Raw Materials	10,96,65,495	10,39,90,501
	Add: Purchases During the year	1,56,83,828	2,49,59,809
	Less: Closing Stock of Raw material	11,11,79,007	10,96,65,495
	<b>Packing Material</b>		
	Purchases During the year	21,870	1,24,069
	<b>Total</b>	<b>1,41,92,185</b>	<b>1,94,08,884</b>
<b>24</b>	<b>Less: Closing Stock of Raw material</b>		
	<b>Particulars</b>	<b>For the Year Ended 31st Mar 2020</b>	<b>For the Year Ended 31st Mar 2019</b>
	<b>Finished Goods</b>		
	Finished goods at the beginning of the year	15,84,31,499	15,84,31,499
	Less: Finished goods at the end of the year	15,84,31,499	15,84,31,499
	<b>Sub Total (A)</b>	-	-
	<b>Work in Progress</b>		
	Finished goods at the beginning of the year	20,05,884	20,05,884
	Less: Finished goods at the end of the year	20,29,123	20,05,884
	<b>Sub Total (B)</b>	(23,239)	-
	<b>Stock in trade</b>		
	Finished goods at the beginning of the year	46,93,66,414	46,93,66,414
	Less: Finished goods at the end of the year	46,93,66,414	46,93,66,414
	<b>Sub Total (C)</b>	-	-
	<b>Increase or Decrease in Inventories (A + B + C)</b>	<b>(23,239)</b>	<b>-</b>

<b>25 Employee Benefit Expenses</b>			
<b>Particulars</b>	<b>For the Year Ended 31st Mar 2020</b>	<b>For the Year Ended 31st Mar 2019</b>	
(a) Salaries & Wages	97,10,984	1,19,20,721	
(b) Contribution to Provident & Other Funds	1,13,581	6,30,792	
(c) Staff Welfare Expenses	1,12,272	7,40,619	
<b>Total</b>	<b>99,36,837</b>	<b>1,32,92,132</b>	
<b>26 Other Operating Expenses</b>			
<b>Particulars</b>	<b>For the Year Ended 31st Mar 2020</b>	<b>For the Year Ended 31st Mar 2019</b>	
a) Repairs and maintenance	-	-	
b) Foreign Exchange (Gain/Loss)	-	-	
c) Repairs to others	-	-	
d) Insurance	5,95,951	3,81,302	
e) Production expenses	-	-	
f) Transportation Charges	-	-	
g) Job Work Handling Charges	18,234	-	
h) Discount Allowed	-	3,490	
i) Miscellaneous Expenses	-	67,757	
j) Consumption of Stores & Spares(lab equipment supplies)	1,30,081	29,316	
k) R&D Expenses	29,545	39,363	
<b>Total</b>	<b>7,73,810</b>	<b>5,21,227</b>	
<b>27 Finance Costs</b>			
<b>Particulars</b>	<b>For the Year Ended 31st Mar 2020</b>	<b>For the Year Ended 31st Mar 2019</b>	
a) Interest Expenses			
- Interest on Long term borrowings	19,39,117	15,44,775	
- Interest on Cash Credit & Packing Credit	13,24,46,232	13,24,49,724	
- Loan Processing Charges & Bank Charges	78,042	2,49,710	
	-	-	
b) Other Borrowing costs	-	(39,59,098)	
<b>Total</b>	<b>13,44,63,391</b>	<b>13,02,85,111</b>	
<b>28 Other Expenses</b>			
<b>Particulars</b>	<b>For the Year Ended 31st Mar 2020</b>	<b>For the Year Ended 31st Mar 2019</b>	
Administrative expenses	18,96,781	-	
Travelling and Conveyance	5,01,059	42,76,827	
Bank Charges	3,37,688	-	
Rates & Taxes (excluding Income Tax)	13,42,636	16,23,126	
Fuel Charges	2,32,632	6,99,504	
Office Rent & Others	14,21,748	19,91,835	
General Expenses	6,04,826	-	
Advertisement Expenses	48,729	1,68,736	
Professional Fee	2,49,055	16,54,017	
Legal Charges	1,07,82,366	23,90,487	
Other Expenses	1,98,641	63,94,285	
Statutory Audit fees	5,76,748	16,87,256	
Customs Duty	4,95,539	12,19,660	
Freight Inwards	16,56,706	21,84,112	
Renewal & Subscription charges	1,22,823	1,14,752	
Repairs and Maintenance – Others	11,88,625	1,14,997	
Statutory Auditors : Audit fees	7,55,000	7,55,000	
Telephone & Internet charges	5,44,418	3,95,039	
Pay roll expenses	1,19,675	25,13,212	
Electricity charges	3,78,957	5,11,261	
Postage & Courier	21,719	29,95,568	
Miscellaneous expenses	1,60,163	2,37,338	
Listing fees	6,65,000	6,15,000	
Loss on sale of fixed assets	-	3,50,70,472	
Service Charge	37,717	-	
Freight Outward	12,52,416	-	
Credit card charges	5,93,229	3,21,037	
<b>Total</b>	<b>2,61,84,898</b>	<b>6,79,33,521</b>	

**KAVVERI TELECOM PRODUCTS LIMITED**  
**Notes to Financial Statement as at 31st Mar, 2020**

**Statement of changes in Equity**

**A. Equity Share Capital:**

*(Amounts in Rs.)*

<b>Particulars</b>	<b>Number of Shares</b>	<b>Amount</b>
<b>Balance as at April 1, 2018</b>	<b>2,01,24,260</b>	<b>20,12,42,600</b>
Changes in equity Share Capital	-	-
<b>Balance as at March 31, 2019</b>	<b>2,01,24,260</b>	<b>20,12,42,600</b>
<b>Balance as at April 1, 2019</b>	<b>2,01,24,260</b>	<b>20,12,42,600</b>
Changes in equity Share Capital	-	-
<b>Balance as at March 31, 2020</b>	<b>2,01,24,260</b>	<b>20,12,42,600</b>

KAVVERI TELECOM PRODUCTS LIMITED										
Statement of changes in Equity										
(Amounts in Rs.)										
	Other Equity		Reserves & Surplus					Foreign Currency Translation reserve & Fall in value of investment	Items of Other comprehensive Income through other comprehensive Income	Total
	General Reserve	Capital Reserve	Securities Premium	Employee Stock Option Outstanding	Retained earnings					
<b>Balance at April 1, 2018</b>	9,07,44,280	1,33,09,909	1,55,03,58,582	1,24,61,345	(1,36,73,67,237)	4,77,42,175	-	-	34,72,49,054	
<b>Changes in equity for the year ended March 31, 2019</b>										
Transfer to General Reserve	-	-	-	-	-	-	-	-	-	
Equity instruments through other comprehensive income	-	-	-	-	-	-	-	-	-	
Changes in accounting policy / prior period errors	-	(59,84,130)	(37,03,22,150)	-	25,82,51,244	(6,10,96,456)	-	-	(17,91,51,492)	
Profit for the period	-	-	-	-	76,69,162	-	-	-	76,69,162	
Addition to capital reserve	-	-	-	-	-	-	-	-	-	
<b>Balance as at March 31, 2019</b>	9,07,44,280	73,25,779	1,18,00,36,432	1,24,61,345	(1,10,14,46,832)	(1,33,54,281)	-	-	17,57,66,723	
<b>Changes in equity for the Period ended March 31, 2020</b>										
Transfer to General Reserve	-	-	-	-	-	-	-	-	-	
Equity instruments through other comprehensive income	-	-	-	-	-	-	-	-	-	
Changes in accounting policy / prior period errors	-	59,84,130	-	-	(17,66,63,124)	(4,76,02,560)	-	-	59,84,130	
Profit for the period	-	-	-	-	-	-	-	-	(22,42,65,684)	
Addition to capital reserve	-	-	-	-	-	-	-	-	-	
<b>Balance as at March 31, 2020</b>	9,07,44,280	1,33,09,909	1,18,00,36,432	1,24,61,345	(1,27,81,09,956)	(6,09,56,841)	-	-	(4,25,14,831)	

## 29. Corporate Information

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

## 30. Basis of preparation

This note provides a list of the significant accounting policies adopted in the preparation of these financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

### **(i) Compliance with IndAS**

The financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) read with Companies (Indian Accounting Standards) Rules and other relevant provisions of the Act.

### **(ii) Historical cost convention**

The financial statements have been prepared on a historical cost basis, except for the following:

- Certain financial assets and liabilities and contingent consideration that is measured at fair value;

### **(iii) Recent accounting pronouncements**

In March 2018, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2018, notified IND AS 115 'Revenue from Contracts with Customers' and its impact on other IND AS Standards, which shall come into force from April 01, 2018. The company is evaluating the requirement of standard and its implications on the financial statements.

## 1.1 Summary of significant accounting policies

### **I. Significant Accounting Estimates and Judgments**

Estimates, assumptions concerning the future and judgments are made in the preparation of the financial statements. They affect the application of the Company's accounting policies, reporting amounts of assets, liabilities, income and expense and disclosures made. Although these estimates are based on management's best knowledge of current events and actions, actual result may differ from those estimates.

The critical accounting estimates and assumptions used and areas involving a high degree of judgments are described below:

#### **Use of estimation and assumptions**

In the process of applying the entity's accounting policies, management had made the following estimation and assumptions that have the significant effect on the amounts recognised in the financial statements.

### Income tax

The company recognizes tax liabilities based upon self-assessment as per the tax laws. When the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such final determination is made.

### Property, plant and equipment & Intangible Assets

Key estimates related to long-lived assets (property, plant and equipment and intangible assets) include useful lives, recoverability of carrying values and the existence of any retirement obligations. As a result of future decisions, such estimates could be significantly modified. The estimated useful lives of long-lived assets is applied as per the Schedule II of Companies Act, 2013 and estimated based upon our historical experience, engineering estimates and industry information. These estimates include an assumption regarding periodic maintenance and an appropriate level of annual capital expenditures to maintain the assets.

## **Critical judgments made in applying accounting policies**

### Impairments in Subsidiaries and Associates

When a subsidiary is in net equity deficit and has suffered operating losses, a test is made whether the investment in the investee has suffered any impairment, in accordance with the stated accounting policy. This determination requires significant judgment. An estimate is made of the future profitability of the investee, and the financial health of and near-term business outlook for the investee, including factors such as industry and sector performance, and financing and operational cash flows.

### Impairment of plant & equipment and Intangible assets

The company assesses whether plant & equipment and intangible assets have any indication of impairment in accordance with the accounting policy. The recoverable amounts of plant & equipment and intangible asset have been determined based on value-in-use calculations. These calculations require the use of judgment and estimates.

### Expected credit loss

Expected credit losses of the company are based on an evaluation of the collectability of receivables. A considerable amount of judgment is required in assessing the ultimate realization of these receivables, including their current creditworthiness, past collection history of each customer and ongoing dealings with them. If the financial conditions of the counterparties with which the Company contracted were to deteriorate, resulting in an impairment of their ability to make payments, additional expected credit loss may be required.

## **II. Property, Plant and Equipment**

All items of property, plant and equipment are initially recorded at cost. The cost of an item of plant and equipment is recognized as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

Cost includes its purchase price (after deducting trade discounts and rebates), import duties & non-refundable purchase taxes, any costs directly attributable to bringing the asset to the location & condition necessary for it to be capable of operating in the manner intended by management, borrowing costs on qualifying assets and asset

retirement costs. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The activities necessary to prepare an asset for its intended use or sale extend to more than just physical construction of the asset. It may also include technical (DPR, environmental, planning, Land acquisition and geological study) and administrative work such as obtaining approvals before the commencement of physical construction.

The cost of replacing a part of an item of property, plant and equipment is capitalized if it is probable that the future economic benefits of the part will flow to the Company and that its cost can be measured reliably. The carrying amount of the replaced part is derecognized.

Costs of day to day repairs and maintenance costs are recognized into the statement of profit and loss account as incurred.

Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual values, estimated useful lives and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

An item of plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is recognised in the profit or loss in the year the asset is derecognized.

Assets under installation or under construction as at the Balance Sheet date are shown as Capital Work in Progress.

### ***Depreciation***

Depreciation is provided on Straight Line Method, as per the provisions of schedule II of the Companies Act, 2013 or based on useful life estimated on the technical assessment. Asset class wise useful lives in years are as under:

Plant and Machinery	1 to 25
Buildings	8 to 60
Computers and equipment	3 to 6
Furniture & fixtures	10 to 15
Vehicles	8 to 10
Office equipment	5 to 15

Fully depreciated plant and equipment are retained in the financial statements until they are no longer in use.

In respect of additions / deletions to the fixed assets / leasehold improvements, depreciation is charged from the date the asset is ready to use / up to the date of deletion.

Depreciation on adjustments to the historical cost of the assets on account of reinstatement of long term borrowings in foreign currency, if any, is provided prospectively over the residual useful life of the asset.

### **III. Intangible Assets**

Intangible assets are recognised when it is probable that the future economic benefits that are attributable to the asset will flow to the enterprise and the cost of the asset can be measured reliably. The company amortizes Computer software using the straight-line method.

#### **Financial Assets**

Financial assets comprise of investments in equity and debt securities, trade receivables, cash and cash equivalents and other financial assets.

#### ***Initial recognition:***

All financial assets are recognised initially at fair value. Purchases or sales of financial asset that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the company commits to purchase or sell the assets.

#### ***Subsequent Measurement:***

##### **(i) Financial assets measured at amortised cost:**

Financial assets held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding are measured at amortised cost using effective interest rate (EIR) method. The EIR amortization is recognised as finance income in the Statement of Profit and Loss.

