



# ANNUAL REPORT 2017-18

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

**KAVVERI TELECOM PRODUCTS LIMITED**

(L85110KA1996PLC019627)

**BOARD OF DIRECTORS**

| <b>Name of the Director</b> | <b>DIN</b> | <b>Designation</b>             |
|-----------------------------|------------|--------------------------------|
| Mr. C Shivakumar Reddy      | 01189348   | Chairman and Managing Director |
| Mrs. R H Kasturi            | 00291851   | Director (Operations)          |
| Mr. L R Venugopal           | 01058716   | Independent Director           |
| Mr. B S Shankarnarayan      | 00269705   | Independent Director           |

**COMPLIANCE OFFICER**

Mr.C.Shivakumar Reddy, Managing Director

**STATUTORY AUDITORS****P. Murali & Co.**

Chartered Accountants

6-3-655/2/3, Somajiguda, Hyderabad-500082

Phone:040-2332 6666 Fax 040-2339 2474

**REGISTERED OFFICE**

No. 31-36, I Main, II Stage

Arekere MICO Layout

Bannerghatta Road

Bangalore 560 076

**LOCATION OF MANUFACTURING FACILITY**

Sy. No. 104/2

Suragajakkanahalli Village

Kasaba Hobli, Anekal Taluk

Bangalore

**BANKERS**

Andhra Bank,

STATE BANK OF INDIA

AXIS BANK

**REGISTRAR & SHARE TRANSFER AGENTS**

Integrated Enterprises (India) Ltd (Erstwhile Alpha Systems Pvt. Ltd.)

# 30, Ramana Residency,

4thCross, Sampige Road

Bangalore 560 003

**Company E Mail** : companysecretary@kaveritelecoms.com

**Company Website** : www.kaveritelecoms.com

**LISTING AT**

The National Stock Exchange of India Limited  
BSE Limited

**ISIN** : INE641C01019

**BOARD COMMITTEES****AUDIT COMMITTEE**

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

**NOMINATION & REMUNERATION COMMITTEE**

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

**SHAREHOLDERS' AND INVESTORS' GRIEVANCE COMMITTEE**

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

## NOTICE

NOTICE is hereby given that the 23rd Annual General Meeting of the Members of the Company will be held on Saturday, the 29th September, 2018 at 10.00 A.M at No. 31-36, I Main, II Stage, Arekere MICO Layout, Bannerghatta Road, Bangalore 560 076 to consider the following Business:

### **ORDINARY BUSINESS**

1. To receive, consider and adopt the Financial Statements of the Company for the year ended 31st March 2018 including the Audited Balance Sheet and Statement of Profit & Loss for the year ended on that date and Reports of Directors and Auditors thereon for the said year.
2. To appoint a Director in place of Mrs. R H Kasturi, who retires by rotation and being eligible offers herself for reappointment.
3. To appoint Auditors and to fix their remuneration and for this purpose to consider and, if thought fit to pass the following resolution as an Ordinary Resolution:

“Resolved that Pursuant to the Provisions of Section 139 and other applicable Provisions, if any, of the Companies Act, 2013, and pursuant to the recommendations of the audit committee of the Board of Directors, and pursuant to the resolution passed by the members at the AGM held on September 30, 2014, the re-appointment of M/s P. Murali & Co., Chartered Accountants, Hyderabad, as the statutory Auditors of the company be and are hereby ratified to hold the office till the conclusion of the 24th Annual General Meeting to be held in the calendar year 2019 and that the Board of Directors be and is hereby authorized to fix the remuneration payable to them”.

BY ORDER OF THE BOARD OF DIRECTORS  
For **KAVVERI TELECOM PRODUCTS LIMITED**

PLACE : BANGALORE  
DATE : 01.09.2018

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

### **NOTES :**

1. An Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 relating to the Special Businesses to be transacted at the Annual General Meeting (AGM) is annexed hereto.
2. **A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON HIS / HER BEHALF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.** Pursuant to the provisions of Section 105 of the Companies Act, 2013, a person can act as a proxy on behalf of not more than fifty members and holding in aggregate not more than ten percent of the total Share Capital of the Company. Members holding more than ten percent of the total Share Capital of the Company may appoint a single person as proxy, who shall not act as a proxy for any other Member. The instrument of Proxy, in order to be effective, should be deposited at the Registered Office of the Company, duly completed and signed, not later than 48 hours before the commencement of the meeting. A Proxy Form is annexed to this Report. Proxies submitted on behalf of limited companies, societies, etc., must be supported by an appropriate resolution / authority, as applicable.

3. The Register of Members and Share Transfer Books of the Company will remain closed from Sunday, 23rd September 2018 to Saturday 29th September 2018 (both days inclusive). The book closure dates have been fixed in consultation with the Stock Exchanges.
  4. The relevant details of Director seeking re-appointment under item no.2 of this Notice are provided in the Annual Report.
  5. Pursuant to Section 101 and Section 136 of the Companies Act, 2013 read with relevant Rules made thereunder, Companies can serve Annual Reports and other communications through electronic mode to those Members who have registered their e-mail address either with the Company or with the Depository. Members who have not registered their e-mail address with the Company can now register the same by submitting a duly filled in 'E-Communication Registration Form', available on the website of the Share Transfer Agent of the Company [www.aarthiconsultants.com](http://www.aarthiconsultants.com), to M/s. Integrated Enterprises (India) Ltd., (formerly Alpha Systems Pvt Ltd., Members holding shares in demat form are requested to register their e-mail address with their Depository Participant(s) only. Members of the Company, who have registered their e-mail address, are entitled to receive such communication in physical form upon request.
  6. The Notice of AGM, Annual Report and Attendance Slip are being sent in electronic mode to Members whose e-mail IDs are registered with the Company or the Depository Participant(s) unless the Members have registered their request for a hard copy of the same. Physical copy of the Notice of AGM, Annual Report and Attendance Slip are being sent to those Members who have not registered their e-mail IDs with the Company or Depository Participant(s). Members who have received the Notice of AGM, Annual Report and Attendance Slip in electronic mode are requested to print the Attendance Slip and submit a duly filled in Attendance Slip at the registration counter to attend the AGM.
  7. Pursuant to Section 108 of the Companies Act, 2013, read with the relevant Rules of the Act, the Company is pleased to provide the facility to Members to exercise their right to vote by electronic means. The Members, whose names appear in the Register of Members / list of Beneficial Owners as on 22nd September 2018, are entitled to vote on the Resolutions set forth in this Notice. Members who have acquired shares after the despatch of the Annual Report and before the book closure may approach the Share Transfer Agent of the Company for issuance of the User ID and Password for exercising their right to vote by electronic means. The e-voting period will commence at 10.00 a.m. on Wednesday, September 26th 2018 and will end at 5.00 p.m. on Friday, 28th September 2018. The Company has appointed Mr. Sarada Putcha, Company Secretary in practice, to act as the Scrutinizer, for conducting the scrutiny of the votes cast. The Members desiring to vote through electronic mode may refer to the detailed procedure on e-voting given hereinafter.
- 8. The instructions for shareholders voting electronically are as under:**
- (i) The e-voting period will commence at 10.00 a.m. on Wednesday, September 26th 2018 and will end at 5.00 p.m. on Friday, 28th September 2018. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of 22nd September 2018, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
  - (ii) The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
  - (iii) Click on Shareholders.
  - (iv) Now Enter your User ID

- a. For CDSL: 16 digits beneficiary ID,
  - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (v) Next enter the Image Verification as displayed and Click on Login.
- (vi) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.
- (vii) If you are a first time user follow the steps given below:

| <b>For Members holding shares in Demat Form and Physical Form</b> |  |
|---|--|
| PAN   | <p>Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> <li>• Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field.</li> <li>• In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.</li> </ul> |
| DOB   | Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.  |
| Dividend Bank Details   | <p>Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio.</p> <ul style="list-style-type: none"> <li>• Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv).</li> </ul>   |

- (viii) After entering these details appropriately, click on "SUBMIT" tab.
- (ix) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xi) Click on the EVSN for KAVEERI TELECOM PRODUCTS LIMITED on which you choose to vote.
- (xii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.

- (xiii) Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.
- (xiv) After selecting the resolution you have decided to vote on, click on “SUBMIT”. A confirmation box will be displayed. If you wish to confirm your vote, click on “OK”, else to change your vote, click on “CANCEL” and accordingly modify your vote.
- (xv) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- (xvi) You can also take out print of the voting done by you by clicking on “Click here to print” option on the Voting page.
- (xvii) If Demat account holder has forgotten the same password then Enter the User ID and the image verification code and click on Forgot Password& enter the details as prompted by the system.
- (xviii) Note for Non – Individual Shareholders and Custodians
- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves as Corporate.
  - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
  - After receiving the login details a compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
  - The list of accounts should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
  - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- (xix) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com), under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
- (xx) The e-voting module shall be disabled by CDSL after 5.00 p.m. on 28th September 2018.
- (xxi) The results shall be declared on or before 3rd October 2018. The results along with the Scrutinizer’s Report, shall also be placed on the website of the Company.
9. Members holding shares in physical form are requested to intimate any change of address and / or bank mandate to M/s. Integrated Enterprises (India) Ltd / Investor Service Department of the Company immediately.
10. The Securities and Exchange Board of India has mandated submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in demat form are, therefore, requested to submit PAN details to the Depository Participants with whom they have demat accounts. Members holding shares in physical form can submit their PAN details to M/s. Integrated Enterprises (India) Ltd / Investor Service Department of the Company.
11. For convenience of the Members and proper conduct of the meeting, entry to the meeting venue will be regulated by Attendance Slip. Members are requested to sign at the place provided on the Attendance Slip and hand it over at the registration counter.

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

### ADDITIONAL INFORMATION REQUIRED TO BE FURNISHED

Brief Details of Directors seeking re-appointment at this Annual General Meeting

|  |  |
|--|--|
| <b>Name of the Director</b>  | Smt. R H Kasturi   |
| <b>Date of Appointment (First Appointment on Board)</b>  | 29/09/2002   |
| <b>Date of Birth/Age</b>   | 22/3/1967 51 YEARS   |
| <b>Expertise in Specific functional areas</b>  | Engineering Degree holder in Electronics & Communication from Bangalore University.<br>She is having more than 25 years of experience in the Business field. |
| <b>List of other Public Companies in which Directorships held as on 31.03.2018.</b>              | Kavveri Telecom Infrastructure Limited   |
| Chairman/Member of the Committees of other Companies in which he is a Director as on 31.03.2018. | NONE   |



**DIRECTORS' REPORT**

To  
The Members of  
**M/s. KAVVERI TELECOM PRODUCTS LIMITED**

The Directors have pleasure in presenting the 23rd Annual Report of the Company together with the audited accounts for the year ended 31st March 2018.

**FINANCIAL RESULTS - CONSOLIDATED**

(in Lakhs)

|  | <b>Year ended<br/>31.03.2018</b> | <b>Year ended<br/>31.03.2017</b> |
|--|----------------------------------|----------------------------------|
| <b>Total Income from operations</b>              | <b>1486.72</b>                   | <b>2804.04</b>                   |
| <b>Total Expenditure including depreciation</b>  | <b>4531.79</b>                   | <b>4271.59</b>                   |
| <b>Interest &amp; Bank Charges</b>               | <b>1950.08</b>                   | <b>1968.04</b>                   |
| <b>Depreciation</b>                              | <b>1649.84</b>                   | <b>1832.10</b>                   |
| <b>Tax Exp. &amp; Provision for Differed Tax</b> | <b>(1722.03)</b>                 | <b>8.74</b>                      |
| <b>Net Loss</b>                                  | <b>(2972.88)</b>                 | <b>(3151.73)</b>                 |

**COMPANY'S PRODUCTS / SERVICES**

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

**OPERATIONS**

Performance of the Company is mentioned elsewhere in this Annual Report in details.

**DIVIDEND**

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

**BUSINESS RISK MANAGEMENT**

The Company, like any other enterprise, is exposed to business risk which can be internal risks as well as external risks. The threats to the segments in which the company operates are volatility in Exchange rate & material Prices. The company is concerned about the wide Fluctuations in prices globally and locally and increase in foreign exchange value.

## DEPOSITS

The Company has not accepted deposits covered under Chapter V of the Companies Act, 2013 and accordingly, the disclosure requirements stipulated under the said Chapter are not applicable.

## PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

During the year under review, the company has not given any loans, Guarantees and Investments covered under the provisions of Section 186 of the Companies Act, 2013

## CONTRACTS AND ARRANGEMENTS WITH RELATED PARTIES

Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014, the details of related party transactions are mentioned elsewhere in this Annual report.

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

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

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

## SUBSIDIARIES

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

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

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

## EXTRACT OF ANNUAL RETURN

The details forming part of the extract of the Annual Return in form MGT-9 is annexed herewith elsewhere in the Annual Report.

## DEMAT SUSPENSE ACCOUNT UNCLAIMED SHARES

As on 31st March 2018, there were no Equity Shares of Shareholders were lying in the Escrow Account due to non-availability of the correct particulars.

## **CORPORATE GOVERNANCE**

Your Directors are happy to report that your Company has duly constituted the Board with the optimum combination of executive and non-executive Directors and has constituted the Committees of the Board to comply with the Corporate Governance requirements as per the Companies Act 2013 and Provisions of SEBI (LODR) Regulations 2015. A separate section on Corporate Governance together with a certificate from the Statutory Auditor's confirming compliance is set out in the Annexure forming part of this report.

## **MANAGEMENT DISCUSSIONS AND ANALYSIS REPORT**

A Management Discussion and Analysis Report, has been attached and forms part of the Annual Report.

## **ADDITIONAL INFORMATION AS REQUIRED U/ S 134(3)(m) OF THE COMPANIES ACT, 2013**

### **(a) Conservation of Energy:**

The Company is monitoring the consumption of energy and is identifying measures for conservation of energy.

- (i) the steps taken by the company for utilizing alternate sources of energy - Nil
- (ii) the capital investment on energy conservation equipments - Nil

### **(b) (i) Technology Absorption, adaptation and innovation:- .**

(ii) Research and Development (R & D): The details are provided elsewhere in this Report.

(c) Foreign exchange earnings: The details are provided elsewhere in this Report.

(d) Foreign exchange out go: The details are provided elsewhere in this Report.

## **PARTICULARS OF EMPLOYEES**

The Directors are to report that none of the employee was in receipt of remuneration exceeding the limit prescribed under rule 5(2) of the Companies (Appointment and Remuneration of managerial Personnel) Rules 2014

## **STATUTORY AUDITORS**

M/s. P. Murali & Co., Chartered Accountants, Statutory Auditors of the Company retire at the conclusion of the ensuing Annual General Meeting and are eligible for reappointment. The said Auditors have furnished the Certificate of their eligibility for re-appointment. Pursuant to the provisions of Section 139 of the Companies Act, 2013 and the Rules framed thereunder. Accordingly the statutory auditor of the Company are proposed to be reappointed from the conclusion of this AGM till the conclusion of the AGM to be held in the year 2019.

## **BOARD AND COMMITTEES PERFORMANCE EVALUATION**

Pursuant to the provisions of the Companies Act, 2013 and Provisions of SEBI (LODR) Regulations 2015, the Board has carried out an annual performance, the directors individually as well as the evaluation of the working of its Audit and Nomination & Remuneration Committees.

## **NUMBER OF BOARD MEETINGS HELD DURING THE FINANCIAL YEAR AND THE DATES OF THE BOARD MEETINGS:**

The Board met five times during the financial year 2017-2018.

The dates on which the above Board meetings were held are as follows;

30th May 2017, 1st September 2017, 14th September 2017, 14th December 2017, and 14th February 2018.

## **CORPORATE SOCIAL RESPONSIBILITY**

Your Company believes in addressing the needs of the underprivileged and is committed to serving them. Your Company aims to full fill its social responsibilities by being actively involved in a variety of public service projects serving underprivileged groups.

## **RISK MANAGEMENT**

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

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

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

## **Cost Auditors**

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

## **DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to the requirement under Section 134(3)(c) of the Companies Act, 2013, with respect to Directors responsibilities Statement it is hereby confirmed:

- a. That in preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures ;
- b. That the directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year ended 31st March, 2018 and of the profit and loss of the company for that period;
- c. That the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- d. That the directors have prepared the annual accounts on a going concern basis.

- e. that proper internal financial controls were in place and that the financial controls were adequate and were operating effectively;
- f. that systems to ensure compliance with the provisions of all applicable laws were in place and were adequate and operating effectively.

### **Material Subsidiary**

During the year ended March 31, 2018, the details of subsidiaries are disclosed elsewhere in the Annual Report, as per the Companies Act 2013 and Provisions of SEBI (LODR) Regulations 2015. The policy on determining material unlisted subsidiary of the Company is approved by the Board of Directors of the company.

### **Vigil Mechanism**

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

### **Familiarisation programme for Independent Directors**

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

### **Material changes and commitments affecting the financial position.**

There are no material changes / commitments took place which have impact on the financial position of the Company, during the period under review.

### **Company's policy on director's appointment & remuneration.**

The company has a policy on Directors' appointment & Remuneration and the same will be implemented whenever the appointments take place.

### **Particulars of loans, Guarantees or investments.**

During the period under review, there were no loans / Guarantees / Investments taken / provided by the Company.

### **Particulars of contract or arrangement with related party**

During the period under review, there were no contract or arrangement with related party except as provided in the Auditor's Report.

### **Annual evaluation of its own & Board committees performance.**

The company has a policy on Board & Committees' evolution & performance and the same is being reviewed on quarterly basis.

**Implementation of risk management policy.**

The company has a policy on risk management and the same is implemented by the Company to mitigate the risk in the business.

**Policy on CSR initiatives**

The Company need not have to make arrangements for the CSR as the same is not applicable to the Company

**Post Balance Sheet events**

There are no material events after the 31st March 2018 till the signing of this Annual Report, which has significant impact on the business of the Company.

**Disclosure about cost Audit**

The requirement of maintaining the cost Audit Records are not applicable to the Company

**Disclosure about ESOP and Sweat Equity Share**

There are securities issued on ESOP basis / Sweat Equity.

**Familiarisation programme for Independent Directors**

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

**Key Managerial Personnel**

The Company is in the process of appointing the other Key Managerial Personnel as prescribed by the provisions of Companies Act 2013.

**Internal Financial Controls**

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

**Secretarial Audit**

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

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

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

**Remuneration Policy**

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

**Significant and Material Orders Passed by the Regulators or Courts**

There are no significant material orders passed by the Regulators/Courts which would impact the going concern status of the Company and its future operations

**Disclosure Under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013**

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

**PERSONNEL**

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

**ACKNOWLEDGEMENTS**

Your Directors place on record their appreciation of the continuous assistance and co-operation extended to your Company by the valued customers, bankers, Reserve Bank India, SEBI, Bombay Stock Exchange Limited & National Stock Exchange of India Limited and all other regulatory Authorities. The Directors also sincerely acknowledge the significant contributions made by all the employees for their dedicated services to the Company.

For and on behalf of the board  
**For KAVVERI TELECOM PRODUCTS LIMITED**

C. Shivakumar Reddy                      R H Kasturi  
Chairman & Managing Director      Director-Operations

PLAC : Bengaluru  
DATE : 01.09.2018

## MANAGEMENT DISCUSSIONS AND ANALYSIS REPORT

Pursuant to the Companies Act 2013 and Provisions of SEBI (LODR) Regulations 2015, Management Analysis Report is given below:

### A. INDUSTRY BACKGROUND

As per the reports of India Brand Equity Foundation, India is currently the world's second-largest telecommunications market and has registered strong growth in the past decade and half. The Indian mobile economy is growing rapidly and is expected to contribute substantially to India's Gross Domestic Product (GDP).

The liberal and reformist policies of the Government of India have been instrumental along with strong consumer demand in the rapid growth in the Indian telecom sector. The government has enabled easy market access to telecom equipment and a fair and proactive regulatory framework that has ensured availability of telecom services to consumer at affordable prices. The deregulation of Foreign Direct Investment (FDI) norms has made the sector one of the fastest growing and a top five employment opportunity generator in the country.

### B. INDUSTRY OUTLOOK

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

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

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

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

- The Telecom Regulatory Authority of India (TRAI) focuses on identifying issues that make it difficult to do telecom business in India like licence acquisition and spectrum allotment among others, and review them in order to simplify these processes to the maximum possible extent.
- The Government of India plans to auction the 5G spectrum in bands like 3,300 MHz and 3,400 MHz to promote initiatives like Internet of Things (IoT), machine-to-machine communications, instant high definition video transfer as well as its Smart Cities initiative.
- The Government of India has launched a phased manufacturing programme (PMP) aimed at adding more smartphone components under the Make in India initiative thereby giving a push to the domestic manufacturing of mobile handsets.

India will emerge as a leading player in the virtual world by having 700 million internet users of the 4.7 billion global users by 2025, as per a Microsoft report. Internet economy expected to touch Rs 10 trillion (US\$ 155 billion) by 2018, contributing around 5 per cent to the country's GDP. With the government's favourable regulation policies and 4G services hitting the market, the Indian telecommunication sector is expected to witness fast growth in the next few years. The Government of India also plans to auction the 5G spectrum in bands like



3,300 MHz and 3,400 MHz to promote initiatives like Internet of Things (IoT), machine-to-machine communications, instant high definition video transfer as well as its Smart Cities initiative.

### C. OPPORTUNITIES AND THREATS

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

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

### INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

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

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

### MATERIAL DEVELOPMENTS IN HUMAN RESOURCES/INDUSTRIAL RELATIONS

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

## FORM No. MR-3

**SECRETARIAL AUDIT REPORT**

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2018

*(Pursuant to Section 204 (1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014)*

To,  
The Members,  
KAVVERI TELECOM PRODUCTS LIMITED

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Kavveri Telecom Products Limited (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the company, its officers, agents and authorised representatives during the conduct of secretarial audit and as per the explanations given to us and the representations made by the Management, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2018 generally complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records made available to us and maintained by the Company for the financial year ended on 31st March, 2018 according to the applicable provisions of:

- i. The Companies Act, 2013 ('the Act') and the rules made there under, as applicable;
- ii. The Securities Contract (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- iv. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):
  - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
  - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; and
- v. Other laws applicable to the Company as per the representations made by the Management.

We have also examined compliance with the applicable clauses of the following:

- i. Secretarial Standards of The Institute of Company Secretaries of India with respect to board and general meetings are yet to be specified under the Act by the Institute.
- ii. The provisions of Companies Act 2013 and Provisions of SEBI (LODR) Regulations 2015.

During the period under review and as per the explanations and clarifications given to us in writing by the Company and the representations made by the Management, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, etc. mentioned above.

We further report that:

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

Adequate notice was given to all Directors at least seven days in advance to schedule the Board Meetings. Agenda and detailed notes on agenda were sent in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

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

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

Sd/-

**Sarada Putcha**

Company Secretary

FCS No: 21717, CP No: 8735

Hyderabad  
September 01, 2018

This Report is to be read with our letter of even date which is annexed as Annexure A and forms an integral part of this report.

To,  
The Members,  
Kavveri Telecom Products Limited

Our report of even date is to be read along with this letter.

