



**Corporate Office:**

Kavveri Industrial Complex, 1st main, 2nd Stage,  
Arakere Mico Layout, Banerghatta Road, Bangalore - 560 076  
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the imagination  
of the World





## Letter from CMD

Dear Shareholders,

It is with immense pleasure that I am here before you again to present highlights of the performance of your company for the financial year 2008-09.

The year 2008-09 has been a challenging year for the economy of the world and your Company has been able to achieve a stellar performance inspite of this challenging environment. Your Company has been able to increase its sales revenues by 29% during the year compared to the previous year. Your Company during the year was adjudged as one of the fastest growing 50 Technology companies in India and one of the fastest growing 500 technology Companies in AsiaPac by Deloitte. This was made possible due to the unstinted efforts by the entire team at Kavveri to improve the shareholder value.

Your Company continues to place thrust on Research and Development enabling it to meet the requirements of the Wireless telecom industry to gain further market share for its products in the new technology frontiers like 3G and LTE as the new engines of growth. Recently your Company was awarded as the Innovator of the year 2009 by Business Today and Yes Bank in the SME sector across the spectrum of industries in India. This was a recognition of your Company's core focus in innovation to delight the customer with newer and cost effective solutions. Your Company has built the latest state-of-the-art facilities of 1,50,000 sft area for the manufacture of Rf products and Antennas in India at Jigani, Bangalore and this facilities will be inaugurated soon and with this your Company will be among one of the best world class facilities for manufacture of Rf products and Antennas in the world.

During the Year, your Company has started a subsidiary called Kavveri Telecom Infrastructure Ltd(KTIL) to provide Inbuilding solution Infrastructure to the cellular operator as a Neutral Host Provider on a longer term of 10 years on Build, Own, Operate and Lease model. This has been received very well by the cellular operators in India and KTIL has already signed up with two of the top five cellular operators in India for this business model on pan-India basis. This augurs well for your company as this will give steady stream of revenues for the next 10 years.

Your Company continues to place thrust on its North American operations and to drive growth in these markets with newer products being introduced and new customers being acquired. Acquisition of Companies in our core area of Rf products and Antennas continues to be our focus in North America and Europe in the foreseeable future. Your company still continues to be in growth path by focusing on innovation. I would like to thank our Customers, Suppliers, Bankers for their continued support and also the entire team at Kavveri for their dedicated efforts. I would specially like to thank all the shareholders for their support in taking this company to greater heights and glory.

Best regards

**C. Shivakumar Reddy**

Chairman And Managing Director



# Table of content

General Information .....	6
Notice .....	10
Directors Report .....	13
Report on Corporate Governance .....	22
Management Discussion and Analysis .....	34
Auditors' Report on Standalone Financials .....	39
Balance Sheet – Stand Alone .....	44
Profit and Loss Account – Stand Alone .....	46
Cashflow Statement – Stand Alone .....	69
Auditors' Report on Consolidated Financials .....	71
Balance Sheet – Consolidated .....	73
Profit and Loss Account – Consolidated .....	75
Details of Subsidiary Companies	
Cashflow Statement – Consolidated .....	95
Statement Pursuant to Section 212 of the Companies Act 1956 .....	97
Balance Sheet Abstract and Company's Business Profile .....	98



## Vision

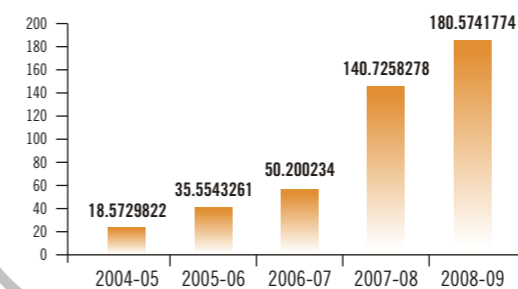
To become a global leader in the field of Antennas & R F Products adopting latest technology for providing the best products and services to customers' at the most competitive prices to realize the highest level of customer satisfaction.

### Decade at a glance:

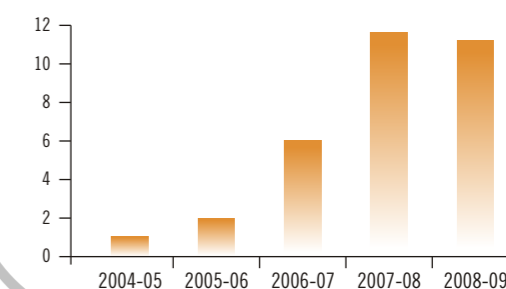
(Rs. in lacs)

Particulars	Jun-00 15 months	1-Jun 12 months	2001-02 9 months	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
Total Revenue	962.05	1516.9	1848.62	2211.84	1120.45	1934.86	3568.14	5051.89	14565.67	18381.61
Operating Profit (PBDIT)	118.54	271.06	312.86	246.3	120.59	215.54	405.33	818.12	2161.48	2929.18
Profit after tax	36.15	180.96	97.9	51.49	25.07	108.66	264.71	590.63	1164.74	1134.16
EPS (Rs.)	0.65	3.55	2.19	1	0.25	1.08	2.63	5.87	11.58	11.27
Share Capital	548.63	546.61	512.58	512.58	1006.08	1006.08	1006.08	1006.08	1006.8	1006.08
Reserves & Surplus	6.52	133.44	183.81	137.85	1124.48	1175.79	1325.78	1798.44	2689.68	3706.89
Fixed Assets (Gross Block & CWIP)	334.79	340.71	356.56	441.39	506.09	509.41	578.02	762.35	1606.41	3703.43
Current Assets	1017.22	1271.09	1404.29	2240.49	1855.23	1494.78	2517.2	4756.82	11752.25	10713.93
Dividend declared	-	10%	12%	12%	-	5%	10%	10%	20%	10%

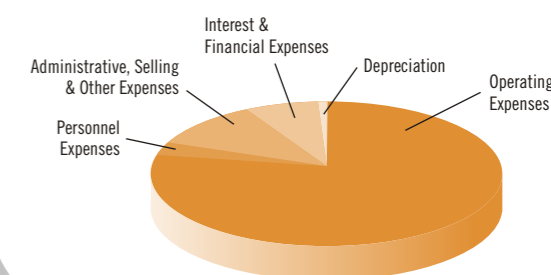
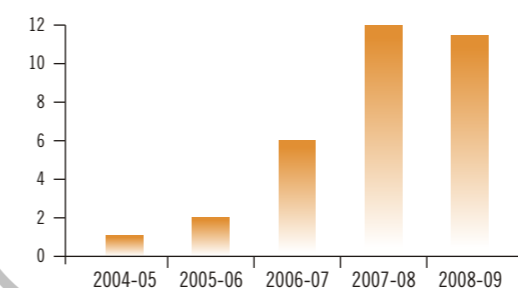
### Net Sales (Rs. in crores)



### EPS



### PAT (Rs. in crores)





## Board of Directors

- **Mr. C Shiva Kumar Reddy** Chairman and Managing Director
- **Mrs. R H Kasturi** Director (HR & Administration)
- **Mr. L Nicholas** Director (Research and Development)
- **Mr. L R Venugopal** Independent Director
- **Mr. B S Shankarnarayan** Independent Director
- **Mr. Jagadish C V** Independent Director

## Key Management Personnel

- **Ms. C Uma Reddy** President and Chief Operating Officer
- **Mr. Amarta Datta Gupta** Vice President (Operations)
- **Mr. V J Ananth** General Manager (Marketing)
- **Mr. M G Balaji** General Manager (Commercial)
- **Mr. H C Kubera** Head- HR & Admin
- **Mr. B. Krishnan** Senior Finance Manager
- **Mr. JP Singh** AGM - Finance

Company Secretary &  
Compliance Officer  
**Mr. Madhwesh K**

Auditors  
**M/s. S. Janardhan and Associates**

### Registered Office

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

### Location of Facilities

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

### Administrative and Registered office:

Plot No. 31 to 36, 1st Main, 2nd Stage,  
Arakere MICO layout, Bannerghatta Road,  
Bangalore – 560 076

### Bankers

- State Bank of India, Specialized Commercial Branch Bangalore
- AXIS Bank Ltd., Jayanagar Branch, Bangalore

### Registrar & Share Transfer Agents

Alpha Systems Pvt. Ltd.,  
# 30, Ramana Residency, 4th Cross,  
Sampige Road, Bangalore - 560 003

### Listing and Trading at Stock Exchanges

National Stock Exchange Ltd.  
Bangalore Stock Exchange Ltd.  
Bombay Stock Exchange Ltd.  
(BSE trading in (Group 'S') Indonext Segment)

### Board Committees:

#### Audit Committee

Mr. L R Venugopal, Chairman of the Committee  
Mr. C Shiva Kumar Reddy, Member  
Mr. B S Shankarnarayan, Member  
Mr. Jagadish C V, Member

#### Remuneration Committee

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

#### Shareholders' and Investors' Grievance Committee

Mr. L R Venugopal, Chairman of the Committee  
Mr. C Shiva Kumar Reddy, Member  
Mr. B S Shankarnarayan, Member  
Mr. Jagadish C V, Member



## NOTICE

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

Day and Date : Wednesday the 30th September 2009

Time : 10.00 AM.

Venue : Plot No. 9, I Main, II Stage, Arakere MICO Layout, Bannerghatta Road, Bangalore 560 076

### Ordinary Business:

1. To receive, consider and adopt
  - a. The audited balance sheet as at 31st March 2009;
  - b. The audited Profit and Loss Account for the year ended on that date;
  - c. The auditors' report, thereon; and
  - d. The directors' report
2. To declare a dividend on equity shares for the financial year ended 31st March 2009.
3. To appoint a Director in place of Mr. L R Venugopal, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. B S Shankarnarayan, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint auditors to hold office from the conclusion of this Meeting, until the conclusion of the next Annual General Meeting and to fix their remuneration.

### Special Business:

6. To appoint Mr. Jagadish C V as director liable to retire by rotation.

By Order of the Board

**Madhwesh K**  
Company Secretary

Bangalore  
Date : 28.08.09

### Notes:

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote on his behalf and such proxy need not be a member of the Company. The instrument appointing a proxy should be deposited at the registered office of the Company not later than 48 hours before the commencement of the meeting.

2. The explanatory statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of Item Nos. 6 of the Notice is annexed hereto.

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

4. The Register of Members and share transfer books will remain closed from 18th September 2009 to 30th September 2009 both days inclusive.

5. Dividend if declared shall be payable to those members whose name appear in the Register of Members as on 18th September 2009 and to the beneficial owners as per the records of NSDL and CDSL on day ending on 18th September 2009.

6. Members who have not encashed their dividend warrants so far, for the below mentioned financial years, may claim or approach the Company for the

payment thereof as the same will be transferred to the Investor Education and Protection Fund of the Central Government, pursuant to the provisions of Section 205 C of the Companies Act, 1956 on the respective dates mentioned hereunder. The members will lose their right to claim such dividend after such date.

Financial Year	Due Date
2001-02	30-09-2009
2002-03	30-09-2010
2004-05	30-09-2012
2005-06	29-09-2013
2006-07	29-09-2014
2007-08	30-09-2015

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

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

9. Members are requested to bring duly filled in Attendance Slip for attending the meeting.

By Order of the Board

**Madhwesh K**  
Company Secretary

Bangalore  
Date : 28.08.09

# EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

## Item No. 6

Mr. Jagadish C V was appointed as Additional Director under Section 260 of the Companies Act 1956, by the Board of Directors vide circular resolution dated 17th August 2009. As per the said section, Mr. Jagadish C V shall hold the office only till the ensuing AGM and hence his reappointment is sought. Mr. Jagadish C V has vast experience in the business development arena and semiconductor industry. Mr. Jagadish C V was the Vice President of the Marketing & Business Development division of Systems on Silicon Manufacturing Company Pte. Ltd., (SSMC) before he was appointed as CEO of SSMC on December 15, 2006. Mr. Jagadish C V graduated with a Bachelor of Electronics & Communication (1st Class Honours) from the National Institute of Engineering Mysore, India in 1979 and began his career as an Engineer with Indian Telephone Industries and National Semiconductors Singapore, before advancing to holding several key managerial positions in the private sectors. He was a Director with FEI Company of USA before embarking his career with SSMC, Singapore.

Your Directors consider that the re-appointment of Mr. Jagadish C V will be in the best interests of the Company and accordingly, it has been proposed to appoint Mr. Jagadish C V as Director liable to retire by rotation.

The appointment was considered and recommended by the remuneration committee at its meeting held on 17th August 2009.

Your directors recommend the resolution as set out in item No. 6 of the Notice for approval of the members.

No Director is interested in this resolution except Mr. Jagadish C V. This may also be treated as a memorandum issued pursuant to section 302 of the Companies Act, 1956.



## Directors Report

Dear members,

The Board of Directors take pleasure in presenting their Report along with the Audited Accounts of the Company for the year ended 31st March 2009.

### Financial Highlights:

	For The Year Ended Mar 09	For The Year Ended Mar 08
Net Sales & other income	18329.91	14565.67
Operating Profit	2929.18	2161.47
Interest	1243.19	545.41
Profit before Depreciation	1685.99	1616.06
Depreciation	131.91	51.25
Profit before Tax	1554.08	1564.81
Provision for Tax		
- Current Tax	271.93	183.00
- Deferred Tax	142.49	213.8
- Fringe Benefit Tax	5.5	3.27
Profit after Tax	1134.16	1164.74
Balance brought forward	1639.34	835.60
Income Tax for previous year	0.75	38.09
Amount available for appropriation	2774.25	1962.25
Dividend @ 10% per equity share	100.608	201.2
Dividend Tax	17.10	34.20
Amount Transferred to General Reserve	0	87.5
Balance carried to balance sheet	2656.54	1639.35
Basic Earnings per share (Rs.)	11.27	11.58

## Results of Operation:

Your Company has continued its growth and made a substantial improvement in its financial and operational performance. Our significant achievements:

- Total Revenue grew to Rs. 18381.61 lacs as against Rs. 14565.67 lacs in the corresponding previous financial year, which is an increase of 26%.
- Operating profit grew to Rs. 2929.18 lacs as against Rs. 2161.47 lacs in the corresponding previous financial year, which is an increase of 35%.
- Net Profit after tax had marginally come down to Rs.1134 lacs as against Rs. 1164 lacs in the corresponding previous financial year, which is a decrease of 2.5%.
- Earnings per shares : Rs. 11.27 for the year under review against Rs. 11.58 in the corresponding previous financial year.

## Dividend

Your directors recommend a final dividend of Rs. 1.00 per share (10% on par value of Rs. 10) fortifying the company's tradition of enabling shareholders to participate in its progressive performance. If approved by the shareholders at the ensuing Annual General Meeting, the dividend will be paid as per the applicable regulations.

## Subsidiaries

The Company made an application to the Central Government vide SRN dated 04.03.2009 for obtaining exemption under Section 212(8) of the Companies Act 1956 (i.e., exemption from

enclosing the Balance Sheet...etc of subsidiary companies.) The Central Government vide its letter dated 14.05.2009 has granted exemption from enclosing Balance Sheet\_etc of subsidiary companies. The Company undertakes that annual accounts of the subsidiary companies and related detailed information will be made available to the holding and subsidiary company's investors seeking such information at any point of time. The annual accounts along with financial details of the subsidiary companies are enclosed with the consolidated balance sheet as per the instructions of the Central Government.

Details of Conversion rate (of Canadian dollar) as on 31.03.2009:

- The revenue items in the profit and loss account has been translated at average rate taken as CAD at 40.77 and USD at 46
- The non revenue items like balance sheet items has been translated at closing rates taken as CAD at 40.45 and USD at 50.86

## Right issue:

Shareholders of the company, vide their resolution passed in Extraordinary General Meeting dated 15th July 2009, approved the issue of equity shares on rights basis and authorized the Board of Directors to decide the time, price and other terms and conditions of the said issue. The Board of Directors vide their resolution passed in the Board Meeting dated 31st July 2009 has appointed M/s Karvy Investor Services Limited as Merchant Bankers for the said issue.

## Employee Stock Option Plan

Employees Stock Option Scheme-2008(ESOS-2008)

Under this scheme, a corpus of 5,00,000 options were created for grant to the eligible employees. Each option is convertible into one fully paid-up equity share of Rs. 10/- each. This scheme has been formulated in accordance with the Securities and Exchange Board of India (Employee Stock Option Scheme and Stock Purchase Scheme) Guidelines, 1999.

As per the scheme a compensation committee is formed, which grants option to the eligible employees. The options are granted at face value of Rs. 10/- at par. The options granted vests over a period of 1 to 3 years and can be exercised over a period of 5 years from the date of vesting. The compensation committee has granted 59925 options to eligible employees.

### Details of ESOS:

- (a) Number of options granted; 85025
- (b) the pricing formula; At par Rs. 10/-
- (c) options vested as on 31st March 2009; Nil  
[Options vested as on 28.08.2009: 53,875]
- (d) options exercised as on 28.08.2009; Nil
- (e) the total number of shares arising as a result of exercise of option; NA
- (f) options lapsed; 12,550
- (g) variation of terms of options; None
- (h) money realised by exercise of options; NA
- (i) total number of options in force; 72475
- (j) employee wise details of options granted to;-
  - (i) senior managerial personnel;

Sr. No.	Name	Options granted
1	Mr. Amarta Datta Gupta	5,000
2	Mr. V J Ananth	4,000
3	Mr. Balaji M G	2,500
4	Mr. H C Kubera	2,000
5	Mr. Krishnan B	1,200
	<b>TOTAL</b>	<b>14,700</b>

- (ii) any other employee who receives a grant in any one year of option amounting to 5% or more of option granted during that year.

Sr. No.	Employee who received the grant amounting to 5% or more of option granted	No. of options granted
1	Mr. Amarta Datta Gupta	5,000
2	Mr. V J Ananth	4,000

- (iii) identified employees who were granted option, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant; Nil
- (k) diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of option calculated in accordance with [19][Accounting Standard (AS) 20 'Earnings Per Share']: Rs. 11.26/-
- (l) Where the company has calculated the employee compensation cost using the intrinsic value of the stock options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the fair value of the options, shall be disclosed. The impact of this difference on profits and on EPS of the company shall also be disclosed: Impact on EPS: Basic Rs. 11.27 and diluted Rs. 11.26.
- (m) Weighted-average exercise prices and weighted-average fair values of options shall be disclosed separately for options whose exercise price either equals or exceeds or is less than the market price of the stock: NA



### Fixed Deposits

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

### Directors Responsibility Statement

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

- In preparation of the annual accounts, the applicable Accounting Standards had been followed along with proper explanation relating to material departures.
- The Directors had selected such accounting policies and applied them consistently and made Judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period.

- The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities.

- The Directors had prepared the annual accounts on a going concern basis.