The Company while applying above criteria has classified the following at amortised cost:

- a) Trade receivable
- b) Cash and cash equivalents
- c) Other Financial Asset

##### **(ii) Financial assets at fair value through other comprehensive income (FVTOCI):**

Financial assets held within a business model whose objective is to hold financial assets in order to collect contractual cash flows, selling the financial assets and the contractual terms of the financial assets give rise on specified dates to cash flows that



are solely payments of principal and interest on the principal amount outstanding are measured at FVTOCI.

Fair Value movements in financial assets at FVTOCI are recognised in other comprehensive income.

Equity instruments held for trading are classified as at fair value through profit or loss (FVTPL). For other equity instruments the company classifies the same as at FVTOCI. The classification is made on initial recognition and is irrevocable. Fair value changes on equity investments at FVTOCI, excluding dividends are recognised in other comprehensive income (OCI).

**(iii) Financial assets at fair value through profit or loss (FVTPL)**

Financial assets are measured at fair value through profit or loss if it does not meet the criteria for classification as measured at amortised cost or at fair value through other comprehensive income. All fair value changes are recognised in the statement of profit and loss.

**(iv)** Investment in subsidiaries, joint ventures & associates are carried at cost in the separate financial statements.

***Impairment of Financial Assets:***

Financial assets are tested for impairment based on the expected credit losses.

**(i) Trade Receivables**

An impairment analysis is performed at each reporting date. The expected credit losses over life time of the asset are estimated by adopting the simplified approach using a provision matrix which is based on historical loss rates reflecting current condition and forecasts of future economic conditions. In this approach assets are grouped on the basis of similar credit characteristics such as industry, customer segment, past due status and other factors which are relevant to estimate the expected cash loss from these assets.

**(ii) Other financial assets**

Other financial assets are tested for impairment based on significant change in credit risk since initial recognition and impairment is measured based on probability of default over the life time when there is significant increase in credit risk.

***De-recognition of financial assets***

A financial asset is derecognized only when:

- The company has transferred the rights to receive cash flows from the financial asset or
- The contractual right to receive cash flows from financial asset is expired or

- Retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the entity has transferred an asset and transferred substantially all risks and rewards of ownership of the financial asset, in such cases the financial asset is derecognized. Where the entity has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is also derecognized if the company has not retained control of the financial asset.

#### **IV. Impairment of Non-Financial Assets**

At each reporting date, the Company assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the company makes a formal estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

Recoverable amount is the greater of fair value less costs to sell and value in use. It is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

#### **V. Inventories**

Raw materials, consumables, stores and spares and finished goods are valued at lower of cost and net realizable value. Cost is determined on weighted average cost method.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

#### **VI. Cash and Cash equivalents**

Cash and cash equivalents comprise cash at bank and in hand and short-term investments with an original maturity of three months or less. Deposits with banks subsequently measured at amortized cost and short term investments are measured at fair value through Profit & Loss account.

#### **VII. Share Capital**

Equity shares are classified as equity.

## VIII. Financial Liabilities

### ***Initial recognition and measurement***

Financial liabilities are recognized when, and only when, the Company becomes a party to the contractual provisions of the financial instrument. The company determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognized initially at fair value plus any directly attributable transaction costs, such as loan processing fees and issue expenses.

### ***Subsequent measurement – at amortized cost***

After initial recognition, financial liabilities are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in profit or loss when the liabilities are de recognized, and through the amortization process.

### ***Derecognition***

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

## IX. Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest, exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost and other costs that an entity incurs in connection with the borrowing of funds.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

## X. Employee Benefits

- Employee benefits are charged to the statement of Profit and Loss for the year and for the projects under construction stage are capitalised as other direct cost in the Capital Work in Progress / Intangible asset under development.
- Retirement benefits in the form of Provident Fund are a defined contribution scheme and the contributions are recognised, when the contributions to the respective funds are due. There are no other obligations other than the contribution payable to the respective funds.

- Gratuity liability is defined benefit obligations and is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year. Re-measurement in case of defined benefit plans gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income and they are included in retained earnings in the statement of changes in equity in the balance sheet.
- Compensated absences are provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year. Re-measurement as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.
- The amount of Non-current and Current portions of employee benefits is classified as per the actuarial valuation at the end of each financial year.

**XI. 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 23<sup>rd</sup> 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.

## **XII. Income Taxes**

Income tax expense is comprised of current and deferred taxes. Current and deferred tax is recognized in net income except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

Current income taxes for the current period, including any adjustments to tax payable in respect of previous years, are recognized and measured at the amount expected to be recovered from or payable to the taxation authorities based on the tax rates that are enacted or substantively enacted by the end of the reporting period.

Deferred income tax assets and liabilities are recognized for temporary differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases using the tax rates that are expected to apply in the period in which the deferred tax asset or liability is expected to settle, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable income nor the accounting income. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable income will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and reduced accordingly to the extent that it is no longer probable that they can be utilized.

In the situations where the Company is entitled to a tax holiday under the Income-tax Act, 1961 enacted in India or tax laws prevailing in the respective tax jurisdictions where it operates, no deferred tax (asset or liability) is recognized in respect of temporary differences which reverse during the tax holiday period, to the extent the company's gross total income is subject to the deduction during the tax holiday period.

Deferred tax in respect of temporary differences which reverse after the tax holiday period is recognized in the year in which the temporary differences originate.

However, the Company restricts recognition of deferred tax assets to the extent that it has become reasonably certain, that sufficient future taxable income will be available against which such deferred tax assets can be realized. For recognition of deferred taxes, the temporary differences which originate first are considered to reverse first.

Deferred tax assets and liabilities are offset when there is legally enforceable right of offset current tax assets and liabilities when the deferred tax balances relate to the same taxation authority. Current tax asset and liabilities are offset where the entity has legally enforceable right to offset and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

### **XIII.Provisions , Contingent Liabilities and Contingent Assets**

#### ***Provisions***

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense and is recorded over the estimated time period until settlement of the obligation. Provisions are reviewed and adjusted, when required, to reflect the current best estimate at the end of each reporting period.

The Company recognizes decommissioning provisions in the period in which a legal or constructive obligation arises. A corresponding decommissioning cost is added to the carrying amount of the associated property, plant and equipment, and it is depreciated over the estimated useful life of the asset.

A provision for onerous contracts is recognized when the expected benefits to be derived by the company from a contract are lower than the unavoidable cost of meeting its obligations under contract. The provision is measured at the present value of the lower of expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the company recognizes any impairment loss on the assets associated with that contract.

Liquidated Damages / Penalty as per the contracts / Additional Contract Claims / Counter Claims under the contract entered into with Vendors and Contractors are recognised at the end of the contract or as agreed upon.

#### ***Contingent Liabilities***

Contingent liability is disclosed in case of

- A present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation;

- A present obligation arising from past events, when no reliable estimate is possible;
- A possible obligation arising from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the company where the probability of outflow of resources is not remote.

### ***Contingent Assets***

Contingent assets are not recognized but disclosed in the financial statements when as inflow of economic benefits is probable

### **XIV.Fair Value Measurements**

Company uses the following hierarchy when determining fair values:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 – Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (prices) or indirectly (derived from prices); and,

Level 3 – Inputs for the asset or liability that are not based on observable market data.

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting dates. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The fair value for these instruments is determined using Level 1 inputs.

The fair value of financial instruments that are not traded in an active market (for example, overthecounter derivatives) is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is fair valued using level 2 inputs.

If one or more of the significant inputs is not based on observable market data, the instrument is fair valued using Level 3 inputs. Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments;
- The fair value of interest rate swaps is calculated as the present value of the estimated future cashflows based on observable yield curves;

- The fair value of forward foreign exchange contracts is determined using forward exchange rates at the reporting dates, with the resulting value discounted back to present value;
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

## **XV. Revenue Recognition**

Revenue is recognized and measured at the fair value of the consideration received or receivable, to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

The company collects GST, service tax, sales taxes and value added taxes (VAT) on behalf of the government and, therefore, these are not economic benefits flowing to the company. Hence, they are excluded from revenue. The following specific recognition criteria must also be met before revenue is recognized:

### ***Insurance Claims***

Insurance claims are recognized on acceptance / receipt of the claim.

### ***Interest***

Revenue is recognized as the interest accrues, using the effective interest method. This is the method of calculating the amortized cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

### ***Dividends***

Dividends are recognised in profit or loss only when the right to receive payment is established.

## **XVI. Foreign Currency Transactions**

Transactions in foreign currencies are translated to the functional currency of the company, at exchange rates in effect at the transaction date.

At each reporting date monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate in effect at the date of the statement of financial position.

The translation for other non-monetary assets is not updated from historical exchange rates unless they are carried at fair value.

## **XVII. Minimum Alternative Tax (MAT)**

MAT credit is recognised as an asset only when and to the extent there is convincing evidence that the company will pay normal income tax during the specified period. In the year in which the MAT credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in Guidance Note issued by the



Institute of Chartered Accountants of India, the said asset is created by way of a credit to the statement of profit and loss and shown as MAT Credit Entitlement. The company reviews the same at each balance sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that company will pay normal Income Tax during the specified period.

**XVIII. Earnings per Share**

Basic earnings per share are calculated by dividing:

- The profit attributable to owners of the company
- By the weighted average number of equity shares outstanding during the financial year, adjusted for bonus elements in equity shares issued during the year and excluding treasury shares.

Diluted earnings per share adjust the figures used in the determination of basic earnings per share to take into account:

- The after income tax effect of interest and other financing costs associated with dilutive potential equity shares
- The weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

**XIX. Rounding of amounts**

All amounts disclosed in the financial statements and notes have been rounded off to the nearest lakhs as per the requirement of Schedule III of the Companies Act, 2013, unless otherwise stated.

**31. AMALGAMATION:**

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

**33. INVESTMENTS:**

**DETAILS OF INVESTMENT IN SUBSIDIARIES:**

Particulars	31 <sup>st</sup> March 2020
M/s. Eaicom India Pvt Ltd	14,57,18,000
M/s. Kavveri Technologies Inc	8,80,09,350
M/s. Kavveri Telecom Infrastructure Limited	18,51,00,000
M/s. Kavveri Telecom Espana	6,97,42,865
M/s. Kavveri Technologies America Inc	4,96,80,000
<b>TOTAL</b>	<b>53,82,50,215</b>

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

<b>Particulars</b>	<b>Country of Incorporation</b>	<b>2020</b>	<b>2019</b>
EAICOM INDIA PRIVATE LTD	India	100%	100%
KAVVERI TECHNOLOGIES INC	Canada	100%	100%
KAVVERI TECHNOLOGIES AMERICAS INC.	USA	100%	100%

**Subsidiaries of wholly owned subsidiary, Kavveri Technologies Inc., Canada.**

<b>Particulars</b>	<b>Country of Incorporation</b>	<b>2020</b>	<b>2019</b>
Til-Tek Antennae Inc	Canada	100%	100%
DCI Digital Communications Inc	Canada	100%	100%
Spotwave Wireless Inc	Canada	100%	100%
Kavveri Realty 5 Inc	Canada	100%	100%

**Subsidiaries of wholly owned subsidiary, Kavveri Technologies Americas Inc., USA.**

<b>Particulars</b>	<b>Country of Incorporation</b>	<b>2020</b>	<b>2019</b>
Quality Communications Systems	USA	100%	100%
New-England Communication Systems	USA	100%	100%

**34. CIF VALUE OF IMPORTS**

<b>Particulars</b>	<b>2020 (Amount in Rs.)</b>	<b>2019 (Amount in Rs.)</b>
Raw materials	<b>31,42,318</b>	<b>29,44,150</b>
Components and spare parts	<b>Nil</b>	<b>Nil</b>
Capital Goods	<b>Nil</b>	<b>Nil</b>
<b>Total</b>	<b>31,42,318</b>	<b>29,44,150</b>

**35. EXPENDITURE INCURRED IN FOREIGN CURRENCY**

<b>Particulars</b>	<b>2020 (Rs.)</b>	<b>2019 (Rs.)</b>
Technical knowhow/Research and development expenses	<b>Nil</b>	<b>Nil</b>
Professional and consultation fees	<b>Nil</b>	<b>Nil</b>
Travelling expenses	<b>Nil</b>	<b>Nil</b>
Maintenance Charges	<b>Nil</b>	<b>Nil</b>
<b>Total</b>	<b>Nil</b>	<b>Nil</b>

**36. DETAILS OF CONSUMPTION**

a) Details of Raw Materials Consumed:

Particulars	2020 (Rs.)	2018 (Rs.)
Raw Materials Consumption	59,56,907	70,75,058
<b>TOTAL</b>	<b>59,56,907</b>	<b>70,75,058</b>

b) Details of value of material consumed (imported and indigenous):

Particulars	Imported(2020)	Indigenous(2020)	Imported(2019)	Indigenous(2019)
Raw Materials	31,42,318	28,14,589	29,44,150	39,49,024
<b>TOTAL</b>	<b>31,42,318</b>	<b>28,14,589</b>	<b>29,44,150</b>	<b>39,49,024</b>

**37. EARNINGS IN FOREIGN CURRENCY**

Particulars	2020 (Rs.)	2019 (Rs.)
Revenue from exports on FOB basis	49,92,827	1,72,63,281
Interest	Nil	Nil
Other Income	Nil	Nil
<b>Total</b>	<b>49,92,827</b>	<b>1,72,63,281</b>

**38. EARNINGS PER SHARE**

Particulars	Year Ended March 31 <sup>st</sup> 2020	Year Ended March 31 <sup>st</sup> 2019
<b>(a) Basic</b>		
Profit after tax	(17,66,63,124)	76,69,162
Weighted average number of shares outstanding	2,01,24,260	2,01,24,260
Basic EPS	(8.78)	0.38
<b>(b) Diluted</b>		
Profit after tax	(17,66,63,124)	76,69,162
Adjusted net profit for the year	(17,66,63,124)	76,69,162
Weighted average number of shares outstanding	2,01,24,260	2,01,24,260
Diluted EPS	(8.78)	0.38
Face value per share	10.00	10.00

**39. EMPLOYEE BENEFITS**

The Company has not obtained Actuarial Valuation report for Gratuity and leave encashment for the financial year 2019-20.