1. Maintenance of Secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in Secretarial records. We believe that the process and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts and Income Tax Details & FEMA compliance if any of the Company.
4. Where ever required, we have obtained the Management representation about the Compliance of laws, rules and regulations and happening of events etc.
5. The Compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedure on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Sd/-  
**Sarada Putcha**  
Company Secretary  
FCS No: 21717, CP No: 8735

Hyderabad  
September 01, 2018

FormNo.MGT-9

**EXTRACT OF ANNUAL RETURN****As on the financial year ended 31ST March 2018**

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

**I. REGISTRATION AND OTHER DETAILS :**

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

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

All the business activities contributing 10% or more of the total turn over of the company shall be stated :-

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

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES**

| S.No. | NAME OF THE COMPANY                   | CIN/GLN | HOLDING / SUBSIDIARY / ASSOCIATE |
|-------|---------------------------------------|---------|----------------------------------|
|       | Enclosed herewith as a separate sheet |         |                                  |

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

## i) Category-wise Share Holding :

| Category of Shareholders                          | No. of Shares held at the beginning of the year<br>[As on 31-March-2017] |          |                |                   | No. of Shares held at the end of the year<br>[As on 31-March-2018] |          |                |              | % Change during the year |
|---|--|----------|----------------|-------------------|--|----------|----------------|--------------|--------------------------|
|   | Demat  | Physical | Total          | % of Total Shares | Demat  | Physical | Total Total    | % of Shares  |                          |
| <b>A. Promoters</b>                               |  |          |                |                   |  |          |                |              |                          |
| (1) Indian  |  |          |                |                   |  |          |                |              |                          |
| a) Individual/HUF                                 | 3045931  | -        | 3045931        | 15.14             | 3045931  | 0        | 3045931        | 15.14        | 0                        |
| b) Central Govt                                   | 0  | 0        | 0              | 0                 | 0  | 0        | 0              | 0            | 0                        |
| c) State Govt(s)                                  | 0  | 0        | 0              | 0                 | 0  | 0        | 0              | 0            | 0                        |
| d) Bodies Corp.                                   | 0  | 0        | 0              | 0                 | 0  | 0        | 0              | 0            | 0                        |
| e) Banks / FI                                     | 0  | 0        | 0              | 0                 | 0  | 0        | 0              | 0            | 0                        |
| f) Any other                                      | 0  | 0        | 0              | 0                 | 0  | 0        | 0              | 0            | 0                        |
| <b>Sub Total (A)(1)</b>                           | <b>3045931</b>   | <b>0</b> | <b>3045931</b> | <b>15.14</b>      | <b>3045931</b>   | <b>0</b> | <b>3045931</b> | <b>15.14</b> | <b>0</b>                 |
| (2) Foreign                                       |  |          |                |                   |  |          |                |              |                          |
| a) Individual/HUF                                 | 0  | 0        | 0              | 0                 | 0  | 0        | 0              | 0            | 0                        |
| b) Central Govt                                   | 0  | 0        | 0              | 0                 | 0  | 0        | 0              | 0            | 0                        |
| c) State Govt(s)                                  | 0  | 0        | 0              | 0                 | 0  | 0        | 0              | 0            | 0                        |
| d) Bodies Corp.                                   | 0  | 0        | 0              | 0                 | 0  | 0        | 0              | 0            | 0                        |
| e) Banks / FI                                     | 0  | 0        | 0              | 0                 | 0  | 0        | 0              | 0            | 0                        |
| f) Any other                                      | 0  | 0        | 0              | 0                 | 0  | 0        | 0              | 0            | 0                        |
| <b>Sub Total (A)(2)</b>                           | <b>0</b>   | <b>0</b> | <b>0</b>       | <b>0</b>          | <b>0</b>   | <b>0</b> | <b>0</b>       | <b>0</b>     | <b>0</b>                 |
| <b>Total shareholding of Promoter (A(1)+A(2))</b> | <b>3045931</b>   | <b>0</b> | <b>3045931</b> | <b>15.14</b>      | <b>3045931</b>   | <b>0</b> | <b>3045931</b> | <b>15.14</b> | <b>0</b>                 |
| <b>B. Public Shareholding</b>                     |  |          |                |                   |  |          |                |              |                          |
| 1. Institutions                                   |  |          |                |                   |  |          |                |              |                          |
| a) Mutual Funds                                   |  |          |                |                   |  |          |                |              |                          |
| b) Banks / FI                                     | 1121583  | 0        | 1121583        | 5.57              | 582928   | 0        | 582928         | 2.90         | (2.67)                   |
| c) Central Govt                                   | 0  | 0        | 0              | 0                 | 0  | 0        | 0              | 0            | 0                        |
| d) State Govt(s)                                  | 0  | 0        | 0              | 0                 | 0  | 0        | 0              | 0            | 0                        |
| e) Venture Capital Funds                          | 0  | 0        | 0              | 0                 | 0  | 0        | 0              | 0            | 0                        |
| f) Insurance Companies                            | 1883071  | 0        | 1883071        | 9.36              | 1883071  | 0        | 1883071        | 9.36         | 0                        |

|   |                 |              |                 |               |                 |              |                 |               |               |
|---|-----------------|--------------|-----------------|---------------|-----------------|--------------|-----------------|---------------|---------------|
| g) FII's  | 3043619         | 0            | 3043619         | 15.12         | 5170809         | 0            | 5170809         | 25.69         | 11.57         |
| h) Foreign Venture<br>Capital Funds   | 987500          | 0            | 987500          | 4.91          | 887500          | 0            | 887500          | 4.41          | {0.50}        |
| <b>Sub Total B1</b>   | <b>7035773</b>  | <b>0</b>     | <b>7035773</b>  | <b>34.96</b>  | <b>8524308</b>  | <b>0</b>     | <b>8524308</b>  | <b>42.36</b>  | <b>7.40</b>   |
| <b>2. Non-Institutions</b>  |                 |              |                 |               |                 |              |                 |               |               |
| a) Bodies Corp.   | 4920913         | 1            | 4920914         | 24.45         | 2583985         | 1            | 2583986         | 12.84         | (11.61)       |
| i) Indian   | 0               | 0            | 0               | 0             | 0               | 0            | 0               | 0             | 0             |
| ii) Overseas  | 0               | 0            | 0               | 0             | 0               | 0            | 0               | 0             | 0             |
| b) Individuals  |                 |              |                 |               |                 |              |                 |               |               |
| i) Individual<br>shareholders<br>holding nominal<br>share capital<br>upto Rs. 1 lakh            | 2156123         | 72526        | 2228649         | 11.07         | 2479500         | 71861        | 2551361         | 12.68         | 1.26          |
| ii) Individual<br>shareholders<br>holding nominal<br>share capital in<br>excess of<br>Rs 1 lakh | 2630980         | 0            | 2630980         | 13.07         | 4025628         | 0            | 4025628         | 20.00         | 6.93          |
| c) Others (specify)   |                 |              |                 |               |                 |              |                 |               |               |
| Non Resident Indians  | 200501          | 0            | 200501          | 1.00          | 500             | 0            | 500             | 0.00          | (1.00)        |
| Overseas Corporate<br>Bodies  |                 |              |                 |               |                 |              |                 |               |               |
| Foreign Nationals   |                 |              |                 |               |                 |              |                 |               |               |
| Clearing Members  | 61512           | 0            | 61512           | 0.31          | 119576          | 0            | 119576          | 0.59          | 0.28          |
| Trusts  |                 |              |                 |               |                 |              |                 |               |               |
| Foreign Bodies - D R  |                 |              |                 |               |                 |              |                 |               |               |
| <b>Sub-total (B)(2):-</b>   | <b>9970029</b>  | <b>72527</b> | <b>10042556</b> | <b>49.90</b>  | <b>8482159</b>  | <b>71862</b> | <b>8554021</b>  | <b>42.51</b>  | <b>(7.39)</b> |
| Total Public<br>Shareholding<br>(B)=(B)(1)+ (B)(2)  | <b>17005802</b> | <b>72527</b> | <b>17078329</b> | <b>84.86</b>  | <b>17006467</b> | <b>71862</b> | <b>17078329</b> | <b>84.86</b>  | <b>Nil</b>    |
| <b>C. Shares held<br/>by Custodian for<br/>GDRs &amp; ADRs</b>                                  | <b>0</b>        | <b>0</b>     | <b>0</b>        | <b>0</b>      | <b>0</b>        | <b>0</b>     | <b>0</b>        | <b>0</b>      | <b>0</b>      |
| <b>Grand Total<br/>(A+B+C)</b>  | <b>20051733</b> | <b>72527</b> | <b>20124250</b> | <b>100.00</b> | <b>20052398</b> | <b>72852</b> | <b>20124250</b> | <b>100.00</b> | <b>Nil</b>    |

**ii) Shareholding of Promoter :**

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

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

| Sl. No. |   | Share holding at the beginning of the year |                                  | Cumulative Shareholding during the Year |                                  |
|---------|---|--|----------------------------------|---|----------------------------------|
|         |   | No. of shares                              | % of total shares of the company | No. of shares                           | % of total shares of the company |
|         | At the beginning of the year  | <b>No Change during the year</b>           |                                  |   |                                  |
|         | Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment /transfer / bonus/ sweat equity etc): | <b>No Change during the year</b>           |                                  |   |                                  |
|         | At the end of the year  | <b>No Change during the year</b>           |                                  |   |                                  |

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

| Sl. No. | For Each of the Top 10 Shareholders    | Shareholding at the beginning of the year |                                  | Shareholding at the ending of the Year |                                  |
|---------|--|---|----------------------------------|--|----------------------------------|
|         |  | No. of shares                             | % of total shares of the company | No. of shares                          | % of total shares of the company |
| 1       | Image Securities Ltd                   | 1990600                                   | 9.89                             | 1990600                                | 9.89                             |
| 2       | Dena Bank-Constituent Branches         | 1652707                                   | 8.21                             | 1121583                                | 5.57                             |
| 3       | Athena India Opportunities             | 987500                                    | 4.91                             | 987500                                 | 4.91                             |
| 4       | General Insurance Corporation of India | 983071                                    | 4.89                             | 983071                                 | 4.89                             |
| 5       | United India Insurance Company         | 900000                                    | 4.47                             | 900000                                 | 4.47                             |
| 6       | New Leaina Investments Limited         | 690000                                    | 3.43                             | 690000                                 | 3.43                             |
| 7       | Ares Diversified                       | 630000                                    | 3.13                             | 630000                                 | 3.13                             |
| 8       | Affluence Shares and Stocks (P) Ltd    | 596860                                    | 2.97                             | 0                                      | 0                                |
| 9       | Bridge India Fund                      | 591980                                    | 2.94                             | 591980                                 | 2.94                             |
| 10      | Hypnos Fund Limited                    | 578999                                    | 2.88                             | 578999                                 | 2.88                             |



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

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

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

| Sl. No. | Particulars of Remuneration   | Name of MD / WTD / Manager |                   | Total Amount |
|---------|---|----------------------------|-------------------|--------------|
|         |   | C.S. Reddy (M.D)           | R.H.Kasturi (WTD) |              |
| 1       | Gross salary  | Nil                        | Nil               | Nil          |
|         | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | Nil                        | Nil               | Nil          |
|         | (b) Value of perquisites u/s 17(2) Income-tax Act, 1961                             | Nil                        | Nil               | Nil          |
|         | (c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961             | Nil                        | Nil               | Nil          |
| 2       | Stock Option  | Nil                        | Nil               | Nil          |
| 3       | Sweat Equity  | Nil                        | Nil               | Nil          |
| 4       | Commission- as % of profit - others, specify...                                     | Nil                        | Nil               | Nil          |
| 5       | Others, please specify  | Nil                        | Nil               | Nil          |
|         | Total (A)   | Nil                        | Nil               | Nil          |
|         | Ceiling as per the Act  | Nil                        | Nil               | Nil          |

**B. Remuneration to other directors**

| Sl. No. | Particulars of Remuneration                | Name of Directors   |               | Total Amount |
|---------|--|---------------------|---------------|--------------|
|         |  | B.S. Shankarnarayan | L.R.Venugopal |              |
| 1       | Independent Directors                      | Nil                 | Nil           | Nil          |
|         | Fee for attending board committee meetings | Nil                 | Nil           | Nil          |
|         | Commission                                 | Nil                 | Nil           | Nil          |
|         | Others, please specify                     | Nil                 | Nil           | Nil          |
|         | Total (1)                                  | Nil                 | Nil           | Nil          |
| 2       | Other Non-Executive Directors              | N.A                 | N.A           | N.A          |
|         | Fee for attending board committee meetings | N.A                 | N.A           | N.A          |
|         | Commission                                 | N.A                 | N.A           | N.A          |
|         | Others, please specify                     | N.A                 | N.A           | N.A          |
|         | Total (2)                                  | N.A                 | N.A           | N.A          |
|         | Total (B)=(1+2)                            | Nil                 | Nil           | Nil          |
|         | Total Managerial Remuneration              | Nil                 | Nil           | Nil          |
|         | Overall Ceiling as per the Act             |                     |               |              |

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

| Sl. No. | Particulars of Remuneration   | Key Managerial Personnel |     |       |
|---------|---|--------------------------|-----|-------|
|         |   | CEO                      | CFO | Total |
| 1       | Gross salary  | Nil                      | Nil | Nil   |
|         | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | Nil                      | Nil | Nil   |
|         | (b) Value of perquisites u/s 17(2) Income-tax Act, 1961                             | Nil                      | Nil | Nil   |
|         | (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961              | Nil                      | Nil | Nil   |
| 2       | Stock Option  | Nil                      | Nil | Nil   |
| 3       | Sweat Equity  | Nil                      | Nil | Nil   |
| 4       | Commission  | Nil                      | Nil | Nil   |
|         | - as % of profit  | Nil                      | Nil | Nil   |
|         | others, specify...  | Nil                      | Nil | Nil   |
| 5       | Others, please specify  | Nil                      | Nil | Nil   |
|         | Total   | Nil                      | Nil | Nil   |

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

| Type                                | Section of the Companies Act | Brief Description | Details of Penalty / Punishment / Compounding fees imposed | Authority [RD / NCLT/ COURT] | Appeal made, if any (give Details) |
|-------------------------------------|------------------------------|-------------------|--|------------------------------|------------------------------------|
| <b>A. COMPANY</b>                   |                              |                   |  |                              |                                    |
| Penalty                             | Nil                          | Nil               | Nil  | Nil                          | Nil                                |
| Punishment                          | Nil                          | Nil               | Nil  | Nil                          | Nil                                |
| Compounding                         | Nil                          | Nil               | Nil  | Nil                          | Nil                                |
| <b>B. DIRECTORS</b>                 |                              |                   |  |                              |                                    |
| Penalty                             | Nil                          | Nil               | Nil  | Nil                          | Nil                                |
| Punishment                          | Nil                          | Nil               | Nil  | Nil                          | Nil                                |
| Compounding                         | Nil                          | Nil               | Nil  | Nil                          | Nil                                |
| <b>C. OTHER OFFICERS IN DEFAULT</b> |                              |                   |  |                              |                                    |
| Penalty                             | Nil                          | Nil               | Nil  | Nil                          | Nil                                |
| Punishment                          | Nil                          | Nil               | Nil  | Nil                          | Nil                                |
| Compounding                         | Nil                          | Nil               | Nil  | Nil                          | Nil                                |

## REPORT ON CORPORATE GOVERNANCE

(As per the Companies Act 2013 and Provisions of SEBI (LODR) Regulations 2015)

### 1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE:

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

### 2. BOARD OF DIRECTORS

- As on the date of this report, the Board of Directors of the Company comprises of 4 (Four) Directors which includes woman director out of which, 2 (two) Executive Directors including Chairman & Managing Director, and 2 (Two) are Non-Executive & Independent Directors.
- The composition of the Board is in conformity with SEBI (LODR) Regulations 2015 and meets the stipulated requirements.
- None of the Directors on the Board is a Member of more than 10 committees or Chairman of more than 5 companies across all the Companies in which he is a Director. The Directors have made necessary disclosures regarding Committee positions in other public companies as on March 31, 2018.
- The names and categories of the Directors on the Board, their attendance at Board Meetings held during the year and the number of Directorships and Committee Chairmanships / Memberships held by them in other companies is given below. Other Directorships do not include alternate directorships, directorships of private limited companies, section 8 companies and of companies incorporated outside India. Chairmanship/ Membership of Board Committees include only Audit and Shareholders / Investors Grievance Committees.

| Name of the Director and age | Category (Promoter/ Executive/ Non- Executive) | Designation                  | Relationship with other Directors  | Number of memberships in Board of other Public Limited Company | Associated with other committees of Public Limited Company |          |
|------------------------------|--|------------------------------|------------------------------------|--|--|----------|
|                              |  |                              |                                    |  | Member   | Chairman |
| Mr. C Shivakumar Reddy       | Promoter Executive Director                    | Chairman & Managing Director | Related to Mrs. R H Kasturi        | Nil  | Nil  | Nil      |
| Mrs. R H Kasturi             | Promoter & Executive Director                  | Executive Director           | Related to Mr. C. Shivakumar Reddy | Nil  | Nil  | Nil      |
| Mr. L R Venugopal            | Non-Executive Independent                      | Independent Director         | NA                                 | Nil  | Nil  | Nil      |
| Mr. B S Shankarnarayan       | Non-Executive Independent                      | Independent Director         | NA                                 | Nil  | Nil  | Nil      |

During 2017-18, the Board met on 30th May 2017, 1st September 2017, 14th September 2017, 14th December 2017, and 14th February 2018.

The Last Annual General Meeting was held on 28th September 2017. The attendance of each Director during the financial year is as under:

| Name of the Director   | No. of Meetings held | No. meetings attended | Presence at AGM |
|------------------------|----------------------|-----------------------|-----------------|
| Mr. C Shivakumar Reddy | 5                    | 5                     | Yes             |
| Mrs. R H Kasturi       | 5                    | 5                     | No              |
| Mr. L R Venugopal      | 5                    | 5                     | Yes             |
| Mr. B S Shankarnarayan | 5                    | 5                     | No              |

None of the Non-Executive Directors have any material pecuniary relationship or transactions with the Company

During the year, information as required to be placed and as required under the provisions of the Companies Act 2013 and SEBI (LODR) Regulations 2015 has been placed before the Board for its consideration.

### 3. AUDIT COMMITTEE:

- I). The Audit Committee of the Company is constituted in line with the Companies Act 2013 and SEBI (LODR) Regulations 2015.
- II) The terms of reference of the Audit Committee include a review of;
  - a. Overview of the Company's financial reporting process and disclosure of its financial information to ensure that the financial statements reflect a true and fair position and that sufficient and credible information is disclosed.
  - b. Recommending the appointment and removal of external auditors, fixation of audit fee and also approval for payment for any other services.
  - c. Discussion with external auditors before the audit commences, of the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
  - d. Reviewing the financial statements and draft audit report including quarterly / half yearly financial information.
  - e. Reviewing with management the annual financial statements before submission to the Board, focusing on:
    - i. Any changes in accounting policies and practices;
    - ii. Qualification in draft audit report;
    - iii. Significant adjustments arising out of audit;
    - iv. The going concern concept;
    - v. Compliance with accounting standards;
    - vi. Compliance with stock exchange and legal requirements concerning financial statements;
    - vii. Any related party transactions
  - f. Reviewing the company's financial and risk management's policies.
  - g. Disclosure of contingent liabilities.
  - h. Reviewing with management, external and internal auditors, the adequacy of internal control systems.
  - i. Reviewing the adequacy of internal audit function, including the audit character, the structure of the internal audit department, approval of the audit plan and its execution, staffing and seniority of the official heading the department, reporting structure, coverage and frequency of internal audit.

- j. Discussion with internal auditors of any significant findings and follow-up thereon.
- k. Reviewing the findings of any internal investigations by the internal auditors into the matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- l. Looking into the reasons for substantial defaults in payments to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
- m. Reviewing compliances as regards the Company's Whistle Blower Policy.

III) The previous Annual General Meeting of the Company was held on 28th September 2017 and Mr. L R Venugopal, Chairman of the Audit Committee, attended previous AGM.

The attendance of each member of the Audit Committee are given below:

| Name of the Director   | Designation | No. of Meetings held | No. meetings attended |
|------------------------|-------------|----------------------|-----------------------|
| Mr. L R Venugopal      | Chairman    | 5                    | 5                     |
| Mr. B S Shankarnarayan | Member      | 5                    | 5                     |
| Mr. C Shivakumar Reddy | Member      | 5                    | 5                     |

V) During the financial year Audit Committee met on

30th May 2017, 1st September 2017, 14th September 2017, 14th December 2017, and 14th February 2018.

The necessary quorum was present at all the meetings.

#### 4. NOMINATION AND REMUNERATION COMMITTEE

The composition of the Committee is given below:

| Name of the Director   | Chairman / Member |
|------------------------|-------------------|
| Mr. L R Venugopal      | Chairman          |
| Mr. B S Shankarnarayan | Member            |

#### 5. REMUNERATION OF DIRECTORS:

Details of no remuneration was paid to any Director and the details are given elsewhere in the Annual Report.

**Note :** No setting fee' was paid to any Director for attending any Board Meeting or any committee meeting.

#### 6. STAKEHOLDERS RELATIONSHIP /INVESTORS GRIEVANCE COMMITTEE:

The Committee oversees share transfers and monitors investor grievances. To look into the redressal of shareholders and investors complaints like – transfer of shares, non – receipt of balance Sheet, non-receipt of declared dividends etc.,

The Committee consists of the following Directors:

| Name of the Director   | Chairman / Member |
|------------------------|-------------------|
| Mr. L R Venugopal      | Chairman          |
| Mr. B S Shankarnarayan | Member            |
| Mr. C Shivakumar Reddy | Member            |

Details of Complaints received/resolved:

During the period under review, there are no pending Complaints as on date of this report.

Company has made all the arrangements to resolve all the investors' Complaints if any, within seven days from the date of receipt of the complaint, as communicated by our Share Transfer Agents M/s. Integrated Enterprises (India) Pvt. Ltd. The outstanding complaints as on 31st March, 2018 were: NIL.

## INDEPENDENT DIRECTORS

All Independent Directors have given declarations that they meet the criteria of independence as laid down under Section 149 of the Companies Act, 2013 and SEBI (LODR) Regulations 2015. The Company has complied with the requirement of training of the Independent Directors and their performance evaluation and holding separate meetings for the Independent Directors.

## 7. DETAILS OF ANNUAL GENERAL MEETINGS: LOCATION AND TIME OF THE LAST THREE AGMS.

| AGM  | YEAR      | VENUE                            | DATE       |
|------|-----------|----------------------------------|------------|
| 22nd | 2016-2017 | Registered office of the Company | 28.09.2017 |
| 21st | 2015-2016 | Registered office of the Company | 30.09.2016 |
| 20th | 2014-2015 | Registered office of the Company | 30.09.2015 |

### Postal Ballot:

During the year under review, no resolution has been passed through postal ballot.

## 8. DISCLOSURES

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

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

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

**10. MEANS OF COMMUNICATIONS:**

The quarterly, half-yearly and yearly financial results will be sent to the Stock Exchanges immediately after the Board approves the same and these results will also be published in prominent daily newspapers. These financial statements, press releases are also posted on the Company's website. As the financial performance of the Company is well published, individual communication of half yearly results are not sent to the shareholders.