### Corporate Governance

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

### Particulars of Employees

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

## Human Resource Management

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

### Disclosures

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

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

### Particulars of the Directors seeking re-appointment

Mr. L R Venugopal and Mr. B S Shankarnarayan, retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

The brief resume / details relating to Directors who are to be re-appointed are furnished in the Corporate Governance Report.

### Auditors

The Auditors M/s. S. Janardhan and Associates, Chartered Accountants retire at the conclusion of the ensuing Annual General Meeting and their

reappointment is sought under the ordinary business of the Notice of Annual General Meeting.

### Corporate Social Responsibility:

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

### Separation of Ownership from Management

The Chairman being executive, 3 out of 6 Directors on the Board of Kavveri are non-executive and independent, as per the requirements of Listing Agreement.

### Disqualification of Directors:

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

### Acknowledgements

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

For and on behalf of the Board

**C. Shiva Kumar Reddy**  
Chairman and Managing Director

Bangalore  
Date : 28.08.09

## Annexure To Directors Report

### Annexure - I

Sl. No.	Name	Designation	Qualification	Age	Experience (Years)	Date of Commence ment of Employment	Remuneration received	Previous employment
1	C. Shivakumar Reddy	Chairman-cum managing director	B.Tech	47	20	19.01.1996	44,72,790	—
2	R. H. Kasturi	Director- HR & Admin	BE	42	17	19.01.1996	44,72,790	—
3	C Uma Reddy*	Director - Operations	BA	51	20	01.04.2000	44,72,790	—

\*Ceased to be director with effect from 16.06.2009 due to resignation.

### Annexure - II

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

#### A. Conservation of Energy

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

#### B. Technology Absorption

Efforts made in Technology absorption : Form – B Enclosed

#### C. Particulars of Foreign Exchange Earnings and Outgo (2007-08)

CIF Value of import : Rs. 120,20,91,808/-  
 Expenditure in foreign currency (travel) : Rs. 44,54,160/-  
 Foreign Exchange earned : Rs. 6,84,85,756/-

## FORM B

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

The Company has In-house Research and Development Centre which has been recognized by the Ministry of Science & Technology, Government of India since 1994. It carries out R&D in specific areas, design and development of various RF products and antennas for Telecom, Defense and Space applications. Company invests in continuous upgradation of R&D facilities to keep them cutting edge and state of the art. Our R & D is always focused on providing innovative benefits to our customers and other stakeholders by working both proactively (self driven research) and reactively (customer driven research)

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

### New Products developed:

During the last year R & D has developed the following new products for various agencies:

#### Products for Telecom:

1. Twin Tower Mounted Amplifier GSM/DCS
2. Tower Mounted Booster GSM/DCS
3. Point Of Interconnect(POI) C D M A / G S M / DCS
4. 4:1 combiner C D M A / G S M /DCS/UMTS
5. Diplexers GSM/DCS
6. Duplexer GSM and DCS
7. Triplexers CDMA/ GSM/DCS
8. Wide band power splitter up to 6GHz
9. Wide band couplers up to 6 GHz
10. High current Wide band Current Injector (Bias Tee)
11. Wide band lightning arrestor
12. Wide band omni antenna
13. Wide band patch panel antenna
14. Wide band flat omni antenna
15. GSM 1800 12 dBi Yagi antenna
16. CDMA 12dBi microcell antenna

These products were developed and validated at the customers end and are to be productionized during the current year.

#### Products for Export

1. GPS active antenna
2. 4 way power splitter with amplifier for GPS
3. Wide band power splitter
4. Variable coupler
5. 17 dBi Yagi antenna
6. Flute 400, Yagi antenna
7. Flute 700, Yagi antenna
8. CPE Antenna (3.3-3.8)GHz, 20dBi

These products were developed for North American Public Safety & Telecom requirements. All these

products have been qualified and approved by customers with sample orders. Some of these products are under production.

#### Products for Defense:

1. Amplifier LNA (at Feeder)
2. Amplifier Driver (at Ground)
3. Down Converter
4. Monopoles for space

These are the sub-systems used in various space and defense products. It also finds use in various other detection systems used in data analyses systems

#### Benefits derived as a result of above research and Development:

All the products that are manufactured by the company are designed and developed by the Company's in-house R&D based on the Customers Order and requirements. The Company has been a leader in introducing various new products in its field because of its continued efforts in R & D. Our R & D activities will help us gear up for future opportunities.

#### Future plan of action:

This year R & D's thrust will be mainly on the following areas:

#### Products For Telecom:

1. Power Amplifiers at different frequency bands
2. Flexi POI (point of interconnect)
3. TRX modules
4. Twin Tower Mounted Amplifier for UMTS
5. Tower Mounted Booster for UMTS
6. Diplexers covering UMTS band
7. N:N power combiners
8. GSM 1800 Base Station Antenna, 21dBi,65 deg, VET
9. GSM 1800 Base Station Antenna, 16.5dBi, 90 deg, VET
10. GSM 900 Base Station Antenna, 18dBi, 65

- DEG, VET
11. DUAL BAND Base Station Antenna, 17/17dBi, VET
  12. GSM 900/21dBi Base Station Antenna, 33 DEG, VET
  13. Dual Band Outdoor Omni Antenna, Ceiling mount
  14. Ultra Wide Band Antenna (3.1-10.6) Ghz
  15. GSM 900 Base Station Antenna, 12dBi, Patch Panel Antenna
  16. GSM 900 Base Station Antenna, 4 port, 17/17,VET
  17. DUAL BAND Base Station Antenna ,17/19,VET
  18. Wide Band Omni Antenna(800-6000)MHZ
  19. Yagi, 390-410MHz, 14dBi

**Products For Export:**

1. Four way power splitter with amplifier for GPS
2. Panel Antenna, 5.3-5.8 GHz, 20 dBi
3. Yagi, 900-940MHz, 18dBi.
4. Monopole Antenna, 435-440MHz
5. CPE Antenna (3.3-3.8)GHz,15dBi
6. Dual Band Outdoor Omni, 5dBi Antenna
7. Sector Antenna, 750-790MHz, 12dBi

**Products For Defence And Space:**

1. Dual Frequency LO Generator
2. L & S band Power divider
3. L band Receiver
4. Bias Tee with Coupler

5. Wide band Microwave Power divider
6. Customized filter products
7. Slotted Blade Antenna, UHF
8. Slotted Blade Antenna, S-Band
9. Slotted Blade Antenna, P-Band
10. Monopole Antenna, P-Band
11. Monopole Antenna, L-Band
12. Monopole Antenna, UHF

**Expenditure on Research and Development**

	2008 – 09	2007-08
a. Capital	4,23,49,738	6,71,88,348
b. Recurring	3,02,89,730	1,37,67,417
<b>TOTAL</b>	<b>7,26,39,468</b>	<b>8,09,55,765</b>
c. Total R & D expenditure as a percentage of sales and services	4.00%	5.75%

Your company's Research and Development Team continued to develop new products, innovate new processes for the existing ones and improve production facilities and process.

In future, thrust will continue to be on Quality as always, to identify ways to optimize costs and develop new products with focus on customer needs.

For and on behalf of the Board

**C. SHIVA KUMAR REDDY**  
Chairman and Managing Director

Bangalore  
Date : 28.08.09

**Annexure-III**

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

To The Members of  
Kaveri Telecom Products Limited

We have examined the compliance of conditions of corporate governance by **KAVVERI TELECOM PRODUCTS LIMITED**, for the year ended on March 31, 2009, as stipulated in Clause 49 of the Listing Agreement.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to a review of the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the Directors and the management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement except the following.

Clause 49(I)(a): As on 31.03.2009 the company has 6 directors out of which, 4 directors are "executive" and other two directors are "non executive and independent.

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

**For S. Janardhan & Associates**  
Chartered Accountants

**B. Anand**  
Partner

Membership No. : 29146  
Bangalore, June 19, 2009

## REPORT ON CORPORATE GOVERNANCE

### COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

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

#### I. Board Of Directors

##### A. Composition of Board:

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

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

For the Financial Year ended 31st March 2009 there were 7 Board Meetings held and the dates of which are 25th June 2008, 19th July 2008, 13th August 2008, 1st September 2008, 15th October 2008, 23rd January 2009 and 30th March 2009.

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

Name of the Director	Category	Presence in last AGM	No. of Board Meeting attended	Directorship in other Companies			
				Public	Private	Committe Chairman	Committee Member
1. C Shivakumar Reddy	Chairman & MD	Yes	7	1	2	None	None
2. R H Kasturi	Director HR & Admin.	Yes	6	1	2	None	None
3. Ms. Uma Reddy <sup>1</sup>	Director Operations	Yes	5	1			
4. L Nicholas	Director R & D	Yes	5	NIL	None	None	None
5. L R Venugopal	Independent Director	Yes	6	NIL	None	None	None
6. B S Shankarnarayan	Independent Director	Yes	6	2	2	1	None
7. Jagadish C V <sup>2</sup>	Independent Director	NA	NA	None	None	None	None
8. P C Krishnamachary <sup>3</sup>	Independent Director	Yes	4	NIL	2	None	None
9. Arun N Avadhani <sup>4</sup>	Independent Director	No	3	NIL	None	None	None

<sup>1</sup>Ceased to be director with effect from 16.06.2009 due to resignation.

<sup>2</sup>Appointed with effect from 17.08.2009.

<sup>3</sup>Ceased to be director with effect from 28.12.2008 due to death

<sup>4</sup>Ceased to be director with effect from 12.03.2009 due to resignation.

B. There were no pecuniary relations or transactions between the non-executive Directors and the Company during the financial year 2008-09.

#### II. Committees Of The Board:

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

The Committees constituted by the Board as on date are:

##### 1. Audit Committee:

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

Members of the committee are as follows:

**Mr. L R Venugopal** Chairman of the Committee

**Mr. Jagadish C V<sup>\*</sup>** Member

**Mr. B S Shankarnarayan** Member

**Mr. C Shiva Kumar Reddy<sup>#</sup>** Member

<sup>\*</sup>Inducted with effect from 28.08.09

<sup>#</sup> Inducted with effect from 30.03.2009

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

##### Terms of reference:

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

The Audit Committee of the Board had met 4 times during the period under review and the meetings were held on 25th June 2008, 17th July 2008, 15th October 2008 and 18th January 2009. The details of attendance of members of the Audit Committee are as follows:

Name of the Member	Status	No. of Meetings attended
Mr. L R Venugopal	Chairman	4
Mr. P C Krishnamachary <sup>*</sup>	Member	1
Mr. B S Shankarnarayan	Member	4
Mr. C Shiva Kumar Reddy <sup>#</sup>	Member	0
Mr. Jagadish C V <sup>@</sup>	Member	0

<sup>\*</sup> Ceased to be director with effect from 28.12.2008 due to death.

<sup>#</sup> Inducted with effect from 30.03.2009

<sup>@</sup> Inducted with effect from 28.08.2009



## 2. Remuneration Committee:

Members of the committee are as follows:

<b>Mr. L R Venugopal</b>	Chairman of the Committee
<b>Mr. Jagadish C V*</b>	Member
<b>Mr. B S Shankarnarayan</b>	Member

\*Inducted with effect from 28.08.09

Details of the remuneration paid to the Executive Directors during the year 2008-09 and the number of shares held by each director:

Sl. No	Name	Designation	Remuneration received	No of Shares held
1.	Mr. C Shiva Kumar Reddy	Chairman cum Managing Director	44,72,790	856099
2.	Mrs. R H Kasturi	Director-HR & Administration	44,72,790	613769
3.	Ms. C Uma Reddy	Director-Operations	44,72,790	100
4.	Mr. L Nicholas	Director R&D	21,00,000	4200

### Terms of reference:

To fix the remuneration payable to Managerial Personnel from time to time. The Committee has met twice during the year i.e. on 25th June 2008 and 1st September 2008.

The details of attendance of members of Remuneration Committee are as follows:

Name of the Member	Status	No. of Meetings attended
<b>Mr. L R Venugopal</b>	Chairman	2
<b>Mr. P C Krishnamachary*</b>	Member	1
<b>Mr. B S Shankarnarayan</b>	Member	1
<b>Mr. Jagadish C V@</b>	Member	0

\* Ceased to be director with effect from 28.12.2008 due to death.  
@ Inducted with effect from 28.08.09

## 3. Shareholders /Investors Grievance Committee:

Members of the committee are as follows:

<b>Mr. L R Venugopal</b>	Chairman of the Committee
<b>Mr. Jagadish C V*</b>	Member
<b>Mr. B S Shankarnarayan</b>	Member
<b>Mr. C Shiva Kumar Reddy#</b>	Member

\*Inducted with effect from 28.08.09

# Inducted with effect from 30.03.2009

### Terms of reference:

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

## During the period under review:

- The Shareholders / Investors Grievance Committee of the Board had met seven times and the meetings were held on 15th May 2009, 25th June 2008, 19th July 2008, 1st September 2008, 15th October 2008, 17th November 2008, 15th December 2008 and 23rd January 2009. The details of attendance of members of Shareholders Committee are as follows :

Name of the Member	Status	No. of Meetings attended
<b>Mr. L R Venugopal</b>	Chairman	7
<b>Mr. P C Krishnamachary*</b>	Member	0
<b>Mr. B S Shankarnarayan</b>	Member	7
<b>Mr. C Shiva Kumar Reddy#</b>	Member	0
<b>Mr. Jagadish C V@</b>	Member	0

\*Ceased to be director with effect from 28.12.2008 due to death.  
# Inducted with effect from 30.03.2009  
@ Inducted with effect from 28.08.2009

## Depository System:

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

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

As on 31st March 2009 around 79.36% of the shares of the Company were dematerialized.

Mode of Shareholding	No. of shares	% of total equity shares
<b>Physical Mode</b>	20,27,441	20.64
<b>Electronic Mode</b>	77,96,009	79.36





## Directors

Mr. L R Venugopal and Mr. B S Shankarnarayan retire by rotation as per Section 256 of the Companies Act, 1956 and being eligible, offer themselves for re-appointment.

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

Mr. L R Venugopal is a Chartered Accountant by profession. He has over 25 years of experience in the industry and is also a Partner in a reputed Audit Firm, K.V.Narasimhan & Company.

Mr. L R Venugopal does not hold directorship in any other company. Mr. L R Venugopal does not hold any equity shares of the Company as on 31st March 2009.

### Brief Profile of Mr. B S Shankarnarayan who retires by rotation and is eligible for re-appointment:

Mr. B S Shankarnarayan is a Law Graduate and has been practicing law since 1971. He worked as a Law Officer for Canara Bank for 14 years and headed the

Industrial Relations Section as Credit Manager. He has been a Legal Advisor to several Companies like Wipro and 10 Nationalized Banks.

Mr. B S Shankarnarayan holds directorships in following companies:

- Shimoga Steels Ltd
- Wipro Finance Private Ltd
- Padmavathi Software Solutions Pvt. Ltd
- SVR Properties Pvt. Ltd

Mr. B S Shankarnarayan does not hold any equity shares of the Company as on 31st March 2009.

### Annual General Meetings:

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

Year	Venue	Date & Time
2006	31-36, 1st Main, 2nd Stage Arakere MICO Layout Bannerghatta Road Bangalore 560 076.	29-09-2006 & 10.00 a.m.
2007	31-36, 1st Main, 2nd Stage Arakere MICO Layout Bannerghatta Road Bangalore 560 076.	29-09-2007 & 10.00 a.m.
2008	31-36, 1st Main, 2nd Stage Arakere MICO Layout Bannerghatta Road Bangalore 560 076.	30-09-2008 & 10.00 a.m.

AGM	Whether any special resolutions passed	Whether any special resolution passed last year through postal ballot	Whether any special resolution is proposed to be conducted through postal ballot	Procedure for Postal Ballot
2008	Yes	Yes	No	NA
2007	Yes	No	NA	NA
2006	Yes	No	NA	NA

### Disclosures:

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

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

### Means of Communication

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

The results are published in the widely-circulated Business Standard and The Financial Express a leading English edition, as well as in a vernacular news paper respectively. The Company does not send Half Yearly reports to the shareholders.

All official news releases and financial results are communicated by the company through its corporate website [www.kaveritelecoms.com](http://www.kaveritelecoms.com)

## General Shareholders Information

AGM	:	Fourteenth Annual General Meeting
Date & time	:	30th September 2009, 10.00 a.m.
Venue	:	Plot No. 9, I Main, II Stage, Arakere MICO Layout, Bannerghatta Road, Bangalore 560 076
Financial year	:	1st April to 31st March
Book Closure	:	18th September 2009 to 30th September 2009
Dividend Payment date	:	6th October 2009

## Listing on Stock Exchanges:

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

The Company made an application for delisting of its equity shares from Madras Stock Exchange vide letter dated November 03,2006 and Madras Stock Exchange has granted the permission to delist the said shares with effect from October 15, 2008, vide its letter dated October 15, 2008 (No. MSE.LD/PSK/731/441/08).

The listing fee for the year 2009-10 has been paid to all the Stock Exchanges where the Company's shares are listed.