**40. TRANSACTIONS WITH RELATED PARTIES (as identified by the Company)**

<b>Description of the nature of transaction</b>	<b>Description of Relationship</b>	<b>Related Party</b>	<b>Year ended 2020</b>	<b>Year ended 2019</b>
Sales of goods	Subsidiary	Tiltek Antennae Inc	49,92,827	1,72,27,355
Purchase of goods	Subsidiary	Tiltek Antennae Inc	5,63,580	14,64,128
Purchase of goods	Subsidiary	Kavveri Telecom Infrastructure Limited	NIL	1,76,22,689
Advances given	Key Managerial Personnel	RH Kasturi	71,52,548	74,87,548
	Subsidiary	Trackcom Systems International Inc	9,02,000	9,02,000
Payable at the year end	Key Managerial Personnel	Shiva kumar Reddy	7,93,49,391	8,26,18,284
	Subsidiary	Kavveri Technologies Inc	6,00,21,738	6,00,21,738
	Subsidiary	Eaicaom India Private Limited	3,46,00,505	3,43,75,505
	Other related party	SMR Telecom Holdings Pvt Ltd	8,83,101	Nil
Receivable at the end	Subsidiary	DCI Digital Communication Inc	94,28,534	94,28,534
	Subsidiary	Kavveri Realty Inc	20,144	20,144
	Subsidiary	Spot wave Wireless Limited	5,07,80,660	5,07,80,660

**LIST OF RELATED PARTIES**

<b>Key Management Personnel</b>	<b>Direct Subsidiaries</b>	<b>Stepdown Subsidiaries</b>	<b>Other related Associates/ Party</b>
Mr.C.Shivakumar Reddy	Eaicom India Private Limited	DCI Digital Communications Inc	SMR Telecom Holdings Private Limited
	Kavveri Technologies Inc.	Spot wave Wireless Ltd.	Ms. C. Uma Reddy
Ms. R .H Kasturi	Kavveri Telecom Infrastructure Limited	Kavveri Realty 5Inc.	
	Kavveri Technologies Americas Inc	Tiltek Antennae Inc.	
		Quality Communications Systems	
		New England Communication Systems	

**41. DUES TO MICRO AND SMALL ENTERPRISES.**

<b>S.No</b>	<b>Particulars</b>	<b>2020 (Rs.)</b>	<b>2019 (Rs.)</b>
1	Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at year end	Nil	Nil
2	Interest due to suppliers registered under the MSMED Act and remaining unpaid as at year end	Nil	Nil
3	Principal amounts paid to suppliers registered under the MSMED Act, beyond the appointed day during the year	Nil	Nil
4	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
5	Interest paid, under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	Nil	Nil
6	Interest due and payable towards suppliers registered under MSMED Act, for payments already made.	Nil	Nil
7	Further interest remaining due and payable for earlier years.	Nil	Nil

**42. MANGERIAL REMUNERATION**

Name	2020		2019	
	Remuneration	Commission	Remuneration	Commission
C.Shiva Kumar Reddy – Managing Director	Nil	Nil	Nil	Nil
H Kasturi – Whole Time Director	Nil	Nil	Nil	Nil
Other Non Executive Directors	Nil	Nil	Nil	Nil
<b>Total</b>	Nil	Nil	Nil	Nil

**43. UNEXPIRED WARRANTY CHARGES**

Particulars	2020 (Rs.)	2019 (Rs.)
Balance at the beginning of the year	21,11,77,189	21,11,77,189
Additions during the year	-	-
Reversals during the year	-	-
Balance at the end of the year	21,11,77,189	21,11,77,189

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

**45. CONTINGENT LIABILITIES**

S.No	Name of Statute	Amount (Rs. In Lakhs)	Period to which amount relates	Forum where dispute is pending
1	Central Excise	5471.67	Various Assessment Years	CESTAT Bangalore
3	Income Tax	9655.71	Various Assessment Years	Commissioner of Income Tax Appeals – 1, Bangalore
4	Sales Tax	17.85	2006-2007 & 2007-2008	Joint Commissioner of Commercial Tax (Appeal)

- (i) M/s. Mahanagar Telephone Nigam Ltd and M/s Bharat Sanchar Nigam Ltd. had invoked bank guarantees totalling 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) 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.
- (iv) (A) Customs, Excise and Service Tax Appellate Tribunal, South Zone, Bangalore, however had stayed the aforesaid demand subject to payment of Rs.2 Crores.  
(B) Deposit paid against Order in Original No. 94/2012 dt. 31.12.2012 under Protest of Rs.26,77,854/- .  
  
(C) Rs.257088/- Cenvat deposit against O/O no.42/2013 dt: 21.02.2013 stay order no.119/2013 dt: 25.06.2013.  
  
(D) Rs.127523/-deposit against CESTAT Appeal No.E/2210/2012 Stay/Misc/26402/2013 dt: 13.06.2013  
  
(E).Rs.500000/- Cenvat deposit against OIO No.37/2011 dt: 31.03.2011 passed by the Additional Commissioner of Central Excise and CESTAT Miscellaneous Order No.26586/2013 dt: 16.07.2013
- (v) There are claims against one of the Company's in sales tax (A) Ref Assignment order no.14188330 dt: 12/8/2011 against order received from assistant commissioner of commercial taxes (Audit)4.2,DVO-4 Bangalore. Dispute it is assessed under CST Act'56 by rejecting the concessional rate of tax claimed in the return of turnovers and levied tax at the rate of 12.5% in the absence of declarations such as Form C and also levied the penalty and interest of Rs.4,97,46,550/-. (B) Ref Assignment order no.13687538 dt: 08/12/2011 and case order no.212049893 dt: 29/03/2014 against order received from Deputy commissioner of commercial taxes (Audit) 4.7, DVO-4 Bangalore. It is assessed by rejecting the concessional rate of tax claimed in the return of turnovers and assessed to tax, the direct export not covered by bill of lading, sales return not covered by the relevant documents at the rate of 4% in the absence of declarations such as Form C and along with levied the penalty and interest of Rs.13,29,696/-.

46. The Company has defaulted in repayment of cash credit and term loan which were availed from State Bank of India. 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 crore which includes outstanding interest towards cash credit and term loan availed by the Company. Later on the bank has transferred the outstanding due to Edelweiss, the Asset Reconstruction Company for the purpose of recovery of dues from the Company on 27th June, 2014. Also all securities provided by the company to Bank against Term loan and cash credit are also transferred to the Edelweiss, Asset Reconstruction Company as informed by Bank to the Company. The Company has approached Edelweiss ARC Ltd for One Time Settlement (OTS) in February 2018 with an offer of Rs 1 crore with providing cooperation for sale of the land and building mortgaged for the Loan and it was accepted by Edelweiss ARC Ltd . Subsequently after the land and building was sold, Edelweiss went back on this and the company has approached the Hon'ble High Court of Karnataka to enforce this OTS acceptance and the Hon'ble High Court of Karnataka passed interim orders and the matter is sub-judice.

47. The Company has defaulted in repayment of dues to Banks for the year ended 31st March, 2020. All the loans outstanding were classified as NPA by the Banks. The balance outstanding as at 31.03.2020 is Rs. 18045.42 Lakhs (Including Principal and Interest Provisions on the loans but excluding Penal Interest if any) as per books of account.

48. Kavveri Telecom Infrastructure Limited, Which is a Subsidiary to the company, against which Insolvency Petition was filed by Dena Bank under sec 7 of Insolvency Bankruptcy Code, 2016 and Interim Resolution Professional was appointed on 21-03.2019 and which was challenged by the KTPL and NCLAT order was passed in favour of the of KTIL on 18.12-2019. Due to Corporate Insolvency Resolution Process till December 18,2019 company unable to provide financial Information for period of April '19 to Mar'20. Hence we are unable to consolidate Kavveri Telecom Infrastructure Limited financials into consolidation results.

49. The Company has not appointed the Company secretary (Compliance Officer) and Chief Financial Officer in the Financial Year 2019-2020.

50. The figures have been Regrouped/Reclassified wherever necessary.

51. All the figures are rounded off to the nearest rupee.

**As per our report of even date**

**For P.Murali& Co.,  
Chartered Accountants  
Firm Registration No. 007257S  
Sd/-  
P.Murali Mohana Rao  
Partner  
Membership No. 023412  
UDIN: 20023412AAAAJZ2323  
Place: Hyderabad  
Date: 31.07.2020.**

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

**Sd/-  
C.Shivakumar Reddy  
Managing Director**

**DIN: 01189348**

**Sd/-  
R.H.Kasturi  
Director**

**DIN: 0029185**



**INDEPENDENT AUDITOR'S REPORT ON  
STANDALONE FINANCIAL STATEMENTS**

To the Members of **M/s. Kavveri Telecom Products Limited**  
**Report on the Audit of the Standalone Financial Statements**

Qualified Opinion

We have audited the accompanying standalone financial statements of **M/s. Kavveri Telecom Products Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2020, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year ended on that date, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the standalone financial statements").

In our opinion and to the best of our information and according to the explanations given to us, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph the aforesaid Ind AS standalone 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 including the Ind AS, of the financial position of the Company as at 31st March 2020, and its financial performance including other comprehensive income, its cash flows and changes in equity for the year ended on that date

**Basis for Qualified Opinion**

- i. **Material uncertainty related to Going Concern:** During the year the company has incurred a Net Loss of Rs. 1,793.96 Lakhs (which includes Rs.132.68 Lakhs provision for deferred tax liability) resulting into accumulated losses of Rs. 8,796.45 Lakhs (Retained earnings). The Company has obligations towards fund based borrowings from banks aggregating to Rs. 18,045.42 Lakhs, Operational creditors, statutory dues. There is significant decrease in revenue over the past few years. These conditions indicate the existence of a material uncertainty that may cast significant doubt on the Company's ability to continue as going concern and therefore may be unable to realize its assets and discharge its liabilities in the normal course of business. The ultimate outcome of these matters is at present not ascertainable. Accordingly we are

unable to comment on the consequential impact, if any, on the accompanying standalone financial statements.

- ii. In relation to carrying value of investments held in by the company to its subsidiaries, which have been incurring losses and in some of these companies, net worth was fully or substantially eroded. Taking into account the management internal assessment and initiatives to be implemented to improve the profitability in the medium to long term, the management of the company is of the view that carrying value of investments are realizable at the value stated in the books. In the absence of fair valuation of these investments, we are unable to comment upon the carrying value and thus, we are unable to comment whether any provision for impairment in the value of investments is required.
- iii. The Company has defaulted in repayment of dues to Banks for the year ended 31st March, 2020. All the loans outstanding were classified as NPA by the Banks. The balance outstanding as at 31.03.2020 is Rs. 18045.42 Lakhs (Including Principal and Interest Provisions on the loans but excluding Penal Interest if any) as per books of account. In the absence of confirmation of balances from banks, we are unable to ascertain the actual dues to Banks as at 31.03.2020.
- iv. In the absence of proof of physical verification of inventories during the year by the management, we are unable to comment on the discrepancies, if any, between the book records and physical stocks of inventories (Value of inventories as per books of account as at 31.03.2020 is Rs.5748.15 Lakhs).
- v. In the absence of proof of physical verification of Property, Plant and Equipment during the year by the management, we are unable to comment on the discrepancies, if any, between the book records and physical stocks (Net Block of PPE of Rs.820.82 lakhs as per books of account as at 31.03.2020).
- vi. The Company is not regular in payment of undisputed statutory dues towards ESI PF, GST and TDS for the year ended 31st March, 2020.
- vii. The company has not appointed Whole-time Company Secretary, which is not in accordance with the Companies Act, 2013.

- viii. In the absence of confirmations of Trade Receivables and various advances, we are unable to comment on the extent to which such balances are recoverable.
- ix. In the absence of confirmations of Trade Payables and various advances/borrowings, we are unable to comment on the extent to which such balances are payable.
- x. The company recognised deferred tax assets on account of carried forward unused tax losses and other taxable temporary differences aggregating to Rs. 1,941.09 Lakhs as on 31.03.2020. The management of the company is confident that sufficient future taxable income will be available against which such deferred tax assets would get adjusted. However, in our opinion, in absence of convincing evidence that sufficient future taxable income will be available against which such deferred tax assets would get adjusted, such recognition is not in accordance with Indian Accounting Standard 12 "Income Taxes" (Ind AS 12).

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013 (the Act). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial Statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters

#### **Management's Responsibility for the Standalone Financial Statements**

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to 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 principles generally accepted in India, including the accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors is also responsible for overseeing the Company's financial reporting process

### **Auditor's Responsibilities for the Audit of the Standalone Financial Statements**

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial

statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal financial controls relevant to the audit in order to design audit Procedures that is appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists; we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or,

if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the Statements of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

- We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure A, a statement on the matters Specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, based on our audit we report that:
  - viii)** We have sought and obtained, *except for the possible effects of the matters described in the Basis for Qualified Opinion paragraph above*, all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - ix)** *Except for the possible effects of the matters described in the Basis for Qualified Opinion paragraph above*, In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - x)** The Balance Sheet, the Statement of Profit and Loss including Other

Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the relevant books of account.