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

**11. GENERAL SHAREHOLDER INFORMATION:**

| <b>(I) Annual General Meeting</b> |   |   |
|-----------------------------------|---|---|
| Date                              | : | 29th September, 2018  |
| Time                              | : | 10.00 A.M.  |
| Venue                             | : | Registered office of the Company at<br><b>No. 31-36, I Main, II Stage, Arekere MICO Layout,<br/>Bannerghatta Road, Bangalore 560 076.</b> |

| <b>(II) Financial Calendar 1st April 2018 to 31st March 2019 (Tentative Schedule)</b> |   |                                 |
|---|---|---------------------------------|
| Quarter ending June 30, 2018  | : | 13th August 2018                |
| Quarter ending September 30, 2018   | : | 1st / 2nd week of November 2018 |
| Quarter ending December 31, 2018  | : | 1st / 2nd week of February 2019 |
| Quarter ending March 31, 2019   | : | on or before 30th May 2019      |
| Annual General Meeting for<br>FY ended 31st March, 2018                               | : | Before end of September, 2019   |

**(III) Date of Book Closure :** 23rd September 2018 to 29th September 2018

**(IV) Listing on Stock Exchanges:**

1. BSE Limited (BSE), Mumbai.
2. The National Stock Exchange of India Limited (NSE), Mumbai

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

**(V) Stock Code**

The Bombay Stock Exchange Limited (BSE) : 590041  
The National Stock Exchange of India Limited (NSE) : KAVVERITEL  
Dematerialization of Securities : ISIN: INE641C01019

**(VI) Market Price Data: High, Low during each Month in last Financial Year**

During the financial year the shares of the company were traded on Bombay Stock Exchange Limited & on National Stock Exchange Limited, the following Market Price High & Low during each Month in the Last Financial Year 2017-18 as follows:



| Month & Year   | BSE (in Rs.) |       | NSE (in Rs.) |       |
|----------------|--------------|-------|--------------|-------|
|                | High         | Low   | High         | Low   |
| April 2017     | 14.57        | 11.65 | 14.35        | 11.75 |
| May 2017       | 13.53        | 11.23 | 13.60        | 11.50 |
| June 2017      | 12.75        | 10.00 | 12.70        | 10.35 |
| July 2017      | 12.74        | 10.81 | 13.15        | 10.65 |
| August 2017    | 12.00        | 8.41  | 11.70        | 8.30  |
| September 2017 | 11.45        | 8.81  | 11.80        | 8.70  |
| October 2017   | 12.18        | 8.10  | 12.10        | 8.50  |
| November 2017  | 15.34        | 10.40 | 15.35        | 10.50 |
| December 2017  | 15.05        | 10.30 | 14.95        | 10.50 |
| January 2018   | 15.00        | 11.31 | 15.55        | 11.20 |
| February 2018  | 14.40        | 9.65  | 14.20        | 9.50  |
| March 2018     | 13.85        | 9.11  | 14.00        | 10.20 |

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

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

**(VIII) Transfer Agents**

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

**(IX) Share Transfer System**

Documents will be accepted at

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

The Shares of the Company are in physical form and electronic form. The transfer of shares in demat form is done through the Depositories without involvement of the Company. As regards, transfer of shares held in physical form, the transfer documents can be lodged with Company as well as Registrars M/s. Integrated Enterprises (India) Ltd at above-mentioned address.

The Transfer of shares in physical form is normally processed within 10-15 days from the date of receipt if the documents are complete in all respects. The Share Transfer Committee severally empowers to approve the transfers.

(X) Statement Showing Shareholding Pattern as on 31.03.2018 is mentioned elsewhere in this Annual Report

**(XI) Dematerialization of shares & liquidity**

The Company's shares are compulsory traded in dematerialized form and are available for trading on both the Depositories in India viz. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). Company representing 99.64% of the company's share capital are dematerialized as on 31st March 2018.

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

|   |   |
|---|---|
| <b>(XII) Address for Correspondence</b> | No. 31-36, I Main, II Stage<br>Arekere MICO Layout, Bannerghatta Road,<br>Bangalore 560 076 |
|---|---|

## 12. OTHER DISCLOSURES AS PER SEBI (LODR) REGULATIONS

**i. Code of Conduct**

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

Certificate of Code of Conduct for the year 2017-18

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

I hereby certify that all the Board Members and Senior Management have affirmed the compliance with the Code of Conduct, under a certificate of Code of Conduct for the year 2017-18.

Bengaluru  
01.09.2018

**C. Shivakumar Reddy**  
Chairman & Managing Director

**ii. Disclosure of Accounting Treatment**

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

**iii. Non executive directors' compensation and disclosures**

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

**iv. CEO Certification**

The CEO certification of the financial statements for the year 2017-18 is provided elsewhere in this Annual Report.

By order of the Board of Directors  
For **Kavveri Telecom Products Limited**

**C Shivakumar Reddy**  
Chairman & Managing Director

**R H Kasturi**  
Director-Operations

Place : Bengaluru  
Date : 01-09-2018

**CERTIFICATE BY THE CHIEF EXECUTIVE OFFICER (CEO) AND THE CHIEF FINANCIAL OFFICER (CFO)**

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

1. That we have reviewed the financial statements and the cash flow statement for the year ended 31st March 2018 and to the best of our knowledge and belief;
  - These statements do not contain any materially untrue statement nor omit any material fact nor contain statements that might be misleading, and
  - These statements present a true and fair view of the company's affair and are in compliance with the existing accounting standards, applicable laws and regulations.
2. That there are, to the best of our knowledge and belief, no transactions entered into by the company during the year, which are fraudulent, illegal or violative of the company's code of conduct;
3. That we accept responsibility for establishing and maintaining internal controls, we have evaluated the effectiveness of the internal control systems of the company and we have disclosed to the auditors and the audit committee, deficiencies in the design or the operation of internal controls, if any, of which we are aware and the steps that we have taken or purpose to take and rectify the identified deficiencies and;
4. That we have informed the auditors and the audit committee of:
  - a) Significant changes in the internal control during the year;
  - b) Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - c) There is no Instances of significant fraud of which we have become aware and the involvement of an employee having a significant role in the company's internal control system.

**C Shivakumar Reddy**  
Chairman & Managing Director

**R H Kasturi**  
Director-Operations

Place : Bengaluru  
Date : 01-09-2018

**CERTIFICATE ON COMPLIANCE OF CORPORATE GOVERNANCE**

To

The Members,  
**KAVVERI TELECOM PRODUCTS LIMITED**  
Hyderabad

We have read the report of the Board of Directors on Corporate Governance and have examined the relevant records relating to compliance condition of corporate governance of M/s Kavveri Telecom Products Limited ("the company") for the year ended 31st March, 2018 as stipulated.

The compliance of the conditions of the Corporate Governance is the responsibility of the management. Our examination, conducted in the manner described in the Guidance note on Certification of Corporate governance" issued by the Institute of Chartered Accountants of India was limited to procedures and implementation thereof adopted by the company for ensuring compliance with the conditions of Corporate Governance. Our examination was neither an audit nor was it conducted to express an opinion on the financial statements of the company.

In our opinion and to the best of our information and explanations given to us and on the basis of our examination described above, the company has complied with the conditions of Corporate Governance.

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

**For P. MURALI & CO.,**  
CHARTERED ACCOUNTANTS

**P. MURALI MOHANA RAO**  
PARTNER

Place : Bengaluru  
Date : 30-05-2018

## INDEPENDENT AUDITOR'S REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

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

### Report on the consolidated Financial Statements

We have audited the accompanying consolidated financial statements of **M/s. Kavveri Telecom Products Limited** ("hereinafter referred to as the Holding Company"), and its subsidiaries; together referred to as "the Group" comprising of the Consolidated Balance Sheet as at March 31, 2018, the Consolidated Statement of Profit and Loss and Consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information prepared based on the relevant records ( hereinafter referred to as ' the consolidated financial statements')

### Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with relevant rules issued thereunder. The Holding Company's Board of Director is responsible for ensuring accuracy of records including financial information considered necessary for the preparation of Consolidated Financial Statements. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which has been used for the purpose of preparation of the consolidated financial statements by the Directors of Holding Company, as aforesaid.

### Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act and the Rules made there under including the accounting standards and matters which are required to be included in audit report.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

## Opinion

The independent auditors of certain subsidiaries have qualified their audit report on the financial statement for the year ended March 31, 2018 reproduced by us here under:

- i. Kavveri Telecom Infrastructure Limited, which is a subsidiary to the company, has defaulted in repayment of dues to ICICI Bank. Borrowings from ICICI Bank have been classified as Non Performing Assets by the lenders. During the year under review, no provision has been made for unapplied interest on account of NPA which is not in accordance with the generally accepted accounting principles.
- ii. Kavveri Telecom Infrastructure Limited, Which is a Subsidiary to the company, its net worth is fully eroded and has a negative net worth of Rs. 4.68 Crores, the Company has incurred a loss of Rs. 14.27 crores for the financial year 2017-18 indicating the existence of uncertainty that may cast doubt about the Company's ability to continue as a going concern. These financial statements have been prepared on a going concern basis by the management.

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on separate financial statements and on the other financial information of the subsidiary referred to below in Other Matters paragraph, except for the possible effects of the matters described in the above two paragraphs, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group, its associates and jointly controlled entities as at 31 March 2018, and their consolidated loss, consolidated total comprehensive income, their consolidated cash flows and consolidated changes in equity for the year ended on that date.

## Emphasis of Matter Paragraph:

- As per Note No. 37 to the financial statements, The holding company has defaulted in repayment of Loans in principal and interests thereon to their respective Banks and the banks have classified the loans as NPA (Non Performing Asset) The said bank loans as per the books of accounts outstanding balance as at 31.03.2018 is Rs. 90.70 Crores (Including Principle and Interest Provisions on the loans but excluding Penal Interest if any) and Interest Provision made during the year Rs. 13.24 Crores have been Provided, which is not paid by the company.
- As per Note No. 41 to the financial Statements, Kavveri Telecom Infrastructure Limited, Which is a Subsidiary to the company, has defaulted in repayment of Loans to Dena Bank. The outstanding principal and interests thereon became NPA (Non Performing Asset). The said bank loans as per the books of accounts outstanding balance as at 31.03.2018 is Rs. 40.88 Crores (Including Principle and Interest Provisions on the loans but excluding Penal Interest) and Interest Provision made during the year Rs.5.94 Crores have been Provided ,Which is not Paid by the Company.

## Other Matter

We did not audit the financial statements and financial information of subsidiary companies except M/s. Kavveri Telecom Infrastructure Limited which are included in the consolidated year to date results, whose financial statements reflect total assets of Rs.1,10,91,33,594/- as at 31st March 2018 and total revenue of Rs.5,78,07,010/-

for the year ending 31st March 2018. These include financial statements and other financial information in respect of subsidiary companies which are unaudited and have been furnished to us by the management and our opinion on these consolidated financial results and the year to date results is based solely on such unaudited financial statements and other financial information.

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

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

### **Report on Other Legal and Regulatory Requirements:**

1. As required by Section 143(3) of the Act, we report, to the extent applicable, that:

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the consolidated financial statements,
- (b) In our opinion, proper books of accounts as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books.
- (c) The consolidated balance sheet, the consolidated statement of profit and loss, and the consolidated cash flow statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements
- (d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (e) On the basis of written representations received from the directors of Holding Company as on March 31, 2018 taken on record by the board of directors of the Holding Company, none of the directors of the Holding Company is disqualified as on March 31, 2017 from being appointed as a director in terms of Section 164(2) of the Act.
- (f) With respect to the adequacy of the internal financial controls over financials reporting of the Holding Company and the operating effectiveness of such controls, refer to our separate Report in Annexure A.
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies ( Audit and Auditors) Rules, 2014 in our opinion and to the best of our information and according to the explanations given to us:



- i. The consolidated financial statements disclose the impact, if any, of pending litigation as at March 31, 2018 on the consolidated financial position of the Group. Refer Note 33 to the consolidated financial statements.
- ii. The Group did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- iii. There are amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

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

Sd/-  
**P. Murali Mohana Rao**  
Partner  
Membership No.: 023412

Place : Hyderabad  
Date : 30-05-2018.

## Annexure A to the Auditor's Report

**“Annexure A” referred to in paragraph 1(f) under “ Report on other legal and Regulatory Requirements” section of report on financial statements of even date to the members of Kavveri Telecom Products Limited on the financial statement for the year ended March 31, 2018.**

### **Report on the Internal Financial Controls under Clause (i) of sub-section 3 of Section 143 of the Companies Act, 2013 (‘the Act’)**

In conjunction with our audit of consolidated financial statements of the Company as of and for the year ended March 31, 2018, we have audited the internal financial controls over financial reporting of **Kavveri Telecom Products Limited** (‘the Holding Company’) and its subsidiary companies which are incorporated in India, as of that date.

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

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

#### **Auditors’ Responsibility**

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the “Guidance Note”) issued by the ICAI and the Standards on Auditing, issued by ICAI and deemed to be prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditors’ judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls system over financial reporting.

## Meaning of Internal Financial Controls over Financial Reporting

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

## Inherent Limitations of Internal Financial Controls over Financial Reporting

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

## Opinion

In our opinion, the Holding Company has in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

Sd/-  
**P. Murali Mohana Rao**  
Partner  
Membership No.: 023412

Place : Hyderabad  
Date : 30-05-2018.

**KAVVERI TELECOM PRODUCTS LIMITED**  
**Consolidated Balance Sheet as at 31st March 2018**

(Amounts in Rs.)

| PARTICULARS   | Note No. | " As at "31 Mar 2018 " | "As at "31 Mar 2017" | "As at "1 Apr 2016"  |
|---|----------|------------------------|----------------------|----------------------|
| <b>ASSETS</b>   |          |                        |                      |                      |
| <b>Non - Current Assets</b>   |          |                        |                      |                      |
| Property, Plant, Equipment (including goodwill)   | 1        | 1,817,874,911          | 1,997,137,824        | 2,177,115,060        |
| Capital Work in Progress  |          | 5,366,919              | 5,724,987            | 5,718,686            |
| <b>(i) Financial Assets</b>   |          |                        |                      |                      |
| (a) Security Deposits   | 2        | 16,973,197             | 16,973,197           | 16,661,304           |
| Other Non Current Assets  | 3        | 203,554,466            | 535,058,168          | 565,521,701          |
| Investment  |          | 60,757,116             | 60,757,171           | 60,757,171           |
|   |          | <b>2,104,526,609</b>   | <b>2,615,651,346</b> | <b>2,825,773,922</b> |
| <b>Current Assets</b>   |          |                        |                      |                      |
| Inventories   | 4        | 751,133,568            | 770,197,386          | 771,285,181          |
| <b>(i) Financial Assets</b>   |          |                        |                      |                      |
| (a) Trade receivables   | 5        | 1,057,402,975          | 934,981,353          | 1,054,114,446        |
| (b) Cash and Cash Equivalents   | 6        | 76,366,815             | 66,009,126           | 27,015,251           |
| Current Tax Assets (Net)  | 7        | 155,914,419            | 265,473,782          | 155,855,342          |
| Other Current Assets  | 8        | 766,382,434            | 1,780,482,153        | 1,483,835,022        |
|   |          | <b>2,807,200,211</b>   | <b>3,817,143,801</b> | <b>3,492,105,242</b> |
| <b>Total</b>  |          | <b>4,911,726,820</b>   | <b>6,432,795,147</b> | <b>6,317,879,164</b> |
| PARTICULARS   | Note No. | " As at "31 Mar 2018 " | "As at "31 Mar 2017" | "As at "1 Apr 2016"  |
| <b>EQUITY AND LIABILITIES</b>   |          |                        |                      |                      |
| <b>Equity</b>   |          |                        |                      |                      |
| Equity share capital  | 9        | 201,242,600            | 201,242,600          | 201,242,600          |
| Other equity  | 10       | 32,075,633             | 329,363,250          | 583,019,778          |
|   |          | <b>233,318,233</b>     | <b>530,605,850</b>   | <b>784,262,378</b>   |
| <b>Minority Interest</b>  |          |                        |                      |                      |
|   |          | <b>1,972,441</b>       | <b>1,972,441</b>     | <b>1,972,441</b>     |
| <b>LIABILITIES</b>  |          |                        |                      |                      |
| <b>Non- Current liabilities</b>   |          |                        |                      |                      |
| <b>(i) Financial liabilities</b>  |          |                        |                      |                      |
| (a) Borrowings  | 11       | 485,081,131            | 447,577,197          | 384,688,244          |
| (B) Provisions  | 12       | 231,388,432            | 231,388,432          | 231,641,253          |
| Deferred tax liabilities (Net)  | 13       | 36,536,876             | 208,740,101          | 207,866,058          |
|   |          | <b>753,006,439</b>     | <b>887,705,729</b>   | <b>824,195,554</b>   |
| <b>Current Liabilities</b>  |          |                        |                      |                      |
| <b>(i) Financial Liabilities</b>  |          |                        |                      |                      |
| (a) Borrowings  | 14       | 2,186,254,659          | 1,757,891,602        | 1,839,273,692        |
| (b) Trade Payables  | 15       | 787,855,973            | 1,311,084,493        | 1,425,291,855        |
| (c) Other Financial Liabilities   | 16       | 410,214,513            | 1,095,556,294        | 860,688,970          |
| Other Current Liabilities   | 17       | 333,194,854            | 656,207,493          | 345,671,173          |
| Provisions  | 18       | 205,909,708            | 191,771,243          | 236,523,100          |
|   |          | <b>3,923,429,762</b>   | <b>5,012,511,126</b> | <b>4,707,448,792</b> |
| <b>Total</b>  |          | <b>4,911,726,820</b>   | <b>6,432,795,147</b> | <b>6,317,879,164</b> |
| Corporate Information & Summary of Significant Policies and the accompanying notes are an integral part of the financial statements | 27 & 28  |                        |                      |                      |

As Per our report of even date attached

**For P Murali & Co.**

Chartered Accountants

Firm registration Number: 007257S

Sd/-

**P Murali Mohana Rao**

Partner

Membership No.: 023412

Place : Hyderabad

Date : 30-05-2018

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

Sd/-

**C Shiva Kumar Reddy**

Managing Director

DIN : 01189348

Sd/-

**R.H. Kasturi**

Director

DIN : 00291851

## KAVVERI TELECOM PRODUCTS LIMITED

## Consolidated Statement of Profit and Loss for the Period ended 31st Mar 2018

(Amounts in Rs.)

| PARTICULARS   | Note No. | " As at "31 Mar 2018 " | "As at "31 Mar 2017" |
|---|----------|------------------------|----------------------|
| <b>Revenue</b>  |          |                        |                      |
| Revenue from operations   | 19       | 146,907,705            | 254,120,145          |
| Other Income  | 20       | 1,764,625              | 6,322,192            |
| <b>Total Income</b>   |          | <b>148,672,330</b>     | <b>260,442,337</b>   |
| <b>Expenses</b>   |          |                        |                      |
| Cost of Material Consumed   | 21       | 19,804,914             | 44,634,493           |
| Purchase of Stock-in-Trade  |          | -                      |                      |
| Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade   | 22       | -                      | 4,173,836            |
| Employee Benefit Expenses   | 23       | 30,408,721             | 63,875,893           |
| Other Operating Expenditure   | 24       | (9,554,864)            | (8,232,588)          |
| Finance costs   | 25       | 195,008,405            | 196,803,632          |
| Other expenses  | 26       | 217,512,110            | 119,535,970          |
| Depreciation  | 1        | 164,983,884            | 183,209,750          |
| <b>Total Expenses</b>   |          | <b>618,163,170</b>     | <b>604,000,987</b>   |
| <b>Profit/(loss) before exceptional items and Tax</b>   |          | <b>(469,490,840)</b>   | <b>(343,558,650)</b> |
| <b>Exceptional Items</b>  |          | -                      | (29,259,273)         |
| <b>Profit/(loss) Tax</b>  |          | <b>(469,490,840)</b>   | <b>(314,299,377)</b> |
| <b>Tax expense:</b>   |          |                        |                      |
| Provision for Tax   |          |                        |                      |
| Deferred Tax  |          | (172,203,225)          | 874,043              |
| <b>Profit/(Loss) for the period</b>   |          | <b>(297,287,615)</b>   | <b>(315,173,420)</b> |
| Other Comprehensive Income  |          | -                      | -                    |
| <b>Total comprehensive income for the period</b>  |          | <b>(297,287,615)</b>   | <b>(315,173,420)</b> |
| <b>Loss attributable to:</b>  |          |                        |                      |
| Owners of the entity  |          | (297,287,615)          | (315,173,420)        |
| non-Controlling interest  |          | -                      | -                    |
| <b>VII. Earning per equity share of Rs 10/- each:</b>   |          |                        |                      |
| (1) Basic   |          | (14.77)                | (15.66)              |
| (2) Diluted   |          | (14.77)                | (15.66)              |
| Corporate Information & Summary of Significant Policies and the accompanying notes are an integral part of the financial statements | 27 & 28  |                        |                      |

As Per our report of even date attached

**For P Murali & Co.**Chartered Accountants  
Firm registration Number: 007257SSd/-  
**P Murali Mohana Rao**  
Partner  
Membership No.: 023412**For and on behalf of the Board of Directors of  
Kavveri Telecom Infrastructure Limited**Sd/-  
**C Shiva Kumar Reddy**  
Managing Director  
DIN : 01189348Sd/-  
**R.H. Kasturi**  
Director  
DIN : 00291851Place : Hyderabad  
Date : 30-05-2018

## KAVVERI TELECOM PRODUCTS LIMITED

## Statement of Consolidated Cash Flow for the Period ended 31st Mar 2018

(Amounts in Rs.)

| PARTICULARS   | For the year ended<br>31 March 2018 | For the year ended<br>31 March 2018 |
|---|-------------------------------------|-------------------------------------|
| <b>A. Cash flow from operating activities</b>   |                                     |                                     |
| Profit / (Loss) before tax  | (469,490,840)                       | (314,299,377)                       |
| Adjustments to reconcile profit before tax to net cash from / (used in) operating activities. |                                     |                                     |
| Depreciation on property, plant and equipment   | 164,983,884                         | 183,209,750                         |
| Amortisation and impairment of intangible assets  | -                                   | -                                   |
| Finance income (including fair value change in financial instruments)                         | (1,066,099)                         | (752,260)                           |
| Finance costs (including fair value change in financial instruments)                          | 195,008,405                         | 196,803,632                         |
| Foreign Currency Translation adjustments  |                                     | 61,516,893                          |
| <b>Operating Profit before working capital changes</b>  | <b>(110,564,650)</b>                | <b>126,478,638</b>                  |
| <b>Working capital adjustments</b>  |                                     |                                     |
| Decrease/ (increase) in Trade and Other Advances  | 109,559,363                         | (378,732,651)                       |
| Decrease/ (increase) in Inventory   | 19,063,818                          | 1,087,795                           |
| Increase/ (decrease) in Trade Payables  | (523,228,520)                       | (114,207,362)                       |
| (Increase) / decrease in Trade Receivables  | (122,421,622)                       | 119,133,093                         |
| Increase/(Decrease) in Long Term Liabilities  |                                     | (11,564)                            |
| Decrease/ (increase) in other Current assets  | 1,014,099,719                       | (2,976,869)                         |
| (Decrease)/ increase in Provisions  | -                                   | (45,004,678)                        |
| Decrease/ (increase) in other Non Current assets  | 331,503,702                         | (1,525,302)                         |
| Increase/ (decrease) Other Current Liabilities  | (994,215,901)                       | 545,403,644                         |
| Increase/ (decrease) in Short term borrowings   | 428,363,057                         | (81,382,090)                        |
| <b>Sub Total</b>  | <b>152,158,966</b>                  | <b>168,262,654</b>                  |
| Income tax paid   | -                                   | -                                   |
| <b>Net cash flows from operating activities (A)</b>   | <b>152,158,966</b>                  | <b>168,262,654</b>                  |
| <b>B. Cash flow from investing activities</b>   |                                     |                                     |
| Payment for purchase and construction of property, plant and equipment                        | (71,372)                            | (3,251,607)                         |
| Decrease/ (increase) in Capitalwork-in-progress   | 358,068                             | 5,718,686                           |
| Proceeds from sale of property, plant and equipment   | 14,350,398                          | -                                   |
| Interest received   | 1,066,099                           | 752,260                             |
| Repayment of loans given  | -                                   | -                                   |
| <b>Net cash flows from / (used in) investing activities (B)</b>                               | <b>15,703,193</b>                   | <b>3,219,339</b>                    |
| <b>C. Cash flow from financing activities</b>   |                                     |                                     |
| Proceeds from long term loans and borrowings  | 37,503,934                          | 64,315,516                          |
| Interest payment  | (195,008,405)                       | (196,803,632)                       |
| <b>Net Cash flows from / (used in) Financing activities (C)</b>                               | <b>(157,504,471)</b>                | <b>(132,488,116)</b>                |
| <b>Net increase / (decrease) in cash and cash equivalents (A+B+C)</b>                         | <b>10,357,689</b>                   | <b>38,993,877</b>                   |
| Opening Balance of Cash   | 66,009,126                          | 27,015,251                          |
| Closing Balance   | <b>76,366,815</b>                   | <b>66,009,128</b>                   |
| <b>Components of Cash and Cash Equivalents</b>  |                                     |                                     |
| Cash on Hand  | 6,075,949                           | 1,944,803                           |
| Balances with bank in current account   | 70,290,866                          | 64,064,324                          |
| <b>Balance at the end of the year</b>   | <b>76,366,815</b>                   | <b>66,009,126</b>                   |

As Per our report of even date attached

For P Murali &amp; Co.