## Share Transfer System

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

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

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

## Market Price Data:

Monthly High, Low and Trading volumes for the F.Y. 2008-09 in Bombay Stock Exchange is as follows:

Month	Open Price	High Price	Low Price	Close Price	No. of Shares	No. of Trades	Total Turnover(Rs.)*	Spread (Rs.)	
								H - L	C - O
April 2008	219.70	254.00	193.05	236.05	272380	2773	61,748,199.00	60.95	16.35
May 2008	245.00	255.60	223.25	230.90	306639	4393	74,219,063.00	32.35	-14.10
June 2008	234.60	253.00	105.90	105.90	358704	4836	57,778,599.00	147.10	-128.70
July 2008	97.55	109.10	85.85	109.05	266673	3661	25,955,020.00	23.25	11.50
August 2008	108.40	129.80	104.50	118.05	250122	3002	29,217,430.00	25.30	9.65
September 2008	115.35	135.00	82.25	88.80	156562	1832	18,048,242.00	52.75	-26.55
October 2008	89.60	92.00	51.00	55.10	66934	961	4,678,713.00	41.00	-34.50
November 2008	56.00	63.90	44.80	47.55	60287	590	3,457,309.00	19.10	-8.45
December 2008	49.80	56.95	44.35	47.00	45633	731	2,291,484.00	12.60	-2.80
January 2009	48.75	58.20	34.00	37.00	119798	1019	5,316,763.00	24.20	-11.75
February 2009	37.50	38.75	29.00	29.40	135066	861	4,596,843.00	9.75	-8.10
March 2009	29.50	31.00	22.20	28.05	249003	1811	6,728,960.00	8.80	-1.45

## Distribution of Shareholding as on 31st March 2009

Shares holding	Share holders		Shares	
	Number	% to Total		% to Total
(1)	(2)	(3)	(4)	(5)
Upto 500	4653	85.69	609361	6.20
501 - 1000	342	6.30	277952	2.83
1001 - 2000	183	3.37	273818	2.79
2001 - 3000	77	1.42	192654	1.96
3001 - 4000	31	0.57	108175	1.10
4001 - 5000	32	0.59	144879	1.47
5001 - 10000	52	0.96	383172	3.90
10001 and above	60	1.10	7833439	79.74
<b>TOTAL</b>	<b>5430</b>	<b>100.00</b>	<b>9823450</b>	<b>100.00</b>

### Shareholding Pattern as on 31st March 2009

Category Code	Category of shareholder	Total Number of shareholders	Total number of shares	Number of shares held in dematerialized form	Total shareholding as a percentage of total number of shares		Shares pledged or otherwise encumbered	
					As a percentage of (A+B)1 (VI)	As a percentage of (A+B+C) (VII)	Number of shares (VIII)	As a percentage (IX=(VIII)/(IV)*100 (IV)*100
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)
<b>(A)</b>	<b>Shareholding of Promoter and Promoter Group[2]</b>							
<b>(1)</b>	<b>Indian</b>							
(a)	Individuals/ Hindu Undivided Family	3	1469968	1469868	14.96	14.96	0	0
(b)	Central Government/ State Government(s)	-	-	-	-	-	-	-
(c)	Bodies Corporate	-	-	-	-	-	-	-
(d)	Financial Institutions/ Banks	-	-	-	-	-	-	-
(e)	Any Other (specify)	-	-	-	-	-	-	-
	<b>Sub-Total (A)(1)</b>	<b>3</b>	<b>1469968</b>	<b>1469868</b>	<b>14.96</b>	<b>14.96</b>	<b>0</b>	<b>0</b>
<b>(2)</b>	<b>Foreign</b>							
(a)	Individuals (Non-Resident Individuals/ Foreign Individuals)	-	-	-	-	-	-	-
(b)	Bodies Corporate	-	-	-	-	-	-	-
(c)	Institutions	-	-	-	-	-	-	-
(d)	Any Other (specify)	-	-	-	-	-	-	-
	<b>Sub-Total (A)(2)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0.00</b>	<b>0</b>	<b>0</b>
	<b>Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)</b>	<b>3</b>	<b>1,469,968</b>	<b>1,469,868</b>	<b>14.96</b>	<b>14.96</b>	<b>0</b>	<b>0</b>
<b>(B)</b>	<b>Public shareholding[3]</b>							
<b>(1)</b>	<b>Institutions</b>							
(a)	Mutual Funds/ UTI	1	3,461	3,461	0.04	0.04	-	-
(b)	Financial Institutions/ Banks	1	50	50	0.00	0.00	-	-
(c)	Central Government/ State Government(s)	-	-	-	-	-	-	-
(d)	Venture Capital Funds	-	-	-	-	-	-	-
(e)	Insurance Companies	-	-	-	-	-	-	-
(f)	Foreign Institutional Investors	4	219,525	219,525	2.23	2.23	-	-
(g)	Foreign Venture Capital Investors	0	0	0	0	0	-	-
(h)	Any Other (specify)	-	-	-	-	-	-	-
	<b>Sub-Total (B)(1)</b>	<b>6</b>	<b>223,036</b>	<b>223,036</b>	<b>2.27</b>	<b>2.27</b>	<b>-</b>	<b>-</b>

### Shareholding Pattern as on 31st March 2009

Category Code	Category of shareholder	Total Number of shareholders	Total number of shares	Number of shares held in dematerialized form	Total shareholding as a percentage of total number of shares		Shares pledged or otherwise encumbered	
					As a percentage of (A+B)1 (VI)	As a percentage of (A+B+C) (VII)	Number of shares (VIII)	As a percentage (IX=(VIII)/(IV)*100 (IV)*100
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)
<b>(2)</b>	<b>Non-institutions</b>							
(a)	Bodies Corporate	190	646,888	616,901	6.59	6.59	-	-
(b)	Individuals - i. Individual shareholders holding nominal share capital up to Rs. 1 lakh.	5,064	1,743,889	1,676,384	17.75	17.75	-	-
	ii. Individual shareholders holding nominal share capital in excess of Rs. 1 lakh.	40	5,647,579	3,717,730	57.49	57.49	-	-
(c)	Any Other (specify)							
	NRI	79	30054	30054	0.31	0.31		
	Clearing Member	47	61936	61936	0.63	0.63		
	Trust	1	100	100	0.00	0.00		
	<b>Sub-Total (B)(2)</b>	<b>5,421</b>	<b>8,130,446</b>	<b>6,103,105</b>	<b>82.77</b>	<b>82.77</b>	<b>-</b>	<b>-</b>
	<b>Total Public Shareholding (B)= (B)(1)+(B)(2)</b>	<b>5,427</b>	<b>8,353,482</b>	<b>6,326,141</b>	<b>85.04</b>	<b>85.04</b>	<b>-</b>	<b>-</b>
	<b>TOTAL (A)+B)</b>	<b>5,430</b>	<b>9,823,450</b>	<b>7,796,009</b>	<b>100.00</b>	<b>100.00</b>	<b>0</b>	<b>0</b>
<b>(C)</b>	<b>Shares held by Custodians and against which Depository Receipts have been issued</b>	0	0	0	0	0	-	-
	<b>GRAND TOTAL (A)+(B)+(C)</b>	<b>5,430</b>	<b>9,823,450</b>	<b>7,796,009</b>	<b>100.00</b>	<b>100.00</b>	<b>0.00</b>	<b>0.00</b>

#### Name and Designation of the Compliance Officer:

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

#### Registrar and Share Transfer Agents

M/s Alpha Systems Private Ltd.  
 No. 30, Ramana Residency, 4th Cross, Sampige Road, Malleswaram, Bangalore - 560 003.

#### Manufacturing Facility

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

## Managing Director Certification On Corporate Governance

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

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

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

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

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

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

a) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our

supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

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

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

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

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

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

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

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

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

8. I affirm that we have not denied any personnel, access to the audit committee of the company (in respect of matters involving alleged misconduct)

and we have provided protection to 'whistle blowers' from unfair termination and other unfair or prejudicial employment practices; and

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

**C. SHIVAKUMAR REDDY**  
Managing Director

Bangalore  
28.08.09



## Management Discussion And Analysis

### Profile:

Kavveri Telecom Products Ltd. formerly Kavveri Telecoms Ltd. (Kavveri) was incorporated in 1996 and is engaged in the design, development and manufacture of RF Products and Antennas for Telecom, Defense and Space Applications in India and abroad. Kavveri enjoys the stature of being the largest manufacturer of Antennas & R F Products in India. Kavveri also provides total Turnkey solutions for coverage and capacity enhancement requirements for GSM & CDMA carriers in India.

Kavveri is a leading provider of intelligent indoor coverage solutions for the mobile communications industry. Kavveri is working directly with mobile carriers to introduce innovative approaches that extend wireless coverage indoors while preserving network integrity. It provides repeater solutions seamlessly to bring the outdoor signal inside for medium and large sized enterprise facilities - ensuring that cell phones and mobile devices work reliably indoors. With a history of working closely with carriers, industry innovation and proven multi-generation products deployed in the field, Kavveri is well positioned to continue its leadership of the market.

Its focus on quality products has also enabled Kavveri to become the most favored vendor for GSM & CDMA operators and OEMs across India. Kavveri's esteemed clientele include industry giants such as

Airtel, Alcatel-Lucent, Airports Authority of India, BSNL, Idea, ISRO, Motorola, Nokia, Rcom, Tata Tele, Vodafone and Worldspace to name a few. All the products that are manufactured by the Company are designed and developed by the In-house Research & Development Centre of the Company.

Kavveri's products are mainly used in Telecom, Defense and Space segments and it has been dominant in the Telecom Segment since inception. For the last three years Kavveri has been designing and developing various Radio Frequency Products and Antennas for defense and space requirements. Kavveri continues to invest in the research and development of Telecom products and the diversification of product offerings, and has one of our industry's leading product portfolios in terms of performance and features. The proprietary design technology is a further differentiator for the company's products. The company is also looking aggressively at inorganic growth opportunities and has acquired three companies in US and Canada, Til-Tek (in April 2006); DCI digital communications (in April 2007) and SpotWave Wireless (in December 2007) for a total consideration of US\$ 5.3m in the last two years apart from acquiring the technology, design and IP rights of Antenna technology from another European company.

## Developments

### Telecom Applications:

The Cellular Industry in India is growing rapidly and has, at present, a subscriber base of approximately 375 million as of end August'08. This base is expected to expand to 500 Million subscribers by March 2010. Company's Radio Frequency products and Antennas are used for the cellular industry for their network roll out for increasing the subscriber base and also for in-building solutions for increasing the subscriber revenues by maximizing the existing capacity utilization of the operators.

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

Government of India has announced the policy guidelines for auction of 3G & Wi-max spectrum in the next two three months. This should spur the requirement of RF Products & Antennas for 3G & Wi-max. Your Company's R & D has already designed and developed products for 3G & Wi-max applications and has received approvals from some prominent OEMs for the same. With the 3G auction round the corner we are equipped to supply products in this technology.

### Defense and Space Applications:

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

Some of the prototypes have been approved by the defense and space industry and these are expected to generate huge revenues in the coming years. Your Company has received a very positive response from the Defense and Space segments and has been

entrusted with the design and development of various RF products and Antennas for Defense and Space applications. We are targeting at a total revenue generation of 10-15% from this extremely prolific segment.

### In building Solutions:

In-building solutions are used for capacity enhancement and Coverage enhancement. Capacity and quality enhancers. Revenues from In-building solutions are expected to grow over next 2-3 years. There exists a huge business potential in this vertical.

Your Company has started a new subsidiary named Kavveri Telecom Infrastructure Limited (KTIL) in September 2008 to provide coverage solutions to the wireless network carriers wherever their customer is located, for a positive customer experience. KTIL will be a collaborator with the mobile operators in the IBS sphere by enhancing the quality and coverage of the signal. Selling service quality has become an increasingly important step to prevent attrition of the installed customer base. KTIL will act as a Neutral Host Provider to multiple operators. Neutral Host Provider is an entity that designs, deploys and maintains systems on a common platform to benefit upto 8 no.s operators simultaneously via a single distribution backbone. It saves opex and capex for the operators.

With an increasingly competitive environment and an increase in the number of services used in conjunction with a cell phone, carriers that offer superior network quality are more likely to attract new customers and increase customer retention. In fact, improving network quality is a beneficial financial incentive for wireless carriers, as customers experiencing at least one call quality problem are almost four times more likely to definitely switch carriers in the future.



The business goal of KTIL is to have a PAN India operation and provide service to major buildings like malls, hospitals, commercial etc in all metros and extend to major towns in the near future. The strategy is to tie-up with GSM/CDMA operators for mutual benefit.

This is an inevitable step as wireless carrier subscribers are now becoming increasingly dependent on their wireless services as the trend of landline replacement by wireless communications continues. Enterprises and consumer customers' requirements for a totally mobile "always on" experience for both voice and data communications are creating acute demand for high-quality wireless in-building services. This expectation steadily increases while the workforce becomes increasingly mobile.

#### **Product wise Performance:**

##### **Antennas & RF Products:**

Your Company during the year has sold large quantity of RF Products & Antennas for GSM & CDMA Carriers.

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

As the operators are eagerly waiting for the 3G spectrum allotment, your company is ready with products to meet the 3G network. Some of the products are already being tested in trial networks.

Keeping in pace with the operator needs, your company has started manufacturing the Microwave Antennas for the Indian & Global markets. This will be a good import substitution product which can capture a large volume of the existing market.

With all operators heading towards tapping the rural market for data, the new technology of WiMAX plays a major contributor. Your company has ready-to-offer solutions to meet these vast requirements in terms of WiMAX Antennas, GPS Systems etc.

The RF Products supplied during the year were TMA, TMB, filters, combiners, splitters, couplers etc. RF Products & Antennas are having reasonable margins.

##### **In-building Solutions:**

Your Company during the year has been able to establish itself as a major player in in-building solutions with GSM & CDMA Carriers like Vodafone, Airtel, Idea, Reliance & Tata Tele Services. Your Company sees tremendous growth potential in In-building solutions with reasonable margins.

Your company has formed a new subsidiary to meet this growing demand for e In-building Solutions. This subsidiary caters to Build, Operate & Lease model projects which are a welcome relief to the operators as they give them a good value addition to their markets in addition to savings in Capex & Opex.

##### **Outlook:**

The products your company manufactures are all in high growth segments. The outlook for your company's products in Telecom in India is very encouraging with the growing network roll out action plans of various operators to meet the demands of the subscribers. Telecommunication is the backbone of a flourishing economy. Your Company's entry into defense and space segments will allow it to tap the huge potential over a longer period. Your Company sees In-building solutions as huge growth opportunities for the next 3-4 years as the cellular operators are concentrating on maximizing their revenues with the available infrastructure in certain areas of high revenue generating subscribers.

#### **Opportunities and Threats:**

Your Company has designed and developed various RF Products and Antennas for 3G & Wireless Technology. Some of them are approved and some of them are in the process of approval. Your Company sees great opportunities for these products once the Govt. makes the 3G Spectrum allocation. Your Company is also tapping the opportunities for its products in defense and space applications. Also, your company is pursuing the opportunities for its products in the North American Market.

#### **Capacity Expansion**

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

We are also planning for tie-ups with partners for manufacturing in India and will also manufacture items for our overseas subsidiaries.

#### **Our infrastructure**

##### **R&D infrastructure:**

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

1. Network Analyzers upto 20GHz
2. Spectrum Analyzers upto 26.6GHz
3. Signal Generators
4. Oscilloscopes
5. PIM Analyzer 900
6. PIM Analyzer 1800
7. RF Communication test set
8. Anechoic chamber for antenna testing
9. Satimo Star Lab for Base Station antenna testing
10. Environmental Chamber

11. Vibration test table
12. Bump and shock table
13. Machine Shop
14. Wideband amplifiers

##### **Software Tools in R&D:**

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

##### **Infrastructure at the manufacturing plant at Jigani**

1. Backup power of 180KVA
2. Sewage treatment plant
3. Microwave antenna reflector hydraulic press
4. Cable cutting and stripping machine
5. Network analyzers
6. Antenna Tester
7. ROHS Soldering stations
8. Semi automatic assembly lines
9. Machine shop
10. Painting shop

##### **Awards:**

Your company was awarded as Deloitte Technology Fast 50 India 2008 winner and Fast 500 Asia Pacific 2008 winner. This would not have been possible without your support and encouragement.

##### **Risks and Concern:**

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

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

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

### Internal Control Systems and their adequacy:

KTPL has a proper and adequate system of internal controls to ensure that all assets are safeguarded and protected against any loss and all the transactions are authorized, recorded and reported correctly.

The internal control system is designed to ensure that the financial and other records are reliable for preparing final statements and maintaining accountability of assets. The system is also supplemented by reviews undertaken by the management and the Audit Committee of the findings and recommendations of the internal audit.

### Major Developments in Human Resources/ Industrial Relations Front:

Human Resources are the center of focus at KTPL. They are the driving force behind the accelerated growth of the Company. KTPL provides constant training and development to ensure both personnel and technical enhancement. Several new

initiatives in terms of new HR policies, benefits to employees, new recruitments have taken Kavveri into a higher growth path. The employer and employee relationship has been cordial and the directors wish to place on record their appreciation for the contribution of all the employees towards the growth of the company.

### Discussion on financial performance with respect to operation performance

Your Company has continued its growth and made a substantial improvement in its financial and operational performance. The salient points are:

- Total Revenue grew to Rs. 18381.61 lacs as against Rs. 14565.67 lacs in the corresponding previous financial year, which is an increase of 26%.
- Operating profit grew to Rs. 2929.18 lacs as against Rs. 2161.47 lacs in the corresponding previous financial year, which is an increase of 35%.
- Net Profit after tax had marginally come down to Rs. 1134 lacs as against Rs. 1164 lacs in the corresponding previous financial year, which is a decrease of 2.5%.
- Earnings per shares is Rs. 11.27 for the year under review against Rs. 11.58 in the corresponding previous financial year.



## Auditors' Report

To  
**The Members of Kavveri Telecom Products Limited**

1. We have audited the attached Balance Sheet of **Kavveri Telecom Products Limited** as at 31st March, 2009, the Profit and Loss Account and also the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted the audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors Report) Order, 2003 (as amended) issued by Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to comments in the Annexure referred to above, we report that:
  - a. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - b. In our opinion, proper books of accounts as required by law have been kept by the Company, so far as appears from our examination of those books;

- c. The Balance Sheet, Profit and Loss Account and Cash Flow dealt with by this report are in agreement with the books of account;
- d. In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub section (3C) of Section 211 of the Companies Act, 1956.
- e. On the basis of written representations received from the Directors, as on March 31, 2009 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2009 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
- f. In our opinion and to the best of our information and according to the explanations given to us, the said accounts, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;
- i) in the case of the Balance Sheet, of the state of affairs of the Company at 31st March, 2009;
- ii) in the case of the Profit and Loss Account, of the Profit for the year ended on that date; and
- iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

**For S. Janardhan & Associates**  
Chartered Accountants

**B. Anand**  
Partner

Membership No. : 29146  
Bangalore, June 16, 2009

## ANNEXURE TO AUDITOR'S REPORT OF KAVVERI TELECOM PRODUCTS LIMITED

### Referred to in Paragraph 3 of our report of even date

1.
  - a. The company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - b. The Company has a regular programme of physical verification of fixed assets which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. In accordance with this programme, certain fixed assets were physically verified by the management during the year and we are informed that no material discrepancies were noticed on such verification.
  - c. In our opinion, there was no substantial disposal of fixed assets by the Company during the year.
2.
  - a. The management has conducted physical verification of inventory at reasonable intervals during the year. In respect of stocks lying with the third parties, confirmation for most of the stocks has been received.
  - b. In our opinion, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
  - c. The Company has maintained proper records of inventory and as explained to us, no material discrepancies were noticed on physical verification of inventory as compared to the book records.
3.
  - a. As informed, the Company has granted unsecured loan to two companies covered in the register maintained under Section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs. 21,13,78,035 (Previous Year Rs. 25,35,53,767) and the year end balance

was Rs. 15,91,31,595 (Previous Year Rs. 19,33,06,103). However, the Company has not granted any loan, secured or unsecured, to firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.

b. In our opinion and according to the information and explanations given to us, the rate of interest and other terms and conditions on which such loan has been granted are not prima facie prejudicial to the interest of the Company.

e. The Company has not taken any loan, secured or unsecured from Companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Therefore, the provisions of sub-clauses (e), (f) and (g) of clause 4 (iii) of the Order (as amended) are not applicable to the Company.