- xi)** *Except for the possible effects of the matters described in the Basis for Qualified Opinion paragraph above, In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.*
- xii)** On the basis of the written representations received from the directors as on March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act.
- xiii)** With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in “Annexure B”. Our report expresses a modified opinion on the adequacy and operating effectiveness of the Company’s internal financial controls over financial reporting.
- xiv)** With respect to the other matters to be included in the Auditor’s Report in accordance with the requirements of section 197(16) of the Act, as amended. In our opinion and to the best of our information and according to the explanations given to us, the company has not paid/provided any managerial remuneration during the year under Audit.
- xv)** With respect to the other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
- The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements.
  - The Company has not made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.

- There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

**For P. Murali &Co.,  
Chartered Accountants  
Firm Registration No: 007257S**

**Sd/-  
P. Murali Mohana Rao  
Partner  
M.No. 023412  
UDIN: 20023412AAAAJY9383**

**Place: Hyderabad  
Date: 31.07.2020.**

**Annexure A to the Auditors Report**

**Annexure referred to in Independent Auditors Report to the Members of Kavveri Telecom Products Limited on the Standalone Ind AS Financial Statements for the year ended 31<sup>st</sup> March 2020, we report that:**

- i. (a) The Company has not produced Fixed Assets Register. Hence we are unable to ascertain the details of quantity and situation of Property, Plant and Equipment.  
  
(b) As per the information and explanations given by the management, the Property, Plant and Equipment have been physically verified by the management in a phased periodical manner. But due to lack of corroborative evidence, we are unable to ascertain the extent of physical verification of Property, Plant and Equipment conducted by the management  
  
(c) According to the information and explanations given to us and on the basis of our examination of records of the Company, the title deeds of immovable properties are held in the name of the Company as at the Balance Sheet date.



- ii. The Inventory has been physically verified during the year by the Management, but due to the lack of corroborative evidence in regard to the same, we are unable to ascertain the extent of physical verification of inventory by the management.
- iii. The Company has not granted any loans, secured or unsecured, to companies, firms, and Limited Liability partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013
- iv. In our opinion and according to the information and explanations given to us, the company in respect of loans, investments, guarantees and security, provisions of section 185 and 186 of companies act, 2013 have been complied with.
- v. The Company has not accepted any deposits from the public covered under Section 73 to 76 of the Companies Act, 2013 and rules framed there under to the extent notified.
- vi. The maintenance of Cost records as specified under sub section (1) of section 148 of the Companies Act,2013 is not applicable to the company for the FY 2019-20, as the turnover is less than threshold limit as specified in Companies(cost records and audit)rules,2014.
- vii. (a) According to the information and explanations given to us and based on the records of the company examined by us, the company is not regular in depositing the disputed statutory dues, including Provident Fund, TDS, ESI and GST as applicable, with the appropriate authorities;
- (b) There were disputed amounts payable in respect of Provident Fund, Professional Tax, TDS and ESI dues in arrears as at 31st March 2020 for a period of more than 6 months from the date they became payable:

<b>Nature of Due</b>	<b>Amount in Rs.</b>
Provident Fund Payable	2,99,360
ESIC Payable	2,110
Professional Tax Payable	30,550
TDS Payable	1,57,66,952

(c) Details of dues of Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax and CESS which have not been deposited as on March 31, 2020 on account of disputes are given below:

**Direct Tax:**

<b>Name of the Statute</b>	<b>Nature of Dues</b>	<b>Amount in Rs. (Lakhs)</b>	<b>Period to which amount</b>	<b>Forum where dispute pending</b>
Income Tax Act, 1961	Income Tax	19.09	A.Y 2005-06	CIT (A), Bangalore
Income Tax Act, 1961	Income Tax	133.37	A.Y 2006-07	CIT (A), Bangalore
Income Tax Act, 1961	Income Tax	826.14	A.Y 2008-09	CIT (A), Bangalore
Income Tax Act, 1961	Income Tax	430.80	A.Y 2009-10	CIT (A), Bangalore
Income Tax Act, 1961	Income Tax	346.85	A.Y 2010-11	CIT (A), Bangalore
Income Tax Act, 1961	Income Tax	5474.02	A.Y 2011-12	CIT (A), Bangalore
Income Tax Act, 1961	Income Tax	4677.90	A.Y 2012-13	CIT (A), Bangalore
Income Tax Act, 1961	Income Tax	NIL	A.Y 2013-14	CIT (A), Bangalore
Income Tax Act, 1961	Income Tax	607.58	A.Y 2014-15	CIT (A), Bangalore
Income Tax Act, 1961	Income Tax	584.85	A.Y 2015-16	CIT (A), Bangalore
Income Tax Act, 1961	Income Tax	8624.55	A.Y 2017-18	CIT (A), Bangalore

**Indirect Tax:**

<b>Name of the Statute</b>	<b>Nature of dues</b>	<b>Amount in Rs. (In Lakhs)</b>	<b>Period to which the amount relates</b>	<b>Forum where dispute is pending</b>
Central Excise	Availment of Cenvat Credit (Including Penalty)	5424.26	February 2007 to 2009	CESTAT Bangalore
Central Excise	Irregular availment of Cenvat Credit( Including penalty)	33.2	2010-2011	Commissioner of customs and central excise (Appeals) Bangalore
Central Excise	Irregular availment of Cenvat Credit(Including penalty)	1.27	2012-2013	CESTAT Bangalore
Central Excise	Irregular availment of Cenvat Credit(Including penalty)	2.58	2007-2008	Commissioner of customs and central excise (Appeals) Bangalore
Central Excise	Irregular availment of Cenvat Credit(Including penalty)	10.36	2007-2008 & 2008-2009	CESTAT Bangalore
Sales Tax	Sales Tax, Penalty and Interest	4.56	2006-2007	Joint Commissioner of Commercial Tax (Appeal)
Sales Tax	Sales tax, Penalty and Interest	13.29	2007-2008	Joint Commissioner of Commercial Tax (Appeal)

- viii. The Company has taken term loans from Banks and Financial institutions. The company has defaulted in payment of dues of interest and principal. (Refer "Basis for Qualified Opinion Paragraph" in Audit Report).
- ix. The Company has not raised any moneys by way of initial public offer, further public offer (including debt instruments) and term loans are utilized for the purpose for which they are obtained.
- x. According to the information and explanations given to us, no material fraud by the company or on the company by its officers or employees has been noticed or reported during the course of our Audit.
- xi. Based upon the audit procedures performed and the information and explanations given by the management, the company has not paid/provided any managerial remuneration during the year under Audit
- xii. As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable.
- xiii. As per Note no. 34, the Company has entered into transactions with related parties in compliance with the provisions of section 188 of the Act. The details of such related party transactions have been disclosed in the Ind AS Financial Statements as required under Indian Accounting standard (Ind AS) 24, related party disclosures specified under section 133 of the Act, read with relevant rules issued there under.
- xiv. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review.
- xv. The Company has not entered into non-cash transactions with its directors or persons connected with him.

- xvi. The Company is not required to be registered under section 45-IA of The Reserve Bank of India Act 1934.

**For P. Murali & Co.,  
Chartered Accountants  
Firm Registration No: 007257S**

**Sd/-  
P. Murali Mohana Rao  
Partner  
Membership No. 023412  
UDIN: 20023412AAAAJY9383  
Place: Hyderabad  
Date: 31.07.2020.**

**Annexure B to the Independent Auditor's Report**

**Report on the Internal Financial Controls over Financial Reporting under clause (i) of the Sub-section 3 of the Section 143 of the Companies Act, 2013 ('The Act')**

We have audited the internal financial controls over financial reporting of **M/s. Kavveri Telecom Products Limited ('the company')** as of 31<sup>st</sup> march 2020 in conjunction with our audit of IND AS Financial Statements of the company for the year ended on that date.

**Management's Responsibility for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

**Auditor's Responsibility**

Our responsibility is to express an opinion on the company's internal financial controls over financial reporting based on our Audit. We conducted our audit in accordance with the Guidance note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the standards on Auditing deemed to be prescribed under section 143(10) of the Act to the extent applicable to an Audit of Internal Financial Controls, both applicable to an audit of Internal Financial Controls and both issued by the ICAI. These standards and guidance note require that we comply with ethical requirements and plan and performed the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our Audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the Auditor's Judgment, including the assessment of the risk of material misstatement of the IND AS Financial Statements, whether due to fraud or error

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion and the company's internal financial control system over financial reporting.

**Meaning of Internal Financial Controls over Financial Reporting**

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Ind AS Financial Statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting includes these policies and procedures that (1) pertain to the

maintenance of records that, in reasonable detailed, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of Ind AS Financial Statements in accordance with generally accepted principles, and that receipts and expenditures are being made only in accordance with authorization of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the Ind AS Financial Statements.

### **Inherent Limitation of Internal Financial Controls over Financial Reporting**

Because of the inherent limitation of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, Projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### **Basis for Qualified Opinion:**

3. The company did not have appropriate internal controls for confirmation and reconciliation of trade receivables, trade payables, other current assets and current liabilities.
4. The company did not have fixed asset register as on 31.03.2020.

As a result of above matters, we have not been able to obtain sufficient and appropriate audit evidence in relation to Internal Financial Controls over Financial Reporting and consequently, we are unable to determine whether the company has established adequate internal financial controls over Financial Reporting and also whether such internal financial controls were operating effectively as at March 31st, 2020.

**Qualified Opinion**

In our opinion, as a result of the matters given in the Basis of Qualified opinion paragraph in the Audit report of the company, we have not obtained sufficient appropriate audit evidence in respect of those matters specified in the Basis of Qualified opinion paragraph. We are unable to determine whether the company has established adequate internal financial controls over Financial Reporting and also whether such internal financial controls were operating effectively as at March 31st, 2020 based on the internal control over financial reporting criteria established by the company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute Of Chartered Accountants of India.

**For P. Murali & Co.,  
Chartered Accountants  
Firm Registration No: 007257S**

**Sd/-  
P. Murali Mohana Rao  
Partner  
Membership No. 023412  
UDIN: 20023412AAAAJY9383  
Place: Hyderabad  
Date: 31.07.2020.**



<b>KAVVERI TELECOM PRODUCTS LIMITED</b>			
<b>Standalone Balance Sheet as at 31st Mar, 2020</b>			
<b>PARTICULARS</b>	<b>Note No.</b>	<b>As at 31 Mar 2020</b>	<b>As at 31 Mar 2019</b>
<b>ASSETS</b>			
<b>Non - Current Assets</b>			
Property, Plant & Equipment	1	8,20,82,357	10,19,28,023
Intangible Assets	1	1,48,30,490	2,60,05,928
Capital Work in Progress		54,16,969	54,16,969
<b>(i) Financial Assets</b>			
(a) Investments	2	53,82,50,215	53,82,50,215
(b) Loans and advances	3	7,57,59,554	7,83,11,396
Other Non Current Assets	4	93,38,07,074	92,89,12,099
Deferred Tax Asset	5	19,41,08,642	20,73,76,465
<b>Subtotal</b>		<b>1,84,42,55,300</b>	<b>1,88,62,01,095</b>
<b>Current Assets</b>			
Inventories	6	57,48,14,889	57,48,14,889
<b>(i) Financial Assets</b>			
(a) Trade Receivables	7	38,54,51,289	38,60,75,117
(b) Cash and cash Equivalents	8	30,36,990	27,98,282
Other Current Assets	9	4,57,22,382	4,51,85,066
<b>Subtotal</b>		<b>1,00,90,25,549</b>	<b>1,00,88,73,355</b>
<b>Total</b>		<b>2,85,32,80,850</b>	<b>2,89,50,74,450</b>
<b>PARTICULARS</b>	<b>Note No.</b>	<b>As at 31 Mar 2020</b>	<b>As at 31 Mar 2019</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity share capital	10	20,12,42,600	20,12,42,600
Other equity	11	41,09,22,767	59,03,19,133
<b>Subtotal</b>		<b>61,21,65,367</b>	<b>79,15,61,733</b>
<b>LIABILITIES</b>			
<b>Non- Current liabilities</b>			
<b>(i) Financial liabilities</b>			
Provisions	12	22,48,57,647	22,48,57,647
Deferred tax liabilities (Net)		-	-
<b>Subtotal</b>		<b>22,48,57,647</b>	<b>22,48,57,647</b>
<b>Current liabilities</b>			
<b>(i) Financial liabilities</b>			
(a) Borrowings	13	1,77,96,16,874	1,64,71,70,642
(a) Trade Payables	14	11,82,12,211	11,77,78,682
Other Current Liabilities	15	8,54,72,474	8,06,29,847
Provisions	16	3,29,56,277	3,30,75,899
<b>Subtotal</b>		<b>2,01,62,57,836</b>	<b>1,87,86,55,070</b>
<b>Total</b>		<b>2,85,32,80,850</b>	<b>2,89,50,74,450</b>
<b>Corporate Information &amp; Summary of Significant Policies and the accompanying notes are an integral part of the financial statements</b>			
As Per our report of even date attached For P.Murali&Co Chartered Accountants Firm Registration Number:007257S		For and on behalf of the Board Of Directors Of Kavveri Telecom Products Limited	
Sd/- P Murali Mohana Rao Partner Membership No.: 023412 UDIN:20023412AAAAJY9383 Place: Hyderabad Date: 31.07.2020	24 & 25	Sd/- C.Shiva Kumar Reddy Managing Director DIN:01189348	Sd/- R.H.Kasturi Director DIN:00291851