Chartered Accountants

Firm registration Number: 007257S

Sd/-

P Murali Mohana Rao

Partner

Membership No.: 023412

Place : Hyderabad

Date : 30-05-2018

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

Sd/-

C Shiva Kumar Reddy

Managing Director

DIN : 01189348

Sd/-

R.H. Kasturi

Director

DIN : 00291851

| 1) Notes to financial statements for the year ended March 31, 2018<br>(All amounts in Indian Rupees, except for share data or as otherwise stated) |                   |                  |                      |                  |                   |                   |                    |                    |                   |                    |                      |
|--|-------------------|------------------|----------------------|------------------|-------------------|-------------------|--------------------|--------------------|-------------------|--------------------|----------------------|
| 9. Property, Plant and Equipment & Intangible assets   | Furnitures        | Office Equipment | Plant & Machinery I  | Land (Free hold) | Land (Lease hold) | Computers         | Vehicles           | Buildings          | Computer Software | Technical Know how | Total assets         |
| <b>Cost</b>  |                   |                  |                      |                  |                   |                   |                    |                    |                   |                    |                      |
| As on April 1, 2016  | 32,487,901        | 2,170,988,604    | 3,155,000            | 11,451,472       | 34,903,001        | 23,503,358        | 214,537,09         | 18,047,553         | 275,179,466       |                    | 2,784,253,446        |
| Impact on IND AS Transition  | -                 | -                | -                    | -                | -                 | -                 | -                  | -                  | -                 | -                  | -                    |
| Additions  | 916,584           | -                | -                    | -                | -                 | 66,062            | -                  | -                  | 2,268,961         | -                  | 3,251,607            |
| Disposals  | -                 | -                | -                    | -                | -                 | -                 | -                  | -                  | -                 | -                  | -                    |
| <b>As at March 31, 2017</b>  | <b>33,404,485</b> | <b>-</b>         | <b>2,170,988,604</b> | <b>3,155,000</b> | <b>11,451,472</b> | <b>34,969,063</b> | <b>23,503,358</b>  | <b>214,537,091</b> | <b>20,316,514</b> | <b>275,179,466</b> | <b>2,787,505,053</b> |
| Additions  | -                 | 42,728           | -                    | 197,360,716      | 28,644            | 197,360,716       | -                  | -                  | -                 | -                  | 394,792,804          |
| Disposals  | -                 | -                | -                    | -                | -                 | -                 | 11,815,310         | -                  | -                 | -                  | 11,815,310           |
| <b>As at March 31, 2018</b>  | <b>33,404,485</b> | <b>42,728</b>    | <b>2,368,349,320</b> | <b>3,155,000</b> | <b>11,451,472</b> | <b>34,997,707</b> | <b>209,048,764</b> | <b>214,537,091</b> | <b>20,316,514</b> | <b>275,179,466</b> | <b>2,775,689,743</b> |
| <b>Depreciation / Amortization</b>   |                   |                  |                      |                  |                   |                   |                    |                    |                   |                    |                      |
| As at April 1, 2016-   | 31,818,270        | -                | 706,747,119          | -                | -                 | 34,903,001        | 11,222,123         | 76,481,793         | 17,743,016        | 125,479,589        | 1,004,394,910        |
| Impact on IND AS Transition  | -                 | -                | -                    | -                | -                 | -                 | -                  | -                  | -                 | -                  | -                    |
| Charge for the year  | 1,374,784         | -                | 159,059,027          | -                | -                 | 10,709            | 2,072,114          | 8,885,538          | 2,351,737         | 9,474,933          | 183,228,842          |
| Disposals  | -                 | -                | -                    | -                | -                 | -                 | -                  | -                  | -                 | -                  | -                    |
| <b>As at March 31, 2017</b>  | <b>33,193,054</b> | <b>-</b>         | <b>865,806,146</b>   | <b>-</b>         | <b>-</b>          | <b>34,913,710</b> | <b>13,294,237</b>  | <b>85,367,331</b>  | <b>20,094,753</b> | <b>134,954,522</b> | <b>1,187,623,752</b> |
| Charge for the period  | 2,026,983         | -                | 147,738,476          | -                | -                 | 209,320           | 115,534            | 5,148,592          | 201,214           | 9,543,765          | 164,983,884          |
| Disposals  | -                 | -                | -                    | -                | -                 | -                 | -                  | -                  | -                 | -                  | -                    |
| <b>As at March 31, 2018</b>  | <b>35,220,037</b> | <b>-</b>         | <b>1,013,544,622</b> | <b>-</b>         | <b>-</b>          | <b>35,123,030</b> | <b>13,409,771</b>  | <b>90,515,923</b>  | <b>20,295,967</b> | <b>144,498,287</b> | <b>1,352,607,636</b> |
| <b>Net Block</b>   |                   |                  |                      |                  |                   |                   |                    |                    |                   |                    |                      |
| As at March 31, 2018   | (1,815,552)       | 42,728           | 1,354,804,698        | 3,155,000        | 11,451,472        | (125,322)         | 195,638,994        | 124,021,168        | 20,547            | 130,681,179        | 1,817,874,911        |
| As at March 31, 2017   | 211,431           | -                | 1,305,182,458        | 3,155,000        | 11,451,472        | 55,354            | 10,209,122         | 129,169,760        | 221,761           | 140,224,944        | 1,599,881,301        |
| As at April 01, 2016   | 669,631           | -                | 1,464,241,485        | 3,155,000        | 11,451,472        | 0                 | 12,281,235         | 138,055,298        | 304,538           | 149,699,877        | 1,779,858,536        |

## Notes to financial statements for the year ended March 31, 2018

## 2. SECURITY DEPOSITS

(Amount in Rs.)

| PARTICULARS       | As at 31st Mar 2018 | As at 31st Mar 2017 | As at 01st Apr 2016 |
|-------------------|---------------------|---------------------|---------------------|
| Security Deposits | 16,973,197          | 16,973,197          | 16,661,304          |
| <b>Total</b>      | <b>16,973,197</b>   | <b>16,973,197</b>   | <b>16,661,304</b>   |

## 3. OTHER NON-CURRENT ASSETS

(Amount in Rs.)

| PARTICULARS                                | As at 31st Mar 2018 | As at 31st Mar 2017 | As at 01st Apr 2016 |
|--|---------------------|---------------------|---------------------|
| <b>Advances Otherthan capital advances</b> |                     |                     |                     |
| Margin Money Deposits                      | 30,054,159          | 1,089,952           | 6,158,107           |
| Other Advances                             | 3,025,934           | 515,191,384         | 544,502,758         |
| Deposits                                   | 151,234,362         | 8,229,386           | 4,471,279           |
| Other Non Current Assets                   | 19,240,011          | 10,547,446          | 10,389,557          |
| <b>Total</b>                               | <b>203,554,466</b>  | <b>535,058,168</b>  | <b>565,521,701</b>  |

## 4. INVENTORIES

(Amount in Rs.)

| PARTICULARS      | As at 31st Mar 2018 | As at 31st Mar 2017 | As at 01st Apr 2016 |
|------------------|---------------------|---------------------|---------------------|
| Finished Goods   | 219174538           | 191,727,510         | 192,602,093         |
| Work-in-progress | 2,005,884           | 2,747,787           | 4,294,894           |
| Raw Materials    | 60,586,731          | 106,355,676         | 103,406,567         |
| Stock in Trade   | 469,366,415         | 469,366,414         | 470,981,627         |
| <b>Total</b>     | <b>751,133,568</b>  | <b>770,197,386</b>  | <b>771,285,181</b>  |

## 5. TRADE RECEIVABLES

(Amount in Rs.)

| PARTICULARS   | As at 31st Mar 2018  | As at 31st Mar 2017 | As at 01st Apr 2016  |
|---|----------------------|---------------------|----------------------|
| <b>Outstanding for a period exceeding six months from the date they are due for payment</b> |                      |                     |                      |
| Unsecured and considered good   | 695,799,623          | 576,504,311         | 526,953,767          |
| <b>Other Receivables</b>  |                      |                     |                      |
| Unsecured and considered good   | 361,603,352          | 358,477,042         | 527,160,679          |
| <b>Total</b>  | <b>1,057,402,975</b> | <b>934,981,353</b>  | <b>1,054,114,446</b> |

## 6. CASH AND CASH EQUIVALENTS

(Amount in Rs.)

| PARTICULARS                          | As at 31st Mar 2018 | As at 31st Mar 2017 | As at 01st Apr 2016 |
|--------------------------------------|---------------------|---------------------|---------------------|
| <b>Cash &amp; Cash Equivalents :</b> |                     |                     |                     |
| Balances with Banks                  |                     |                     |                     |
| In Current Accounts                  | 69,556,760          | 63,330,218          | 23,909,696          |
| Unpaid Dividend                      | 734,106             | 734,106             | 734,106             |
| Cash on hand                         | 6,075,949           | 1,944,803           | 2,371,449           |
| <b>Total</b>                         | <b>76,366,815</b>   | <b>66,009,126</b>   | <b>27,015,251</b>   |



## Notes to financial statements for the year ended March 31, 2018

## 7. CURRENT TAX ASSETS

(Amount in Rs.)

| PARTICULARS  | As at 31st Mar 2018 | As at 31st Mar 2017 | As at 01st Apr 2016 |
|--|---------------------|---------------------|---------------------|
| a) Advance Income Tax (Incudes TDS Receivable)             | 54,211,426          | 74,173,470          | 65,547,685          |
| b) CENVAT Credit (Including of Capital Goods & PLA Amount) | -                   | 162,100,311         | 78,307,657          |
| c) MAT Credit entitlement                                  | 12,000,000          | 12,000,000          | 12,000,000          |
| d) ICICI OTS amount paid                                   | 23,360,514          | 17,200,000          | -                   |
| e) GST Receivable  | 66,342,479          | -                   | -                   |
| <b>Total</b>   | <b>155,914,419</b>  | <b>265,473,782</b>  | <b>155,855,342</b>  |

## 8. OTHER CURRENT ASSETS

(Amount in Rs.)

| PARTICULARS                                  | As at 31st Mar 2018 | As at 31st Mar 2017  | As at 01st Apr 2016  |
|--|---------------------|----------------------|----------------------|
| a) Advances to Employees                     | 86,127,251          | 86,127,251           | 28,744,134           |
| b) Advances to Suppliers                     | -                   | 781,171,570          | 830,634,444          |
| c) Interest Accrued                          | 29,291,867          | -                    | 519,689              |
| d) Other Advances                            | 649,583,575         | 791,183,332          | 501,936,756          |
| e) Share Application Money Pending Allotment | -                   | 122,000,000          | 122,000,000          |
| f) Other curent assets                       | 1,379,740           | 45,552,340           | 70,254,611           |
| g) Prepaid Expenses                          | -                   | 25,446,166           | 25,338,722           |
| <b>Total</b>                                 | <b>766,382,433</b>  | <b>1,780,482,153</b> | <b>1,483,835,022</b> |

## 10. OTHER EQUITY

(Amount in Rs.)

| PARTICULARS   | As at 31st Mar 2018    | As at 31st Mar 2017    | As at 01st Apr 2016    |
|---|------------------------|------------------------|------------------------|
| <b>Securities Premium</b>                                     |                        |                        |                        |
| As per last Balancesheet                                      | 1,550,358,582          | 1,550,358,582          | 1,550,358,582          |
| <b>General reserve</b>  |                        |                        |                        |
| As per last Balancesheet                                      | 90,744,280             | 90,744,280             | 90,744,280             |
| <b>Capital Reserve</b>  |                        |                        |                        |
| As per last Balancesheet                                      | 9,591,325              | 9,591,325              | 9,591,325              |
| Foreign Currency Translation reserve                          | 47,742,175             | 47,742,175             | (13,774,718)           |
| Fall in Value of investment                                   | 3,718,584              | 3,718,584              | 3,718,584              |
| Employee stock option outstanding                             | 12,461,345             | 12,461,345             | 12,461,345             |
| <b>Surplus/(deficit) in the statement of profit and loss:</b> |                        |                        |                        |
| Balance as at the beginning of the year                       | (1,385,253,041)        | (1,070,079,620)        | (717,458,656)          |
| Add: change to profit / (loss) for the year                   | (297,287,617)          | (315,173,420)          | (352,620,964)          |
| <b>Balance as at the end of the year</b>                      | <b>(1,682,540,658)</b> | <b>(1,385,253,041)</b> | <b>(1,070,079,620)</b> |
| <b>Total</b>  | <b>32,075,633</b>      | <b>329,363,250</b>     | <b>583,019,778</b>     |

## Notes to financial statements for the year ended March 31, 2018

## 11. BORROWINGS (NON CURRENT)

(Amount in Rs.)

| PARTICULARS                | As at 31st Mar 2018 | As at 31st Mar 2017 | As at 01st Apr 2016 |
|----------------------------|---------------------|---------------------|---------------------|
| Term Loans                 |                     |                     |                     |
| i) From Banks              | 253,844,077         | 253,844,077         | 253,844,077         |
|                            | <b>253,844,077</b>  | <b>253,844,077</b>  | <b>253,844,077</b>  |
| ii) From other parties     |                     |                     |                     |
| Loans from related parties | 230,681,843         | 185,773,769         | 122,873,232         |
| Deposits                   | 555,211             | 7,959,351           | 7,970,935           |
|                            | <b>231,237,054</b>  | <b>193,733,120</b>  | <b>130,844,167</b>  |
| <b>Total</b>               | <b>485,081,131</b>  | <b>447,577,197</b>  | <b>384,688,244</b>  |

**Notes : Loans from Banks****1. Kavveri Telecom Infrastructure Limited**

"Term Loan from Dena Bank is secured by the entire movable fixed assets ranking pari-passu first charge with ICICI Bank Ltd and Axis Bank Ltd and further secured by first charge on the entire current assets of the company both present and future ranking pari-passu with ICICI Bank Ltd and Axis Bank Ltd.

"It is further secured by pledge of promoters' share to an extent of 16% of exposure during the entire currency of the Term Loan. Further pari-passu charge on the escrow account need to be maintained where all the collections from the debtors are deposited.

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

**2. Kavveri Telecom Products Limited**

"Term Loan Account with State Bank of India is secured by first charge on the entire present and future fixed assets of the company and equitable mortgage of the land and building at Suragajakkanahalli, Anekal Taluk where the factory is located and further secured by the securities offered in respect of Cash Credit facilities.

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

**3. Interest Free Unsecured loan taken from Directors and their relatives.**

## 12. PROVISIONS (NON CURRENT)

(Amount in Rs.)

| PARTICULARS                           | As at 31st Mar 2018 | As at 31st Mar 2017 | As at 01st Apr 2016 |
|---------------------------------------|---------------------|---------------------|---------------------|
| (a) Provision for Warranty            | 211,177,189         | 211,177,189         | 211,177,189         |
| (b) Gratuity obligation               | 6,661,506           | 6,661,506           | 6,868,011           |
| (c) Provision for Compensated absence | 3,849,737           | 3,849,737           | 3,896,053           |
| (d) Provision for taxation            | 9,700,000           | 9,700,000           | 9,700,000           |
| <b>Total</b>                          | <b>231,388,432</b>  | <b>231,388,432</b>  | <b>231,641,253</b>  |

## 13. DEFFERED TAX LIABILITY

(Amount in Rs.)

| PARTICULARS            | As at 31st Mar 2018 | As at 31st Mar 2017 | As at 01st Apr 2016 |
|------------------------|---------------------|---------------------|---------------------|
| Deffered tax liability | 36,536,876          | 208,740,101         | 207,866,058         |
| <b>Total</b>           | <b>36,536,876</b>   | <b>208,740,101</b>  | <b>207,866,058</b>  |

**Notes to financial statements for the year ended March 31, 2018**
**14. BORROWINGS (CURRENT)**
*(Amount in Rs.)*

| <b>PARTICULARS</b>                       | <b>As at 31st Mar 2018</b> | <b>As at 31st Mar 2017</b> | <b>As at 01st Apr 2016</b> |
|--|----------------------------|----------------------------|----------------------------|
| <b>Secured Loans</b>                     |                            |                            |                            |
| (a) From banks - Secured Loans           | 1,651,683,448              | 885,928,202                | 950,020,698                |
| <b>Unsecured Loans</b>                   |                            |                            |                            |
| (a) Loans from Directors & Other Parties | 534,571,211                | 871,963,400                | 889,252,994                |
| <b>Total</b>                             | <b>2,186,254,659</b>       | <b>1,757,891,602</b>       | <b>1,839,273,692</b>       |

**15. TRADE PAYABLES**
*(Amount in Rs.)*

| <b>PARTICULARS</b> | <b>As at 31st Mar 2018</b> | <b>As at 31st Mar 2017</b> | <b>As at 01st Apr 2016</b> |
|--------------------|----------------------------|----------------------------|----------------------------|
| Trade Payables     | 787,855,973                | 1,311,084,493              | 1,425,291,855              |
| <b>Total</b>       | <b>787,855,973</b>         | <b>1,311,084,493</b>       | <b>1,425,291,855</b>       |

**16. OTHER FINANCIAL LIABILITIES (CURRENT)**
*(Amount in Rs.)*

|                                      | <b>As at 31st Mar 2018</b> | <b>As at 31st Mar 2017</b> | <b>As at 01st Apr 2016</b> |
|--------------------------------------|----------------------------|----------------------------|----------------------------|
| Current Maturities of Long-term debt | -                          | 744,708,281                | 562,068,960                |
| Interest on term loans payable       | 410,214,513                | 350,848,013                | 298,620,010                |
| <b>Total</b>                         | <b>410,214,513</b>         | <b>1,095,556,294</b>       | <b>860,688,970</b>         |

**17. OTHER CURRENT LIABILITIES**
*(Amount in Rs.)*

| <b>PARTICULARS</b>   | <b>As at 31st Mar 2018</b> | <b>As at 31st Mar 2017</b> | <b>As at 01st Apr 2016</b> |
|--|----------------------------|----------------------------|----------------------------|
| Other Payables   | 301,953,701                | 621,458,205                | 306,529,119                |
| Statutory dues (Including Provident Fund, Withholding and other taxes payable) | 31,241,153                 | 34,749,288                 | 39,142,054                 |
| <b>Total</b>   | <b>333,194,854</b>         | <b>656,207,493</b>         | <b>345,671,173</b>         |

**18. PROVISIONS**
*(Amount in Rs.)*

| <b>PARTICULARS</b>               | <b>As at 31st Mar 2018</b> | <b>As at 31st Mar 2017</b> | <b>As at 01st Apr 2016</b> |
|----------------------------------|----------------------------|----------------------------|----------------------------|
| Provisions for Employee Benefits | 6,762,436                  | 6,574,772                  | 814,340                    |
| Provisions for Leave Encashment  | 4,974,179                  | 1,147,242                  | 1,211,961                  |
| Salaries Payable                 | 8,922,406                  | 2,834,481                  | 3,091,716                  |
| Other Provisions                 | 185,250,687                | 181,214,748                | 231,405,083                |
| <b>Total</b>                     | <b>205,909,708</b>         | <b>191,771,243</b>         | <b>236,523,100</b>         |

## 9. SHARE CAPITAL

(Amount in Rs.)

| PARTICULARS   | As at 31st Mar 2018 | As at 31st Mar 2017 | As at 01st Apr 2016 |
|---|---------------------|---------------------|---------------------|
| <b>Authorised Capital</b><br>2,50,00,000 (March 31, 2017: 5,00,00,000) Equity shares of Rs. 10/- each   | 250,000,000         | 250,000,000         | 250,000,000         |
| <b>Issued, subscribed &amp; fully paid up Capital</b><br>2,01,24,260 (March 31, 2017: 1783530) Equity shares of Rs. 10/- each<br>Less: Calls Unpaid by others | 201,242,600         | 201,242,600         | 201,242,600         |
| <b>Total</b>  | <b>201,242,600</b>  | <b>201,242,600</b>  | <b>201,242,600</b>  |

**Terms/ rights attached to the equity shares:**

- i) The Company has only one class of shares referred to as equity shares having a par value of Rs. 10/- . Each, holder of equity shares is entitled to one vote per share.
- ii) The Company did not declare any dividend during the accounting period under reporting.
- iii) In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts in proportion to the number of equity shares held by the share holders.
- b iv) No shares have been issued for consideration other than cash during the immediately preceding five years from the end of the reporting period.