4. In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the Company and the nature of its business with regard to the purchase of inventory, and fixed assets and with regard to the sale of goods and services. During the course of our audit, no major weakness has been noticed in the internal control system in respect of these areas.
5.
  - a. In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements referred to in Section 301 of the Companies Act, 1956, have been entered in the register required to be maintained under section 301 of the Companies Act, 1956.
  - b. In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register

maintained under section 301 of the Companies Act, 1956 and exceeding value of rupees five lakhs in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.

6. The Company has not accepted any deposits from the public and hence provisions of para (vi) of the said order (as amended) are not applicable.

7. In our opinion, the company has an internal audit system commensurate with the size and nature of its business.

8. As explained to us, the Central Government has not prescribed the maintenance of Cost Records under Section 209(1)(d) of the Companies Act, 1956.

9. A. According to the information and explanations given to us and books and records produced by the company and examined by us, in our opinion, the undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess wherever applicable and other material statutory dues have been generally regularly deposited with the appropriate authorities.

B. According to the information and explanations given to us, no undisputed amounts payable in respect of Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty and cess were in arrears as at 31st March 2009 for a period more than six months from the date they became applicable.

C. According to the information and explanations given to us, there are no dues of

Income tax, Sales tax Wealth tax, Service tax, Customs Duty, Excise duty, and cess which have not been deposited with appropriate authorities on account of any dispute.

10. The company has no accumulated losses and has not incurred any cash losses during the financial year covered by our audit and in the immediately preceding financial year.

11. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to financial institutions or banks. The company has no debenture holders.

12. In our opinion and according to the information and explanations given to us, the Company has not granted any loan or advance, on the basis of security by way of pledge of shares, debentures and other securities.

13. In our opinion, the Company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order 2003 (as amended) are not applicable to the Company.

14. In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments except those investments, which are held as investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the company.

15. According to the information and explanations given to us, the Company has not given guarantees for loans taken by others from banks or financial institutions.

16. According to the information and explanations given to us, term loans availed by the Company

during the year were, prima facie, utilized by the company for the purposes for which the loans were obtained.

17. According to the information and explanations given to us and on an overall examination of the Balance Sheet of the company, we report that no funds raised on short-term basis have been used for long-term investments.

18. During the year, the company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.

19. During the year, the Company has not issued debentures and hence the provisions of clause

(xix) of para 4 of this order (as amended) are not applicable.

20. The company has not raised any money by way of public issue during the year and hence the provisions of clause (xix) of Para 4 of this order (as amended) are not applicable.

21. During the course of our examination of the books of account carried out in accordance with the generally accepted auditing practice in India and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the company noticed or reported during the year nor we have been informed of such case by the management.

**For S. Janardhan & Associates**  
Chartered Accountants

**B. Anand**  
Partner

Membership No. : 29146  
Bangalore, June 16, 2009



# Kavveri Telecom Products Limited

## Balance Sheet as at 31st March 2009

Particulars	SCH	Nos	31.03.2009 Amount Rs.	31.03.2008 Amount Rs.
<b>Sources of Funds</b>				
<b>Shareholders' Funds</b>				
Share Capital	1		100,608,000	100,608,000
Reserves and Surplus	2		370,688,987	268,968,384
<b>TOTAL</b>		<b>A</b>	<b>471,296,987</b>	<b>369,576,384</b>
<b>Loans Funds</b>				
Secured Loans	3		481,618,704	563,541,210
Unsecured Loans	4		255,161,599	235,477,913
<b>TOTAL</b>		<b>B</b>	<b>736,780,303</b>	<b>799,019,123</b>
<b>Deferred Tax Liability(Net)</b>		<b>C</b>	<b>49,386,000</b>	<b>35,137,294</b>
		<b>A+B+C</b>	<b>1,257,463,290</b>	<b>1,203,732,801</b>
<b>Application of Funds</b>				
<b>Fixed Assets</b>				
Gross Block	5		351,202,487	145,834,105
Less: Depreciation			40,347,494	27,156,377
<b>Net Block</b>			<b>310,854,993</b>	<b>118,677,728</b>
Capital Work in Progress			19,140,124	14,806,922
<b>TOTAL</b>		<b>D</b>	<b>329,995,117</b>	<b>133,484,650</b>
<b>Investments</b>	<b>6</b>	<b>E</b>	<b>238,827,300</b>	<b>233,727,300</b>
<b>Current Assets, Loans And Advances</b>				
a. Inventories	7		78,977,180	70,662,372
b. Sundry Debtors	8		623,178,225	548,904,250
c. Cash and Bank Balances	9		127,760,405	176,757,573
d. Loans and Advances	10		241,477,566	267,178,507
		<b>F</b>	<b>1,071,393,376</b>	<b>1,063,502,702</b>
<b>Less: Current Liabilities And Provisions</b>				
a. Current liabilities	11		360,032,058	210,343,547
b. Provisions	12		22,720,445	16,638,305
<b>TOTAL</b>		<b>G</b>	<b>382,752,503</b>	<b>226,981,851</b>
<b>Net Current Assets</b>		<b>H=F-G</b>	<b>688,640,873</b>	<b>836,520,851</b>
<b>Miscellaneous Expenditure</b>				
<b>TOTAL</b>		<b>D+E+H</b>	<b>1,257,463,290</b>	<b>1,203,732,801</b>

Schedules 1 to 12 and Notes on Accounts form an integral part of this Balance Sheet

For and on behalf of the Board of Directors of

As per our report of even date

**Kavveri Telecom Products Limited**

**For S. Janardhan & Associates**

Chartered Accountants

**C. Shivakumar Reddy**

Managing Director

**R. H. Kasturi**

Director

**B. Anand**

Partner

Membership No. 29146

**K. Madhwesh**

Company Secretary



# Kavveri Telecom Products Limited

## Profit and Loss Account for the year ended 31st March, 2009

Particulars	SCH	NO.	Current Year 31.03.2009	Previous Year 31.03.2008
<b>Income</b>				
Gross Sales			2,027,355,354	1,603,169,445
Less: Excise Duty			221,613,580	195,911,167
			<b>1,805,741,774</b>	<b>1,407,258,278</b>
Other Income	13		27,249,082	29,900,306
Increase/(Decrease) in Inventory	14		5,170,555	19,408,452
<b>Total</b>		<b>A</b>	<b>1,838,161,411</b>	<b>1,456,567,036</b>
<b>Expenditure</b>				
Operating Expenses	15		1,310,060,169	1,132,839,886
Personnel Expenses	16		50,657,715	34,676,010
Administrative, Selling and Other Expenses	17		184,525,895	72,903,990
Interest and Financial Expenses	18		124,318,575	54,541,061
Depreciation	5		13,191,116	5,124,729
<b>Total</b>		<b>B</b>	<b>1,682,753,470</b>	<b>1,300,085,676</b>
<b>Profit for the year</b>		<b>A-B</b>	<b>155,407,941</b>	<b>156,481,360</b>
<b>Less:</b>				
Provision for Income Tax			27,193,000	18,000,000
Provision for Deferred Tax			14,248,706	21,380,715
Provision for Fringe Benefit Tax			550,000	627,012
<b>Profit After Tax</b>			<b>113,416,235</b>	<b>116,473,633</b>
Add/(Less)Income Tax relating to earlier years			75,000	(3,808,649)
			<b>113,491,235</b>	<b>112,664,984</b>
<b>Add:</b>				
<b>Balance surplus brought forward from Previous Year</b>			<b>163,933,887</b>	<b>83,560,169</b>
<b>Amount Available for Appropriations</b>			<b>277,425,122</b>	<b>196,225,153</b>
Transferred to General Reserve				8,750,000
Interim Dividend Paid				10,060,800
Dividend tax on the same				1,709,833
Proposed final Dividend			10,060,800	10,060,800
Dividend tax on the same			1,709,833	1,709,833
<b>Surplus Carried Forward to Balance Sheet</b>			<b>265,654,489</b>	<b>163,933,887</b>
<b>Earnings Per Share - Basic</b>			<b>11.27</b>	<b>11.58</b>
<b>Earnings Per Share - Diluted</b>			<b>11.26</b>	<b>11.58</b>

Significant Accounting Policies - Schedule-19

Notes to Accounts -20

Schedules 13 to 20 and Notes on Accounts form an integral part of this Profit and Loss Account

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

As per our report of even date  
**For S. Janardhan & Associates**  
Chartered Accountants

**C. Shivakumar Reddy**  
Managing Director

**R. H. Kasturi**  
Director

**B. Anand**  
Partner  
Membership No. 29146

**K. Madhwesh**  
Company Secretary

Place : Bangalore  
Date: 16.06.2009

## Kavveri Telecom Products Limited

Schedules annexed to and forming part of the Balance Sheet as at 31st March, 2009

Particulars	31.03.2009 Amount Rs.	31.03.2008 Amount Rs.
<b>Schedule - 1</b>		
<b>Share Capital</b>		
<b>Authorised:</b>		
2,00,00,000 (Previous Year 2,00,00,000) Equity Shares of Rs. 10/- each	<b>200,000,000</b>	<b>200,000,000</b>
<b>Issued, Subscribed And Paid Up:</b>		
9,823,450 (Previous Year 9,823,450) Equity Shares of Rs 10/- each	98,234,500	98,234,500
fully paid up		
Share Capital Suspense Account (Refer Note 1 of Schedule - 20)	2,373,500	2,373,500
<b>TOTAL</b>	<b>100,608,000</b>	<b>100,608,000</b>
<b>Schedule - 2</b>		
<b>Reserves And Surplus</b>		
Capital Reserve	7,325,779	7,325,779
Securities Premium	84,557,700	84,557,700
Securities Premium Suspense Account (Refer Note 1 of Schedule - 20)	4,272,300	4,272,300
General Reserve	8,878,719	8,878,719
Profit and Loss Account	265,654,489	163,933,886
<b>TOTAL</b>	<b>370,688,987</b>	<b>268,968,384</b>
<b>Schedule - 3</b>		
<b>Secured Loans</b> (Refer note no. 3 of Schedule - 20 for details of securities offered against such loans)		
From Banks		
Term Loan Account	121,347,781	181,708,981
Cash Credit Account	288,530,744	297,196,291
Corporate Loan Account	71,087,886	83,562,538
Vehicle Loan Account	652,293	1,073,400
<b>TOTAL</b>	<b>481,618,704</b>	<b>563,541,210</b>

Schedules annexed to and forming part of the Balance Sheet as at 31st March, 2009

Particulars	31.03.2009 Amount Rs.	31.03.2008 Amount Rs.
<b>Schedule - 4</b>		
<b>Unsecured Loans</b>		
Sales tax Deferred Liability {Due within one year Rs.13,98,900 (Previous Year Rs.19,49,872)}	1,398,900	3,348,772
From Global Trade Finance Ltd {Due within one year Rs. 25,37,62,699 (Previous Year Rs. 23,21,29,141)}	253,762,699	232,129,141
<b>TOTAL</b>	<b>255,161,599</b>	<b>235,477,913</b>
<b>Schedule - 6</b>		
<b>Investments (Long Term, Un-quoted, Trade, at cost)</b>		
Investments in Subsidiary Companies:		
2,12,850(Previous Year 2,12,850) Shares of Rs. 10/- each fully paid up in M/s.Eaicom India Pvt Ltd	145,718,000	145,718,000
2,30,700(Previous Year 2,30,700) Shares of CAD 10/- each fully paid up in M/s. Kavveri Technologies Inc (Refer Notes to Accounts-4 of Schedule - 20)	88,009,300	88,009,300
5,10,000(Previous Year Nil) Shares of Rs. 10/- each fully paid up in M/s. Kavveri Telecom Infrastructure Limited	5,100,000	
<b>TOTAL</b>	<b>238,827,300</b>	<b>233,727,300</b>
<b>Schedule - 7</b>		
<b>Inventories</b> (At lower of cost and market value-as taken, valued and certified by the Management)		
Raw Materials	23,981,669	20,837,416
Semi Finished Goods	3,576,035	3,421,181
Finished Goods	51,419,476	46,403,775
<b>TOTAL</b>	<b>78,977,180</b>	<b>70,662,372</b>

Schedule 5

Sl. No.	Particulars	Fixed Assets			Gross Block			Depreciation			Net Block	
		As at 01.04.2008	Additions during	Deletions	As at 31.03.2009	As at 01.04.2008	For the year	Deletions	As at 31.03.2009	As at 31.03.2009	As at 31.03.2008	
1	Land - Free Hold	562,500	-	-	562,500	-	-	-	-	562,500	562,500	
2	Buildings	8,539,778	154,575,179	-	163,114,957	2,492,418	766,148	-	3,258,566	159,856,391	6,047,360	
3	Plant & Machinery	86,994,407	28,560,230	-	115,554,637	16,936,208	5,369,779	-	22,305,987	93,248,650	70,058,199	
4	Furnitures & Fixtures	4,209,767	3,506,002	-	7,715,769	2,652,509	841,784	-	3,494,293	4,221,476	1,557,258	
5	Computers	6,070,277	12,425,121	-	18,495,398	2,897,803	1,658,972	-	4,556,775	13,938,623	3,172,474	
6	Vehicles	4,297,985	-	-	4,297,985	2,177,440	408,309	-	2,585,749	1,712,236	2,120,545	
7	Intangible Assets (Technical Knowhow)	35,159,390	6,301,851	-	41,461,241	-	4,146,124	-	4,146,124	37,315,117	35,159,390	
<b>Total</b>		<b>145,834,104</b>	<b>205,368,363</b>	<b>-</b>	<b>351,202,487</b>	<b>27,156,378</b>	<b>13,191,116</b>	<b>-</b>	<b>40,347,494</b>	<b>310,854,993</b>	<b>118,677,726</b>	
<b>Previous Year Figure</b>		<b>76,235,450</b>	<b>71,038,168</b>	<b>1,439,513</b>	<b>145,834,105</b>	<b>22,774,989</b>	<b>5,124,729</b>	<b>743,341</b>	<b>27,156,377</b>	<b>53,460,461</b>	<b>118,677,728</b>	

Schedules annexed to and forming part of the Balance Sheet as at 31st March, 2009

Particulars	31.03.2009 Amount Rs.	31.03.2008 Amount Rs.
<b>Schedule - 8</b>		
<b>Sundry Debtors</b> (Unsecured, considered good)		
Debt Outstanding for period exceeding six months	54,564,078	53,327,439
Other Debts	568,614,147	495,576,811
<b>TOTAL</b>	<b>623,178,225</b>	<b>548,904,250</b>
<b>Schedule - 9</b>		
<b>Cash and Bank Balance</b>		
Cash in Hand	22,417	1,301
Bank Balance with Scheduled Banks :		
in Current Account	48,617,708	5,745,202
Margin Money & Fixed Deposit	76,949,000	168,656,130
Unclaimed Dividend Account	2,171,280	2,354,940
<b>TOTAL</b>	<b>127,760,405</b>	<b>176,757,573</b>
<b>Schedule - 10</b>		
<b>Loans and Advances</b> (Unsecured, considered good)		
Advances to Subsidiary Companies	159,131,595	209,729,348
Advances Recoverable in cash or in kind or for value to be received	42,407,893	39,696,113
Deposits	9,986,581	10,029,104
Balances with Customs, Excise Authorities	27,174,855	6,586,148
Income Tax Payments (Net of Provisions)	2,776,642	1,137,794
<b>TOTAL</b>	<b>241,477,566</b>	<b>267,178,507</b>
<b>Schedule - 11</b>		
<b>Current Liabilities</b>		
Sundry Creditors:		
Dues to Micro, Small and Medium Enterprises {Note 22 of Schedule - 20}		
Due to Others	329,111,386	190,277,939
Advance from Customers	547,459	1,343,545
Other Liabilities	28,201,933	16,367,123
Unclaimed Dividends {Refer Note no. 26 of Schedule 20}	2,171,280	2,354,940
<b>TOTAL</b>	<b>360,032,058</b>	<b>210,343,547</b>

Schedules annexed to and forming part of the Balance Sheet as at 31st March, 2009

Particulars	31.03.2009 Amount Rs.	31.03.2008 Amount Rs.
<b>Schedule - 12</b>		
<b>Provisions for</b>		
Proposed Dividend	10,060,800	10,060,800
Corporate Dividend Tax	1,709,833	1,709,833
Leave Encashment	3,655,932	1,942,608
Gratuity	2,604,562	1,625,800
Income Tax (Net of payments)	4,339,318	999,264
Fringe Benefit Tax (Net of payments)	350,000	300,000
<b>TOTAL</b>	<b>22,720,445</b>	<b>16,638,305</b>

Signatures to Schedules 1 to 12 which form an integral part of the Accounts

For and on behalf of the Board of Directors of

**Kavveri Telecom Products Limited**

**C. Shivakumar Reddy**  
Managing Director

**R. H. Kasturi**  
Director

As per our report of even date

**For S. Janardhan & Associates**  
Chartered Accountants

**B. Anand**  
Partner

Membership No. 29146

**K. Madhwesh**  
Company Secretary

Place : Bangalore  
Date: 16.06.2009

## Kavveri Telecom Products Limited

Schedules annexed to and forming part of the Profit and Loss Account  
for the year ended 31st March 2009

Particulars		Current Year 31.03.2009	Previous Year 31.03.2008
<b>Schedule - 13</b>			
<b>Other Income</b>			
Interest Received (Gross)*		21,834,916	2,972,311
Miscellaneous Income		5,058,015	19,890,306
Exchange Fluctuation Gain (Net)		-	244,686
Provision no longer required written back		356,151	6,793,003
<b>TOTAL</b>		<b>27,249,082</b>	<b>29,900,306</b>
*Tax deducted at Source on Interest Income Rs. 4,64,649 (Previous year Rs.5,80,925)			
<b>Schedule - 14</b>			
Increase/(Decrease) in Inventory			
Opening Stock of Finished Goods		46,403,775	30,416,504
Closing Stock of Finished Goods		51,419,476	46,403,775
	<b>a)</b>	<b>5,015,701</b>	<b>15,987,271</b>
Opening Stock of Semi-Finished Goods		3,421,181	-
Closing Stock of Semi-Finished Goods		3,576,035	3,421,181
	<b>b)</b>	<b>154,854</b>	<b>3,421,181</b>
<b>Increase/(Decrease) in Inventory</b>		<b>5,170,555</b>	<b>19,408,452</b>
<b>Schedule - 15</b>			
<b>Operating Expenses</b>			
<b>a. Raw Materials Consumed</b>			
Opening Stock of Raw Materials		20,837,416	15,015,787
Add: Purchases during the year		1,290,895,025	1,098,906,765
<b>TOTAL</b>		<b>1,311,732,441</b>	<b>1,113,922,552</b>
Less: Closing Stock		23,981,669	20,837,416
<b>Material Consumed</b>	<b>A</b>	<b>1,287,750,772</b>	<b>1,093,085,136</b>