<b>KAVVERI TELECOM PRODUCTS LIMITED</b>			
<b>Standalone Statement of Profit and Loss for the Period ended 31st Mar 2020</b>			
<b>Particulars</b>	<b>Note</b>	<b>For the Year Ended 31st Mar 2020</b>	<b>For the Year Ended 31st Mar 2019</b>
<b>Revenue</b>			
Revenue from operations	17	1,65,04,355	1,73,09,432
Other Income	18	19,26,700	7,19,782
<b>Total Income</b>		<b>1,84,31,056</b>	<b>1,80,29,214</b>
<b>Expenses</b>			
Cost of Material Consumed	19	59,56,907	70,75,058
Changes in Inventories of Finished Goods, Work-in-	20	-	-
Employee Benefit Expenses	21	25,55,964	58,73,784
Finance Costs	22	13,44,63,391	13,44,20,666
Other Expenses	23	1,05,11,433	4,80,01,593
Depreciation&Amortisation Expenses	1	3,10,71,904	3,89,54,004
<b>Total Expenses</b>		<b>18,45,59,599</b>	<b>23,43,25,105</b>
<b>Profit/(loss) Before Tax</b>		<b>(16,61,28,543)</b>	<b>(21,62,95,891)</b>
<b>Tax Expense:</b>			
Provision for Tax			
Deferred Tax		1,32,67,823	(21,37,74,680)
<b>Profit/(Loss) for the period</b>		<b>(17,93,96,366)</b>	<b>(25,21,211)</b>
<b>Other comprehensive income</b>			
Total comprehensive income for the period		(17,93,96,366)	(25,21,211)
<b>VII. Earning per equity share of Rs 10/- each:</b>			
(1) Basic		<b>(8.91)</b>	<b>(0.13)</b>
(2) Diluted		<b>(8.91)</b>	<b>(0.13)</b>
<b>Corporate Information &amp; Summary of Significant Policies and the accompanying notes are an integral part of the financial statements</b>	<b>24 &amp; 25</b>		
<p>As Per our report of even date attached For P.Murali&amp;Co Chartered Accountants Firm Registration Number:007257S Sd/- P Murali Mohana Rao Partner Membership No.: 023412 UDIN:20023412AAAAJY9383 Place: Hyderabad Date: 31.07.2020</p>		<p>For and on behalf of the Board Of Directors Of Kavveri Telecom Products Limited</p> <p>Sd/- C.Shiva Kumar Reddy Managing Director DIN:01189348</p> <p>Sd/- R.H.Kasturi Director DIN:00291851</p>	

<b>KAVVERI TELECOM PRODUCTS LIMITED</b>		
<b>Statement of Cash flow for the period ended 31st march 2020</b>		
<b>Particulars</b>	<b>For the Year Ended</b>	<b>For the Year Ended</b>
	<b>2020</b>	<b>2019</b>
<b>A. Cash flow from operating activities</b>		
<b>Profit / (Loss) before tax</b>	(16,61,28,543)	(21,62,95,891)
<b>Adjustments to reconcile profit before tax to net cash from / (used in) operating activities.</b>		
Depreciation on property, plant and equipment	1,98,96,466	2,85,63,787
Amortisation and impairment of intangible assets	1,11,75,438	1,03,90,217
(Gain)/loss on sale of property, plant and equipment	-	3,50,70,472
Finance income (including fair value change in financial instruments)	(42,612)	(7,19,782)
Finance costs (including fair value change in financial instruments)	13,44,63,391	13,44,20,666
Deferred Tax Adjustment	-	4,51,355
<b>Operating Profit before working capital changes</b>	<b>(6,35,860)</b>	<b>(81,19,176)</b>
<b>Working capital adjustments</b>		
Decrease/ (increase) in Inventory	-	(65,22,689)
Increase/ (decrease) in Trade Payables	4,33,529	10,47,99,439
(Increase) / decrease in Trade Receivables	6,23,828	4,25,21,533
Increase/ (decrease) in short term provisions	(1,19,622)	28,57,866
Increase/ (decrease) in long term provisions	-	(13,46,260)
Decrease/ (increase) in other Current assets	(5,37,315)	(1,22,12,580)
(Increase) /Decrease in Short term loans and advances		
(Increase) /Decrease in long term loans and advances		
Increase/ (decrease) Other Current Liabilities	48,42,628	13,86,96,343
Sub Total	<b>52,43,048</b>	<b>26,87,93,652</b>
Income tax paid	-	-
<b>Net cash flows from operating activities (A)</b>	<b>46,07,188</b>	<b>26,06,74,476</b>
<b>B. Cash flow from investing activities</b>		
(Increase)/ decrease in Capital-work-in-progress/Fixed Assets	(50,800)	(50,050)
(Increase)/ decrease in Non-current assets	(48,94,975)	(9,57,47,184)
Proceeds from sale of assets	-	7,50,00,001
Interest received	42,612	7,19,782
purchase of intangible assets	-	(1,11,00,000)
(Increase)/ decrease in Long term loans and advances	25,51,842	(1,48,72,563)
<b>Net cash flows from / (used in) investing activities (B)</b>	<b>(23,51,320)</b>	<b>(4,60,50,014)</b>
<b>C. Cash flow from financing activities</b>		
Proceeds from long term loans and borrowings	13,24,46,232	(8,03,65,000)
Interest payment	(13,44,63,391)	(13,44,20,666)
<b>Net Cash flows from / (used in) Financing activities (C)</b>	<b>(20,17,159)</b>	<b>(21,47,85,666)</b>
<b>Net increase / (decrease) in cash and cash equivalents (A+B+C)</b>	<b>2,38,707</b>	<b>(1,61,205)</b>
Opening Balance of Cash	27,98,282	29,59,487
Closing Balance	<b>30,36,990</b>	<b>27,98,282</b>
<b>Components of Cash and Cash Equivalents</b>		
Cash on Hand	3,83,296	3,42,716
Balances with bank in current account	26,53,694	24,55,567
<b>Balance at the end of the year</b>	<b>30,36,990</b>	<b>27,98,282</b>
<b>As Per our report of even date attached</b>		
<b>For P.Murali&amp;Co</b>	<b>For and on behalf of the Board Of Directors Of</b>	
<b>Chartered Accountants</b>	<b>Kavveri Telecom Products Limited</b>	
<b>Firm Registration Number:007257S</b>		
<b>Sd/-</b>	<b>Sd/-</b>	<b>Sd/-</b>
<b>P.Murali Mohana Rao</b>	<b>C.Shiva Kumar Reddy</b>	<b>R.H.Kasturi</b>
<b>Partner</b>	<b>Managing Director</b>	<b>Director</b>
<b>Membership No.: 023412</b>	<b>DIN:01189348</b>	<b>DIN:00291851</b>
<b>Place: Hyderabad</b>		
<b>Date: 31.07.2020</b>		

KAVVERI TELECOM PRODUCTS LIMITED												
1) Notes to financial statements for the year ended March 31, 2020												
(All amounts in Indian Rupees, except for share data or as otherwise stated)												
1. Property, Plant and Equipment & Intangible assets	Furnitures	Office Equipment	Plant & machinery I	Land (Free hold)	Land (Lease hold)	Computers	Vehicles	Buildings	Computer Software	Technical Know how	Total tangible assets	Total intangible assets
<b>Cost</b>												
As on April 1, 2018	1,03,14,081	5,70,595	29,85,99,996	5,62,500	1,13,77,758	2,42,92,028	1,46,51,790	16,49,64,758	1,77,27,491	10,44,55,134	52,53,33,506	12,21,82,625
Additions	-	-	-	5,62,500	-	-	-	16,49,64,758	1,11,00,000	-	-	1,11,00,000
Disposals	-	-	-	-	-	-	-	-	-	-	16,55,27,258	-
<b>As at March 31, 2019</b>	<b>1,03,14,081</b>	<b>5,70,595</b>	<b>29,85,99,996</b>	<b>-</b>	<b>1,13,77,758</b>	<b>2,42,92,028</b>	<b>1,46,51,790</b>	<b>-</b>	<b>2,88,27,491</b>	<b>10,44,55,134</b>	<b>35,98,06,248</b>	<b>13,32,82,625</b>
Additions	-	50,800	-	-	-	-	-	-	-	-	50,800	-
Disposals	-	-	-	-	-	-	-	-	-	-	-	-
<b>As at March 31, 2020</b>	<b>1,03,14,081</b>	<b>6,21,395</b>	<b>29,85,99,996</b>	<b>-</b>	<b>1,13,77,758</b>	<b>2,42,92,028</b>	<b>1,46,51,790</b>	<b>-</b>	<b>2,88,27,491</b>	<b>10,44,55,134</b>	<b>35,98,57,048</b>	<b>13,32,82,625</b>
<b>Depreciation / Amortization</b>												
As at April 1, 2018	85,50,340	5,70,595	18,64,17,742	-	-	2,41,71,738	1,46,51,790	5,04,09,018	1,77,19,568	7,91,66,912	28,47,71,223	9,68,86,480
Charge for the year	7,24,188	-	2,26,79,552	-	-	1,12,280	-	504,767	8,79,779	95,10,438	2,85,63,787	1,03,90,217
Disposals	-	-	-	-	-	-	-	5,54,56,785	-	-	5,54,56,785	-
<b>As at March 31, 2019</b>	<b>92,74,528</b>	<b>5,70,595</b>	<b>20,90,97,294</b>	<b>-</b>	<b>-</b>	<b>2,42,84,018</b>	<b>1,46,51,790</b>	<b>-</b>	<b>1,85,99,347</b>	<b>8,86,77,350</b>	<b>25,78,76,225</b>	<b>10,72,76,697</b>
Charge for the period	9,79,838	7,239	1,89,01,380	-	-	8,010	-	-	16,65,000	95,10,438	1,98,96,466	1,11,75,438
Disposals	-	-	-	-	-	-	-	-	-	-	-	-
<b>As at March 31, 2020</b>	<b>1,02,54,366</b>	<b>5,77,834</b>	<b>22,79,98,674</b>	<b>-</b>	<b>-</b>	<b>2,42,92,028</b>	<b>1,46,51,790</b>	<b>-</b>	<b>2,02,64,347</b>	<b>9,81,87,788</b>	<b>27,77,74,691</b>	<b>11,84,52,135</b>
<b>Net Block</b>												
As at March 31, 2020	59,715	43,561	7,06,01,322	-	1,13,77,758	-	-	-	85,63,144	62,67,346	8,20,82,357	1,48,30,490
As at March 31, 2019	10,39,553	-	8,95,02,702	-	1,13,77,758	8,010	-	-	1,02,28,144	1,57,77,784	10,19,28,023	2,60,05,928
As at April 01, 2018	17,63,741	-	11,21,82,254	5,62,500	1,13,77,758	1,20,290	-	11,45,55,740	7,923	2,52,88,222	24,05,62,283	2,52,96,145

**KAVVERI TELECOM PRODUCTS LIMITED**  
Notes to Financial Statement as at 31st March, 2020

<b>2</b>	<b>Investments</b>		
	Particulars	As at	As at
		31st Mar 2020	31st Mar 2019
	Investment in subsidiaries	53,82,50,215	53,82,50,215
<b>Total</b>	<b>53,82,50,215</b>	<b>53,82,50,215</b>	
<b>3</b>	<b>Loans and advances</b>		
	Particulars	As at	As at
		31st Mar 2020	31st Mar 2019
	<b>Advances Other than capital advances</b>		
	Margin Money Deposits	10,62,707	10,62,707
	Advances	1,82,58,261	1,82,58,261
	Other Deposits	1,23,04,694	1,23,05,894
	Advances From Related Parties	4,41,33,892	4,66,84,534
<b>Total</b>	<b>7,57,59,554</b>	<b>7,83,11,396</b>	
<b>4</b>	<b>Other Non Current Assets</b>		
	Particulars	As at	As at
		31st Mar 2020	31st Mar 2019
	Balance with Revenue authorities	32,86,749	32,86,749
	Excise Duty under Protest	2,62,62,465	2,62,62,465
	Other Non current assets	90,42,57,860	89,93,62,885
<b>Total</b>	<b>93,38,07,074</b>	<b>92,89,12,099</b>	
<b>5</b>	<b>Deferred Tax Asset</b>		
	Particulars	As at	As at
		31st Mar 2020	31st Mar 2019
	Deferred Tax Asset	20,73,76,465	20,73,76,465
	Add:- Current Year DTA	(1,32,67,823)	
<b>Total</b>	<b>19,41,08,642</b>	<b>20,73,76,465</b>	
<b>6</b>	<b>INVENTORIES</b>		
	Particulars	As at	As at
		31st Mar 2020	31st Mar 2019
	Finished Goods	3,63,33,171	3,63,33,171
	Work-in-progress	20,05,884	20,05,884
	Raw Materials	6,71,09,420	6,71,09,420
Stock In Trade	46,93,66,414	46,93,66,414	
<b>Total</b>	<b>57,48,14,889</b>	<b>57,48,14,889</b>	
<b>7</b>	<b>Trade Receivables</b>		
	Particulars	As at	As at
		31st Mar 2020	31st Mar 2019
	<b>Outstanding for a period exceeding six months from the date they are due for payment</b>		
	Unsecured and considered good	38,54,51,289	31,90,81,819
	<b>Other Receivables</b>		
	Unsecured and considered good	-	6,69,93,298
<b>Total</b>	<b>38,54,51,289</b>	<b>38,60,75,117</b>	

8	Cash and Cash Equivalents		
		Particulars	As at 31st Mar 2020
<b>Cash &amp; Cash Equivalents :</b>			
Balances with Banks			
In Current Accounts		19,19,588	17,21,461
In Unpaid Dividend Account		7,34,106	7,34,106
Cash in Hand		3,83,296	3,42,716
<b>Total</b>		<b>30,36,990</b>	<b>27,98,282</b>

9	Other Current Assets		
		Particulars	As at 31st Mar 2020
a) Income Accrued On Deposits(Unsecured,considered good)		2,99,91,658	2,99,91,658
b)GST Input Tax Credit		64,38,524	46,75,410
c) Other advances		92,92,200	1,05,17,998
<b>Total</b>		<b>4,57,22,382</b>	<b>4,51,85,066</b>