**Reconciliation of equity shares outstanding as at the beginning and at the end of the reporting Period:**

| PARTICULARS  | As at 31st Mar 2018<br>No. of Shares | As at 31st Mar 2017<br>No. of Shares | As at 01st Apr 2016<br>No. of Shares |
|--|--------------------------------------|--------------------------------------|--------------------------------------|
| <b>Equity shares</b>                                 |                                      |                                      |                                      |
| Ordinary equity shares                               |                                      |                                      |                                      |
| Shares at the beginning of the year                  | 20,124,260                           | 20,124,260                           | 20,124,260                           |
| Issued during the year                               |                                      |                                      |                                      |
| <b>c. Shares outstanding as at end of the period</b> | <b>20124260</b>                      | <b>20124260</b>                      | <b>20124260</b>                      |

**DETAILS OF SHAREHOLDERS HOLDING MORE THAN 5% SHARES IN THE COMPANY**

| PARTICULARS                      | As at 31st Mar 2018 |              | As at 31st Mar 2017 |              | As at 01st Apr 2016 |              |
|----------------------------------|---------------------|--------------|---------------------|--------------|---------------------|--------------|
|                                  | No. of Shares       | % of holding | No. of Shares       | % of holding | No. of Shares       | % of holding |
| Kavveri Telecom Products Limited | 909,600             | 4.52%        | 909,600             | 4.52%        | 909,600             | 4.52%        |
| C. Shiva Kumar Reddy             | 409,878             | 2.04%        | 409,878             | 2.04%        | 409,878             | 2.04%        |
| C. Uma Reddy                     | 231,670             | 1.15%        | 231,670             | 1.15%        | 231,670             | 1.15%        |
| R H Kasturi                      | 231,670             | 1.15%        | 231,670             | 1.15%        | 231,670             | 1.15%        |

## Notes to Consolidated Financial Statement as at 31st Mar, 2018

## 19. REVENUE FROM OPERATIONS

(Amount in Rs.)

| PARTICULARS                                | For the Year Ended<br>31st Mar 2018 | For the Year Ended<br>31st Mar 2018 |
|--|-------------------------------------|-------------------------------------|
| Revenue From operations                    |                                     |                                     |
| (a) Sale of Products                       | 57,237,467                          | 94,569,564                          |
| (b) Sale of Services                       | 89,670,238                          | 159,550,580                         |
|  | -                                   |                                     |
|  | <b>146,907,705</b>                  | <b>254,120,145</b>                  |
| Less:Excise Duties & Service tax Collected | -                                   |                                     |
| VAT,CST & GST Collected                    | -                                   |                                     |
| <b>Total</b>                               | <b>146,907,705</b>                  | <b>254,120,145</b>                  |

## 20. OTHER INCOME

(Amount in Rs.)

| PARTICULARS                | For the Year Ended<br>31st Mar 2018 | For the Year Ended<br>31st Mar 2018 |
|----------------------------|-------------------------------------|-------------------------------------|
| Interest Income            | 1,066,099                           | 752,260                             |
| Misc Income                | 904,744                             | 136,028                             |
| Other Income               | 713,049                             | 5,433,904                           |
| Sundry Balance Written off | (931,253)                           | -                                   |
| Discount Received          | 11,986                              | -                                   |
| <b>Total</b>               | <b>1,764,625</b>                    | <b>6,322,192</b>                    |

## 21. COST OF MATERIALS CONSUMED

(Amount in Rs.)

| PARTICULARS                         | For the Year Ended<br>31st Mar 2018 | For the Year Ended<br>31st Mar 2018 |
|-------------------------------------|-------------------------------------|-------------------------------------|
| Opening Stock of Raw Materials      | 54,261,723                          | 115,273,897                         |
| Add: Purchases During the year      | 4,226,948                           | 51,913,482                          |
| Less: Closing Stock of Raw material | 60,586,731                          | 122,552,886                         |
| <b>Total</b>                        | <b>19,804,914</b>                   | <b>44,634,493</b>                   |

## 22. CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE

(Amount in Rs.)

| PARTICULARS  | For the Year Ended<br>31st Mar 2018 | For the Year Ended<br>31st Mar 2018 |
|--|-------------------------------------|-------------------------------------|
| <b>Finished Goods</b>                                |                                     |                                     |
| Finished goods at the beginning of the year          | 48,657,397                          | 36,333,171                          |
| Less: Finished goods at the end of the year          | 48,657,397                          | 42,552,891                          |
| <b>Sub Total (A)</b>                                 | -                                   | (6,219,720)                         |
| <b>Work in Progress</b>                              |                                     |                                     |
| Finished goods at the beginning of the year          | 471,372,298                         | 4,051,768                           |
| Less: Finished goods at the end of the year          | 471,372,298                         | 2,005,884                           |
| <b>Sub Total (B)</b>                                 | -                                   | 2,045,884                           |
| <b>Increase or Decrease in Inventories - (A - B)</b> | -                                   | <b>4,173,836</b>                    |

## Notes to Consolidated Financial Statement as at 31st Mar, 2018

## 23. EMPLOYEE BENEFIT EXPENSES

(Amount in Rs.)

| PARTICULARS                                 | For the Year Ended<br>31st Mar 2018 | For the Year Ended<br>31st Mar 2018 |
|---|-------------------------------------|-------------------------------------|
| (a) Salaries & Wages                        | 28,932,450                          | 61,869,145                          |
| (b) Contribution to Provident & Other Funds | 935,283                             | 765,665                             |
| (c) Staff Welfare Expenses                  | 540,988                             | 1,241,083                           |
| <b>Total</b>                                | <b>30,408,721</b>                   | <b>63,875,893</b>                   |

## 24. OTHER OPERATING EXPENSES

(Amount in Rs.)

| PARTICULARS                     | For the Year Ended<br>31st Mar 2018 | For the Year Ended<br>31st Mar 2018 |
|---------------------------------|-------------------------------------|-------------------------------------|
| a) Repairs and maintenance      | 229,702                             | 2,080,743                           |
| b) Foreign Exchange (Gain/Loss) | (12,127,366)                        | (19,961,988)                        |
| c) Repairs to others            | 885,924                             | -                                   |
| d) Insurance                    | 870,509                             | 1,724,867                           |
| e) Production expenses          | 57,895                              |                                     |
| f) Transportation Charges       | 166,548                             |                                     |
| g) Job Work Handling Charges    | 311,729                             | 1,643,222                           |
| h) Discount Allowed             | 4,067                               |                                     |
| i) Miscellaneous Expenses       | 46,128                              | 6,280,568                           |
| <b>Total</b>                    | <b>(9,554,864)</b>                  | <b>(8,232,588)</b>                  |

## 25. FINANCE COSTS

(Amount in Rs.)

| PARTICULARS                                | For the Year Ended<br>31st Mar 2018 | For the Year Ended<br>31st Mar 2018 |
|--|-------------------------------------|-------------------------------------|
| a) Interest Expenses                       |                                     |                                     |
| - Interest on Cash Credit & Packing Credit | 134,724,588                         | 135,669,842                         |
| - Loan Processing Charges & Bank Charges   | 923,532                             | 1,773,505                           |
| b) Other Borrowing costs                   | 59,360,285                          | 59,360,285                          |
| <b>Total</b>                               | <b>195,008,405</b>                  | <b>196,803,632</b>                  |

## Notes to Consolidated Financial Statement as at 31st Mar, 2018

## 26. OTHER EXPENSES

(Amount in Rs.)

| PARTICULARS                              | For the Year Ended<br>31st Mar 2018 | For the Year Ended<br>31st Mar 2018 |
|--|-------------------------------------|-------------------------------------|
| a) Administratiob expenses               | 3,382,359                           | 3,998,280                           |
| b) Travelling and Conveyance             | 6,353,689                           | 11,336,167                          |
| c) Office Maintenance                    | -                                   | 14,680,422                          |
| d) Rates & Taxes (excluding Income Tax)  | 2,364,888                           | 2,378,614                           |
| e) Fuel and Freight charges              | 1,311,373                           | (78,530)                            |
| f) Office Rent & Others                  | 24,647,318                          | 42,646,859                          |
| g) General Expenses                      | -                                   | 33,000,500                          |
| h) Deferred revenue expenses written off | -                                   | (1,949,626)                         |
| i) Professional and Annual Fee Etc       | 10,751,893                          | 5,054,898                           |
| j) Legal Charges                         | 2,008,615                           | -                                   |
| k) Other Expenses                        | 165,531,640                         | 7,116,426                           |
| l) Statutory Audit fees                  | 1,160,335                           | 1,351,960                           |
| <b>Total</b>                             | <b>217,512,110</b>                  | <b>119,535,970</b>                  |

## Statement of changes in Equity

## A. EQUITY SHARE CAPITAL

(Amount in Rs.)

| PARTICULARS                         | Number of Shares  | Amount             |
|-------------------------------------|-------------------|--------------------|
| Balance as at April 1, 2016         | 20,124,260        | 201,242,600        |
| Changes in equity Share Capital     | -                 | -                  |
| <b>Balance as at March 31, 2017</b> | <b>20,124,260</b> | <b>201,242,600</b> |
| Balance as at April 1, 2017         | 20,124,260        | 201,242,600        |
| Changes in equity Share Capital     | -                 | -                  |
| <b>Balance as at March 07, 2018</b> | <b>20,124,260</b> | <b>201,242,600</b> |

| Statement of changes in Equity<br>OTHER EQUITY               |  | Reserves & Surplus |                 |                    |                                   |                   |  | Items of Other comprehensive income | Total         |
|--|--|--------------------|-----------------|--------------------|-----------------------------------|-------------------|--|-------------------------------------|---------------|
|  |  | General Reserve    | Capital Reserve | Securities Premium | Employee Stock Option Outstanding | Retained earnings | Foreign Currency Translation reserve & Fall in value of investment |                                     |               |
| <b>Balance at April 1, 2016</b>                              |  | 90,744,280         | 9,591,325       | 1,550,358,582      | 12,461,345                        | (1,070,079,620)   | 51,460,759   | -                                   | 644,536,671   |
| <b>Changes in equity for the year ended March 31, 2017</b>   |  | -                  | -               | -                  | -                                 | -                 | -  | -                                   | -             |
| Transfer to General Reserve                                  |  | -                  | -               | -                  | -                                 | -                 | -  | -                                   | -             |
| Equity instruments through other comprehensive income        |  | -                  | -               | -                  | -                                 | -                 | -  | -                                   | -             |
| Changes in accounting policy / prior period errors           |  | -                  | -               | -                  | -                                 | -                 | -  | -                                   | -             |
| Profit for the period  |  | -                  | -               | -                  | -                                 | (315,173,420)     | -  | -                                   | (315,173,420) |
| Addition to capital reserve                                  |  | -                  | -               | -                  | -                                 | -                 | -  | -                                   | -             |
| <b>Balance as at March 31, 2017</b>                          |  | 90,744,280         | 9,591,325       | 1,550,358,582      | 12,461,345                        | (1,385,253,041)   | 51,460,759   | -                                   | 329,363,250   |
| <b>Changes in equity for the Period ended March 31, 2018</b> |  | -                  | -               | -                  | -                                 | -                 | -  | -                                   | -             |
| Transfer to General Reserve                                  |  | -                  | -               | -                  | -                                 | -                 | -  | -                                   | -             |
| Equity instruments through other comprehensive income        |  | -                  | -               | -                  | -                                 | -                 | -  | -                                   | -             |
| Changes in accounting policy / prior period errors           |  | -                  | -               | -                  | -                                 | -                 | -  | -                                   | -             |
| Profit for the period  |  | -                  | -               | -                  | -                                 | (297,287,617)     | -  | -                                   | (297,287,617) |
| Addition to capital reserve                                  |  | -                  | -               | -                  | -                                 | -                 | -  | -                                   | -             |
| <b>Balance as at March 31, 2018</b>                          |  | 90,744,280         | 9,591,325       | 1,550,358,582      | 12,461,345                        | (1,682,540,658)   | 51,460,759   | -                                   | 32,075,633    |



## 27. Corporate Information

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

## 28. Basis of preparation

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

### (i) Compliance with IndAS

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

### (ii) Historical cost convention

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

- Certain financial assets and liabilities and contingent consideration that is measured at fair value;
- Defined benefit plans – plan assets measured at fair value;

### (iii) Recent accounting pronouncements

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

## 1. Principles of Consolidation:

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

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

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

| Name of the company                    | Country of incorporation | Percentage of holding as on 31st March, 2017 | Accounting Period                 |
|--|--------------------------|--|-----------------------------------|
| Direct subsidiaries                    |                          |  |                                   |
| Eaicom India Private Limited           | India                    | 100%   | 1st April 2017 to 31st March 2018 |
| Kavveri Telecom Infrastructure Limited | India                    | 51%  | 1st April 2017 to 31st March 2018 |
| Kavveri Technologies Inc               | Canada                   | 100%   | 1st April 2017 to 31st March 2018 |

| <b>Subsidiaries of wholly owned subsidiary, Kavveri Technologies Inc</b> |        |      |                                   |
|--|--------|------|-----------------------------------|
| Til – Tek Antennae Inc   | Canada | 100% | 1st April 2017 to 31st March 2018 |
| DCI Digital Communications Inc   | Canada | 100% | 1st April 2017 to 31st March 2018 |
| Spotwave Wireless Ltd  | Canada | 100% | 1st April 2017 to 31st March 2018 |
| Kaveri Realty 5 Inc<br>March 2018  | Canada | 100% | 1st April 2017 to 31st March 2018 |

## 1.1 Summary of significant accounting policies

### I. Significant Accounting Estimates and Judgments

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

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

#### Use of estimation and assumptions

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

**Income tax**

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

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

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

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

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

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

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

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

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

**Expected credit loss**

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

**II. Property, Plant and Equipment**

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

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

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

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

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

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

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

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

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

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

### **Depreciation**

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

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

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

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

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

### III. Intangible Assets

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

#### Financial Assets

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

#### Initial recognition:

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

#### Subsequent Measurement:

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

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

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

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

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

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

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

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

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

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

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

**Impairment of Financial Assets:**

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

**(i) Trade Receivables**

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

**(ii) Other financial assets**

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

**De-recognition of financial assets**

A financial asset is derecognized only when:

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

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

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

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

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

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

#### V. Inventories

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

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

#### VI. Cash and Cash equivalents

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

#### VII. Share Capital

Equity shares are classified as equity.

#### VIII. Financial Liabilities

##### Initial recognition and measurement

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

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

##### Subsequent measurement – at amortised cost

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

##### Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially

different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

### **IX. Borrowing Costs**

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

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

### **X. Employee Benefits**

- Employee benefits are charged to the statement of Profit and Loss for the year and for the projects under construction stage are capitalised as other direct cost in the Capital Work in Progress / Intangible asset under development.
- Retirement benefits in the form of Provident Fund are a defined contribution scheme and the contributions are recognised, when the contributions to the respective funds are due. There are no other obligations other than the contribution payable to the respective funds.
- Gratuity liability is defined benefit obligations and is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year. Re-measurement in case of defined benefit plans gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income and they are included in retained earnings in the statement of changes in equity in the balance sheet.
- Compensated absences are provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year. Re-measurement as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.
- The amount of Non-current and Current portions of employee benefits is classified as per the actuarial valuation at the end of each financial year.

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

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



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

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

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

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

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

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

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

## **XI. Income Taxes**

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

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

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

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

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

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

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

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

### **Provisions**

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

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

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

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

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

### **Contingent Liabilities**

Contingent liability is disclosed in case of

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

### Contingent Assets

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

### XIII. Fair Value Measurements

Company uses the following hierarchy when determining fair values:

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

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

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

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

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

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

- Quoted market prices or dealer quotes for similar instruments;
- The fair value of interest rate swaps is calculated as the present value of the estimated future cashflows based on observable yield curves;
- The fair value of forward foreign exchange contracts is determined using forward exchange rates at the reporting dates, with the resulting value discounted back to present value;
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

#### **XIV. Revenue Recognition**

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

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

##### **Insurance Claims**

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

##### **Interest**

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

##### **Dividends**

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

#### **XV. Foreign Currency Transactions**

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

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

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

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

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

**XVII. Earnings per Share**

Basic earnings per share are calculated by dividing:

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

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

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

**XVIII. Rounding of amounts**

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

**NOTES ON CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2018****29. AMALGAMATION :**

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

**30. CAPITAL RESERVES :**

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

**31. EARNINGS PER SHARE :**

| Particulars                                   | Year Ended<br>March 31st 2018 | Year Ended<br>March 31st 2017 |
|---|-------------------------------|-------------------------------|
| (a) Basic                                     |                               |                               |
| Profit after tax                              | (29,72,87,617)                | (31,51,73,420)                |
| Weighted average number of shares outstanding | 2,01,24,260                   | 2,01,24,260                   |
| Basic EPS                                     | (14.77)                       | (15.65)                       |
| (b) Diluted                                   |                               |                               |
| Profit after tax                              | (29,72,87,615)                | (31,51,73,420)                |
| Adjusted net profit for the year              | (29,72,87,617)                | (31,51,73,420)                |
| Weighted average number of shares outstanding | 2,01,24,260                   | 2,01,24,260                   |
| Diluted EPS                                   | (14.77)                       | (15.65)                       |
| Face value per share                          | 10                            | 10                            |

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

| Particulars             | Relation                 | Name of Party                         | 2018          | 2017          |
|-------------------------|--------------------------|---------------------------------------|---------------|---------------|
| Lease rentals paid      | Other related party      | Uma Reddy                             | -             | 1,80,000      |
| Loans Given             | Key Managerial Personnel | R H Kasturi                           | 2,98,44,121   | 6,22,26,677   |
| Payable at the year end | Key Managerial Personnel | Shivakumar Reddy                      | (8,25,68,284) | 1,43,50,090   |
|                         | Key Managerial Personnel | R H Kasturi                           | -             | (8,02,64,733) |
|                         | Other related party      | Uma Reddy                             | -             | 27,26,127     |
|                         | Other Associates         | SMR Telecom Holdings Products Limited | 6,68,04,762   | 4,06,01,933   |
| Receivable at the end   | Other Related Party      | SMR Telecom Holdings Pvt Ltd          | 1,00,762      | 2,58,68,748   |

**LIST OF RELATED PARTIES :****Key Management Personnel :**

1. Mr.C.Shivakumar Reddy
2. Ms. R .H Kasturi

**Other Related Parties:**

1. SMR Telecom Holdings Private Limited
2. Ms. C. Uma Reddy

**33. SEGMENT RESULTS**

The company's predominant risks and returns are from the segment of "Wireless sub-systems Products" 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 Indian Accounting Standard 108, "Segment Reporting", is not disclosed.

**34. CONTINGENT LIABILITIES**

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

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

- (B) Deposit paid against Order in Original No. 94/2012 dt. 31.12.2012 under Protest of Rs. 26,77,854/- .
- (C) Rs.257088/- Cenvat deposit against O/O no.42/2013 dt: 21.02.2013 stay order no.119/2013 dt: 25.06.2013.
- (D) Rs.127523/-deposit against CESTAT Appeal No.E/2210/2012 Stay/Misc/26402/2013 dt: 13.06.2013
- (E) Rs.500000/- Cenvat deposit against OIO No.37/2011 dt: 31.03.2011 passed by the Additional Commissioner of Central Excise and CESTAT Miscellaneous Order No.26586/2013 dt: 16.07.2013
- (vi) There are claims against one of the Company's in sales tax (A) Ref Assignment order no.1,41,88,330 dt: 12/8/2011 against order received from assistant commissioner of commercial taxes (Audit)4.2,DVO-4 Bangalore. Dispute it is assessed under CST Act'56 by rejecting the concessional rate of tax claimed in the return of turnovers and levied tax at the rate of 12.5% in the absence of declarations such as Form C and also levied the penalty and interest of Rs.4,97,46,550/-. (B) Ref Assignment order no.13687538 dt: 08/12/2011 and case order no.212049893 dt: 29/03/2014 against order received from Deputy commissioner of commercial taxes (Audit) 4.7, DVO-4 Bangalore. It is assessed by rejecting the concessional rate of tax claimed in the return of turnovers and assessed to tax, the direct export not covered by bill of lading, sales return not covered by the relevant documents at the rate of 4% in the absence of declarations such as Form C and along with levied the penalty and interest of Rs.13,29,696/-.

### 35. 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   | 2018 | 2017      |
|---|------|-----------|
| Lease rent recognized in the Statement of Profit and Loss                   | Nil  | 1,80,000  |
| <b>Minimum lease payments outstanding in respect of these arrears under</b> |      |           |
| Not later than one year   | -    | 5,40,000  |
| Later than one year and not later than 5 years                              | -    | 26,18,127 |

36. The Company has defaulted in repayment of cash credit and term loan which were availed from Bank. The Bank has issued notice U/s. 13(2) of Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 to recover an amount of Rs. 96.85 crores which includes outstanding interest towards cash credit and term loan availed by the Company. Later on the bank has transferred the outstanding due to Asset Reconstruction Company for the purpose of recovery of dues from the Company on 27th June, 2014. Also all securities provided by the company to Bank against Term loan and cash credit are also transferred to the Asset Reconstruction Company as informed by Bank to the Company.
37. The company has defaulted in repayment of Loans in principal and interests thereon to their respective Banks and the banks have classified the loans as NPA (Non Performing Asset). The said bank loans as per the books of accounts outstanding balance as at 31.03.2018 is Rs. 90.70 Crores (Including Principle and Interest Provisions on the loans but excluding Penal Interest if any) and Interest Provision made during the year Rs.13.24 Crores have been Provided, which is not paid by the company.



38. The Holding Company has not appointed the Company secretary (Compliance Officer) and Chief Financial Officer in the financial year 2017-2018.
39. Kavveri telecom Infrastructure Limited net worth is fully eroded and has a negative net worth of Rs. 4.70 Crores, the Company has incurred a loss of Rs. 14.27 crores for the financial year 2017-18 indicating the existence of uncertainty that may cast doubt about the Company's ability to continue as a going concern. These financial statements have been prepared on a going concern basis.
40. Kavveri telecom Infrastructure Limited has been granted Term Loan from ICICI Bank amounting to Rs.49,50,00,000(Term Loan (i) Rs.19,50,00,000/- & Term Loan (ii) Rs. 30,00,00,000/-). The Company had defaulted in repayment of loan & became Non Performance Asset (NPA). Further a notice has been issued by the ICICI Bank to the Company for the repayment of balance due on April 30, 2015 an amount of Rs. 12,78,23,720.( Term loan 1 of Rs. 2,55,23,844 & Term loan 2 of Rs 10,22,99,425) along with interest on that. The bank had filed application in Debt Recovery Tribunal (DRT) against the company for repayment of outstanding due.
41. Kavveri telecom Infrastructure Limited has been granted Term Loan by Dena Bank on 23-12-2011 for an amount of Rs.45,00,00,000. The Company had defaulted in repayment of loan & became Non Performance Asset (NPA). Further the bank filed petition before Debts Recovery Tribunal(DRT) for recovery of Outstanding dues, DRT has passed final order on 27th March,2017 stating that defendants (i.e 1.Kavveri Telecom Infrastructure Limited, 2. Sri C.Shivakumar Reddy, 3.Smt R.H. Kasturi, 4.Kavveri Telecom Products Limited ) jointly and severally shall pay Rs. 52,12,49,438 together with future interest at 16.55% p.a. With monthly interest rests from the date of application till the date of realization. In response to order from DRT, the company approached the High Court of Karnataka. The high court of Karnataka given Interim stay order for the execution of the impugned order dated 27-03-2017 until final Order being passed and before disposing the application by the high court of Karnataka wide letter dated May 19th,2017.
42. In case of Subsidiary ( Kavveri telecom Infrastructure Limited) The ICICI has approved for a OTS of Rs. 5,50,00,000 towards full & final settlement of dues, to be paid in installments in the letter dated April 19th,2016 and the settlement to be completed on or before 31st March 2017.The Company has so far paid an Amount of Rs 2,33,60,514/- towards OTS before 31st March 2018, Remaining Balance is due for payment amounting to Rs. 3,16,39,486/-. The Subsidiary (Kavveri telecom Infrastructure Limited) had requested for the amendment in repayment schedule to ICICI Bank in letters dated August 04 2016, 3rd January 2017, 21st March 2017 and the Bank has approved for the revision in repayment schedule wide letter dated July 27,2017 the settlement to be completed on or before 30th September 2017, But the company didnt repay the balance due within specified schedule. Again the bank Approved for the revision in repayment schedule the settlement to be completed on or before 30th july,2018.
43. During the Financial Year 2017-18 the management of the company has decided to write off Trade Receivables amounting to Rs. 16,16,12,622/- by debiting to the statement of Profit & Loss account.
44. The previous year figures have been regrouped / reclassified, wherever necessary to conform to the current year presentation.
45. All the figures have been rounded off to the nearest rupee.