Schedules annexed to and forming part of the Profit and Loss Account  
for the year ended 31st March 2009

Particulars		Current Year 31.03.2009	Previous Year 31.03.2008
<b>b. Others</b>			
Consumables		1,227,727	1,337,782
Packing Materials		2,275,615	1,549,564
Job work Charges		6,278,602	8,195,954
Power Charges		626,859	670,206
Freight Inwards		8,182,152	9,532,965
Other Manufacturing Expenses		3,718,442	18,150,759
<b>TOTAL</b>	<b>B</b>	<b>22,309,397</b>	<b>39,437,230</b>
<b>c. Purchase of Traded Goods</b>	<b>C</b>		<b>317,520</b>
<b>TOTAL</b>	<b>A+B+C</b>	<b>1,310,060,169</b>	<b>1,132,839,886</b>

## Kavveri Telecom Products Limited

Schedules Annexed to and forming part of the Profit and loss account  
for the year ended 31st March, 2009

Particulars	Current Year 31.03.2009	Previous Year 31.03.2008
<b>Schedule - 16</b>		
<b>Personnel Expenses</b>		
Salaries, Wages & Bonus	27,967,831	14,435,600
Directors' Remuneration	17,018,368	17,386,818
<b>Contribution to:</b>		
Provident Fund and Other Funds	2,688,492	718,282
Gratuity & Leave encashment	2,796,293	1,648,125
Staff Welfare expenses	186,731	487,185
<b>TOTAL</b>	<b>50,657,715</b>	<b>34,676,010</b>
<b>Schedule - 17</b>		
<b>Administrative, Selling &amp; Other Expenses</b>		
Rent	6,349,255	5,979,359
Research & Development Expenses	23,865,670	10,704,541
Travelling & Conveyance Expenses	9,332,419	13,297,956
Carriage Outwards	27,359,129	17,992,070
Auditor's Remuneration	479,840	391,905
Repairs and Maintenance		
Building	412,662	958,951
Machinery	386,235	25,101
Others	2,975,767	767,416
Contract labour Charges	5,557,625	1,274,341
Professional Charges	5,276,888	1,873,022
Exchange Fluctuation Loss(Net)	35,648,449	-
Insurance	1,520,814	454,204
Rates & Taxes	5,072,706	275,782
Bad debts written off	38,452,826	2,969,058
Directors Sitting Fees	70,000	105,000
Loss on Sale of Assets	-	321,172
Installation Charges	5,250,682	4,878,350
Miscellaneous expenses	16,514,928	10,635,762
<b>TOTAL</b>	<b>184,525,895</b>	<b>72,903,990</b>

**Schedules Annexed to and forming part of the Profit and loss account  
for the year ended 31st March, 2009**

Particulars	Current Year 31.03.2009	Previous Year 31.03.2008
<b>Schedule - 18</b>		
<b>Financial Expenses</b>		
Interest Paid on Fixed Loans	30,222,876	11,897,449
Interest Paid - Others	38,588,381	6,634,699
Bank charges	13,900,013	7,760,773
Discount and Factoring Charges	41,607,305	28,248,140
<b>TOTAL</b>	<b>124,318,575</b>	<b>54,541,061</b>

Signatures to Schedules 13 to 18

For and on behalf of the Board of Directors of

**Kavveri Telecom Products Limited**

**C. Shivakumar Reddy**

Managing Director

**R. H. Kasturi**

Director

**K. Madhwesh**

Company Secretary

Place : Bangalore

Date: 16.06.2009

As per our report of even date

**For S. Janardhan & Associates**

Chartered Accountants

**B. Anand**

Partner

Membership No. 29146

**STATEMENT ON SIGNIFICANT ACCOUNTING POLICIES**

**Schedule - 19**

**1. Basis of Preparation of Financial Statements:**

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

**2. Use of estimates:**

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

**3. Fixed Assets:**

- Fixed Assets are stated at cost of acquisition (Net of Cenvat and VAT) plus subsequent improvements thereto including taxes, duties, freight and other incidental expenses related to acquisition and installation including finance charges which are directly attributable to the Fixed assets less accumulated depreciation and impairment loss.
- Capital Work in Progress comprises of the cost of fixed assets that are not put to use as at

the Balance Sheet date and advance paid towards acquisition of Fixed Assets and relevant financial charges incurred thereon.

- The company had made a purchase of technology and know how amounting to Rs.3.52 crores during earlier year and incurred a sum of Rs.63.01 Lakhs during the year. This technology is being upgraded and developed in the Research and Development department for its use in the developing of new products and for enhancement of features & functionalities of the products to be developed out of the same. This expenditure is considered under Fixed asset as Technical Know how.

**4. Depreciation:**

- Depreciation on Fixed Assets is provided using Straight-line method at the rates prescribed under Schedule XIV of the companies Act, 1956 on proportionate basis.
- Cost of Technical know how is being written off over a period of 10 year

**5. Impairment of Assets:**

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

**6. Leases:**

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

line basis over the lease term.

#### **7. Inventory Valuation:**

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

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

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

#### **8. Investments:**

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

#### **9. Research and Development:**

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

#### **10. Revenue Recognition:**

- Sales are recognized when the significant risks attached to the goods are passed on to the buyer and are recorded net of duties, trade discounts, and rebates.
- Sales Returns are recognized as and when ascertained and are reduced from the sales turnover of the year.

- Interest income is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.
- Export benefits are accounted on accrual basis.

#### **11. Exchange Fluctuation:**

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

#### **12. Employee Benefits:**

- Provident Fund: Eligible employees receive benefits from a Provident Fund, which is a defined contribution plan. Aggregate contributions along with interest thereon, are paid at retirement, death, incapacitation or termination of employment. Both the employee and the Company make monthly contributions to the Government administered Provident Fund. The Company has no obligation beyond its contribution.
- Gratuity: A defined benefit retirement plan ("the Gratuity Plan") is provided to all employees. In accordance with the Payment of Gratuity Act, 1972, the Gratuity Plan provides a lumpsum amount to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of employment. Liabilities with regard to the Gratuity plan are determined by actuarial valuation using the projected unit

credit method, as of the balance sheet date.

- Expenses on ex-gratia payment to employees, a defined contribution plan, are accounted as and when accepted by the management.
- Provision in respect of Leave encashment is made, based on actuarial valuation.

#### **13. Borrowing Cost:**

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

#### **14. Taxes:**

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

#### **15. Cash Flow Statement:**

Cash flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of a non cash nature, any deferrals or accruals of past or future operating cash receipts or payments and items income or expense associated with investing or financing cash flows. Cash and

Cash Equivalents include Cash on hand and balance with banks in current and deposit accounts, with necessary disclosure of cash and cash equivalent balances that are not available for use by the company.

#### **16. Stock Option Plan (2008):**

The Board of Directors had approved in July'08 and the shareholders approved the scheme of stock option in September'08 for the issue of 5,00,000 shares to the eligible employees as under:

A corpus of 5,00,000 options will be created for grant to the eligible employees. Each option is convertible into one fully paid-up equity share of Rs.10/- each. Such options shall be granted at face value of Rs. 10/- at par. The options granted vests over a period of 1 to 3 years and can be exercised over a period of 5 years from the date of vesting. Accordingly, the Company has granted 85,025 options to eligible employees as on the date of balance sheet. However, the vestings of options granted are yet to take place as on the date of balance sheet date, due to non completion of the time specified as per the scheme. Correspondingly, the details regarding the exercising and forfeiting of options has not been furnished.

#### **17. Earnings per share:**

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

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

#### **18. Contingent Liability:**

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources.

## Schedule - 20 NOTES TO ACCOUNTS

### 1. Amalgamation with Megasonic Telecoms Private Limited:

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

All the members of the erstwhile Megasonic Telecoms Private Limited were allotted as per the scheme of arrangement except to the extent of 2,37,350 equity shares, which could not be allotted in the absence of allotment details. The consideration in respect of the unallotted shares to the extent of 2,37,350 shares is shown under "Share Capital Suspense" and the corresponding premium under "Securities Premium suspense", pending allotment. Efforts are being made to locate the details of the members to for allotment of the pending shares.

**2 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.

### 3. Secured Loans:

- Term Loan and Corporate loan are secured by all Fixed Assets and Cash credit account is secured by all stock/debtors and other current assets of the Company.
- The Car Loans are secured by hypothecation of the relevant vehicles.

Contingent liabilities are not recognized but are disclosed in the Notes. Contingent assets are neither recognized nor disclosed in the financial statements.

- All the secured loans excepting Car loans have been personally guaranteed by a few directors.

### 4. Investments

- Pursuant to the Scheme of Amalgamation as referred to in Note 1 above, Eicom India Private Limited (EIPL), erstwhile 100% subsidiary company of Megasonic Telecoms Private Limited has become a wholly owned subsidiary of the Company.
- The Company incorporated a 100% subsidiary in the name of KAVVERI TECHNOLOGIES INC at Canada during the financial year 2005-06 with an initial investment of 292 Thousand CAD Dollars. Additional investment of CAD 2,015,000/- was made during the year 2007-08 in the aforesaid subsidiary by partial conversion of the loan granted to the subsidiary.

**5. The financial statements** of earlier year ending March 31, 2008 were audited by other firm of Chartered Accountants. The figures of previous year have been regrouped/reclassified, where necessary, to confirm with the current year's classification.

### 6. Contingent Liabilities not provided for –

Particulars	2009	2008
i) Estimated amount of Contracts remaining to be executed on Capital Account.	NIL	9,25,00,000
ii) Claims against the Company not acknowledged as a debt :	32,32,200	32,32,200
On account of Bank Guarantee (Note given below)		
On account of Income Tax	10,600,000	10,600,000
Letters of Credit issued on behalf of the Company by bankers	19,47,83,786	29,13,29,284
Guarantees issued by bankers on behalf	4,49,09,466	1,59,33,916
Of the company and counter guarantee issued		

Note: The M/s. Mahanagar Telephone Nigam Ltd and M/s Bharat Sanchar Nigam Ltd. had invoked bank guarantees totalling to Rs. 32.32 lakhs (32.32 Lakhs) against which the company has obtained stay order in the High court of Karnataka. The Company is advised that the matter will be resolved in favour of the company and hence no provision is made in the books of accounts.

### Supplementary Statutory information

### 7. Information regarding Capacity, Stock, Production and Sale

- Licensed Capacity Not Applicable.
- Installed Capacity \* Company has an installed capacity of 200000 nos. of Microwave components. Since the company has manufactured components, systems during the year, quantification of capacity is not feasible.

(\*As certified by the Management, relied upon as it is by the Auditors, being Technical in Nature)

- Production, sales and stock:

ITEMS	Opening (Nos)	Production (Nos)	Sale (Nos)	Closing (Nos)
Antenna/Components/Accessories	6554 (3325)	414410 (67163)	372886 (63934)	48078 (6554)
Câbles used in RF Line	-	6497261 (4671210) Mtrs	6482962 (4671210) Mtrs	14299
Solar Photo Voltaic Power Supply	NIL (NIL)	NIL (6598)	NIL (6598)	NIL (NIL)

(Figures with in the bracket indicate figures of previous year.)



d) Value of Raw Materials and Consumables consumed during the year:

ITEMS	Year ended 31.03.2009		Year ended 31.03.2008	
	Value	%	Value	%
	Rs.		Rs.	
a) Indigenous	9,65,26,589	7.49	20,08,94,989	18.36
b) Imported	1,19,12,24,183	92.42	89,21,90,147	81.52
c) consumables	12,27,727	0.10	13,37,782	0.12
<b>**Total</b>	<b>1,28,89,78,499</b>	<b>100</b>	<b>1,09,44,22,918</b>	<b>100</b>

\*\* (includes consumption of R&D raw materials for Rs.6424060/- (Rs.30,62,876 )

#### Details of Raw Material Consumed during the year

(As individual items of consumption of raw materials other than Radio Frequency Cables, do not contribute more than 10% of total consumption details of consumption of other raw materials have not been furnished)

Consumption of Radio Frequency Cables:

1. Name of the item	qty purchased	qty consumed	value of consumption
RF cables (used in RF Line)	46,71,210 mtr	46,71,210 mtrs	71,46,95,130

8. Value of Imports - Cum Insurance & Freight (CIF)

Particulars	Year ending 31.03.2009 (Rs.)	Year ending 31.03.2008 (Rs.)
Raw Material	118,83,13,387	91,95,43,278
Traded goods	Nil	Nil
Capital Goods	1,37,78,421	4,65,21,820

9. Expenditure incurred in Foreign Currency on foreign travel is Rs. 44,54,160 (Rs.81,25,107)

10. Earnings in Foreign Currency

Particulars	Year ended 31.03.2009	Year ended 31.03.2008
On export of Goods (FOB)	2,83,46,752	54,69,700
On Services Provided outside India	4,01,39,004	1,00,00,000

11. Managerial Remuneration:

Remuneration Paid/payable to Managerial personnel:

Name	Relationship	2009			2008		
		Remuneration	Commission	Provident Fund	Remuneration	Commission	Provident Fund
C. Shivakumar Reddy	Managing Director	15,00,000	29,63,430	9360	9,70,000	28,56,035	9360
R. H. Kasturi	Whole-time Director	15,00,000	29,63,429	9360	9,70,000	28,56,035	9360
C. Uma Reddy	Whole-time Director	15,00,000	29,63,429	9360	9,70,000	28,56,035	9360
L. Nicholas	Whole-time Director	21,00,000	-	-	12,85,915	28,56,035	-
Other Non Executive Directors		-	15,00,000	-	-	17,38,681	-
<b>Total</b>		<b>66,00,000</b>	<b>1,03,90,288</b>	<b>28,080</b>	<b>41,95,915</b>	<b>1,31,62,821</b>	<b>28,080</b>

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

12. Computation of Net profit in accordance with Section 349 of the Companies Act, 1956 for calculation of commission payable to Directors:

Particulars	2009	2008
<b>Computation of net profit under Sec 309 (5) of the Companies Act,1956</b>		
Net Profit as per Profit and Loss account	155,407,941	156,481,360
<b>Add:</b>		
Book Depreciation	13,191,116	5,124,729
Managerial Remuneration	17,018,368	17,386,818
<b>Less:</b>		
Depreciation as per Section 350	13,191,116	5,124,729
Net profit for Commission Calculation	172,426,309	173,868,178
9% on the Net profit	15,518,368	15,648,136
For Non Executive Directors 1% subject to a maximum of Rs.1,500,000	1,500,000	1,738,682
(Previous year 1%)		

13. Auditors' Remuneration:

Particulars	2008-09 (Rs.)	2007-08 (Rs.)
Statutory Audit	3,90,000	3,50,000
For Tax audit purposes	40,000	25,000
Other Services	40,000	38,000
Out of pocket Expenses	9,840	16,905

#### 14. Segment Results

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

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

Name Of The Company	Percentage Of Holding As At 31.03.2009	Percentage Of Holding As At 31.03.2008
Eaicom India Private Ltd	100%	100%
Kavveri Technologies Inc	100%	100%
Kavveri Telecom Infrastructure Limited	51%	-
Subsidiaries having indirect control	-	-
Til Tek Antenna Inc	100%	100%
Dcidigital Communications Inc	100%	100%
Spotwave Wireless Ltd	100%	100%
Kaveri Realty Inc	100%	100%

16. Deferred Tax Liability and Asset are attributable to the following:

Particulars	31st March 2009	31st March 2008
<b>Deferred Tax Liability:</b>		
Attributable to Depreciation	50,329,000	35,833,520
Less: Deferred Tax Asset		
Attributable to Expenses allowable when paid	(9,43,000)	(696,226)
Net Deferred Tax Liability	493,86,000	35,137,294

17. Research & Development Expenditure includes:

Particulars	31.03.2009	31.03.2008
Salaries & Wages	63,05,467	30,04,030
Cost of materials and services	64,24,060	30,62,876
Overhead	1,75,60,203	77,00,511
<b>TOTAL</b>	<b>3,02,89,730</b>	<b>1,37,67,417</b>

The company has also incurred a sum of **Rs.4,23,49,738** on account of purchase of machinery and other capital expenditure.

18. In the opinion of Board of Directors, all current assets, loans and advances have atleast the value as stated in the Balance Sheet.

19. Pursuant to Accounting Standard AS-28- Impairment of assets issued by the Institute of Chartered Accountants of India, the Company assessed its fixed assets for impairment as at 31st March 2009 and concluded that there has been no significant impaired fixed asset that needs to be recognized in the books of account.

20. The employees' Gratuity Fund Scheme is a defined benefit Plan. The present value of the obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligation for Leave encashment is recognized in the same manner as gratuity.

The following table sets out the Gratuity Plan as required under AS15. Reconciliation of opening and closing balances of the Present Value of the defined benefit obligation.

Particulars	2009	2008
Obligations at Period beginning	1,625,800	1,115,296
Service Cost	-	-
Interest Cost	-	-
Actuarial (Gain)/Loss	-	-
Benefits paid	-	-
Obligations at Period end	2,604,562	1,625,800

As the Company has not invested in the Assets to cover up the liabilities no further disclosures have been given

21. Related Party Disclosures: (As identified by the Company)

a) List of Related Parties:

Key Management Personnel	Direct Subsidiaries	Indirect Subsidiaries
Mr. C. Shivakumar Reddy	Eaicom India Private Limited	Til Tek Antenna Inc.
Ms. C. Uma Reddy	Kavveri Technologies Inc.	DCI Digital Communications Inc
Mr. Purushottam A. Rasalkar		Spotwave Wireless Ltd
Ms. R. H. Kasturi	Kavveri Telecom Infrastructure Limited	Kavveri Realty Inc.

Note : There are no Other Related Parties and Relative to Key Managerial Personnel

b) Transactions with Related Parties:

Particulars	Subsidiaries		Key Management Personnel		Total	
	2009	2008	2009	2008	2009	2008
Purchase of Goods	1,515,756	110,785,038	-	-	1,515,756	110,785,038
Sale of Goods	194,387,408	99,312,475	20,686	-	194,408,094	99,312,475
Rendering Services	33,782,615	12,173,392	-	-	33,782,615	12,173,392
Reimbursement of expenses	5,391,657	-	842,101	7,000,000	6,233,758	7,000,000
Remuneration Paid	-	-	17,018,368	17,386,818	17,018,368	17,386,818
Rent paid	-	-	4,800,000	4,800,000	4,800,000	4,800,000
Equity	238,827,300	233,727,300			238,827,300	233,727,300
Loans	127,700,252	191,657,416			127,700,252	191,657,416
Balance Receivables	418,232,145	209,729,348			418,232,145	209,729,348
Balance Payables			10,779,159	10,786,818	10,779,159	10,786,818

Note: There are no transactions with Other related parties and relative to other key managerial personnel

22. Amounts due from Companies under the same management as defined in sub section (1-B) of Section 370 of the Companies Act, 1956 are as under:

**Amounts Due Form Companies Under The Same Management As Defined In Sub Section (1-b) Of Section 370 Of The Companies Act 1956 Are As Under:-** (In Rs.)