**Note No. 10 To be Printed**

11	Other Equity		
		Particulars	As at 31st Mar 2020
<b>Securities Premium</b>			
As per last Balancesheet		1,18,00,36,432	1,18,00,36,432
<b>Investment Allowance Reserve</b>			
As per last Balancesheet			
<b>Share Application Money Pending Allotment</b>			
As per last Balancesheet			
<b>Capital Reserve</b>			
As per last Balancesheet		73,25,779	73,25,779
<b>Employee Stock option outstanding</b>			
Opening balance		1,24,61,345	5,77,94,753
Add: New Grants during the year			
Less:- Transfer to Securities premium Account			
Less:- Transfer towards Lapsed options			
Less:- Deferred stock compensation cost		-	4,53,33,408
		1,24,61,345	1,24,61,345
<b>General Reserve</b>			
As per last Balancesheet		9,07,44,280	9,07,44,280
<b>Retained Earnings/ (Surplus)</b>			
<b>Surplus/(deficit) in the statement of profit and loss:</b>			
Balance as at the beginning of the year		(70,02,48,703)	(69,77,27,492)
Add: change to profit / (loss) for the year		(17,93,96,366)	(25,21,211)
<b>Balance as at the end of the year</b>		<b>(87,96,45,069)</b>	<b>(70,02,48,703)</b>
<b>Total</b>		<b>41,09,22,767</b>	<b>59,03,19,133</b>

12	Provisions -Non Current		
		Particulars	As at 31st Mar 2020
Provisions for Employee Benefits		61,21,679	61,21,679
Provisions for Leave Encashment		38,26,937	38,26,937
Other Provisions		21,49,09,031	21,49,09,031
<b>Total</b>		<b>22,48,57,647</b>	<b>22,48,57,647</b>

<b>13</b>	<b>Borrowings - Current</b>		
	<b>Particulars</b>	<b>As at</b>	<b>As At</b>
		<b>31st Mar 2020</b>	<b>31st Mar 2019</b>
	Loans repayable on Demand From Banks	1,77,96,16,874	1,64,71,70,642
<b>Total</b>	<b>1,77,96,16,874</b>	<b>1,64,71,70,642</b>	

<b>14</b>	<b>Trade Payables</b>		
	<b>Particulars</b>	<b>As at</b>	<b>As at</b>
		<b>31st Mar 2020</b>	<b>31st Mar 2019</b>
	Trade Payables - Dues to MSME'S - Other Payables	- 11,82,12,211	- 11,77,78,682
<b>Total</b>	<b>11,82,12,211</b>	<b>11,77,78,682</b>	

<b>15</b>	<b>Other Current Liabilities</b>		
	<b>Particulars</b>	<b>As at</b>	<b>As at</b>
		<b>31st Mar 2020</b>	<b>31st Mar 2019</b>
	(a) Term Loan account with State Bank of India <b>Refer Note No (i)</b> (b) Unpaid dividend (c) Statutory Dues Payable (d) Others Payable (e) Advance received from customers	2,49,25,428 7,34,106 1,33,02,774 4,65,10,167	2,29,86,311 7,34,106 1,29,39,547 4,39,69,884
<b>Total</b>	<b>8,54,72,474</b>	<b>8,06,29,847</b>	

i) 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.

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

ii) The Company has defaulted in repayment of instalments and payment of interest on term loan from bank. The Bank have recalled the entire loan outstanding including interest. As such, the Company has re-classified these dues to bank from Non-current Liability to Current Liability.

<b>16</b>	<b>Provisions</b>		
	<b>Particulars</b>	<b>As at</b>	<b>As at</b>
		<b>31st Mar 2020</b>	<b>31st Mar 2019</b>
	Provisions for Employee Benefits Provisions for Income Tax Dues to Key Managerial personnel	90,07,433 2,39,48,845 -	91,27,055 2,39,48,845 -
<b>Total</b>	<b>3,29,56,277</b>	<b>3,30,75,899</b>	

KAVVERI TELECOM PRODUCTS LIMITED			
Notes to Financial Statement as at 31st March, 2020			
<b>10 Share Capital:</b>			
		As at	
<b>Particulars</b>		31-Mar-20	31-Mar-19
<b>Authorised Capital</b>			
2,50,00,000 (March 31, 2020: 2,50,00,000) Equity shares of Rs. 10/- each		25,00,00,000	25,00,00,000
<b>Issued, subscribed &amp; fully paid up Capital</b>			
2,01,24,260 (March 31, 2020) Equity shares of Rs. 10/- each	✔	20,12,42,600	20,12,42,600
Less: Calls Unpaid by others			
<b>Total</b>	✔	<b>20,12,42,600</b>	<b>20,12,42,600</b>
<b>a Terms/ rights attached to the equity shares:</b>			
i) 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			
ii) The Company did not declare any dividend during the accounting period under reporting.			
iii) In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts in proportion to the number of equity shares held by the share holders.			
iv) No shares have been issued for consideration other than cash during the immediately preceding five years from the end of the reporting			
<b>b Reconciliation of equity shares outstanding as at the beginning and at the end of the reporting Period:</b>			
		As at	
<b>Particulars</b>		31-Mar-20	31-Mar-19
		No. of Shares	No. of Shares
			01-Apr-18
			No. of Shares
<b>Equity shares</b>			
Ordinary equity shares			
Shares at the beginning of the year		2,01,24,260	2,01,24,260
Issued during the year			
<b>Shares outstanding as at end of the period</b>		<b>2,01,24,260</b>	<b>2,01,24,260</b>
<b>c</b>			
<b>Details of Shares held by shareholders, holding more than 5% of the aggregate shares in the Company.</b>			
		No. of shares	
		Current Year	Previous Year
		% of shareholding	
		Current Year	Previous year
C Shiva Kumar Reddy		7,73,854	7,73,854
R H Kasturi		5,21,977	5,21,977
C Uma Reddy		17,50,100	17,50,100
Aspire Emerging Fund		15,21,976	15,21,976
Image Securities Limited		-	-
Dena Bank - Constituent Branches		-	-

KAVVERI TELECOM PRODUCTS LIMITED			
Notes to Financial Statement as at 31st March, 2020			
<b>17</b>	<b>Revenue From Operations</b>		
<b>Particulars</b>		<b>For the Year Ended 31st Mar 2020</b>	<b>For the Year Ended 31st Mar 2019</b>
(a) Sale of Products	✔	1,65,04,355	1,73,09,432
(b) Sale of Services		-	-
<b>Total</b>	✔	<b>1,65,04,355</b>	<b>1,73,09,432</b>



18	<b>Other Income</b>		
	<b>Particulars</b>	<b>For the Year Ended 31st Mar 2020</b>	<b>For the Year Ended 31st Mar 2019</b>
	Interest Received from banks		
	Other Interest	5,368	6,99,791
	Misc Income	18,52,088	
	Discount received	32,000	
	Foreign exchange gain	37,244	19,991
	<b>Total</b>	<b>19,26,700</b>	<b>7,19,782</b>
19	<b>Cost of Materials consumed</b>		
		<b>For the Year Ended 31st Mar 2020</b>	<b>For the Year Ended 31st Mar 2019</b>
	<b>Material Consumption:</b>		
	Opening Stock of Raw Materials	6,71,09,420	6,05,86,731
	Add: Purchases During the year	59,35,037	1,34,73,678
	Less: Closing Stock of Raw material	6,71,09,420	6,71,09,420
		59,35,037	69,50,989
	<b>Packing Materials</b>		
	Opening Stock of Raw Materials	-	
	Add: Purchases During the year	21,870	1,24,069
Less: Closing Stock of Raw material	-		
	21,870	1,24,069	
	<b>Total</b>	<b>59,56,907</b>	<b>70,75,058</b>
20	<b>Changes in inventories of finished goods, work-in-progress and stock-in-trade</b>		
		<b>For the Year Ended 31st Mar 2020</b>	<b>For the Year Ended 31st Mar 2019</b>
	<b>Finished Goods</b>		
	Finished goods at the beginning of the year	3,63,33,171	3,63,33,171
	Less: Finished goods at the end of the year	3,63,33,171	3,63,33,171
	<b>Sub Total (A)</b>		-
	<b>Work in Progress</b>		
	Finished goods at the beginning of the year	20,05,884	20,05,884
	Less: Finished goods at the end of the year	20,05,884	20,05,884
	<b>Sub Total (B)</b>		-
	<b>Stock in trade</b>		
	Finished goods at the beginning of the year	46,93,66,414	46,93,66,414
	Less: Finished goods at the end of the year	46,93,66,414	46,93,66,414
<b>Sub Total (C)</b>		-	
<b>Increase or Decrease in Inventories - (A - B)</b>			
		-	

<b>21</b>	<b>Employee Benefit Expenses</b>		
	<b>Particulars</b>	<b>For the Year Ended 31st Mar 2020</b>	<b>For the Year Ended 31st Mar 2019</b>
	(a) Salaries, Wages & Bonus	23,30,111	45,02,373
	(b) Contribution to Provident & Other Funds	1,13,581	6,30,792
	(c) Staff Welfare Expenses	1,12,272	7,40,619
	<b>Total</b>	<b>25,55,964</b>	<b>58,73,784</b>
<b>22</b>	<b>Finance Costs</b>		
	<b>Particulars</b>	<b>For the Year Ended 31st Mar 2020</b>	<b>For the Year Ended 31st Mar 2019</b>
	a) Interest Expenses		
	- Interest on Long term borrowings	19,39,117	19,39,117
	- Interest on Cash Credit & Packing Credit	13,24,46,232	13,24,46,232
	- Bank charges and Processing charges	78,042	35,317
	<b>Total</b>	<b>13,44,63,391</b>	<b>13,44,20,666</b>
<b>23</b>	<b>Other Expenses</b>		
	<b>Particulars</b>	<b>For the Year Ended 31st Mar 2020</b>	<b>For the Year Ended 31st Mar 2019</b>
	(a) Telephone & Internet Charges	2,30,590	1,55,243
	(b) Customs Duty	4,95,539	12,19,660
	(c) Freight Inwards	2,23,645	2,66,601
	(g) Rates and Taxes	2,04,900	5,98,955
	(h) Travelling and Conveyance	1,51,869	9,94,063
	(i) Statutory Auditors : Audit fees	7,65,000	7,55,000
	(j) Legal fees & consultancy charges	26,37,283	11,90,579
	(k) Service Charges	37,717	9,415
	(l) Fuel & Shipment Expenses	2,32,632	6,99,504
	(m) Freight Outward Charges	12,52,416	23,70,561
	(n) Leave Encashment	-	1,80,538
	(o) Administrative Expenses	18,96,781	29,81,983
	(p) Miscellaneous expenses	90,907	62,559
	(q) Other Expenses	5,74,745	8,13,695
	(r) Repairs and maintainance	10,03,680	-
	(s) Advertisement Expenses	48,729	17,765
	(t) Loss on sale of fixed assets	-	3,50,70,472
	(u) Listing Fees	6,65,000	6,15,000
	<b>Total</b>	<b>1,05,11,433</b>	<b>4,80,01,593</b>

**KAVVERI TELECOM PRODUCTS LIMITED****Statement of changes in Equity****A. Equity Share Capital:***(Amounts in Rs.)*

<b>Particulars</b>	<b>Number of Shares</b>	<b>Amount</b>
<b>Balance as at April 1, 2018</b>	<b>2,01,24,260</b>	<b>20,12,42,600</b>
Changes in equity Share Capital	-	-
<b>Balance as at March 31, 2019</b>	<b>2,01,24,260</b>	<b>20,12,42,600</b>
<b>Balance as at April 1, 2019</b>	<b>2,01,24,260</b>	<b>20,12,42,600</b>
Changes in equity Share Capital	-	-
<b>Balance as at March 31, 2020</b>	<b>2,01,24,260</b>	<b>20,12,42,600</b>

Other Equity	Reserves & Surplus							Items of Other comprehensive income			(Amounts in Rs.)
	General Reserve	Capital Reserve	Securities Premium	Employee Stock Option Outstanding	Retained earnings	Equity Instruments through other comprehensive income	Other items of other comprehensive income	Total			
<b>Balance at April 1, 2018</b>	9,07,44,280	73,25,779	1,18,00,36,432	1,24,61,345	(69,77,27,492)	-	-	-	59,28,40,344		
<b>Changes in equity for the year ended March 31, 2017</b>											
Transfer to General Reserve	-	-	-	-	-	-	-	-	-		
Equity instruments through other comprehensive income	-	-	-	-	-	-	-	-	-		
Changes in accounting policy / prior period €	-	-	-	-	-	-	-	-	-		
Profit for the period	-	-	-	-	(25,21,211)	-	-	-	(27,84,13,834)		
Addition to capital reserve	-	-	-	-	-	-	-	-	-		
<b>Balance as at March 31, 2019</b>	9,07,44,280	73,25,779	1,18,00,36,432	1,24,61,345	(70,02,48,703)	-	-	-	59,03,19,133		
<b>Changes in equity for the Period ended March 31, 2019</b>											
Transfer to General Reserve	-	-	-	-	-	-	-	-	-		
Equity instruments through other comprehensive income	-	-	-	-	-	-	-	-	-		
Changes in accounting policy / prior period €	-	-	-	-	-	-	-	-	-		
Profit for the period	-	-	-	-	(17,93,96,366)	-	-	-	(17,93,96,366)		
Addition to capital reserve	-	-	-	-	-	-	-	-	-		
<b>Balance as at March 31, 2020</b>	9,07,44,280	73,25,779	1,18,00,36,432	1,24,61,345	(87,96,45,069)	-	-	-	41,09,22,767		

**M/s. Kavveri Telecom Products Limited**

## **24. SIGNIFICANT ACCOUNTING POLICIES**

### **Significant Accounting Estimates and Judgments**

Estimates, assumptions concerning the future and judgments are made in the preparation of the financial statements. They affect the application of the Company's accounting policies, reporting amounts of assets, liabilities, income and expense and disclosures made. Although these estimates are based on management's best knowledge of current events and actions, actual result may differ from those estimates.