As per our report of even date

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

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

Sd/-  
**P. Murali Mohana Rao**  
Partner  
Membership No. 023412

Sd/-  
**C.Shivakumar Reddy**  
Managing Director  
DIN: 01189348

Sd/-  
**R.H.Kasturi**  
Director  
DIN: 00291851

Place : Hyderabad  
Date : 30-05-2018

## INDEPENDENT AUDITOR'S REPORT

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

### Report on the Standalone Ind AS Financial Statements

We have audited the accompanying Standalone Ind AS Financial Statements of **M/s. Kavveri Telecom Products Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2018, the Statement of Profit and Loss (including Other Comprehensive Income), the statement of Cash Flows and the statement of changes in equity for the year then ended and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Standalone Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ('the act') with respect to the preparation of these standalone Ind AS Financial Statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015 as amended and other the accounting principles generally accepted in India.

This responsibility includes 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; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; design, implementation and maintenance of adequate internal financial controls, that are operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Standalone Ind AS Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these Standalone Ind AS Financial Statements based on our audit. In conducting our Audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit of the Standalone Ind AS Financial Statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Standalone Ind AS Financial Statements are free from material misstatement.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Standalone Ind AS Financial Statements:

**Opinion:**

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matter described in the Basis Emphasis of Matter Paragraph the aforesaid Standalone Ind AS Financial Statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the financial position of the Company as at 31st March 2018, and its financial performance including other comprehensive income, its cash flows and changes in equity for the year ended on that date.

**Emphasis of Matter Paragraph:**

As per the Note no. 47 of the financial statements, the company has defaulted in repayment of Loans in principal and interests thereon to their respective Banks and the banks have classified the loans as NPA (Non Performing Asset). The balance outstanding as at 31.03.2018 is Rs. 90.70 Crores. (Including Principle and Interest Provisions on the loans but excluding Penal Interest if any) and Interest Provision during the year made Rs. 13.24 Crores have been Provided, which is not paid by the company.

**Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure A, a statement on the matters Specified in paragraphs 3 and 4 of the Order.
2. As required by section 143(3) of the Act, we further report that:
  - a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit
  - b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - c) The Balance Sheet, Statement of Profit and Loss including Other Comprehensive Income, the Statement of Cash Flows and the statement of changes in equity dealt with by this Report are in agreement with the books of account;
  - d) In our opinion, the aforesaid Standalone Ind AS Financial Statements comply with the applicable Accounting Standards specified under Section 133 of the Act, read with relevant rule issued there under.
  - e) On the basis of written representations received from the directors as on March 31, 2018, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018, from being appointed as a director in terms of Section 164(2) of the Act.
  - f) With respect to the adequacy of the internal financial controls over financial reporting of the company and the operating effectiveness of such controls, refer to our separate report in 'Annexure B'; and
  - g) With respect to other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

- i. The Company has disclosed the pending litigations which would impact its financial position in its notes to financial statements.
- ii. The Company does not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- iii. There are no amounts which were required to be transferred to the Investor Education and Protection Fund by the company.

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

Sd/-  
**P. Murali Mohana Rao**  
Partner  
Membership No.: 023412

Place : Hyderabad  
Date : 30-05-2018.

## Annexure A to the Auditors Report

**Annexure referred to in Independent Auditors Report to the Members of M/s. KAVVERI TELECOM PRODUCTS LIMITED on the Standalone Ind AS Financial Statements for the year ended 31st March 2018, we report that:**

- i. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.  
(b) The fixed assets are verified by the Management according to a phased programme designed to cover all the items over a period of two years which in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme a portion of the fixed assets have been verified by the management during the year and no material discrepancies between the book records and the physical inventory has been noticed.  
(c) According to the information and explanation given to us and to the best of our knowledge and belief the title deeds of immovable properties are held in the name of the Company.
- ii. (a) The Inventory has been physically verified during the year by the Management and in our opinion, the frequency of verification is reasonable.  
(b) In our opinion, the procedures of the physical verification of inventory followed by the the Management are adequate in relation to the size of the Company and the nature of it's business.
- iii. The Company has not granted any loans, secured or unsecured, to companies, firms, and Limited Liability partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Therefore, the provisions of Clause 3(iii), (iii)(a), (iii)(b) and (iii)(c) of the said order are not applicable to the company.
- iv. In our opinion and according to the information and explanations given to us, the company in respect of loans, investments, guarantees and security, provisions of section 185 and 186 of companies act, 2013 has been complied with.
- v. The Company has not accepted any deposits from the public covered under Section 73 to 76 of the Companies Act, 2013 and rules framed there under to the extent notified.
- vi. The maintenance of Cost records has been specified by the Central Government under section 148(1) of the Companies Act, 2013. We have broadly verified the cost records maintained by the company, and are of the opinion, prima facie, the prescribed cost records have been made and maintained. We have, however, not made detailed examination of the cost records in the view to determine whether they are accurate or complete.
- vii. According to the information and explanations given to us and based on the records of the company examined by us, in respect of the Statutory dues:
  - a) The company is generally regular in depositing the undisputed statutory dues. However, an amount of Rs. 1,56,92,148 towards TDS relating to F.Y. 2012-13 to F.Y. 2016-17 , were outstanding at the year end from the date they became payable.
  - b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Custom Duty, and other material statutory dues in arrears as at 31st March 2018 except TDS of an amount of Rs. 1,56,92,148 /-, relating to F.Y. 2012-13 to F.Y. 2016-17 is not paid for a period exceeding six months from the date which it became payable.

- c) According to the information and explanations given to us, there are no dues of Income tax, Sales tax, duty of customs, duty of excise which have not been deposited on account of any dispute, except the following :

**Direct Tax:**

| Name of the Statute | Nature of Dues | Amount in Rs. (Lakhs) | Period to which amount | Forum where dispute pending                   |
|---------------------|----------------|-----------------------|------------------------|---|
| Income Tax 1961     | Income Tax     | 3564.66               | A.Y 2011-12            | Commissioner of Income Tax Appeals, Bangalore |
| Income Tax 1961     | Income Tax     | 4677.90               | A.Y 2012-13            | Commissioner of Income Tax Appeals, Bangalore |
| Income Tax 1961     | Income Tax     | 220.72                | A.Y 2013-14            | Commissioner of Income Tax Appeals, Bangalore |
| Income Tax 1961     | Income Tax     | 607.58                | A.Y 2014-15            | Commissioner of Income Tax Appeals, Bangalore |
| Income Tax 1961     | Income Tax     | 584.85                | A.Y 2015-2016          | Commissioner of Income Tax Appeals, Bangalore |

**Indirect Tax:**

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

- viii. The company has defaulted in repayment of Loans in principal and interests thereon to their respective Banks and the banks have classified the loans as NPA (Non Performing Asset). The said bank loans as per the books of accounts outstanding balance as at 31.03.2018 is Rs. 90.70 Crores (Including Principal and Interest Provisions on the loans but excluding Penal Interest if any ) and Interest Provision during the year made Rs. 13.24 Crores have been Provided, which is not paid by the company.
- ix. The Company has not raised any moneys by way of initial public offer, further public offer (including debt instruments) but raised a term loan from SBI and it was utilized for the purpose for which it was sanctioned.
- x. According to the information and explanations given to us, no material fraud by the company or on the company by its officers or employees has been noticed or reported during the course of our Audit.
- xi. According to information and explanations given to us and to the best of our knowledge and belief, managerial remuneration has not provided during the year.
- xii. As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it; the Provisions of clause 3(xii) of the order are not applicable to the company.
- xiii. As per Note no. 36, the Company has entered into transactions with related parties in compliance with the provisions of section 188 of the Act. The details of such related party transactions have been disclosed in the Ind AS Financial Statements as required under Indian Accounting standard (Ind AS) 24, related party disclosures specified under section 133 of the Act, read with relevant rules issued there under.
- xiv. The Company has not made any preferential allotment of private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of clause 3(xiv) of the Order are not applicable to the Company.
- xv. The Company has not entered into non-cash transactions with its directors or persons connected with him. Accordingly, the provisions of clause 3(xv) of the Order are not applicable to the Company.
- xvi. The Company is not required to be registered under section 45-IA of The Reserve Bank of India Act 1934. Accordingly, the provisions of clause 3(xvi) of the order are not applicable to the Company.

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

Sd/-  
**P. Murali Mohana Rao**  
Partner  
Membership No.: 023412

Place : Hyderabad  
Date : 30-05-2018.



## Annexure B to the Independent Auditor's Report

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

We have audited the internal financial controls over financial reporting of **M/s. Kavveri Telecom Products Limited** ('the company') as of 31st march 2018 in conjunction with our audit of IND AS Financial Statements of the company for the year ended on that date.

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

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

#### Auditor's Responsibility

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

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

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

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

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Ind AS Financial Statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting includes these policies and procedures that (1) pertain to the maintenance of records that, in reasonable detailed, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit

preparation of Ind AS Financial Statements in accordance with generally accepted principles, and that receipts and expenditures are being made only in accordance with authorization of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the Ind AS Financial Statements.

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

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

### **Opinion**

In our opinion, the company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31st, 2018, based on the internal control over financial reporting criteria established by the company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute Of Chartered Accountants of India.

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

Sd/-  
**P. Murali Mohana Rao**  
Partner  
Membership No.: 023412

Place : Hyderabad  
Date : 30-05-2018.

**KAVVERI TELECOM PRODUCTS LIMITED**  
**Standalone Balance Sheet as at 31st March 2018**

(Amounts in Rs.)

| PARTICULARS   | Note No. | " As at "31 Mar 2018 " | "As at "31 Mar 2017" | "As at "1 Apr 2016"  |
|---|----------|------------------------|----------------------|----------------------|
| <b>ASSETS</b>   |          |                        |                      |                      |
| <b>Non - Current Assets</b>   |          |                        |                      |                      |
| Property, Plant & Equipment   | 1        | 240,562,283            | 281,130,277          | 311,990,594          |
| Intangible Assets   | 1        | 25,296,145             | 34,807,805           | 44,283,952           |
| Capital Work in Progress  |          | 5,366,919              | 5,366,919            | 5,360,639            |
| <b>(i) Financial Assets</b>   |          |                        |                      |                      |
| (a) Investments   | 2        | 538,250,160            | 538,250,215          | 538,250,215          |
| (b) Loans and advances  | 3        | 16,754,299             | 369,306,232          | 351,045,096          |
| Other Non Current Assets  | 4        | 26,737,462             | 26,442,486           | 26,442,486           |
| <b>Subtotal</b>   |          | <b>852,967,268</b>     | <b>1,255,303,934</b> | <b>1,277,372,982</b> |
| <b>Current Assets</b>   |          |                        |                      |                      |
| Inventories   | 5        | 568,292,200            | 568,292,200          | 572,009,061          |
| <b>(i) Financial Assets</b>   |          |                        |                      |                      |
| (a) Trade Receivables   | 6        | 428,596,650            | 425,470,340          | 594,153,977          |
| (b) Cash and cash Equivalents   | 7        | 2,959,487              | 2,315,995            | 2,288,376            |
| Other Current Assets  | 8        | 839,399,995            | 1,566,153,453        | 1,523,061,670        |
| <b>Subtotal</b>   |          | <b>1,839,248,332</b>   | <b>2,562,231,988</b> | <b>2,691,513,084</b> |
| <b>Total</b>  |          | <b>2,692,215,600</b>   | <b>3,817,535,922</b> | <b>3,968,886,066</b> |
| PARTICULARS   | Note No. | " As at "31 Mar 2018 " | "As at "31 Mar 2017" | "As at "1 Apr 2016"  |
| <b>EQUITY AND LIABILITIES</b>   |          |                        |                      |                      |
| <b>Equity</b>   |          |                        |                      |                      |
| Equity share capital  | 9        | 201,242,600            | 201,242,600          | 201,242,600          |
| Other equity  | 10       | 592,840,344            | 871,254,178          | 1,082,492,997        |
| <b>Subtotal</b>   |          | <b>794,082,944</b>     | <b>1,072,496,778</b> | <b>1,283,735,597</b> |
| <b>LIABILITIES</b>  |          |                        |                      |                      |
| <b>Non- Current liabilities</b>   |          |                        |                      |                      |
| <b>(i) Financial liabilities</b>  |          |                        |                      |                      |
| Provisions  | 11       | 226,203,907            | 220,464,569          | 220,513,885          |
| Deferred tax liabilities (Net)  | 12       | 5,946,861              | 70,484,864           | 79,552,501           |
| <b>Subtotal</b>   |          | <b>232,150,769</b>     | <b>290,949,433</b>   | <b>300,066,386</b>   |
| <b>Current liabilities</b>  |          |                        |                      |                      |
| <b>(i) Financial liabilities</b>  |          |                        |                      |                      |
| (a) Borrowings  | 13       | 845,358,440            | 1,023,322,711        | 1,071,135,776        |
| (a) Trade Payables  | 14       | 12,979,242             | 581,166,692          | 644,933,455          |
| Other Current Liabilities   | 15       | 777,426,172            | 698,820,559          | 485,026,936          |
| Provisions  | 16       | 30,218,034             | 150,779,749          | 183,987,916          |
| <b>Subtotal</b>   |          | <b>1,665,981,888</b>   | <b>2,454,089,711</b> | <b>2,385,084,083</b> |
| <b>Total</b>  |          | <b>2,692,215,600</b>   | <b>3,817,535,922</b> | <b>3,968,886,066</b> |
| Corporate Information & Summary of Significant Policies and the accompanying notes are an integral part of the financial statements | 24 & 25  |                        |                      |                      |

As Per our report of even date attached

**For P Murali & Co.**

Chartered Accountants

Firm registration Number: 007257S

Sd/-

**P Murali Mohana Rao**

Partner

Membership No.: 023412

Place : Hyderabad

Date : 30-05-2018

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

Sd/-

**C Shiva Kumar Reddy**

Managing Director

DIN : 01189348

Sd/-

**R.H. Kasturi**

Director

DIN : 00291851

## KAVVERI TELECOM PRODUCTS LIMITED

## Standalone Statement of Profit and Loss for the Period ended 31st Mar 2018

(Amounts in Rs.)

| PARTICULARS   | Note No. | " As at "31 Mar 2018 " | "As at "31 Mar 2017" |
|---|----------|------------------------|----------------------|
| <b>Revenue</b>  |          |                        |                      |
| Revenue from operations   | 17       | 6,427,508              | 4,482,786            |
| Other Income  | 18       | 848,443                | 753,260              |
| <b>Total Income</b>   |          | <b>7,275,951</b>       | <b>5,236,046</b>     |
| <b>Expenses</b>   |          |                        |                      |
| Cost of Material Consumed   | 19       | 4,021,364              | 4,032,189            |
| Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade   | 20       | -                      | (2,045,884)          |
| Employee Benefit Expenses   | 21       | 4,525,419              | 4,196,442            |
| Finance Costs   | 22       | 134,418,075            | 134,385,925          |
| Other Expenses  | 23       | 168,998,582            | 44,637,366           |
| Depreciation&Amortisation Expenses  | 1        | 38,264,348             | 40,336,464           |
| <b>Total Expenses</b>   |          | <b>350,227,788</b>     | <b>225,542,502</b>   |
| <b>Profit / (loss) Before Tax</b>   |          | <b>(342,951,837)</b>   | <b>(220,306,456)</b> |
| <b>Tax Expense:</b>   |          |                        |                      |
| Provision for Tax   |          | -                      | -                    |
| Deferred Tax  |          | 64,538,003             | (9,067,637)          |
| <b>Profit/(Loss) for the period</b>   |          | <b>(278,413,834)</b>   | <b>(211,238,819)</b> |
| <b>Other comprehensive income</b>   |          | -                      | -                    |
| Total comprehensive income for the period   |          | (278,413,834)          | (211,238,819)        |
| <b>VII. Earning per equity share of Rs 10/- each:</b>   |          |                        |                      |
| (1) Basic   |          | <b>(13.83)</b>         | <b>(10.50)</b>       |
| (2) Diluted   |          | <b>(13.83)</b>         | <b>(10.50)</b>       |
| Corporate Information & Summary of Significant Policies and the accompanying notes are an integral part of the financial statements | 24 & 25  |                        |                      |

As Per our report of even date attached

**For P Murali & Co.**

Chartered Accountants

Firm registration Number: 007257S

Sd/-

**P Murali Mohana Rao**

Partner

Membership No.: 023412

**For and on behalf of the Board of Directors of  
Kaveri Telecom Infrastructure Limited**

Sd/-

**C Shiva Kumar Reddy**

Managing Director

DIN : 01189348

Sd/-

**R.H. Kasturi**

Director

DIN : 00291851

Place : Hyderabad

Date : 30-05-2018

**KAVVERI TELECOM PRODUCTS LIMITED**  
**Statement of Standalone Cash Flow for the Period ended 31st Mar 2018**

(Amounts in Rs.)

| PARTICULARS  | For the year ended<br>31 March 2018 | For the year ended<br>31 March 2018 |
|--|-------------------------------------|-------------------------------------|
| <b>A. Cash flow from operating activities</b>  |                                     |                                     |
| Profit / (Loss) before tax   | (342,951,837)                       | (220,306,456)                       |
| <b>Adjustments to reconcile profit before tax to net cash from / (used in) operating activities.</b> |                                     |                                     |
| Depreciation on property, plant and equipment  | 28,752,687                          | 30,860,317                          |
| Amortisation and impairment of intangible assets   | 9,511,661                           | 9,476,147                           |
| (Gain)/loss on sale of property, plant and equipment   | -                                   | -                                   |
| Finance income (including fair value change in financial instruments)                                | (805,213)                           | (752,260)                           |
| Finance costs (including fair value change in financial instruments)                                 | 134,418,075                         | 134,385,925                         |
| <b>Operating Profit before working capital changes</b>   | <b>(171,074,627)</b>                | <b>(46,336,327)</b>                 |
| <b>Working capital adjustments</b>   |                                     |                                     |
| Decrease/ (increase) in Inventory  | -                                   | 3,716,861                           |
| Increase/ (decrease) in Trade Payables   | (568,187,450)                       | (63,766,763)                        |
| (Increase) / decrease in Trade Receivables   | (3,126,310)                         | 168,683,637                         |
| Increase/ (decrease) in short term provisions  | (120,561,715)                       | (33,208,167)                        |
| Increase/ (decrease) in long term provisions   | 5,739,338                           | (46,316)                            |
| Decrease/ (increase) in other Current assets   | 726,753,458                         | (683,619)                           |
| (Increase) /Decrease in Short term loans and advances  | -                                   | (42,408,136)                        |
| (Increase) /Decrease in long term loans and advances   | -                                   | (25,737,767)                        |
| Increase/ (decrease) Other Current Liabilities   | 78,605,613                          | 213,790,623                         |
| Sub Total  | <b>119,222,934</b>                  | <b>174,004,026</b>                  |
| Income tax paid  | -                                   | -                                   |
| <b>Net cash flows from operating activities (A)</b>  | <b>(51,851,693)</b>                 | <b>174,004,026</b>                  |
| <b>B. Cash flow from investing activities</b>  |                                     |                                     |
| Increase/ (decrease) in Non Current Investments  | -                                   | -                                   |
| Increase/ (decrease) in Non-current assets   | (294,976)                           | (6,280)                             |
| Proceeds from sale of assets   | 11,815,310                          | -                                   |
| Interest received  | 805,213                             | 752,260                             |
| purchase of intangible assets  | -                                   | (40,336,464)                        |
| Repayment of loans given   | 352,551,933                         | -                                   |
| <b>Net cash flows from / (used in) investing activities (B)</b>                                      | <b>364,877,480</b>                  | <b>(39,590,484)</b>                 |
| <b>C. Cash flow from financing activities</b>  |                                     |                                     |
| Proceeds from long term loans and borrowings   | (177,964,273)                       | -                                   |
| Interest payment   | (134,418,075)                       | (134,385,925)                       |
| <b>Net Cash flows from / (used in) Financing activities (C)</b>                                      | <b>(312,382,348)</b>                | <b>(134,385,925)</b>                |
| <b>Net increase / (decrease) in cash and cash equivalents (A+B+C)</b>                                | <b>643,440</b>                      | <b>27,617</b>                       |
| Opening Balance of Cash  | 2,315,995                           | 2,288,376                           |
| Closing Balance  | <b>2,959,487</b>                    | <b>2,315,995</b>                    |
| <b>Components of Cash and Cash Equivalents</b>   |                                     |                                     |
| Cash on Hand   | 287,065                             | 969,677                             |
| Balances with bank in current account  | 2,672,422                           | 1,346,318                           |
| <b>Balance at the end of the year</b>  | <b>2,959,487</b>                    | <b>2,315,995</b>                    |