Particulars	2009		2008	
	Closing Balance	maximum Amount Due	closing Balance	maximum Amount Due
(included Under Loans And Advances)				
Kavveri Technologies Inc	122,249,422	92,839,436	191,657,416	244,007,982
Tiltek Antenna Inc	4,524,160	35,214,064		9,545,785
(included Under Sundry Debtors)				
Dci digital communications Inc	536,398	536,398	29,760	279,241
Eaicom India Private Limited	49,006,484	13,128,811	145,100,552	57,968,477
Kavveri Telecom Infrastructure Limited	161,649,166	171,062,641		
Kavveri Technologies Inc	176,990	176,990	29,760	29,760
Spotwave wireless Inc	20,471,761	26,457,822		
Tiltek antennae Inc	27,259,750	11,141,452	4,595,452	2,696,550

23. Micro, Small and Medium Enterprises under the Micro, Small and Medium Enterprises Development Act, 2006 have been determined based on the information available with the Company and the required disclosures are given below:

- i. Principal amount remaining unpaid as on 31st March 2009 : Rs. NIL
- ii. Interest due thereon as on 31st March 2009 : Rs. NIL
- iii. Interest Paid by the company in terms of Section 16 of Micro, Small and Medium Enterprises Development Act, 2006 along with the amount of the payment made to the supplier beyond the appointed day during the Year. : Rs. NIL
- iv. Interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro, Small and Medium Enterprises Development Act, 2006. : Rs. NIL
- v. Interest accrued and remaining unpaid as at the yearend : Rs. NIL
- vi. Further interest remaining due and payable even in the succeeding years until such date when the interest dues as above are actually paid to the Small Enterprise. : Rs. NIL

24. Foreign currency exposure that are not hedged by derivative or forward contracts as on 31st March 2009 amounts to Rs. 2,06,56,421/- (Previous Year Rs. Nil)

25. Confirmation of balances in respect of debtors and creditors has not been obtained in all the cases. Cases wherein the same has been received the balances were duly reconciled.

26. The amount of borrowing cost capitalized as fixed asset, as per the requirement of AS 16 during the year is Rs. 12,05,890.(Previous Year Rs. NIL)

27. Unclaimed Dividend:

The unclaimed dividend of Rs. 21,71,280 (23,54,940) represents those relating to the years 2002 to 2008 and since the number of years of these unclaimed dividends has not exceeded 7 years as at the end of this year no amounts have been transferred to Investors protection fund during the year.

28. The following reflects the income and share data used in the computation of Basic and diluted earnings per share

	2009	2008
<b>Amount used as numerator</b>	<b>113,416,235</b>	<b>116,473,633</b>
Net profit attributable to the ordinary shareholders for Basic Earnings per share		
<b>No. of ordinary shares used as denominator</b>		
Weighted average number of ordinary shares in issue applicable to		
Basic Earnings per share	10,060,800	10,060,800
Diluted Earnings per share	10,074,410	10,060,800

29. Reconciliation of basic and diluted shares used in computing earnings per share:

Number of Shares considered as basic weighted average shares		
Outstanding	10,060,800	10,060,800
Add: Effect of dilutive issue of Stock options	13,604	---
Number of shares considered as weighted average shares and		
Potential shares outstanding	10,074,404	10,060,800

Particulars	31st March 2009	31st March 2008
Lease rent recognized in the Profit and Loss Account	72,49,255	59,79,359
Minimum lease payments outstanding in respect of these are as under:		
Not later than one year	6,17,100	6,43,759
Later than one year and not later than 5 years	72,49,255	59,79,359
	1,92,00,000	1,56,00,000

30. Operating Lease obligations:

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

The disclosures relating to the leases undertaken are given under:

31. The Provision for income tax has been calculated taking into consideration investments in Capital expenditure made under Research and development eligible for a weighted deduction of 150% under section 35(2AB) of the Income Tax Act 1961.

Signatures to accounting policies and notes to accounts

For and on behalf of the Board of Directors of

**Kavveri Telecom Products Limited**

**C. Shivakumar Reddy**

Managing Director

**R. H. Kasturi**

Director

**K. Madhwesh**

Company Secretary

Place : Bangalore

Date: 16.06.2009

As per our report of even date

**For S. Janardhan & Associates**

Chartered Accountants

**B. Anand**

Partner

Membership No. 29146

## Kavveri Telecom Products Limited

### Cashflow Statement for the Year Ended 31st March 2009

(In Rs.)

Particulars	Current Year		Previous Year	
	Amount	Amount	Amount	Amount
<b>A) Cashflows from Operating Activities</b>				
Net Profit as per Profit & Loss Account	155,407,941		15,64,81,359	
<b>Adjustments For:</b>				
Depreciation	13,191,116		51,24,729	
Interest and Financial Charges	124,318,575		6,43,95,491	
Interest received - considered separately	(21,834,916)		(12,826,741)	
Unrealised foreign exchange fluctuation	(15,902,911)		244,686	
Loss of sale of assets	-		321,172	
Non cash Items	38,883,977		(10,601,652)	
<b>Cash Flows Before Working Capital Changes</b>	<b>294,063,782</b>		<b>20,31,39,044</b>	<b>271,513,869</b>
<b>Adjustments For Working Capital Changes:</b>				
Change in Inventories	(8,314,808)		(25,230,081)	
Change in Sundry Debtors	(112,726,801)		(384,447,849)	
Change in Loans & Advances	29,486,727		(164,679,185)	
Change in Current Liabilities	139,746,217		308,468,333	
	<b>342,255,117</b>		<b>(62,749,738)</b>	
<b>LESS: Direct Taxes paid</b>	<b>(24,100,000)</b>		<b>(17,327,748)</b>	
<b>Net Cashflow From Operating Activities</b>		<b>366,355,117</b>		<b>(45,421,990)</b>
<b>B) Cashflows from Investing Activities</b>				
Acquisition of Fixed Assets	(228,585,126)		(85,845,090)	
Increase Capital work in progress	(5,174,047)		-	
Investment in subsidiary	(5,100,000)		(76,570,000)	
Sale of Assets	-		375,000	
Interest received	21,834,916		12,826,741	
<b>C) Cashflows from Financing Activities</b>				
Repayment of Secured Loans	(81,922,506)		430,992,801	
Proceeds from Unsecured Loans	19,683,687		(22,989,682)	
Interest paid	(124,318,576)		(64,395,491)	
Corporate Dividend tax paid	(1,709,833)		(3,419,666)	
Dividend paid	(10,060,800)		(20,121,600)	
<b>Net Cashflows from Financing Activities</b>		<b>(198,328,028)</b>		<b>320,066,362</b>
<b>Net Increase/(Decrease) in Cash or</b>				
<b>Cash Equivalents</b>		<b>(48,997,168)</b>		<b>125,431,023</b>
<b>Add: Opening Cash or Cash Equivalents</b>		<b>176,757,573</b>		<b>51,326,550</b>
<b>Closing Cash or Cash Equivalents</b>		<b>127,760,405</b>		<b>176,757,573</b>



For and on behalf of the Board of Directors of

**Kavveri Telecom Products Limited**

**C. Shivakumar Reddy**  
Managing Director

**R. H. Kasturi**  
Director

**K. Madhwesh**  
Company Secretary

Place : Bangalore  
Date: 16.06.2009

Explanatory notes to Cash Flow Statement

1. The Cash Flow Statement is prepared as per Accounting Standard 3 (notified pursuant to the Companies (Accounting Standards) Rules, 2006)
2. The net profit /loss arising due to conversion of current assets/current liabilities receivable/payable in foreign currency is furnished under the head "Unrealised foreign exchange fluctuation"
3. Other non cash items include excess provision written back, Bad debts and other miscellaneous adjustments not affecting cash flow.

As per our report of even date

**For S. Janardhan & Associates**  
Chartered Accountants

**B. Anand**  
Partner

Membership No. 29146



## Auditors' Report

**To**  
**The Board of Directors of**  
**Kavveri Telecom Products Limited**

1. We have audited the attached Consolidated Balance Sheet of **KAVERI TELECOM PRODUCTS LIMITED** ('the Company'), and its subsidiaries as at March 31, 2009 and the Consolidated Profit and Loss account and the Consolidated Cash Flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of certain subsidiaries whose financial statements reflect total assets of Rs. 73.91 crores as at March 31, 2009, total revenues of Rs. 31.56 crores and net cash inflows amounting to Rs.1.59 crores for the year ended on that date. These financial statements and other financial information has been audited by other auditors whose reports have been furnished to us, and our opinion is based solely on the report of other auditors.

4. We report that the consolidated financial statements have been prepared by the Company's management in accordance with the requirements of the Accounting Standards (AS) 21, Consolidated Financial Statements and Accounting Standards (AS) 23 Accounting for Investments in Associates in Consolidated Financial Statements prescribed by the Central Government under Section 211 (3C) of the Companies Act, 1956 and other recognized accounting practices and policies.

5. Based on our audit and on consideration of reports of other auditors on separate financial statements and on the other financial information of the components, and to the best of our information and according to the explanations given to us, we are of the opinion that the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- (i) in the case of the Consolidated Balance Sheet, of the state of affairs of the company as at March 31, 2009,
- (ii) in the case of the Consolidated Profit and Loss Account, of the profit for the year ended on that date; and
- (iii) in the case of Consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

**For S. Janardhan & Associates**  
Chartered Accountants

**B. Anand**  
Partner

Membership No. : 29146  
Bangalore, June 16, 2009

## Kavveri Telecom Products Limited - Consolidated

### Consolidated Balance Sheet as at 31st March 2009

Particulars	SCH	Nos	31.03.2009 Amount Rs.	31.03.2008 Amount Rs.
<b>Sources of Funds</b>				
<b>Shareholders' Funds</b>				
Share Capital	1		100,608,000	100,608,000
Reserves and Surplus	2		309,456,625	267,380,921
Minority Interest			4,900,000	
<b>Total</b>		<b>A</b>	<b>414,964,625</b>	<b>367,988,921</b>
<b>Loans Funds</b>				
Secured Loans	3		481,618,704	563,541,210
Unsecured Loans	4		256,268,168	236,584,483
<b>Total</b>		<b>B</b>	<b>737,886,872</b>	<b>800,125,693</b>
<b>Deferred Tax Liability(Net)</b>		<b>C</b>	<b>49,386,000</b>	<b>35,137,294</b>
		<b>A+B+C</b>	<b>1,202,237,498</b>	<b>1,203,251,908</b>
<b>Application of Funds</b>				
<b>Fixed Assets</b>				
Gross Block	5		460,811,485	213,297,759
Less: Depreciation			61,724,201	38,721,038
<b>Net Block</b>			<b>399,087,284</b>	<b>174,576,721</b>
Capital Work in Progress			154,969,136	14,806,922
<b>Total</b>		<b>D</b>	<b>554,056,419</b>	<b>189,383,643</b>
<b>Goodwill</b>	<b>6</b>	<b>E</b>	<b>172,155,201</b>	<b>176,020,421</b>
<b>Current Assets, Loans And Advances</b>				
a. Inventories	7		167,907,745	135,382,835
b. Sundry Debtors	8		522,402,605	596,636,298
c. Cash and Bank Balances	9		143,629,718	277,454,043
d. Loans and Advances	10		145,339,561	103,765,570
		<b>F</b>	<b>979,279,629</b>	<b>1,113,238,746</b>

## Consolidated Balance Sheet as at 31st March 2009

Particulars	SCH	Nos	31.03.2009 Amount Rs.	31.03.2008 Amount Rs.
<b>Less: Current Liabilities And Provisions</b>				
a. Current liabilities	11		490,764,122	244,709,835
b. Provisions	12		22,720,445	33,966,053
<b>Total</b>		<b>G</b>	<b>513,484,567</b>	<b>278,675,887</b>
<b>Net Current Assets</b>		<b>H=F-G</b>	<b>465,795,062</b>	<b>834,562,859</b>
Miscellaneous Expenditure	13	I	10,230,815	3,284,985
<b>Total</b>		<b>D+E+H+I</b>	<b>1,202,237,498</b>	<b>1,203,251,908</b>

Schedules 1 to 13 and Notes on Accounts form part of this consolidated Balance Sheet

For and on behalf of the Board of Directors of

**Kavveri Telecom Products Limited**

**C. Shivakumar Reddy**

Managing Director

**R. H. Kasturi**

Director

**K. Madhwesh**

Company Secretary

Place : Bangalore

Date: 16.06.2009

As per our report of even date

**For S. Janardhan & Associates**

Chartered Accountants

**B. Anand**

Partner

Membership No. 29146

## Kavveri Telecom Products Limited - Consolidated

### Consolidated Profit and Loss account for the year ended 31st March, 2009

Particulars	SCH	NO.	Current Year 31.03.2009	Previous Year 31.03.2008
<b>Income</b>				
Gross Sales			2,119,732,426	1,775,102,504
Less: Excise Duty			221,613,580	195,911,167
			<b>1,898,118,846</b>	<b>1,579,191,337</b>
Other Income	14		46,350,593	41,885,891
Increase/(Decrease) in Inventory	15		13,788,786	(72,057,973)
<b>Total</b>		<b>A</b>	<b>1,958,258,225</b>	<b>1,549,019,255</b>
<b>Expenditure</b>				
Operating Expenses	16		1,236,628,081	1,081,284,339
Personnel Expenses	17		162,690,796	117,226,005
Administrative, Selling and Other Expenses	18		284,711,000	110,702,953
Interest and Financial Expenses	19		125,107,126	66,016,522
Depreciation	5		22,859,091	10,315,972
<b>Total</b>		<b>B</b>	<b>1,831,996,093</b>	<b>1,385,545,791</b>
<b>Profit for the year</b>		<b>A-B</b>	<b>126,262,132</b>	<b>163,473,464</b>
<b>(Add):</b>				
Transferred to Deferred Revenue Expenditure			6,112,147.42	-
<b>Less:</b>				
Provision for Income Tax			27,193,000	18,300,000
Provision for Deferred Tax			14,248,706	21,380,715
Provision for Fringe Benefit Tax			550,000	327,012
<b>Profit After Tax</b>			<b>90,382,573</b>	<b>123,465,737</b>
Add/(Less)Income Tax relating to earlier years			282,649	(3,808,649)
			<b>90,665,222</b>	<b>119,657,088</b>
<b>Add:</b>				
<b>Balance surplus brought forward from Previous Year</b>			162,051,466	74,685,644
<b>Amount Available for Appropriations</b>			<b>252,716,688</b>	<b>194,342,732</b>
Transferred to General Reserve			-	8,750,000
Interim Dividend Paid			-	10,060,800

**Consolidated Profit and Loss account for the year ended 31st March, 2009**

Particulars	SCH	NO.	Current Year 31.03.2009	Previous Year 31.03.2008
Dividend tax on the same			-	1,709,833
Proposed final Dividend			10,060,800	10,060,800
<b>Dividend tax on the same</b>			<b>1,709,833</b>	<b>1,709,833</b>
<b>Surplus Carried Forward to Balance Sheet</b>			<b>240,946,055</b>	<b>162,051,466</b>
<b>Earnings Per Share - Basic</b>			<b>9.01</b>	<b>12.27</b>
<b>Earnings Per Share - Diluted</b>			<b>9.00</b>	<b>12.27</b>

**Significant Accounting Policies - Schedule - 20**

**Notes on Accounts - Schedule - 21**

Schedules 14 to 21 forms part of Consolidated Profit and Loss Account

For and on behalf of the Board of Directors of

**Kavveri Telecom Products Limited**

**C. Shivakumar Reddy**

Managing Director

**R. H. Kasturi**

Director

As per our report of even date

**For S. Janardhan & Associates**

Chartered Accountants

**B. Anand**

Partner

Membership No. 29146

**K. Madhwesh**

Company Secretary

Place : Bangalore

Date: 16.06.2009

**Kavveri Telecom Products Limited - Consolidated**

**Schedules annexed to and forming part of Consolidated Balance Sheet as at 31st March, 2009**

Particulars	31.03.2009 Amount Rs.	31.03.2008 Amount Rs.
<b>Schedule - 1</b>		
<b>Share Capital</b>		
<b>Authorised:</b> 2,00,00,000 (Previous Year 2,00,00,000) Equity Shares of Rs. 10/- each	<b>200,000,000</b>	<b>200,000,000</b>
<b>Issued, Subscribed And Paid Up:</b>		
98,23,450 (98,23,450) Equity Shares of Rs 10/- each fully paid up	98,234,500	98,234,500
Share Capital Suspense Account (Refer Note 1 of Schedule 21)	2373500	2373500
<b>TOTAL</b>	<b>100,608,000</b>	<b>100,608,000</b>
<b>Schedule - 2</b>		
<b>Reserves And Surplus</b>		
Capital Reserve	7,325,779	7,325,779
Securities Premium	84,557,700	84,557,700
Securities Premium Suspense Account (Refer Note No 01 of Schedule 21 )	4,272,300	4,272,300
General Reserve	8,878,719	8,878,719
Translation Reserve	670,386	294,957
(All the above reserves had arisen on account of scheme of amalgamation)		
Profit and Loss Account	203,751,741	162,051,466
<b>TOTAL</b>	<b>309,456,625</b>	<b>267,380,921</b>
<b>Minority Interest</b>	4,900,000	
	<b>4,900,000</b>	
<b>Schedule - 3</b>		
<b>Secured Loans</b> (Refer Note no. 05 of Schedule 21 for details of securities offered against such loans)		
<b>From Banks</b>		
Term Loan Account	121,347,781	181,708,981
Cash Credit Account	288,530,744	297,196,291
Corporate Loan Account	71,087,886	83,562,538
Car Loan Account	652,293	1,073,400
<b>TOTAL</b>	<b>481,618,704</b>	<b>563,541,210</b>



Schedules annexed to and forming part of Consolidated Balance Sheet  
as at 31st March, 2009