The critical accounting estimates and assumptions used and areas involving a high degree of judgments are described below:

### **Use of estimation and assumptions**

In the process of applying the entity's accounting policies, management had made the following estimation and assumptions that have the significant effect on the amounts recognised in the financial statements.

### **Income tax**

The company recognizes tax liabilities based upon self-assessment as per the tax laws. When the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such final determination is made.

### **Property, plant and equipment & Intangible Assets**

Key estimates related to long-lived assets (property, plant and equipment and intangible assets) include useful lives, recoverability of carrying values and the existence of any retirement obligations. As a result of future decisions, such estimates could be significantly modified. The estimated useful lives of long-lived assets is applied as per the Schedule II of Companies Act, 2013 and estimated based upon our historical experience, engineering estimates and industry information. These estimates include an assumption regarding periodic maintenance and an appropriate level of annual capital expenditures to maintain the assets.

### **Employee Benefits- Measurement of Defined Benefit Obligation**

Management assesses post-employment and other employee benefit obligations using the projected unit credit method based on actuarial assumptions which represent management's best estimates of the variables that will determine the ultimate cost of providing post-employment and other employee benefits.

**Critical judgments made in applying accounting policies**  
**Impairments in Subsidiaries and Associates**

When a subsidiary is in net equity deficit and has suffered operating losses, a test is made whether the investment in the investee has suffered any impairment, in accordance with the stated accounting policy. This determination requires significant judgment. An estimate is made of the future profitability of the investee, and the financial health of and near-term business outlook for the investee, including factors such as industry and sector performance, and financing and operational cash flows.

**Impairment of plant & equipment and Intangible assets**

The company assesses whether plant & equipment and intangible assets have any indication of impairment in accordance with the accounting policy. The recoverable amounts of plant & equipment and intangible asset have been determined based on value-in-use calculations. These calculations require the use of judgment and estimates.

**Expected credit loss**

Expected credit losses of the company are based on an evaluation of the collectability of receivables. A considerable amount of judgment is required in assessing the ultimate realization of these receivables, including their current creditworthiness, past collection history of each customer and ongoing dealings with them. If the financial conditions of the counterparties with which the Company contracted were to deteriorate, resulting in an impairment of their ability to make payments, additional expected credit loss may be required.

**XX. Property, Plant and Equipment**

All items of property, plant and equipment are initially recorded at cost. The cost of an item of plant and equipment is recognized as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

Cost includes its purchase price (after deducting trade discounts and rebates), import duties & non-refundable purchase taxes, any costs directly attributable to bringing the asset to the location & condition necessary for it to be capable of operating in the manner intended by management, borrowing costs on qualifying assets and asset retirement costs. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The activities necessary to prepare an asset for its intended use or sale extend to more than just physical construction of the asset. It may also include technical (DPR, environmental,

planning, Land acquisition and geological study) and administrative work such as obtaining approvals before the commencement of physical construction.

The cost of replacing a part of an item of property, plant and equipment is capitalized if it is probable that the future economic benefits of the part will flow to the Company and that its cost can be measured reliably. The carrying amount of the replaced part is derecognized.

Costs of day to day repairs and maintenance costs are recognized into the statement of profit and loss account as incurred.

Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual values, estimated useful lives and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

An item of plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is recognised in the profit or loss in the year the asset is derecognized.

Assets under installation or under construction as at the Balance Sheet date are shown as Capital Work in Progress.

### ***Depreciation***

Depreciation is provided on Straight Line Method, as per the provisions of schedule II of the Companies Act, 2013 or based on useful life estimated on the technical assessment. Asset class wise useful lives in years are as under:

Plant and Machinery	1 to 25
Buildings	8 to 60
Computers and equipment	3 to 6
Furniture & fixtures	10 to 15
Vehicles	8 to 10
Office equipment	5 to 15

Fully depreciated plant and equipment are retained in the financial statements until they are no longer in use.

In respect of additions / deletions to the fixed assets / leasehold improvements, depreciation is charged from the date the asset is ready to use / up to the date of deletion.

Depreciation on adjustments to the historical cost of the assets on account of reinstatement of long term borrowings in foreign currency, if any, is provided prospectively over the residual useful life of the asset.

## **XXI. Intangible Assets**

Intangible assets are recognised when it is probable that the future economic benefits that are attributable to the asset will flow to the enterprise and the cost of the asset can be measured reliably. The company amortizes Computer software using the straight-line method.

### **Financial Assets**

Financial assets comprise of investments in equity and debt securities, trade receivables, cash and cash equivalents and other financial assets.

#### ***Initial recognition:***

All financial assets are recognised initially at fair value. Purchases or sales of financial asset that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the company commits to purchase or sell the assets.

#### ***Subsequent Measurement:***

#### **(iv) Financial assets measured at amortised cost:**

Financial assets held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding are measured at amortised cost using effective interest rate (EIR) method. The EIR amortization is recognised as finance income in the Statement of Profit and Loss.

The Company while applying above criteria has classified the following at amortised cost:

- d) Trade receivable
- e) Cash and cash equivalents
- f) Other Financial Asset

#### **(v) Financial assets at fair value through other comprehensive income (FVTOCI):**

Financial assets held within a business model whose objective is to hold financial assets in order to collect contractual cash flows, selling the financial assets and the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding are measured at FVTOCI.



Fair Value movements in financial assets at FVTOCI are recognised in other comprehensive income.

Equity instruments held for trading are classified as at fair value through profit or loss (FVTPL). For other equity instruments the company classifies the same as at FVTOCI. The classification is made on initial recognition and is irrevocable. Fair value changes on equity investments at FVTOCI, excluding dividends are recognised in other comprehensive income (OCI).

**(vi) Financial assets at fair value through profit or loss (FVTPL)**

Financial assets are measured at fair value through profit or loss if it does not meet the criteria for classification as measured at amortised cost or at fair value through other comprehensive income. All fair value changes are recognised in the statement of profit and loss.

**(iv) Investment in subsidiaries, joint ventures & associates are carried at cost in the separate financial statements.**

***Impairment of Financial Assets:***

Financial assets are tested for impairment based on the expected credit losses.

**(iii) Trade Receivables**

An impairment analysis is performed at each reporting date. The expected credit losses over life time of the asset are estimated by adopting the simplified approach using a provision matrix which is based on historical loss rates reflecting current condition and forecasts of future economic conditions. In this approach assets are grouped on the basis of similar credit characteristics such as industry, customer segment, past due status and other factors which are relevant to estimate the expected cash loss from these assets.

**(iv) Other financial assets**

Other financial assets are tested for impairment based on significant change in credit risk since initial recognition and impairment is measured based on probability of default over the life time when there is significant increase in credit risk.

***De-recognition of financial assets***

A financial asset is derecognized only when:

- The company has transferred the rights to receive cash flows from the financial asset or
- The contractual right to receive cash flows from financial asset is expired or
- Retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the entity has transferred an asset and transferred substantially all risks and rewards of ownership of the financial asset, in such cases the financial asset is derecognized. Where the entity has neither transferred a financial asset nor retains substantially all risks and

rewards of ownership of the financial asset, the financial asset is also derecognized if the company has not retained control of the financial asset.

**XXII. Impairment of Non-Financial Assets**

At each reporting date, the Company assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the company makes a formal estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

Recoverable amount is the greater of fair value less costs to sell and value in use. It is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

**XXIII. Inventories**

Raw materials, consumables, stores and spares and finished goods are valued at lower of cost and net realizable value. Cost is determined on weighted average cost method.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

**XXIV. Cash and Cash equivalents**

Cash and cash equivalents comprise cash at bank and in hand and short-term investments with an original maturity of three months or less. Deposits with banks subsequently measured at amortized cost and short term investments are measured at fair value through Profit & Loss account.

**XXV. Share Capital**

Equity shares are classified as equity.

**XXVI. Financial Liabilities****Initial recognition and measurement**

Financial liabilities are recognized when, and only when, the Company becomes a party to the contractual provisions of the financial instrument. The company determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognized initially at fair value plus any directly attributable transaction costs, such as loan processing fees and issue expenses.

**Subsequent measurement – at amortized cost**

After initial recognition, financial liabilities are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in profit or loss when the liabilities are derecognized, and through the amortization process.

**Derecognition**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

**XXVII. Borrowing Costs**

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest, exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost and other costs that an entity incurs in connection with the borrowing of funds.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

**XXVIII. Employee Benefits**

Employee benefits are charged to the statement of Profit and Loss for the year and for the projects under construction stage are capitalised as other direct cost in the Capital Work in Progress / Intangible asset under development.

Retirement benefits in the form of Provident Fund are a defined contribution scheme and the contributions are recognised, when the contributions to the respective funds are due. There are no other obligations other than the contribution payable to the respective funds.

Gratuity liability is defined benefit obligations and is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year. Re-measurement in case of defined benefit plans gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they

occur, directly in other comprehensive income and they are included in retained earnings in the statement of changes in equity in the balance sheet.

Compensated absences are provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year. Re-measurement as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

The amount of Non-current and Current portions of employee benefits is classified as per the actuarial valuation at the end of each financial year.

#### **XXIX. 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 23<sup>rd</sup> 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.

### **XXX. Income Taxes**

Income tax expense is comprised of current and deferred taxes. Current and deferred tax is recognized in net income except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

Current income taxes for the current period, including any adjustments to tax payable in respect of previous years, are recognized and measured at the amount expected to be recovered from or payable to the taxation authorities based on the tax rates that are enacted or substantively enacted by the end of the reporting period.

Deferred income tax assets and liabilities are recognized for temporary differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases using the tax rates that are expected to apply in the period in which the deferred tax asset or liability is expected to settle, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable income nor the accounting income. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable income will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and reduced accordingly to the extent that it is no longer probable that they can be utilized.

In the situations where the Company is entitled to a tax holiday under the Income-tax Act, 1961 enacted in India or tax laws prevailing in the respective tax jurisdictions where it operates, no deferred tax (asset or liability) is recognized in respect of temporary differences which reverse during the tax holiday period, to the extent the company's gross total income is subject to the deduction during the tax holiday period.

Deferred tax in respect of temporary differences which reverse after the tax holiday period is recognized in the year in which the temporary differences originate. However, the Company restricts recognition of deferred tax assets to the extent that it has become

reasonably certain, that sufficient future taxable income will be available against which such deferred tax assets can be realized. For recognition of deferred taxes, the temporary differences which originate first are considered to reverse first.

Deferred tax assets and liabilities are offset when there is legally enforceable right of offset current tax assets and liabilities when the deferred tax balances relate to the same taxation authority. Current tax asset and liabilities are offset where the entity has legally enforceable right to offset and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

### **XXXI. Provisions , Contingent Liabilities and Contingent Assets**

#### ***Provisions***

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense and is recorded over the estimated time period until settlement of the obligation. Provisions are reviewed and adjusted, when required, to reflect the current best estimate at the end of each reporting period.

The Company recognizes decommissioning provisions in the period in which a legal or constructive obligation arises. A corresponding decommissioning cost is added to the carrying amount of the associated property, plant and equipment, and it is depreciated over the estimated useful life of the asset.

A provision for onerous contracts is recognized when the expected benefits to be derived by the company from a contract are lower than the unavoidable cost of meeting its obligations under contract. The provision is measured at the present value of the lower of expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the company recognizes any impairment loss on the assets associated with that contract.

Liquidated Damages / Penalty as per the contracts / Additional Contract Claims / Counter Claims under the contract entered into with Vendors and Contractors are recognised at the end of the contract or as agreed upon.

### **Contingent Liabilities**

Contingent liability is disclosed in case of a present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation;

A present obligation arising from past events, when no reliable estimate is possible;

A possible obligation arising from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the company where the probability of outflow of resources is not remote.

### **Contingent Assets**

Contingent assets are not recognized but disclosed in the financial statements when an inflow of economic benefits is probable

## **XXXII. Fair Value Measurements**

Company uses the following hierarchy when determining fair values:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 – Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (prices) or indirectly (derived from prices); and,

Level 3 – Inputs for the asset or liability that are not based on observable market data.

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting dates. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The fair value for these instruments is determined using Level 1 inputs.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is fair valued using level 2 inputs.

If one or more of the significant inputs is not based on observable market data, the instrument is fair valued using Level 3 inputs. Specific valuation techniques used to value financial instruments include:

Quoted market prices or dealer quotes for similar instruments;

The fair value of interest rate swaps is calculated as the present value of the estimated future cashflows based on observable yield curves;

The fair value of forward foreign exchange contracts is determined using forward exchange rates at the reporting dates, with the resulting value discounted back to present value;

Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments

### **XXXIII. Revenue Recognition**

Revenue is recognized and measured at the fair value of the consideration received or receivable, to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

The company collects GST, service tax, sales taxes and value added taxes (VAT) on behalf of the government and, therefore, these are not economic benefits flowing to the company. Hence, they are excluded from revenue. The following specific recognition criteria must also be met before revenue is recognized:

#### ***Insurance Claims***

Insurance claims are recognized on acceptance / receipt of the claim.

#### ***Interest***

Revenue is recognized as the interest accrues, using the effective interest method. This is the method of calculating the amortized cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

#### ***Dividends***

Dividends are recognised in profit or loss only when the right to receive payment is established.