As Per our report of even date attached

**For P Murali & Co.**

Chartered Accountants

Firm registration Number: 007257S

Sd/-

**P Murali Mohana Rao**

Partner

Membership No.: 023412

Place : Hyderabad

Date : 30-05-2018

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

Sd/-

**C Shiva Kumar Reddy**

Managing Director

DIN : 01189348

Sd/-

**R.H. Kasturi**

Director

DIN : 00291851

| 1) Notes to financial statements for the year ended March 31, 2018<br>(All amounts in Indian Rupees, except for share data or as otherwise stated) |                   |                  |                     |                  |                   |                   |                   |                    |                   |                    |                    |
|--|-------------------|------------------|---------------------|------------------|-------------------|-------------------|-------------------|--------------------|-------------------|--------------------|--------------------|
| 1. Property, Plant and Equipment & Intangible assets   | Furnitures        | Office Equipment | Plant & Machinery I | Land (Free hold) | Land (Lease hold) | Computers         | Vehicles          | Buildings          | Computer Software | Technical Know how | Total assets       |
| <b>Cost</b>  |                   |                  |                     |                  |                   |                   |                   |                    |                   |                    |                    |
| As on April 1, 2016  | 10,314,081        | 570,595          | 298,599,996         | 562,500          | 11,377,758        | 24,292,028        | 26,467,100        | 164,964,758        | 17,727,491        | 104,455,134        | 659,331,441        |
| Impact on IND AS Transition  | -                 | -                | -                   | -                | -                 | -                 | -                 | -                  | -                 | -                  | -                  |
| Additions  | -                 | -                | -                   | -                | -                 | -                 | -                 | -                  | -                 | -                  | -                  |
| Disposals  | -                 | -                | -                   | -                | -                 | -                 | -                 | -                  | -                 | -                  | -                  |
| <b>As at March 31, 2017</b>  | <b>10,314,081</b> | <b>570,595</b>   | <b>298,599,996</b>  | <b>562,500</b>   | <b>11,377,758</b> | <b>24,292,028</b> | <b>26,467,100</b> | <b>164,964,758</b> | <b>17,727,491</b> | <b>104,455,134</b> | <b>659,331,441</b> |
| Additions  | -                 | -                | -                   | -                | -                 | -                 | -                 | -                  | -                 | -                  | -                  |
| Disposals  | -                 | -                | -                   | -                | -                 | -                 | 11,815,310        | -                  | -                 | -                  | 11,815,310         |
| <b>As at March 31, 2018</b>  | <b>10,314,081</b> | <b>570,595</b>   | <b>298,599,996</b>  | <b>562,500</b>   | <b>11,377,758</b> | <b>24,292,028</b> | <b>14,651,790</b> | <b>164,964,758</b> | <b>17,727,491</b> | <b>104,455,134</b> | <b>647,516,131</b> |
| <b>Depreciation / Amortization</b>   |                   |                  |                     |                  |                   |                   |                   |                    |                   |                    |                    |
| As at April 1, 2016-   | 7,101,962         | 324,617          | 141,058,636         | -                | -                 | 23,947,175        | 12,579,676        | 40,146,153         | 17,717,140        | 60,181,532         | 303,056,891        |
| Impact on IND AS Transition  | -                 | -                | -                   | -                | -                 | -                 | -                 | -                  | -                 | -                  | -                  |
| Charge for the year  | 724,190           | 140,743          | 22,679,554          | -                | -                 | 112,283           | 2,072,114         | 5,131,433          | 1,214             | 9,474,933          | 40,336,464         |
| Disposals  | -                 | -                | -                   | -                | -                 | -                 | -                 | -                  | -                 | -                  | -                  |
| <b>As at March 31, 2017</b>  | <b>7,826,152</b>  | <b>465,360</b>   | <b>163,738,190</b>  | -                | -                 | <b>24,059,458</b> | <b>14,651,790</b> | <b>45,277,586</b>  | <b>17,718,354</b> | <b>69,656,465</b>  | <b>343,393,355</b> |
| Charge for the period  | 724,188           | 105,235          | 22,679,552          | -                | -                 | 112,280           | -                 | 5,131,432          | 1,214             | 9,510,447          | 9,511,661          |
| Disposals  | -                 | -                | -                   | -                | -                 | -                 | -                 | -                  | -                 | -                  | -                  |
| <b>As at March 31, 2018</b>  | <b>8,550,340</b>  | <b>570,595</b>   | <b>186,417,742</b>  | -                | -                 | <b>24,171,738</b> | <b>14,651,790</b> | <b>50,409,018</b>  | <b>17,719,568</b> | <b>79,166,912</b>  | <b>381,657,703</b> |
| <b>Net Block</b>   |                   |                  |                     |                  |                   |                   |                   |                    |                   |                    |                    |
| As at March 31, 2018   | 1,763,741         | -                | 112,182,254         | 562,500          | 11,377,758        | 120,290           | -                 | 114,555,740        | 7,923             | 25,288,222         | 265,856,428        |
| As at March 31, 2017   | 2,487,929         | 105,235          | 134,861,806         | 562,500          | 11,377,758        | 232,570           | 11,815,310        | 119,687,172        | 9,137             | 34,798,669         | 315,938,086        |
| As at April 01, 2016   | 3,212,119         | 245,978          | 157,541,360         | 562,500          | 11,377,758        | 344,853           | 13,887,424        | 124,818,605        | 10,351            | 44,273,602         | 356,274,550        |

**Notes to financial statements for the year ended March 31, 2018**
**2. INVESTMENTS**
*(Amount in Rs.)*

| <b>PARTICULARS</b>         | <b>As at 31st Mar 2018</b> | <b>As at 31st Mar 2017</b> | <b>As at 01st Apr 2016</b> |
|----------------------------|----------------------------|----------------------------|----------------------------|
| Investment in subsidiaries | 538,250,160                | 538,250,215                | 538,250,215                |
| <b>Total</b>               | <b>538,250,160</b>         | <b>538,250,215</b>         | <b>538,250,215</b>         |

**3. LOANS AND ADVANCES**
*(Amount in Rs.)*

| <b>PARTICULARS</b>                         | <b>As at 31st Mar 2018</b> | <b>As at 31st Mar 2017</b> | <b>As at 01st Apr 2016</b> |
|--|----------------------------|----------------------------|----------------------------|
| <b>Advances Otherthan capital advances</b> |                            |                            |                            |
| Margin Money Deposits                      | 1,062,707                  | 1,062,707                  | 6,130,862                  |
| Advances                                   | 3,385,643                  | 3,385,643                  | 3,385,643                  |
| Other Deposits                             | 12,305,949                 | 364,857,882                | 341,528,591                |
| <b>Total</b>                               | <b>16,754,299</b>          | <b>369,306,232</b>         | <b>351,045,096</b>         |

**4. OTHER NON CURRENT ASSETS**
*(Amount in Rs.)*

| <b>PARTICULARS</b>               | <b>As at 31st Mar 2018</b> | <b>As at 31st Mar 2017</b> | <b>As at 01st Apr 2016</b> |
|----------------------------------|----------------------------|----------------------------|----------------------------|
| Balance with Revenue authorities | 180,021                    | 180,021                    | 180,021                    |
| GST Input Tax Credit             | 294,976                    | -                          | -                          |
| Excise Duty under Protest        | 26,262,465                 | 26,262,465                 | 26,262,465                 |
| <b>Total</b>                     | <b>26,737,462</b>          | <b>26,442,486</b>          | <b>26,442,486</b>          |

**5. INVENTORIES**
*(Amount in Rs.)*

| <b>PARTICULARS</b> | <b>As at 31st Mar 2018</b> | <b>As at 31st Mar 2017</b> | <b>As at 01st Apr 2016</b> |
|--------------------|----------------------------|----------------------------|----------------------------|
| Finished Goods     | 36,333,171                 | 36,333,171                 | 36,333,171                 |
| Work-in-progress   | 2,005,884                  | 2,005,884                  | 4,051,768                  |
| Raw Materials      | 60,586,731                 | 60,586,731                 | 62,257,708                 |
| Stock In Trade     | 469,366,414                | 469,366,414                | 469,366,414                |
| <b>Total</b>       | <b>568,292,200</b>         | <b>568,292,200</b>         | <b>572,009,061</b>         |

**6. TRADE RECEIVABLES**
*(Amount in Rs.)*

| <b>PARTICULARS</b>   | <b>As at 31st Mar 2018</b> | <b>As at 31st Mar 2017</b> | <b>As at 01st Apr 2016</b> |
|--|----------------------------|----------------------------|----------------------------|
| Outstanding for a period exceeding six months from the date they are due for payment |                            |                            |                            |
| Unsecured and considered good  | 361,603,352                | 358,477,042                | 527,160,679                |
| Other Receivables  |                            |                            |                            |
| Unsecured and considered good  | 66,993,298                 | 66,993,298                 | 66,993,298                 |
| <b>Total</b>   | <b>428,596,650</b>         | <b>425,470,340</b>         | <b>594,153,977</b>         |

## Notes to financial statements for the year ended March 31, 2018

## 7. CASH AND CASH EQUIVALENTS

(Amount in Rs.)

| PARTICULARS                          | As at 31st Mar 2018 | As at 31st Mar 2017 | As at 01st Apr 2016 |
|--------------------------------------|---------------------|---------------------|---------------------|
| <b>Cash &amp; Cash Equivalents :</b> |                     |                     |                     |
| Balances with Banks                  |                     |                     |                     |
| In Current Accounts                  | 1,938,316           | 612,212             | 587,195             |
| In Unpaid Dividend Account           | 734,106             | 734,106             | 734,106             |
| Cash in Hand                         | 287,065             | 969,677             | 967,075             |
| <b>Total</b>                         | <b>2,959,487</b>    | <b>2,315,995</b>    | <b>2,288,376</b>    |

## 8. OTHER CURRENT ASSETS

(Amount in Rs.)

| PARTICULARS  | As at 31st Mar 2018 | As at 31st Mar 2017  | As at 01st Apr 2016  |
|--|---------------------|----------------------|----------------------|
| a) Income Accrued On Deposits(Unsecured,considered good) | 29,291,867          | 28,643,642           | 27,960,023           |
| b) Other current assets                                  | 806,722,485         | 1,534,124,167        | 1,491,716,004        |
| c) Loan and advances                                     | 3,385,643           | 3,385,643            | 3,385,643            |
| <b>Total</b>   | <b>839,399,995</b>  | <b>1,566,153,453</b> | <b>1,523,061,670</b> |

## 10. OTHER CURRENT ASSETS

(Amount in Rs.)

| PARTICULARS   | As at 31st Mar 2018  | As at 31st Mar 2017  | As at 01st Apr 2016  |
|---|----------------------|----------------------|----------------------|
| <b>Securities Premium</b>                                     |                      |                      |                      |
| As per last Balancesheet                                      | 1,180,036,432        | 1,180,036,432        | 1,180,036,432        |
| <b>Investment Allowance Reserve</b>                           |                      |                      |                      |
| As per last Balancesheet                                      | -                    | -                    | -                    |
| <b>Share Application Money Pending Allotment</b>              |                      |                      |                      |
| As per last Balancesheet                                      | -                    | -                    | -                    |
| <b>Capital Reserve</b>  |                      |                      |                      |
| As per last Balancesheet                                      | 7,325,779            | 7,325,779            | 7,325,779            |
| <b>Employee Stock option outstanding</b>                      |                      |                      |                      |
| Opening balance   | 57,794,753           | 57,794,753           | 57,794,753           |
| Add: New Grants during the year                               |                      |                      |                      |
| Less:- Transfer to Securities premium Account                 |                      |                      |                      |
| Less:- Transfer towards Lapsed options                        |                      |                      |                      |
| Less:- Deferred stock compensation cost                       | 45,333,408           | 45,333,408           | 45,333,408           |
|   | 12,461,345           | 12,461,345           | 12,461,345           |
| <b>General Reserve</b>  |                      |                      |                      |
| As per last Balancesheet                                      | 90,744,280           | 90,744,280           | 90,744,280           |
| <b>Retained Earnings/ (Surplus)</b>                           |                      |                      |                      |
| <b>Surplus/(deficit) in the statement of profit and loss:</b> |                      |                      |                      |
| Balance as at the beginning of the year                       | (419,313,658)        | (208,074,839)        | 12,412,742           |
| Add: change to profit / (loss) for the year                   | (278,413,834)        | (211,238,819)        | (220,487,581)        |
| <b>Balance as at the end of the year</b>                      | <b>(697,727,492)</b> | <b>(419,313,658)</b> | <b>(208,074,839)</b> |
| <b>Total</b>  | <b>592,840,344</b>   | <b>871,254,178</b>   | <b>1,082,492,997</b> |



## Notes to financial statements for the year ended March 31, 2018

## 11. PROVISIONS - NON CURRENT

(Amount in Rs.)

| PARTICULARS                      | As at 31st Mar 2018 | As at 31st Mar 2017 | As at 01st Apr 2016 |
|----------------------------------|---------------------|---------------------|---------------------|
| Provisions for Employee Benefits | 6,147,189           | 6,147,189           | 6,147,189           |
| Provisions for Leave Encashment  | 3,826,937           | 3,826,937           | 3,826,937           |
| Other Provisions                 | 216,229,781         | 210,490,443         | 210,539,759         |
| <b>Total</b>                     | <b>226,203,907</b>  | <b>220,464,569</b>  | <b>220,513,885</b>  |

## 12. DEFERRED TAX LIABILITY

(Amount in Rs.)

| PARTICULARS            | As at 31st Mar 2018 | As at 31st Mar 2017 | As at 01st Apr 2016 |
|------------------------|---------------------|---------------------|---------------------|
| Deferred tax liability | 5,946,861           | 70,484,864          | 79,552,501          |
| <b>Total</b>           | <b>5,946,861</b>    | <b>70,484,864</b>   | <b>79,552,501</b>   |

## 13. BORROWINGS - CURRENT

(Amount in Rs.)

| PARTICULARS                                    | As at 31st Mar 2018 | As at 31st Mar 2017  | As at 01st Apr 2016  |
|--|---------------------|----------------------|----------------------|
| Loans repayable on Demand                      |                     |                      |                      |
| From Banks                                     | 885,927,974         | 885,927,974          | 934,181,946          |
| Unsecured,                                     |                     |                      |                      |
| Loans from related parties repayable on demand | (40,569,534)        | 137,394,737          | 136,953,830          |
| <b>Total</b>                                   | <b>845,358,440</b>  | <b>1,023,322,711</b> | <b>1,071,135,776</b> |

## 14. TRADE PAYABLES

(Amount in Rs.)

| PARTICULARS    | As at 31st Mar 2018 | As at 31st Mar 2017 | As at 01st Apr 2016 |
|----------------|---------------------|---------------------|---------------------|
| Trade Payables | 12,979,242          | 581,166,692         | 644,933,455         |
| <b>Total</b>   | <b>12,979,242</b>   | <b>581,166,692</b>  | <b>644,933,455</b>  |

## 15. OTHER CURRENT LIABILITIES

(Amount in Rs.)

| PARTICULARS  | As at 31st Mar 2018 | As at 31st Mar 2017 | As at 01st Apr 2016 |
|--|---------------------|---------------------|---------------------|
| (a) Term Loan account with State Bank of India Refer Note No (i) | 724,093,630         | 589,708,281         | 407,068,960         |
| (b) Unpaid dividend  | 734,107             | 11,004,709          | 11,004,709          |
| (c) Statutory Dues Payable                                       | 12,865,103          | 19,301,109          | 20,228,556          |
| (d) Others Payable   | 2,835,242           | 41,958,369          | 9,795,789           |
| (e) Advance received from customers                              | 36,898,091          | 36,848,091          | 36,928,923          |
| <b>Total</b>   | <b>777,426,172</b>  | <b>698,820,559</b>  | <b>485,026,936</b>  |

"i) Term Loan Account with State Bank of India is secured by first charge on the entire present and future fixed assets of the company and equitable mortgage of the land and building at Suragajakkanahalli, Anekal Taluk where the factory is located and further secured by the securities offered in respect of Cash Credit facilities.

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

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

**Notes to financial statements for the year ended March 31, 2018**
**16. PROVISIONS**
*(Amount in Rs.)*

| PARTICULARS                      | As at 31st Mar 2018 | As at 31st Mar 2017 | As at 01st Apr 2016 |
|----------------------------------|---------------------|---------------------|---------------------|
| Provisions for Employee Benefits | 6,269,189           | 6,363,150           | 1,494,956           |
| Provisions for Income Tax        | 23,948,845          | 144,416,599         | 144,416,599         |
| Dues to Key Managerial personnel | -                   | -                   | 38,076,361          |
| <b>Total</b>                     | <b>30,218,034</b>   | <b>150,779,749</b>  | <b>183,987,916</b>  |

**9. SHARE CAPITAL**
*(Amount in Rs.)*

| PARTICULARS  | As at 31st Mar 2018 | As at 31st Mar 2017 | As at 01st Apr 2016 |
|--|---------------------|---------------------|---------------------|
| <b>Authorised Capital</b>  |                     |                     |                     |
| 2,50,00,000 (March 31, 2017: 5,000,000) Equity shares of Rs. 10/- each | 250,000,000         | 250,000,000         | 250,000,000         |
| <b>Issued, subscribed &amp; fully paid up Capital</b>                  |                     |                     |                     |
| 2,01,24,260 (March 31, 2017: 1783530) Equity shares of Rs. 10/- each   | 201,242,600         | 201,242,600         | 201,242,600         |
| Less: Calls Unpaid by others   |                     |                     |                     |
| <b>Total</b>   | <b>201,242,600</b>  | <b>201,242,600</b>  | <b>201,242,600</b>  |

**Terms/ rights attached to the equity shares:**

- i) The Company has only one class of shares referred to as equity shares having a par value of Rs. 10/- . Each, holder of equity shares is entitled to one vote per share.
- ii) The Company did not declare any dividend during the accounting period under reporting.
- iii) In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts in proportion to the number of equity shares held by the share holders.
- iv) No shares have been issued for consideration other than cash during the immediately preceding five years from the end of the reporting period.

**b. Reconciliation of equity shares outstanding as at the beginning and at the end of the reporting Period:**

| PARTICULARS  | As at 31st Mar 2018<br>No. of Shares | As at 31st Mar 2017<br>No. of Shares | As at 01st Apr 2016<br>No. of Shares |
|--|--------------------------------------|--------------------------------------|--------------------------------------|
| <b>Equity shares</b>                                 |                                      |                                      |                                      |
| Ordinary equity shares                               |                                      |                                      |                                      |
| Shares at the beginning of the year                  | 20,124,600                           | 20,124,600                           | 20,124,600                           |
| Issued during the year                               |                                      |                                      |                                      |
| <b>c. Shares outstanding as at end of the period</b> | <b>20,124,600</b>                    | <b>20,124,600</b>                    | <b>20,124,600</b>                    |

**DETAILS OF SHARES HELD BY SHAREHOLDERS, HOLDING MORE THAN 5% OF THE AGGREGATE SHARES IN THE COMPANY.**

| PARTICULARS                      | No. of Shares |               | % of Share Holding |               |
|----------------------------------|---------------|---------------|--------------------|---------------|
|                                  | Current Year  | Previous Year | Current Year       | Previous Year |
| C Shiva Kumar Reddy              | 773,854       | 773,854       | 3.85%              | 3.85%         |
| R H Kasturi                      | 521,977       | 521,977       | 2.59%              | 2.59%         |
| C Uma Reddy                      | 1,750,100     | 1,750,100     | 8.70%              | 8.70%         |
| Aspire Emerging Fund             | 1,521,976     | -             | -                  | 7.56%         |
| Image Securities Limited         | -             | 1,990,600     | -                  | 9.89%         |
| Dena Bank - Constituent Branches | -             | 1,652,707     | -                  | 8.21%         |

## Notes to Consolidated Financial Statement as at 31st Mar, 2018

## 17. REVENUE FROM OPERATIONS

(Amount in Rs.)

| PARTICULARS          | For the Year Ended<br>31st Mar 2018 | For the Year Ended<br>31st Mar 2018 |
|----------------------|-------------------------------------|-------------------------------------|
| (a) Sale of Products | 6,357,938                           | 4,482,786                           |
| (b) Sale of Services | 69,570                              | -                                   |
| <b>Total</b>         | <b>6,427,508</b>                    | <b>4,482,786</b>                    |

## 18. OTHER

(Amount in Rs.)

| PARTICULARS                  | For the Year Ended<br>31st Mar 2018 | For the Year Ended<br>31st Mar 2018 |
|------------------------------|-------------------------------------|-------------------------------------|
| Interest Received from banks | 92,164                              | 752,260                             |
| Other Interest               | 713,049                             | -                                   |
| Misc Income                  | 31,244                              | 1,000                               |
| Dividend received            | 11,986                              | -                                   |
| <b>Total</b>                 | <b>848,443</b>                      | <b>753,260</b>                      |

## 19. COST OF MATERIALS CONSUMED

(Amount in Rs.)

| PARTICULARS                         | For the Year Ended<br>31st Mar 2018 | For the Year Ended<br>31st Mar 2018 |
|-------------------------------------|-------------------------------------|-------------------------------------|
| <b>Material Consumption:</b>        |                                     |                                     |
| Opening Stock of Raw Materials      | 60,586,731                          | 62,257,708                          |
| Add: Purchases During the year      | 3,826,397                           | 2,258,712                           |
| Less: Closing Stock of Raw material | 60,586,731                          | 60,586,731                          |
|                                     | 3,826,397                           | 3,929,689                           |
| <b>Packing Materials</b>            |                                     |                                     |
| Opening Stock of Raw Materials      | -                                   | 102,500                             |
| Add: Purchases During the year      | 194,967                             | -                                   |
| Less: Closing Stock of Raw material | -                                   | -                                   |
|                                     | 194,967                             | 102,500                             |
| <b>Total</b>                        | <b>4,021,364</b>                    | <b>4,032,189</b>                    |

## Notes to Consolidated Financial Statement as at 31st Mar, 2018

## 20. CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE

(Amount in Rs.)

| PARTICULARS  | For the Year Ended<br>31st Mar 2018 | For the Year Ended<br>31st Mar 2018 |
|--|-------------------------------------|-------------------------------------|
| <b>Finished Goods</b>                                |                                     |                                     |
| Finished goods at the beginning of the year          | 36,333,171                          | 36,333,171                          |
| Less: Finished goods at the end of the year          | 36,333,171                          | 36,333,171                          |
| <b>Sub Total (A)</b>                                 | -                                   | -                                   |
| <b>Work in Progress</b>                              |                                     |                                     |
| Finished goods at the beginning of the year          | 2,005,884                           | 4,051,768                           |
| Less: Finished goods at the end of the year          | 2,005,884                           | 2,005,884                           |
| <b>Sub Total (B)</b>                                 | -                                   | 2,045,884                           |
| <b>Stock in trade</b>                                |                                     |                                     |
| Finished goods at the beginning of the year          | 469,366,414                         | 469,366,414                         |
| Less: Finished goods at the end of the year          | 469,366,414                         | 469,366,414                         |
| <b>Sub Total (C)</b>                                 | -                                   | -                                   |
| <b>Increase or Decrease in Inventories - (A - B)</b> | -                                   | <b>(2,045,884)</b>                  |

## 21. EMPLOYEE BENEFIT EXPENSES

(Amount in Rs.)

| PARTICULARS                                 | For the Year Ended<br>31st Mar 2018 | For the Year Ended<br>31st Mar 2018 |
|---|-------------------------------------|-------------------------------------|
| (a) Salaries, Wages & Bonus                 | 3,941,992                           | 3,695,575                           |
| (b) Contribution to Provident & Other Funds | 354,135                             | 254,059                             |
| (c) Staff Welfare Expenses                  | 229,292                             | 246,808                             |
| <b>Total</b>                                | <b>4,525,419</b>                    | <b>4,196,442</b>                    |

## 22. FINANCE COSTS

(Amount in Rs.)

| PARTICULARS                                | For the Year Ended<br>31st Mar 2018 | For the Year Ended<br>31st Mar 2018 |
|--|-------------------------------------|-------------------------------------|
| a) Interest Expenses                       |                                     |                                     |
| - Interest on Long term borrowings         | 1,939,116                           | 1,939,117                           |
| - Interest on Cash Credit & Packing Credit | 132,446,232                         | 132,446,232                         |
| - Bank charges and Processing charges      |                                     | 32,727                              |
| b) Others                                  | -                                   | 576                                 |
| <b>Total</b>                               | <b>134,418,075</b>                  | <b>134,385,925</b>                  |

## Notes to Consolidated Financial Statement as at 31st Mar, 2018

## 23. OTHER EXPENSES

(Amount in Rs.)

| PARTICULARS                            | For the Year Ended<br>31st Mar 2018 | For the Year Ended<br>31st Mar 2018 |
|--|-------------------------------------|-------------------------------------|
| (a) Telephone & Internet Charges       | 286,312                             | 402,654                             |
| (b) Customs Duty                       | 888,657                             | 42,778                              |
| (c) Freight Inwards                    | 98,531                              | 21,857                              |
| (d) Rent                               | -                                   | 180,000                             |
| (e) Repairs and Maintenance – Vehicles | -                                   | 99,311                              |
| (f) Repairs and Maintenance – Others   | -                                   | 6,298                               |
| (g) Rates and Taxes                    | 386,595                             | 811,850                             |
| (h) Travelling and Conveyance          | 36,991                              | 1,245,216                           |
| (i) Statutory Auditors : Audit fees    | 826,000                             | 739,189                             |
| (j) Legal fees                         | 350,000                             | 2,059,620                           |
| (k) Service Charges                    | 17,794                              | 33,000,500                          |
| (l) Fuel & Shipment Expenses           | 137,293                             | 215,478                             |
| (m) Freight Outward Charges            | 331,940                             | -                                   |
| (n) Leave Encashment                   | -                                   | 36,387                              |
| (o) Administrative Expenses            | 3,183,138                           | 3,998,280                           |
| (p) Miscellaneous expenses             | 82,479                              | 960,032                             |
| (q) Other Expenses                     | 760,229                             | 801,498                             |
| (r) Bad Debts Written Off              | 161,612,622                         | -                                   |
| (s) Advertisement Expenses             | -                                   | 16,415                              |
| <b>Total</b>                           | <b>168,998,582</b>                  | <b>44,637,366</b>                   |