Particulars	31.03.2009 Amount Rs.	31.03.2008 Amount Rs.
<b>Schedule - 4</b>		
<b>Unsecured Loans</b>		
Sales tax Deferred Liability	1,398,900	3,348,772
Loans from Directors	1,106,570	1,106,570
Global Trade Finance Ltd	253,762,698	232,129,141
<b>TOTAL</b>	<b>256,268,168</b>	<b>236,584,483</b>
<b>Schedule - 6</b>		
<b>Goodwill</b>		
(Arising on account of Consolidation)	172,155,201	125,821,574
(Arising on account of Acquisition of companies in Canada)		50,198,847
	<b>172,155,201</b>	<b>176,020,421</b>
<b>Schedule - 7</b>		
<b>Inventories</b>		
(At lower of cost and market value-as taken, valued and certified by the Management)		
Raw Materials	81,728,597	81,622,272
Semi Finished Goods	4,773,351	49,238,061
Finished Goods	81,405,796	4,522,502
<b>TOTAL</b>	<b>167,907,745</b>	<b>135,382,835</b>
<b>Schedule - 8</b>		
<b>Sundry Debtors</b>		
(Unsecured, considered good)		
Debt Outstanding for period exceeding six months	29,923,515	85,321,364
Other Debts	496,305,074	511,314,934
Less: Provision for Doubtful Debts	3,825,985	
<b>TOTAL</b>	<b>522,402,605</b>	<b>596,636,298</b>

Kavveri Telecom Products Limited

Schedule 5

Sl. No.	Particulars	Gross Block				Depreciation				Net Block	
		As at 01.04.2008	Additions during the year	Adjust-ments /(Deletions)	Translation Reserve	As at 31.03.2009	As at 01.04.2008	For the year	Adjust-ments /(Deletions)	Translation Reserve	As at 31.03.2009
1	Land - Free Hold	2,902,500	23,267,070	-	86,827	26,256,397	-	-	-	26,256,397	2,902,500
2	Buildings	36,310,157	154,575,179	-	1,030,438	191,915,774	4,611,467	-	(1,894,215)	188,203,955	31,698,690
3	Plant & Machinery	114,353,020	46,880,787	(2,994,098)	1,002,364	159,242,073	24,131,467	(287,105)	2,860,213	120,310,804	90,444,034
4	Furnitures & Fixtures	5,279,496	3,506,002	-	36,470	8,821,968	3,051,711	-	10,875	4,709,974	2,227,785
5	Computers	8,907,656	13,089,384	(2,486)	99,944	22,094,498	4,184,918	-	34,468	15,320,923	4,722,738
6	Vehicles	6,174,900	-	(149,978)	69,643	6,094,565	2,741,475	(20,143)	16,577	2,394,270	3,433,425
7	Intangible Assets (Technical Knowhow)	39,370,030	6,301,851	-	714,329	46,386,210	-	-	(576,598)	41,890,959	39,147,549
	<b>Total</b>	<b>213,297,759</b>	<b>247,620,273</b>	<b>(3,146,562)</b>	<b>3,040,015</b>	<b>460,811,485</b>	<b>38,721,038</b>	<b>(307,248)</b>	<b>451,320</b>	<b>399,087,284</b>	<b>174,576,721</b>
	<b>Previous Year Figure</b>	<b>129,043,991</b>	<b>85,693,281</b>	<b>1,439,513</b>	<b>-</b>	<b>213,297,759</b>	<b>29,148,407</b>	<b>-</b>	<b>-</b>	<b>9,985,584</b>	<b>-</b>

## Kavveri Telecom Products Limited

Schedules annexed to and forming part of the Consolidated Balance Sheet  
as at 31st March, 2009

Particulars	31.03.2009 Amount Rs.	31.03.2008 Amount Rs.
<b>Schedule - 9</b>		
<b>Cash and Bank Balance</b>		
Cash and Cheques on Hand	373,005	2,036,092
Bank Balance with Scheduled Banks :		
in Current Account	64,136,432	104,406,881
Margin Money & Fixed Deposit	76,949,001	168,656,130
Unclaimed Dividend Account	2,171,280	2,354,940
<b>TOTAL</b>	<b>143,629,718</b>	<b>277,454,043</b>
<b>Schedule - 10</b>		
<b>Loans and Advances</b> (Unsecured, considered good)		
Advances Recoverable in cash or in kind or for value to be received	83,399,840	68,758,463
Deposits	10,382,303	11,934,709
Balances with Customs, Excise Authorities	48,780,776	5,744,650
Income Tax Payments (Net of Provisions)	2,776,642	17,327,748
<b>TOTAL</b>	<b>145,339,561</b>	<b>103,765,570.00</b>
<b>Schedule - 11</b>		
<b>Current Liabilities</b>		
Sundry Creditors		
Dues to Micro, Small and Medium Enterprises	-	-
Due to Others	451,858,762	5,858,278
Advance from Customers	576,250	1,343,545
Other Liabilities	36,157,830	235,153,072
Unclaimed Dividends {Refer Note no. 16 of Schedule 21}	2,171,280	2,354,940
<b>TOTAL</b>	<b>490,764,122</b>	<b>244,709,835</b>

Schedules annexed to and forming part of the Consolidated Balance Sheet  
as at 31st March, 2009

Particulars	31.03.2009 Amount Rs.	31.03.2008 Amount Rs.
<b>Schedule - 12</b>		
<b>Provisions for</b>		
Income Tax (Net of payments)	4,339,318	18,000,000
Fringe Benefit Tax (Net of payments)	350,000	627,012
Gratuity	2,604,562	1,625,800
Leave Encashment	3,655,932	1,942,608
Proposed Dividend	10,060,800	10,060,800
Dividend Tax	1,709,833	1,709,833
<b>TOTAL</b>	<b>22,720,445</b>	<b>33,966,053</b>
<b>Schedule - 13</b>		
<b>Miscellaneous Expenditure</b> (to the extent not written off or adjusted)		
<b>Preliminary Expenses</b>	4,118,668	3,284,985
Deferred Revenue Expenditure	6,112,147	-
<b>TOTAL</b>	<b>10,230,815</b>	<b>3,284,985</b>

Signatures to Schedules 1 to 13 which form an integral part of the Accounts

For and on behalf of the Board of Directors of

**Kavveri Telecom Products Limited**

**C. Shivakumar Reddy**

Managing Director

**R. H. Kasturi**

Director

As per our report of even date

**For S. Janardhan & Associates**

Chartered Accountants

**B. Anand**

Partner

Membership No. 29146

**K. Madhwesh**

Company Secretary

Place : Bangalore

Date: 16.06.2009

## Kavveri Telecom Products Limited - Consolidated

Schedules annexed to and forming part of Consolidated Profit and Loss account  
for the year ended 31st March 2009

Particulars		Current Year 31.03.2009	Previous Year 31.03.2008
<b>Schedule - 14</b>			
<b>Other Income</b>			
Interest Received (Gross)		7,584,282	3,006,025
Miscellaneous Income		29,308,423	29,524,840
Exchange Fluctuation Gain (Net)		8,309,965	653,727
Provision no longer required written back		1,147,922	8,701,299
<b>TOTAL</b>		<b>46,350,593</b>	<b>41,885,891</b>
<b>Schedule - 15</b>			
<b>Increase/(Decrease) in Inventory</b>			
Opening Stock of Finished Goods		72,875,679	113,720,951
Closing Stock of Finished Goods		86,415,580	72,875,679
	<b>a)</b>	<b>13,539,901</b>	<b>(40,845,272)</b>
Opening Stock of Semi-Finished Goods		4,524,479	35,737,180
Closing Stock of Semi-Finished Goods		4,773,364	4,524,479
	<b>b)</b>	<b>248,885</b>	<b>(31,212,701)</b>
<b>Increase/(Decrease) in Inventory</b>		<b>13,788,786</b>	<b>(72,057,973)</b>
<b>Schedule - 16</b>			
<b>Operating Expenses</b>			
<b>a. Raw Materials Consumed</b>			
Opening Stock of Raw Materials		43,060,642	47,075,298
Add: Purchases during the year		1,234,127,172	1,012,441,798
<b>TOTAL</b>		<b>1,277,187,814</b>	<b>1,059,517,096</b>
Less: Closing Stock		76,891,412	43,060,642
<b>Material Consumed</b>	<b>A</b>	<b>1,200,296,402</b>	<b>1,016,456,454</b>

Schedules annexed to and forming part of Consolidated Profit and Loss account  
for the year ended 31st March 2009

Particulars		Current Year 31.03.2009	Previous Year 31.03.2008
<b>b. Others</b>			
Consumables		2,145,136	1,337,782
Packing Materials		2,361,460	1,549,564
Job work Charges		6,278,602	8,195,954
Power Charges		626,859	573,009
Freight		15,058,882	31,712,434
Other Manufacturing Expenses		9,860,741	21,141,622
<b>TOTAL</b>	<b>B</b>	<b>36,331,679</b>	<b>64,510,365</b>
<b>c. Purchase of Traded Goods</b>	<b>C</b>	<b>-</b>	<b>317,520</b>
<b>TOTAL</b>	<b>A+B+C</b>	<b>1,236,628,081</b>	<b>1,081,284,339</b>

## Kavveri Telecom Products Limited - Consolidated

Schedules Annexed to and forming part of Consolidated Profit and loss account  
for the year ended 31st March, 2009

Particulars	Current Year 31.03.2009	Previous Year 31.03.2008
<b>Schedule - 17</b>		
<b>Personnel Expenses</b>		
Salaries, Wages & Bonus	135,023,077	95,449,284
Directors' Remuneration	17,018,368	17,386,818
<b>Contribution to:</b>		
Provident Fund and Other Funds	3,109,718	718,282
Gratuity & Leave encashment	2,796,293	1,648,125
Staff Welfare expenses	4,743,339	2,023,496
<b>TOTAL</b>	<b>162,690,796</b>	<b>117,226,005</b>
<b>Schedule - 18</b>		
Administrative, Selling & Other Expenses		
Rent	13,574,283	6,737,123
Research & Development Expenses	34,623,385	13,942,786
Travelling & Conveyance Expenses	20,436,202	31,247,595
Carriage Outwards	30,062,734	17,992,070
Audit Fees	540,000	475,000
Repairs and Maintenance		
- Building	412,662	3,789,367
- Machinery	1,649,263	25,101
- Others	3,725,357	767,416
Contract labour Charges	41,368,525	1,274,341
Professional Charges	8,789,635	2,008,945
Brokerage and Commission	5,014,972	-
- Exchange Fluctuation Loss(Net)	36,251,876	3,996,552
Handling Charges	5,741,716	-
- Insurance	2,537,282	2,040,400
Rates & Taxes	8,571,488	989,495
Provision for doubtful debts and Bad debts written off	41,462,073	2,969,058
Directors Sitting Fees	70,000	105,000
Loss on Sale of Assets	1,455,981	321,172
Installation charges	6,912,011	-
- Preliminary Expenses written off	219,544	210,628
Miscellaneous expenses	21,292,011	21,810,904
<b>TOTAL</b>	<b>284,711,000</b>	<b>110,702,953</b>

Schedules Annexed to and forming part of Consolidated Profit and loss account  
for the year ended 31st March, 2009

Particulars	Current Year 31.03.2009	Previous Year 31.03.2008
<b>Schedule - 19</b>		
<b>Financial Expenses</b>		
Interest Paid on Fixed Loans	30,222,876	774,459
Interest Paid - Others	38,620,316	28,581,214
Bank charges	14,656,629	8,412,709
Discount and Factoring Charges	41,607,305	28,248,140

Significant Accounting Policies - Schedule - 20

Notes on Accounts - 21

Signatures to Schedules 14 to 21

For and on behalf of the Board

**C. Shivakumar Reddy**  
Managing Director

**R. H. Kasturi**  
Director

As per our report of even date

**For S. Janardhan & Associates**  
Chartered Accountants

**K. Madhwesh**  
Company Secretary

**B. Anand**  
Partner

Place : Bangalore  
Date: 16.06.2009

Membership No. 29146

## Schedule – 20

### 1. Basis of Preparation of Financial Statements:

The financial statements of the Company and its subsidiary companies have been combined on a line-by-line basis by adding together like items of assets, liabilities, income and expenses. Inter-company balances and transactions and unrealized profits or losses have been fully eliminated.

The excess of cost to the Company of its investments in subsidiary companies over its share of the equity of the subsidiary companies at the dates on which the investments in the subsidiary companies are made, is recognized as 'Goodwill' being an asset in the consolidated financial statements. Alternatively, where the share of equity in the subsidiary companies as on the date of investment is in excess of cost of investment of the Company, it is recognized as 'Capital Reserve' and shown under the head 'Reserves and Surplus', in the consolidated financial statements.

Minority interest in the net assets of consolidated subsidiaries consists of the amount of equity attributable to the minority shareholders at the dates on which investments are made by the Company in the subsidiary companies and further movements in their share in the equity, subsequent to the dates of investments.

### 2 Use of estimates:

The preparation of financial statements requires the management of the Company to make estimates and assumption that affect the reported balances of assets and liabilities and disclosures relating to the contingent liabilities as at the date of the financial statements and reported amounts of income and expenses during the year.

### 3 Fixed Assets:

- Fixed Assets are stated at cost of acquisition (Net of Cenvat and VAT) plus subsequent improvements thereto including taxes, duties, freight and other incidental expenses related to acquisition and installation

including finance charges which are directly attributable to the fixed assets less accumulated depreciation and impairment loss.

- Capital Work in Progress comprises of the cost of fixed assets that are not put to use as at the Balance Sheet date and advance paid towards acquisition of Fixed Assets and relevant financial charges incurred thereon.
- The company had made a purchase of technology and know how amounting to Rs. 3.52 crores. This technology is being upgraded and developed in the Research and Development department for its use in the developing of new products and for enhancement of features & functionalities of the products to be developed out of the same .This expenditure is considered under Fixed asset as Technical Know how.

### 4 Depreciation:

- Depreciation on Fixed Assets is provided using Straight-line method at the rates prescribed under Schedule XIV of the companies Act, 1956 on proportionate basis.
- Cost of Technical know how is being written off over a period of 10 year

### 5 Impairment of Assets:

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

### 6 Leases:

Leases where the lessor effectively retains

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

### 7 Inventory Valuation:

Raw Materials, Stores and spares are stated at lower of cost and net realizable value. Cost is determined based on first in first out basis and are net of provisions. Work in Progress and Finished Goods are valued at lower of cost and net realizable value. Cost includes Direct Materials and labour and a proportion of manufacturing overheads based on normal operating capacity. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and selling expenses.

### 8 Investments:

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

### 9. Research and Development:

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

### 10 Revenue Recognition:

- Sales are recognized when the significant risks attached to the goods are passed on to the buyer and are recorded net of duties, trade discounts, and rebates.
- Sales Returns are recognized as and when ascertained and are reduced from the sales turnover of the year.

- Interest income is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.
- Export benefits are accounted on accrual basis.

### 11 Exchange Fluctuation:

- Income and expense in foreign currencies are converted at exchange rates prevailing on the date of the transaction. Foreign currency monetary assets and liabilities other than net investments in non-integral foreign operations are translated at the exchange rate prevailing on the balance sheet date. Exchange difference arising on a monetary item that, in substance, forms part of an enterprise's net investments in a non-integral foreign operation are accumulated in foreign currency translation reserve
- For the purpose of consolidation, income and expenses are translated at average rates and the assets and liabilities are stated at closing rate. The net impact of such change is accumulated under foreign currency translation reserve.

### 12. Employee Benefits:

- **Provident Fund:** Eligible employees receive benefits from a Provident Fund, which is a defined contribution plan. Aggregate contributions along with interest thereon, are paid at retirement, death, incapacitation or termination of employment. Both the employee and the Company make monthly contributions to the Government administered Provident Fund. The Company has no obligation beyond its contribution.
- **Gratuity:** A defined benefit retirement plan ("the Gratuity Plan") is provided to all employees. In accordance with the Payment of Gratuity Act, 1972, the Gratuity Plan provides a lumpsum amount to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and



the tenure of employment. Liabilities with regard to the Gratuity plan are determined by actuarial valuation using the projected unit credit method, as of the balance sheet date.

- Expenses on ex-gratia payment to employees, a defined contribution plan, are accounted as and when accepted by the management.
- Provision in respect of Leave encashment is made, based on actuarial valuation.

### 13. Borrowing Cost:

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

### 14. Miscellaneous Expenditure:

Preliminary Expenses are being amortized over a period of 10 years

### 15. Taxes:

Tax expense comprises of current, deferred and fringe benefit tax. Current Income Tax and Fringe benefit tax is measured based on the tax liability computed after considering tax allowances and exemptions.

Deferred tax is recognized, subject to the consideration of prudence in respect of deferred tax assets, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

Deferred Tax is not calculated on the accounts of subsidiary companies hence deferred Tax of Subsidiaries are not considered for consolidation.

Deferred Tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

### 16. Cash Flow Statement:

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

### 17. Earnings per share:

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. The weighted average number of shares outstanding during the year is adjusted for events of bonus issue. For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

### 18. Stock Option Plan (2008):

The Board of Directors had approved in July'08 and the shareholders approved the scheme of stock option in September'08 for the issue of 5,00,000 shares to the eligible employees as under:

A corpus of 5,00,000 options will be created for grant to the eligible employees. Each option is convertible into one fully paid-up equity share of Rs.10/- each. Such options shall be granted at face value of Rs. 10/- at par. The options granted vests over a period of 1 to 3 years and can be exercised over a period of 5 years from the date of vesting. Accordingly, the Company has granted 85,025 options to eligible employees as on the date of balance sheet. However, the vestings of options granted are yet to take place as on the date of balance sheet date, due to non completion of the time specified as per the scheme. Correspondingly,

the details regarding the exercising and forfeiting of options has not been furnished.

### 19. Contingent Liability:

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

## NOTES TO ACCOUNTS

### Schedule - 21

1. Amalgamation with Megasonic Telecoms Private Limited:

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

All the members of the erstwhile Megasonic Telecoms Private Limited were allotted as per the scheme of arrangement except to the extent of 2,37,350 equity shares, which could not be allotted in the absence of allotment details. The consideration in respect of the unallotted shares to the extent of 2,37,350 shares is shown under "Share Capital Suspense" and the corresponding premium under "Securities Premium suspense", pending allotment. Efforts are being made to locate the details of the members to for allotment of the pending shares.

2. 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.

3. Investments

- a) Pursuant to the Scheme of Amalgamation

as referred to in Note 1 above, Eaicom India Private Limited (EIPL), erstwhile 100% subsidiary company of Megasonic Telecoms Private Limited has become a wholly owned subsidiary of the Company.

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

4. The financial statements of earlier year ending March 31, 2008 were audited by other firm of Chartered Accountants. The figures of previous year have been regrouped/reclassified, where necessary, to confirm with the current year's classification.

5. Secured Loans:

a) Term Loan and Corporate loan are secured by all Fixed Assets and Cash credit account is secured by all stock/debtors and other current assets of the Company.

b) The Car Loans are secured by hypothecation of the relevant vehicles.

c) All the secured loans excepting Car loans have been personally guaranteed by a few directors.