### **XXXIV. Foreign Currency Transactions**

Transactions in foreign currencies are translated to the functional currency of the company, at exchange rates in effect at the transaction date.

At each reporting date monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate in effect at the date of the statement of financial position.

The translation for other non-monetary assets is not updated from historical exchange rates unless they are carried at fair value.



**XXXV. Minimum Alternative Tax (MAT)**

MAT credit is recognised as an asset only when and to the extent there is convincing evidence that the company will pay normal income tax during the specified period. In the year in which the MAT credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in Guidance Note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the statement of profit and loss and shown as MAT Credit Entitlement. The company reviews the same at each balance sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that company will pay normal Income Tax during the specified period.

**XXXVI. Earnings per Share**

Basic earnings per share are calculated by dividing:

The profit attributable to owners of the company by the weighted average number of equity shares outstanding during the financial year, adjusted for bonus elements in equity shares issued during the year and excluding treasury shares.

Diluted earnings per share adjust the figures used in the determination of basic earnings per share to take into account:

The after income tax effect of interest and other financing costs associated with dilutive potential equity shares

The weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

**XXXVII. Rounding of amounts**

All amounts disclosed in the financial statements and notes have been rounded off to the nearest lakhs as per the requirement of Schedule III of the Companies Act, 2013, unless otherwise stated

**KAVVERI TELECOM PRODUCTS LIMITED  
NOTES TO FINANCIAL STATEMENTS**

**25. AMALGAMATION:**

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

**26. 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.

**27. INVESTMENTS:**
**DETAILS OF INVESTMENT IN SUBSIDIARIES:**

Particulars	31 <sup>st</sup> March 2020
M/s.Eaicom India Pvt Ltd	14,57,18,000
M/s. Kavveri Technologies Inc	8,80,09,350
M/s. Kavveri Telecom Infrastructure Limited	18,51,00,000
M/s. Kavveri Telecom Espana	6,97,42,865
M/s. Kavveri Technologies America Inc	4,96,80,000
<b>TOTAL</b>	<b>53,82,50,215</b>

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

Particulars	Country of Incorporation	2020	2019
EAICOM INDIA PRIVATE LTD	India	100%	100%
KAVVERI TECHNOLOGIES INC	Canada	100%	100%
KAVVERI TECHNOLOGIES AMERICAS INC.	USA	100%	100%

**Subsidiaries of wholly owned subsidiary, Kavveri Technologies Inc., Canada.**

Particulars	Country of Incorporation	2020	2019
Til-Tek Antennae Inc	Canada	100%	100%
DCI Digital Communications Inc	Canada	100%	100%
Spotwave Wireless Inc	Canada	100%	100%
Kavveri Realty 5 Inc	Canada	100%	100%

**Subsidiaries of wholly owned subsidiary, Kavveri Technologies Americas Inc., USA.**

Particulars	Country of Incorporation	2020	2019
Quality Communications Systems	USA	100%	100%
New-England Communication Systems	USA	100%	100%

**28. CIF VALUE OF IMPORTS**

Particulars	2020 (Amount in Rs.)	2019 (Amount in Rs.)
Raw materials	31,42,318	29,44,150

Components and spare parts	<b>Nil</b>	<b>Nil</b>
Capital Goods	<b>Nil</b>	<b>Nil</b>
<b>Total</b>	<b>31,42,318</b>	<b>29,44,150</b>

**28. EXPENDITURE INCURRED IN FOREIGN CURRENCY**

<b>Particulars</b>	<b>2020 (Rs.)</b>	<b>2019 (Rs.)</b>
Technical knowhow/Research and development expenses	<b>Nil</b>	<b>Nil</b>
Professional and consultation fees	<b>Nil</b>	<b>Nil</b>
Travelling expenses	<b>Nil</b>	<b>Nil</b>
Maintenance Charges	<b>Nil</b>	<b>Nil</b>
<b>Total</b>	<b>Nil</b>	<b>Nil</b>

**30. DETAILS OF CONSUMPTION**

a) Details of Raw Materials Consumed:

<b>Particulars</b>	<b>2020 (Rs.)</b>	<b>2018 (Rs.)</b>
Raw Materials Consumption	59,56,907	70,75,058
<b>TOTAL</b>	<b>59,56,907</b>	<b>70,75,058</b>

b) Details of value of material consumed (imported and indigenous):

<b>Particulars</b>	<b>Imported(2020)</b>	<b>Indigenous(2020)</b>	<b>Imported(2019)</b>	<b>Indigenous(2019)</b>
Raw Materials	31,42,318	28,14,589	29,44,150	39,49,024
<b>TOTAL</b>	<b>31,42,318</b>	<b>28,14,589</b>	<b>29,44,150</b>	<b>39,49,024</b>

**31. EARNINGS IN FOREIGN CURRENCY**

<b>Particulars</b>	<b>2020 (Rs.)</b>	<b>2019 (Rs.)</b>
Revenue from exports on FOB basis	49,92,827	1,72,63,281
Interest	Nil	Nil
Other Income	Nil	Nil
<b>Total</b>	<b>49,92,827</b>	<b>1,72,63,281</b>

**32. EARNINGS PER SHARE**

<b>Particulars</b>	<b>Year Ended March 31<sup>st</sup> 2020</b>	<b>Year Ended March 31<sup>st</sup> 2019</b>
<b>(a) Basic</b>		
Profit after tax	(17,93,96,366)	(25,21,211)

Weighted average number of shares outstanding	2,01,24,260	2,01,24,260
Basic EPS	(8.91)	(0.13)
<b>(b) Diluted</b>		
Profit after tax	(17,93,96,366)	(25,21,211)
Adjusted net profit for the year	(17,93,96,366)	(25,21,211)
Weighted average number of shares outstanding	2,01,24,260	2,01,24,260
Diluted EPS	(8.91)	(0.13)
Face value per share	10.00	10.00

### 33. EMPLOYEE BENEFITS

The Company has not obtained Actuarial Valuation report for Gratuity and leave encashment for the financial year 2019-20.

### 34. TRANSACTIONS WITH RELATED PARTIES (as identified by the Company)

Description of the nature of transaction	Description of Relationship	Related Party	Year ended 2020	Year ended 2019
Sales of goods	Subsidiary	Tiltek Antennae Inc	49,92,827	1,72,27,355
Purchase of goods	Subsidiary	Tiltek Antennae Inc	5,63,580	14,64,128
Purchase of goods	Subsidiary	Kavveri Telecom Infrastructure Limited	NIL	1,76,22,689
Advances given	Key Managerial Personnel	RH Kasturi	71,52,548	74,87,548
	Subsidiary	Trackcom Systems International Inc	9,02,000	9,02,000
Payable at the year end	Key Managerial Personnel	Shiva kumar Reddy	7,93,49,391	8,26,18,284
	Subsidiary	Kavveri Technologies Inc	6,00,21,738	6,00,21,738
	Subsidiary	Eaicaom India Private Limited	3,46,00,505	3,43,75,505

	Other related party	SMR Telecom Holdings Pvt Ltd	8,83,101	Nil
Receivable at the end	Subsidiary	DCI Digital Communication Inc	94,28,534	94,28,534
	Subsidiary	Kavveri Realty Inc	20,144	20,144
	Subsidiary	Spot wave Wireless Limited	5,07,80,660	5,07,80,660

**LIST OF RELATED PARTIES**

Key Management Personnel	Direct Subsidiaries	Indirect Subsidiaries	Other related Associates/ Party
Mr.C.Shivakumar Reddy	Eaicom India Private Limited	DCI Digital Communications Inc	SMR Telecom Holdings Private Limited
	Kavveri Technologies Inc.	Spot wave Wireless Ltd.	Ms. C. Uma Reddy
Ms. R .H Kasturi	Kavveri Telecom Infrastructure Limited	Kavveri Realty 5Inc.	
	Kavveri Technologies Americas Inc	Tiltek Antennae Inc.	
		Quality Communications Systems	
		New England Communication Systems	

**35. DUES TO MICRO AND SMALL ENTERPRISES.**

S.No	Particulars	2020 (Rs.)	2019 (Rs.)
1	Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at year end	Nil	Nil
2	Interest due to suppliers registered under the MSMED Act and remaining unpaid as at year end	Nil	Nil
3	Principal amounts paid to suppliers registered under the MSMED Act, beyond the appointed day during the year	Nil	Nil
4	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

5	Interest paid, under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	Nil	Nil
6	Interest due and payable towards suppliers registered under MSMED Act, for payments already made.	Nil	Nil
7	Further interest remaining due and payable for earlier years.	Nil	Nil

### 36. MANGERIAL REMUNERATION

Name	2020		2019	
	Remuneration	Commission	Remuneration	Commission
Shiva Kumar Reddy – Managing Director	Nil	Nil	Nil	Nil
H Kasturi – Whole Time Director	Nil	Nil	Nil	Nil
Other Non Executive Directors	Nil	Nil	Nil	Nil
<b>Total</b>	Nil	Nil	Nil	Nil

### 37. UNEXPIRED WARRANTY CHARGES

Particulars	2020 (Rs.)	2019 (Rs.)
Balance at the beginning of the year	21,11,77,189	21,11,77,189
Additions during the year	-	-
Reversals during the year	-	-
Balance at the end of the year	21,11,77,189	21,11,77,189

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

### 39. CONTINGENT LIABILITIES

S.No	Name of Statute	Amount (Rs. In Lakhs)	Period to which amount relates	Forum where dispute is pending
1	Central Excise	5471.67	Various Assessment Years	CESTAT Bangalore
3	Income Tax	9655.71	Various Assessment Years	Commissioner of Income Tax Appeals – 1, Bangalore
4	Sales Tax	17.85	2006-2007 & 2007-2008	Joint Commissioner of Commercial Tax (Appeal)

- (vi) M/s. Mahanagar Telephone Nigam Ltd and M/s Bharat Sanchar Nigam Ltd. had invoked bank guarantees totalling 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.
- (vii) 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.
- (viii) 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.
- (ix) (A) Customs, Excise and Service Tax Appellate Tribunal, South Zone, Bangalore, however had stayed the aforesaid demand subject to payment of Rs.2 Crores.  
(B) Deposit paid against Order in Original No. 94/2012 dt. 31.12.2012 under Protest of Rs.26,77,854/- .  
(C) Rs.257088/- Cenvat deposit against O/O no.42/2013 dt: 21.02.2013 stay order no.119/2013 dt: 25.06.2013.  
(D) Rs.127523/-deposit against CESTAT Appeal No.E/2210/2012 Stay/Misc/26402/2013 dt: 13.06.2013  
(E).Rs.500000/- Cenvat deposit against OIO No.37/2011 dt: 31.03.2011 passed by the Additional Commissioner of Central Excise and CESTAT Miscellaneous Order No.26586/2013 dt: 16.07.2013
- (x) There are claims against one of the Company's in sales tax (A) Ref Assignment order no.14188330 dt: 12/8/2011 against order received from assistant commissioner of commercial taxes (Audit)4.2,DVO-4 Bangalore. Dispute it is assessed under CST Act'56 by rejecting the concessional rate of tax claimed in the return of turnovers and levied tax at the rate of 12.5% in the absence of declarations such as Form C and also levied the penalty and interest of Rs.4,97,46,550/-. (B) Ref Assignment order no.13687538 dt: 08/12/2011 and case order no.212049893 dt: 29/03/2014 against order received from Deputy commissioner of commercial taxes (Audit) 4.7, DVO-4 Bangalore. It is assessed by rejecting the concessional rate of tax claimed in the return of turnovers and assessed to tax, the direct export not covered by bill of lading, sales return not covered by the relevant documents at the rate of 4% in the absence of declarations such as Form C and along with levied the penalty and interest of Rs.13,29,696/-.

**40.** The Company has defaulted in repayment of cash credit and term loan which were availed from State Bank of India. 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 crore which includes outstanding interest towards cash credit and term loan availed by the Company. Later on the bank has transferred the outstanding due to

Edleweiss, Asset Reconstruction Company for the purpose of recovery of dues from the Company on 27<sup>th</sup> June, 2014. Also all securities provided by the company to Bank against Term loan and cash credit are also transferred to the Asset Reconstruction Company as informed by Bank to the Company. The Company has approached Edelweiss ARC Ltd for One Time Settlement (OTS) in February 2018 with an offer of Rs 1 crore with providing cooperation for sale of the land and building mortgaged for the Loan and it was accepted by Edelweiss ARC Ltd . Subsequently after the land and building was sold, Edelweiss went back on this and the company has approached the Hon'ble High Court of Karnataka to enforce this OTS acceptance and the Hon'ble High Court of Karnataka passed interim orders and the matter is sub-judice.

**41.** The Company has defaulted in repayment of dues to Banks for the year ended 31st March, 2020. All the loans outstanding were classified as NPA by the Banks. The balance outstanding as at 31.03.2020 is Rs. 18045.42 Lakhs (Including Principal and Interest Provisions on the loans but excluding Penal Interest if any) as per books of account.

**42.** The Company has not appointed the Company secretary (Compliance Officer) and Chief Financial Officer in the Financial Year 2019-2020.

**43.** The figures have been Regrouped/Reclassified wherever necessary.

**44.** All the figures are rounded off to the nearest rupee.

**As per our report of even date**

**For P.Murali& Co.,  
Chartered Accountants  
Firm Registration No. 007257S**

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

**Sd/-  
P.MuraliMohanaRao  
Partner  
Membership No. 023412  
UDIN: 20023412AAAAJY9383**

**Sd/-  
C.Shivakumar Reddy  
Managing Director**

**Sd/-  
R.H.Kasturi  
Director**

**DIN: 01189348**

**DIN: 0029185**

**Place: Hyderabad  
Date: 31.07.2020.**