6. Contingent Liabilities not provided for –

Particulars	2009	2008
i) Estimated amount of Contracts remaining to be executed on Capital Account.	NIL	9,25,00,000
ii) Claims against the Company not acknowledged as a debt : On account of Bank Guarantee (Note given below)	32,32,200	32,32,200
On account of Income Tax	10,600,000	10,600,000
Letters of Credit issued on behalf of the Company by bankers	19,47,83,786	29,13,29,284
Guarantees issued by bankers on behalf Of the company and counter guarantee issued	4,49,09,466	1,59,33,916

Note: The M/s. Mahanagar Telephone Nigam Ltd and M/s Bharat Sanchar Nigam Ltd. had invoked bank guarantees totalling to Rs. 32.32 lakhs (32.32 Lakhs) against which the company has obtained stay order in the High court of Karnataka. The Company is advised that the matter will be resolved in favour of the company and hence no provision is made in the books of accounts.

7. Managerial Remuneration:

a. Remuneration Paid/payable to key management personnel:

Name	Relationship	2009			2008		
		Remuneration	Commission	Provident Fund	Remuneration	Commission	Provident Fund
C. Shivakumar Reddy	Managing Director	15,00,000	29,63,430	9360	9,70,000	28,56,035	9360
R. H. Kasturi	Whole-time Director	15,00,000	29,63,429	9360	9,70,000	28,56,035	9360
C. Uma Reddy	Whole-time Director	15,00,000	29,63,429	9360	9,70,000	28,56,035	9360
L. Nicholas	Whole-time Director	21,00,000	-	-	12,85,915	28,56,035	-
Other Non Executive Directors		-	15,00,000	-	-	17,38,681	-
<b>Total</b>		<b>66,00,000</b>	<b>1,03,90,288</b>	<b>28,080</b>	<b>41,95,915</b>	<b>1,31,62,821</b>	<b>28,080</b>

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

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

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

Name of the Company	Percentage of Holding as at 31.03.2008	Percentage of Holding as at 31.03.2009
Eaicom India Private Ltd	100%	100%
Kaveri Technologies Inc	100%	100%
Kaveri Telecoms Infrastructure Limited	51%	-
Subsidiaries having indirect Control		
Til Tek Antenna Inc	100%	100%
DCI Digital Communications Inc	100%	100%
Spotwave Wireless Ltd	100%	100%
Kaveri Realty Inc	100%	100%

10. Deferred Tax Liability and Asset are attributable to the following:

Particulars	31st March 2009	31st March 2008
<b>Deferred Tax Liability:</b>		
Attributable to Depreciation	50,329,000	21,440,305
<b>Less: Deferred Tax Asset</b>		-
Attributable to	(9,43,000)	(59,590)
Net Deferred Tax Liability	4,93,86,000	21,380,715

11. In the opinion of Board of Directors, all current assets, loans and advances have atleast the value as stated in the Balance Sheet.

a) Pursuant to Accounting Standard AS-28- Impairment of assets issued by the Institute of Chartered Accountants of India, the Company assessed its fixed assets for impairment as at 31st March 2009 and concluded that there has been no significant impaired fixed asset that needs to be recognized in the books of account.

b) The employees' Gratuity Fund Scheme is a defined benefit Plan. The present value of the obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligation for Leave encashment is recognized in the same manner as gratuity.

12. Related Party Disclosures: (As identified by the Company)

a) List of Related Parties:

Key Management Personnel	Direct Subsidiaries	Indirect Subsidiaries
Mr.C.Shivakumar Reddy	Eaicom India Private Limited	Til Tek Antenna Inc. DCI Digital Communications Inc
Ms. C.Uma Reddy Mrs. R H Kasturi	Kavveri Technologies Inc.	Spotwave Wireless Ltd
Mr. Purushottam A. Rasalkar	Kavveri Telecom Infrastructure Limited	Kavveri Realty Inc.

Note : There are no Other Related Parties and Relative to Key Mangerial Personnel

b) Transactions with Related Parties:

Particulars	Key Management Personnel		Total	
	2009	2008	2009	2008
Purchase of Goods	-	-	-	-
Sale of Goods	20,686	-	20,686	-
Reimbursement of expenses	842,101	7,000,000	842,101	7,000,000
Remuneration Paid	17,018,368	17,386,818	17,018,368	17,386,818
Rent paid	4,800,000	4,800,000	4,800,000	4,800,000
Balance Receivables	-	-	-	-
Balance Payables	10,779,159	10,786,818	10,779,159	10,786,818

Amounts due from Companies under the same management as defined in sub section (1-B) of Section 370 of the Companies Act, 1956 are as under:

13. Confirmation of balances in respect of debtors and creditors has not been obtained in all the cases. Cases wherein the same has been received the balances were duly reconciled.

14. The amount of borrowing cost capitalized as fixed asset, as per the requirement of AS 16 during the year is Rs. 12,05,890.(Previous Year Rs. Nil)

15. Unclaimed Dividend:

The unclaimed dividend of Rs. 21,71,280 (23,54,940) represents those relating to the years 2002 to 2008 and since the number of years of these unclaimed dividends has not exceeded 7 years as at the end of this year no amounts have been transferred to Investors protection fund during the year.

a) The following reflects the income and share date used in the computation of Basic and diluted earnings per share

Amount used as numerator	90,665,222	119,657,088
Net profit attributable to the ordinary shareholders for Basic Earnings per share		
<b>No. of ordinary shares used as denominator</b>		
Weighted average number of ordinary shares in issue applicable to		
Basic Earnings per share	10,060,800	10,060,800
Diluted Earnings per share	10,074,410	10,060,800

b) Reconciliation of basic and diluted shares used in computing earnings per share:

Number of Shares considered as basic weighted average shares Outstanding	10,060,800	10,060,800
Add: Effect of dilutive issue of Stock options	13,604	---
Number of shares considered as weighted average shares and Potential shares outstanding	10,074,404	10,060,800

c) Operating Lease obligations:

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

The disclosures relating to the leases undertaken are given under:

Particulars	31st March 2009	31st March 2008
Lease rent recognized in the Profit and Loss Account	72,49,255	59,79,359
Minimum lease payments outstanding in respect of these are asunder:		
Not later than one year	72,49,255	59,79,359
Later than one year and not later than 5 years	1,92,00,000	1,53,60,000

d) the provision for income tax has been calculated taking into consideration, investments in capital expenditure made under research and development eligible for a weighted deduction of 150% under Section 35 (2AB) of the Income Tax Act 1961."

Signatures to Schedules Accounting Policies and Notes to accounts  
For and on behalf of the board of  
Kavveri Telecom Products Ltd

**C. Shivakumar Reddy**  
Managing Director

**R. H. Kasturi**  
Director

As per our report of even date  
For **S. Janardhan & Associates**  
Chartered Accountants

**K. Madhwesh**  
Company Secretary

**B. Anand**  
Partner

Place : Bangalore  
Date: 16.06.2009

Membership No. 29146

Details of Subsidiary companies – vide exemption letter of the Central Government -  
dated 14.05.2009:

(In Rs.)

Subsidiary	Eaicom India Pvt Ltd.	Kavvei Telecom Infrastructure Limited	Kavveri Technologies Inc.	Tiltek Antennae Inc.	Kavveri Realty 5 Inc.	Dci Digital Communications Inc.	Spotwave Wireless Limited
<b>Auditor</b>	M.Venkatachalam & Associates	M.Venkatachalam & Associates	M.Venkatachalam & Associates	M.Venkatachalam & Associates	M.Venkatachalam & Associates	M.Venkatachalam & Associates	M.Venkatachalam & Associates
<b>Banker</b>	Axis Bank Limited	Axis Bank Limited	Royal Bank Of Canada	Royal Bank Of Canada		Royal Bank Of Canada	Royal Bank Of Canada
Capital	2128500	10000000	93311506	4854	4854	40447	6103
Reserves	25453390	NIL	-25048218	-14233142	(3,164,906.25)	16157492	2717864
Total Assets	77795413	172865403	246437859	63694616	28,731,781.97	30161677	28296121
Total Liabilities	77795413	172865403	246437859	63694616	28731781.97	30161677	28296121
Details Of Investment (except inv in Subsidiaries)	NIL	NIL	NIL	NIL	Nil	NIL	NIL
Turnover	NIL	NIL	NIL	104619821	NIL	22704127	188423993
PBT	-789221	NIL	-10355977	-17514905	NIL	-2261374.461	-6805543
Provision For Tax	NIL	NIL	NIL	NIL	NIL	NIL	NIL
PAT	-789221	NIL	-10355977	-17514905	NIL	NIL	-6805543
Proposed Dividend	NIL	NIL	NIL	NIL	NIL	NIL	NIL

## Kavveri Telecom Products Limited

### Consolidated Cashflow Statement

(In Rs.)

Particulars	Current Year		Previous Year	
	Amount	Amount	Amount	Amount
<b>A) Cashflows From Operating Activities</b>				
Net Profit as per Profit & Loss Account	12,62,62,132		16,34,73,464	
<b>Adjustments For:</b>				
Depreciation	2,28,59,091		1,03,15,972	
Interest & financial Charges	1251,07,126		290,22,599	
Interest received - considered seperately	(7,584,282)		(3,006,025)	
other non cash items	(37,395,014)		(8,701,299)	
Prior period incomes	282,649		(3,808,649)	
Profit/Loss on Sale of Assets	1,455,981		321,172	
Provision for bad and doubtful debts	41,462,073			
Deferred Revenue Exp	6,112,147			
preliminary exp written off	219,544		210,628	
<b>Cash Flows Before Working Capital Changes</b>	<b>27,87,81,447</b>		<b>18,78,27,862</b>	
<b>Adjustments For Working Capital Changes:</b>				
Change in Inventories	(32,524,910)		16,133,091	
Change in Sundry Debtors	32,771,621		(459,992,311)	
Change in Loans & Advances	(41,573,991)		(57,087,546)	
Change in Current Liabilities	234,808,679		322,721,122	
	<b>47,22,62,846</b>			
LESS: Taxes Paid - IT	271,93,000			
-FBT	550000			
<b>Net Cashflow From Operating Activities</b>		<b>4445,19,846</b>		<b>96,02,218</b>
<b>B) Cashflows From Investing Activities</b>				
Acquisition of Fixed Assets	(247,620,273)		(85,693,281)	
Increase Capital work in progress	(140,162,214)		(14,806,922)	
Sale of Asset	1,690,582		375,000	
Foreign Currency Translation Reserve	(2,695,242)		1,999,689	
goodwill	3,865,220		(49,871,578)	
Preliminay exp	(6,789,946)		(1,683,971)	
other investment activity				
Interest received	7,584,282		3,006,025	
<b>Net Cashflows From Investing Activities</b>		<b>-38,41,27,592</b>		<b>-14,66,75,038</b>

**Consolidated Cashflow Statement**

(In Rs.)

Particulars	Current Year		Previous Year	
	Amount	Amount	Amount	Amount
<b>C) Cashflows From Financing Activities</b>				
Increase in Share Capital	4,900,000			
Change in Secured Loans	(81,922,506)		407,100,719	
Change in Unsecured Loans	19,683,685			
Interest paid	(125,107,126)		(29,022,599)	
Corporate Dividend tax paid	(1,709,833)			
Dividend paid	(10,060,800)		(23,541,266)	
<b>Net Cashflows From Financing Activities</b>		<b>-19,42,16,579</b>		<b>35,45,36,854</b>
<b>Net Increase/(decrease) In Cash or Cash Equivalents</b>		<b>-13,38,24,326</b>		<b>21,74,64,034</b>
<b>ADD: Opening Cash Or Cash Equivalents</b>		27,74,54,043		5,99,90,009
<b>Closing Cash Or Cash Equivalents</b>		<b>14,36,29,717</b>		<b>27,74,54,043</b>

For and on behalf of the Board of Directors of

**Kavveri Telecom Products Limited**

**C. Shivakumar Reddy**  
Managing Director

**R. H. Kasturi**  
Director

**K. Madhwesh**  
Company Secretary

Place : Bangalore  
Date: 16.06.2009

As per our report of even date

**For S. Janardhan & Associates**  
Chartered Accountants

**B. Anand**  
Partner  
Membership No. 29146

**Statement Pursuant To Section 212 Of The Companies Act 1956 Relating To Subsidiary Companies**

(In Rs.)

PARTICULARS	EAICOM INDIA PRIVATE LIMITED	KAVVERI TECHNOLOGIES INC	TIL TEK ANTENNA INC	DCI DIGITAL COMMUNICATIONS INC	SPOTWAVE WIRE LESS LTD.,	KAVVERI REALTY5 INC	KAVVERI TELECOM INFRASTRUCTURE LTD
FINANCIAL YEAR OF THE SUBSIDIARY ENDED ON	31.03.2009	31.03.2009	31.03.2009	31.03.2009	31.03.2009	31.03.2009	31.03.2009
HOLDING COMPANY'S INTEREST							
IN THE SUBSIDIARY AS AT 31.03.2009	212850 EQUITY SHARES OF RS.10/- EACH	230700 SHARES OF CAD 10/- EACH	120 EQUITY SHARES OF CAD 1/- EACH	1000 EQUITY SHARES OF CAD 1/- EACH	120 EQUITY SHARES OF USD 1/- EACH	120 EQUITY SHARES OF CAD 1/- EACH	510000 EQUITY SHARES OF RS.10/- EACH
EXTENT OF HOLDING	100%	100%	100%	100%	100%	100%	51%
<b>NET AGREGATE AMOUNT OF SUBSIDIARY COMPANY'S PROFIT /(LOSSES) DEALT WITH THE HOLDING COMPANY'S ACCOUNTS</b>							
FOR THE AFORESAID FINANCIAL YEAR ENDED 31.03.2009	NIL	NIL	NIL	NIL	NIL	NIL	NIL
FOR THE PREVIOUS YEARS SINCE THEY BECAME THE COMPANY'S SUBSIDIARIES	NIL	NIL	NIL	NIL	NIL	NIL	NIL
<b>NET AGGREGATE AMOUNT OF SUBSIDIARY COMPANY'S PROFIT (LOSSES) NOT DEALT WITH THE ACCOUNTS OF HOLDING COMPANY</b>							
FOR THE AFORESAID FINANCIAL YEAR ENDED 31.03.2009	(789221)	(10355977)	(17514905)	(2261374)	(6805543)	NIL	NIL
FOR THE PREVIOUS YEARS SINCE THEY BECAME THE COMPANY'S SUBSIDIARIES	8898474	(14245034)	3031860	17742777	8059352	NIL	NIL
CHANGE OF INTEREST OF THE COMPANY IN THE SUBSIDIARY BETWEEN THE END OF FINANCIAL YEAR OF THE SUBSIDIARY COMPANY AND THAT OF HOLDING COMPANY	NIL	NIL	NIL	NIL	NIL	NIL	NIL

**C. Shivakumar Reddy**  
Managing Director  
Place: Bangalore  
Date: 16.06.2009



# Balance Sheet Abstract And Company's Business Profile

## Part IV - Schedule VI Of The Companies Act, 1956

### I. REGISTRATION DETAILS

Registration Number

0 8 0 1 9 6 2 7

State Code

0 8

Balance Sheet Date

3 1 0 3 2 0 0 9

### II. CAPITAL RAISED DURING THE YEAR (Amount in Lakhs)

Public Issue

0 0 0

Rights Issue

0 0 0

Bonus Issue

0 0 0

Private Placements

0 0 0

### III. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (Amount in Lakhs)

Total Liabilities

1 2 5 7 4 . 6 3

Total Assets

1 2 5 7 4 . 6 3

#### A. SOURCE OF FUNDS:

Paid up Share Capital

1 0 0 6 . 0 8

Reserves and Surplus

3 7 0 6 . 8 8

Secured Loans

4 8 1 6 . 1 8

Unsecured Loans

2 5 5 1 . 6 1

#### B. APPLICATION OF FUNDS:

Net Fixed Assets

0 3 2 9 9 . 9 5

Investments

0 2 3 8 8 . 2 7

Net Current Assets

1 0 7 1 3 . 9 3

Miscellaneous Expenditure

N I L

Accumulated Losses

N I L

### IV. PERFORMANCE OF COMPANY (Amount in Lakhs)

Turnover

1 8 3 8 1 . 6 1

Total Expenditure

1 6 8 2 7 . 5 3

Profit Before Tax

1 5 5 4 . 0 7

✓ x

+ -

Profit After Tax

1 1 3 4 . 1 6

Earnings Per Share (In Rs.)

1 1 . 2 7

Dividend Rate (In %)

1 0 . 0 0

### V. GENERIC NAME OF PRINCIPAL PRODUCT OF THE COMPANY (As per Monetary term)

M A N U F A C T U R I N G C O M P A N Y

Item Code No. (ITC CODE)

N I L

Product Description

N I L

C. Shivakumar Reddy  
Managing Director

R. H. Kasturi  
Director

For S. Janardhan & Associates  
Chartered Accountants

K. Madhwesh  
Company Secretary

B. Anand  
Partner

Place : Bangalore  
Date: 16.06.2009

## Kavveri Telecom Products Limited

Regd. Office: Plot No. 31-36, I Main, II Stage, Arakere MICO Layout, Bannerghatta Road, Bangalore 560 076

### ATTENDANCE SLIP

I hereby record my presence at the Fourteenth Annual General Meeting of the Company at Plot No. 9, I Main, II Stage, Arakere MICO Layout, Bannerghatta Road, Bangalore 560 076.

Name of the Attending Member \_\_\_\_\_

(In block letters)

Members Folio No./DP ID & Client ID \_\_\_\_\_ Name of Proxy \_\_\_\_\_

(in block letters to be filled in if the Proxy attends instead of Member)

No. of shares held \_\_\_\_\_

Members'/Proxy Signature

**Note:** Please fill this attendance slip and hand it over at the entrance of the Hall

## Kavveri Telecom Products Limited

Regd. Office: Plot No. 31-36, I Main, II Stage, Arakere MICO Layout, Bannerghatta Road, Bangalore 560 076

### FORM OF PROXY

I/we \_\_\_\_\_ of \_\_\_\_\_ in the district of \_\_\_\_\_ being a Member / Members of the above named Company, hereby appoint \_\_\_\_\_ of \_\_\_\_\_ in the district of \_\_\_\_\_ as my/our proxy to vote for me/us on my/our behalf at the Thirteenth Annual General Meeting of the Company to be held on \_\_\_\_\_ at \_\_\_\_\_ and at any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2009

Folio No./DP ID & Client ID: \_\_\_\_\_

No. of Shares held \_\_\_\_\_

Signature(s) of Member(s) \_\_\_\_\_

Rs. 1/-  
Revenue  
Stamp

**Note:** This form in order to be effective should be duly stamped, completed and signed and must be deposited at the Registered Office of the Company, not less than 48 hours before the meeting.