## Statement of changes in Equity

## A. EQUITY SHARE CAPITAL

(Amount in Rs.)

| PARTICULARS                         | Number of Shares  | Amount             |
|-------------------------------------|-------------------|--------------------|
| <b>Balance as at April 1, 2016</b>  | <b>20,124,260</b> | <b>201,242,600</b> |
| Changes in equity Share Capital     | -                 | -                  |
| <b>Balance as at March 31, 2017</b> | <b>20,124,260</b> | <b>201,242,600</b> |
| <b>Balance as at April 1, 2017</b>  | <b>20,124,260</b> | <b>201,242,600</b> |
| Changes in equity Share Capital     | -                 | -                  |
| <b>Balance as at March 07, 2018</b> | <b>20,124,260</b> | <b>201,242,600</b> |

| Statement of changes in Equity<br>(Amounts in Rs.)           |                    |                 |                    |                                   |                   |   |                                     |                                     |               |       |
|--|--------------------|-----------------|--------------------|-----------------------------------|-------------------|---|-------------------------------------|-------------------------------------|---------------|-------|
| B. OTHER EQUITY  | Reserves & Surplus |                 |                    |                                   |                   |   |                                     | Items of Other comprehensive income |               | Total |
|  | General Reserve    | Capital Reserve | Securities Premium | Employee Stock Option Outstanding | Retained earnings | Equity Instruments through other comprehensive income | Other items of comprehensive income |                                     |               |       |
| <b>Balance at April 1, 2016</b>                              | 90,744,280         | 7,325,779       | 1,180,036,432      | 12,461,345                        | (208,074,839)     | -   | -                                   | -                                   | 1,082,492,997 |       |
| <b>Changes in equity for the year ended March 31, 2017</b>   |                    |                 |                    |                                   |                   |   |                                     |                                     |               |       |
| Transfer to General Reserve                                  | -                  | -               | -                  | -                                 | -                 | -   | -                                   | -                                   | -             |       |
| Equity instruments through other comprehensive income        | -                  | -               | -                  | -                                 | -                 | -   | -                                   | -                                   | -             |       |
| Changes in accounting policy / prior period errors           | -                  | -               | -                  | -                                 | -                 | -   | -                                   | -                                   | -             |       |
| Profit for the period  | -                  | -               | -                  | -                                 | (211,238,819)     | -   | -                                   | -                                   | (211,238,819) |       |
| Addition to capital reserve                                  | -                  | -               | -                  | -                                 | -                 | -   | -                                   | -                                   | -             |       |
| <b>Balance as at March 31, 2017</b>                          | 90,744,280         | 7,325,779       | 1,180,036,432      | 12,461,345                        | (419,313,658)     | -   | -                                   | -                                   | 871,254,178   |       |
| <b>Changes in equity for the Period ended March 31, 2018</b> |                    |                 |                    |                                   |                   |   |                                     |                                     |               |       |
| Transfer to General Reserve                                  | -                  | -               | -                  | -                                 | -                 | -   | -                                   | -                                   | -             |       |
| Equity instruments through other comprehensive income        | -                  | -               | -                  | -                                 | -                 | -   | -                                   | -                                   | -             |       |
| Changes in accounting policy / prior period errors           | -                  | -               | -                  | -                                 | -                 | -   | -                                   | -                                   | -             |       |
| Profit for the period  | -                  | -               | -                  | -                                 | (278,413,834)     | -   | -                                   | -                                   | (278,413,834) |       |
| Addition to capital reserve                                  | -                  | -               | -                  | -                                 | -                 | -   | -                                   | -                                   | -             |       |
| <b>Balance as at March 31, 2018</b>                          | 90,744,280         | 7,325,779       | 1,180,036,432      | 12,461,345                        | (697,727,492)     | -   | -                                   | -                                   | 592,840,344   |       |

## 24. Corporate Information

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

## 25. Basis of preparation

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

### (i) Compliance with IndAS

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

### (ii) Historical cost convention

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

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

### (iii) Recent accounting pronouncements

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

## 1.1 Summary of significant accounting policies

### I. Significant Accounting Estimates and Judgments

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

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

#### Use of estimation and assumptions

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

**Income tax**

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

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

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

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

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

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

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

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

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

**Expected credit loss**

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

**II. Property, Plant and Equipment**

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



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

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

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

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

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

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

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

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

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

### **Depreciation**

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

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

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

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

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

### III. Intangible Assets

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

#### Financial Assets

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

#### Initial recognition:

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

#### Subsequent Measurement:

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

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

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

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

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

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

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

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

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

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

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

**Impairment of Financial Assets:**

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

**(i) Trade Receivables**

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

**(ii) Other financial assets**

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

**De-recognition of financial assets**

A financial asset is derecognized only when:

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

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

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

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

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

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

#### V. Inventories

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

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

#### VI. Cash and Cash equivalents

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

#### VII. Share Capital

Equity shares are classified as equity.

#### VIII. Financial Liabilities

##### *Initial recognition and measurement*

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

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

##### *Subsequent measurement – at amortised cost*

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

##### *Derecognition*

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially

different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

#### **IX. Borrowing Costs**

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

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

#### **X. Employee Benefits**

- Employee benefits are charged to the statement of Profit and Loss for the year and for the projects under construction stage are capitalised as other direct cost in the Capital Work in Progress / Intangible asset under development.
- Retirement benefits in the form of Provident Fund are a defined contribution scheme and the contributions are recognised, when the contributions to the respective funds are due. There are no other obligations other than the contribution payable to the respective funds.
- Gratuity liability is defined benefit obligations and is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year. Re-measurement in case of defined benefit plans gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income and they are included in retained earnings in the statement of changes in equity in the balance sheet.
- Compensated absences are provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year. Re-measurement as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.
- The amount of Non-current and Current portions of employee benefits is classified as per the actuarial valuation at the end of each financial year.

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

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

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

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

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

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

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

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

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

## **XI. Income Taxes**

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

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

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

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

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

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

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

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

### **Provisions**

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

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

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

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

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

### **Contingent Liabilities**

Contingent liability is disclosed in case of

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

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

### Contingent Assets

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

### XIII. Fair Value Measurements

Company uses the following hierarchy when determining fair values:

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

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

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

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

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

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

- Quoted market prices or dealer quotes for similar instruments;
- The fair value of interest rate swaps is calculated as the present value of the estimated future cashflows based on observable yield curves;
- The fair value of forward foreign exchange contracts is determined using forward exchange rates at the reporting dates, with the resulting value discounted back to present value;
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.



#### **XIV. Revenue Recognition**

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

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

##### **Insurance Claims**

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

##### **Interest**

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

##### **Dividends**

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

#### **XV. Foreign Currency Transactions**

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

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

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

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

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

#### **XVII. Earnings per Share**

Basic earnings per share are calculated by dividing:

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

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

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

### **XVIII. Rounding of amounts**

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

## NOTES TO FINANCIAL STATEMENTS

### 26. AMALGAMATION:

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

### 27. CAPITAL RESERVES:

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

### 28. INVESTMENTS:

Pursuant to the Scheme of Amalgamation as referred to in Note 25 above, Eaicom India Private Limited (EIPL, erstwhile 100% subsidiary company of Megasonic Telecoms Private Limited has become a wholly owned subsidiary of the Company.

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

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

### DETAILS OF INVESTMENT IN SUBSIDIARIES:

| Particulars                                 | 31st March 2018     |
|---|---------------------|
| M/s.Eaicom India Pvt Ltd                    | 14,57,18,000        |
| M/s. Kavveri Technologies Inc               | 8,80,09,300         |
| M/s. Kavveri Telecom Infrastructure Limited | 18,51,00,000        |
| M/s. Kavveri Telecom Espana                 | 6,97,42,860         |
| M/s. Kavveri Technologies America Inc       | 4,96,80,000         |
| <b>TOTAL</b>                                | <b>53,82,50,160</b> |

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

| Particulars                            | Country of Incorporation | 2018 | 2017 |
|--|--------------------------|------|------|
| EAICOM INDIA PRIVATE LTD               | India                    | 100% | 100% |
| KAVVERI TELECOM INFRASTRUCTURE LIMITED | India                    | 51%  | 51%  |
| KAVVERI TECHNOLOGIES INC               | Canada                   | 100% | 100% |

Subsidiaries of wholly owned subsidiary, Kavveri Technologies Inc.

| Particulars                        | Country of Incorporation | 2018 | 2017 |
|------------------------------------|--------------------------|------|------|
| TIL-TEK ANTENNAE INC               | Canada                   | 100% | 100% |
| TRACKCOM SYSTEMS INTERNATIONAL INC | Canada                   | 67%  | 67%  |
| DCI DIGITAL COMMUNICATIONS INC     | Canada                   | 100% | 100% |
| SPOTWAVE WIRELESS INC              | Canada                   | 100% | 100% |
| KAVVERI REALTY 5 INC               | Canada                   | 100% | 100% |

## 29. CIF VALUE OF IMPORTS

| Particulars                | 2018 (Amount in Rs.) | 2017 (Amount in Rs.) |
|----------------------------|----------------------|----------------------|
| Raw materials              | 3,55,124             | 3,38,259             |
| Components and spare parts | Nil                  | Nil                  |
| Capital Goods              | Nil                  | Nil                  |
| <b>Total</b>               | <b>3,55,124</b>      | <b>3,38,259</b>      |

## 30. EXPENDITURE INCURRED IN FOREIGN CURRENCY

| Particulars   | 2018 (Rs.) | 2017 (Rs.) |
|---|------------|------------|
| Technical knowhow/Research and development expenses | Nil        | Nil        |
| Professional and consultation fees                  | Nil        | Nil        |
| Travelling expenses                                 | Nil        | Nil        |
| Maintenance Charges                                 | Nil        | Nil        |
| <b>Total</b>  | <b>Nil</b> | <b>Nil</b> |

## 31. DETAILS OF CONSUMPTION

### a) Details of Raw Materials Consumed :

| Particulars               | 2018 (Rs.)         | 2017 (Rs.)         |
|---------------------------|--------------------|--------------------|
| Raw Materials Consumption | 40,21,364          | 40,32,189          |
| <b>TOTAL</b>              | <b>40,21,364/-</b> | <b>40,32,189/-</b> |

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

| Particulars   | Imported(2018)  | Indigenous(2018) | Imported(2017)  | Indigenous(2017) |
|---------------|-----------------|------------------|-----------------|------------------|
| Raw Materials | 3,55,124        | 36,66,240        | 3,38,259        | 18,11,466        |
| <b>TOTAL</b>  | <b>3,55,124</b> | <b>36,66,240</b> | <b>3,38,259</b> | <b>18,11,466</b> |

**32. DIVIDEND REMITTED IN FOREIGN EXCHANGE**

| Particulars  | 2018 (Rs.) | 2017(Rs.)  |
|--|------------|------------|
| Dividend paid during the year                                  | Nil        | Nil        |
| Number of Non Resident Shareholders                            | Nil        | Nil        |
| Number of equity shares held by such Non Resident Shareholders | Nil        | Nil        |
| Year to which the Dividend relate to                           | Nil        | Nil        |
| <b>Total</b>   | <b>Nil</b> | <b>Nil</b> |

**33. EARNINGS IN FOREIGN CURRENCY**

| Particulars                       | 2018 (Rs.)       | 2017 (Rs.)       |
|-----------------------------------|------------------|------------------|
| Revenue from exports on FOB basis | 63,57,937        | 38,30,017        |
| Interest                          | Nil              | Nil              |
| Other Income                      | Nil              | Nil              |
| <b>Total</b>                      | <b>63,57,937</b> | <b>38,30,017</b> |

**34. EARNINGS PER SHARE**

| Particulars                                   | Year Ended<br>March 31st 2018 | Year Ended<br>March 31st 2017 |
|---|-------------------------------|-------------------------------|
| <b>(a) Basic</b>                              |                               |                               |
| Profit after tax                              | (27,84,13,834)                | (21,12,38,819)                |
| Weighted average number of shares outstanding | 2,01,24,260                   | 2,01,24,260                   |
| Basic EPS                                     | (13.83)                       | (10.50)                       |
| <b>(b) Diluted</b>                            |                               |                               |
| Profit after tax                              | (27,84,13,834)                | (21,12,38,819)                |
| Adjusted net profit for the year              | (27,84,13,834)                | (21,12,38,819)                |
| Weighted average number of shares outstanding | 2,01,24,260                   | 2,01,24,260                   |
| Diluted EPS                                   | (13.83)                       | (10.50)                       |
| Face value per share                          | 10.00                         | 10.00                         |

**35. EMPLOYEE BENEFITS**

The Company has not obtained Actuarial Valuation report for Gratuity and leave encashment for the financial year 2017-18.

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

| Description of the nature of transaction | Description of Relationship       | Related Party                          | Year ended 2018 | Year ended 2017 |
|--|-----------------------------------|--|-----------------|-----------------|
| Sales of goods                           | Subsidiary                        | Tiltek Antennae Inc                    | 65,81,052       | 38,30,017       |
|  | Spotwave Wireless Inc             |  | -               | -               |
| Purchase of goods                        | Subsidiary                        | Tiltek Antennae Inc                    | -               | 2,86,878        |
| Receiving of services                    | Subsidiary Infrastructure Limited | Kavveri Telecom                        | -               | 3,30,19,380     |
| Advances given                           | Key Managerial Personnel          | RH Kasturi                             | 2,98,44,121     | 6,22,26,677     |
| Advances taken                           | Subsidiary Infrastructure Limited | Kavveri Telecom                        | -               | 8,29,73,424     |
| Payable at the year end                  | Key Managerial Personnel          | Shivakumar Reddy                       | (8,25,68,283)   | 1,43,50,090     |
|  | Key Managerial Personnel          | RH Kasturi                             | -               | (8,02,64,733)   |
|  | Other related party               | Uma Reddy                              | 2726127         | 27,26,127       |
|  | Subsidiary                        | Kavveri Technologies Inc               | 6,01,76,714     | 16,03,179       |
| Receivable at the end                    | Subsidiary                        | Kavveri Technologies Inc               | -               | -               |
|  | Subsidiary                        | DCI Digital Communication Inc          | 94,81,546       | 7,18,933        |
|  | Subsidiary                        | Kavveri Realty Inc                     | 20,144          | 20,144          |
|  | Subsidiary                        | Kavveri Telecom Espana                 | -               | 16,38,07,352    |
|  | Subsidiary                        | Spotwave Wireless Limited              | 5,07,80,660     | 4,30,55,704     |
|  | Subsidiary                        | Kavveri Telecom Infrastructure Limited | (16,75,56,444)  | (15,81,98,945)  |
|  | Subsidiary                        | Eaicaom India Private Limited          | 3,43,75,505     | 3,43,46,795     |
|  | Subsidiary                        | Trackcom Systems International Inc     | 9,02,000        | 9,02,000        |
|  | Other related party               | SMR Telecom Holdings Pvt Ltd           | 2,05,04,399     | 2,20,01,575     |

**LIST OF RELATED PARTIES**

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

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

| S.No. | Particulars  | 2018 (Rs.) | 2017 (Rs.) |
|-------|--|------------|------------|
| 1     | Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at year end   | Nil        | Nil        |
| 2     | Interest due to suppliers registered under the MSMED Act and remaining unpaid as at year end   | Nil        | Nil        |
| 3     | Principal amounts paid to suppliers registered under the MSMED Act, beyond the appointed day during the year                                   | Nil        | Nil        |
| 4     | Interest paid, other than under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year | Nil        | Nil        |
| 5     | Interest paid, under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year            | Nil        | Nil        |
| 6     | Interest due and payable towards suppliers registered under MSMED Act, for payments already made.  | Nil        | Nil        |
| 7     | Further interest remaining due and payable for earlier years.  | Nil        | Nil        |

**38. MANGERIAL REMUNERATION**

| Name                                    | 2018         |            | 2017         |            |
|---|--------------|------------|--------------|------------|
|   | Remuneration | Commission | Remuneration | Commission |
| C.Shiva Kumar Reddy – Managing Director | Nil          | Nil        | Nil          | Nil        |
| R. H Kasturi – Whole Time Director      | Nil          | Nil        | Nil          | Nil        |
| Other Non Executive Directors           | Nil          | Nil        | Nil          | Nil        |
| <b>Total</b>                            | Nil          | Nil        | Nil          | Nil        |

**39. SEGMENT RESULTS**

The company's predominant risks and returns are from the segment of “Wireless sub-systems Products” 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.

**40. RESEARCH AND DEVELOPMENT EXPENSES**

| Particulars  | 2018 (Rs.) | 2017 (Rs.) |
|--|------------|------------|
| Salaries & Wages   | Nil        | Nil        |
| Cost of Materials and services<br>(Included under material purchase) | Nil        | Nil        |
| Overhead   | Nil        | Nil        |
| Capital Expenditure  | Nil        | Nil        |
| <b>Total</b>   | <b>Nil</b> | <b>Nil</b> |

**41. UNEXPIRED WARRANTY CHARGES**

| <b>Particulars</b>                   | <b>2018 (Rs.)</b> | <b>2017 (Rs.)</b> |
|--------------------------------------|-------------------|-------------------|
| Balance at the beginning of the year | 21,11,77,189      | 21,11,77,189      |
| Additions during the year            | -                 | -                 |
| Reversals during the year            | -                 | -                 |
| Balance at the end of the year       | 21,11,77,189      | 21,11,77,189      |

**42. OPERATING LEASE OBLIGATIONS**

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

The disclosures relating to the leases undertaken are given under:

| <b>Particulars</b>   | <b>2018</b> | <b>2017</b> |
|--|-------------|-------------|
| Lease rent recognized in the Statement of Profit and Loss                    | -           | 1,80,000    |
| <b>Minimum lease payments outstanding in respect of these arrears under:</b> |             |             |
| Not later than one year  | -           | 5,40,000    |
| Later than one year and not later than 5 years                               | -           | 26,18,127   |

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



**44. DERIVATIVE INSTRUMENTS AND UNHEDGED FOREIGN CURRENCY EXPOSURE****a. Particulars of Un hedged foreign currency exposure as at the reporting date.**

| Particulars       | Currency          | 2018 | 2017 |
|-------------------|-------------------|------|------|
| Payables          | US Dollars        | --   | --   |
|                   | CAD Dollars       | --   | --   |
|                   | Euro              | --   | --   |
|                   | Sterling Pound    | --   | --   |
|                   | Singapore Dollars | --   | --   |
| Receivables       | US Dollars        | --   | --   |
|                   | CAD Dollars       | --   | --   |
|                   | Euro              | --   | --   |
|                   | Sterling Pound    | --   | --   |
|                   | Singapore Dollars | --   | --   |
|                   | recognised @ Rs   |      | --   |
|                   | US Dollars        | --   | --   |
|                   | CAD Dollars       | --   | --   |
|                   | Euro              | --   | --   |
|                   | Sterling Pound    | --   | --   |
| Singapore Dollars | --                | --   |      |

**45. CONTINGENT LIABILITIES**

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

- (i) M/s. Mahanagar Telephone Nigam Ltd and M/s Bharat Sanchar Nigam Ltd. had invoked bank guarantees totalling to Rs. 4,41,000 and Rs.7,55,081 respectively against which the company has filed cases against such invoking of bank guarantees and is advised that the matter will be resolved in favour of the company in respect of the said amount and hence no provision is made in the books of account.
- (ii) In the Matter of dispute with M/s Bharat Sanchar Nigam Limited (BSNL), the Honourable High Court of Karnataka at Bangalore have referred the matter to the arbitrator to be appointed by M/s BSNL, against invoking of Bank guarantee of a sum of Rs.22,70,000.
- (iii) There are claims against one of the Company's properties located at Bangalore, which is presently owned by the Company.

- (iv) Margin Money deposits with the bank amounting to Rs. 5,22,98,272 (Rs. 1,43,93,385) has been given as margin money for the guarantees issued by the bankers.
- (v) (A) Customs, Excise and Service Tax Appellate Tribunal, South Zone, Bangalore, however had stayed the aforesaid demand subject to payment of Rs.2 Crores.
- (B) Deposit paid against Order in Original No. 94/2012 dt.31.12.2012 under Protest of Rs.26,77,854/-
- (C) Rs.257088/- Cenvat deposit against O/O no.42/2013 dt: 21.02.2013 stay order no.119/2013 dt: 25.06.2013.
- (D) Rs.127523/-deposit against CESTAT Appeal No.E/2210/2012 Stay/Misc/26402/2013 dt: 13.06.2013
- (E) Rs.500000/- Cenvat deposit against OIO No.37/2011 dt: 31.03.2011 passed by the Additional Commissioner of Central Excise and CESTAT Miscellaneous Order No.26586/2013 dt: 16.07.2013
- (vi) There are claims against one of the Company's in sales tax (A) Ref Assignment order no.14188330 dt: 12/8/2011 against order received from assistant commissioner of commercial taxes (Audit)4.2,DVO-4 Bangalore. Dispute it is assessed under CST Act'56 by rejecting the concessional rate of tax claimed in the return of turnovers and levied tax at the rate of 12.5% in the absence of declarations such as Form C and also levied the penalty and interest of Rs.4,97,46,550/-. (B) Ref Assignment order no.13687538 dt: 08/12/2011 and case order no.212049893 dt: 29/03/2014 against order received from Deputy commissioner of commercial taxes (Audit) 4.7, DVO-4 Bangalore. It is assessed by rejecting the concessional rate of tax claimed in the return of turnovers and assessed to tax, the direct export not covered by bill of lading, sales return not covered by the relevant documents at the rate of 4% in the absence of declarations such as Form C and along with levied the penalty and interest of Rs.13,29,696/-.
46. The Company has defaulted in repayment of cash credit and term loan which were availed from State Bank of India. The Bank has issued notice U/s. 13(2) of Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 to recover an amount of Rs. 96.85 crores which includes outstanding interest towards cash credit and term loan availed by the Company. Later on the bank has transferred the outstanding due to Asset Reconstruction Company for the purpose of recovery of dues from the Company on 27th June, 2014. Also all securities provided by the company to Bank against Term loan and cash credit are also transferred to the Asset Reconstruction Company as informed by Bank to the Company.
47. The company has defaulted in repayment of Loans in principal and interests thereon to their respective Banks and the banks have classified the loans as NPA (Non Performing Asset). The said bank loans as per the books of accounts outstanding balance as at 31.03.2018 is Rs. 90.70 Crores (Including Principle and Interest Provisions on the loans but excluding Penal Interest if any) and Interest Provision made during the year Rs.13.24 Crores have been Provided, which is not paid by the company.
48. During the Financial Year 2017-18 the management of the company has decided to write off Trade Receivables amounting to Rs. 16,16,12,622/- by debiting to the statement of Profit & Loss account.
49. The Company has not appointed the Company secretary (Compliance Officer) and Chief Financial Officer in the Financial Year 2017-2018.
50. The figures have been Regrouped/Reclassified wherever necessary.

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

As per our report of even date

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

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

Sd/-  
**P. Murali Mohana Rao**  
Partner  
Membership No. 023412

Sd/-  
**C.Shivakumar Reddy**  
Managing Director  
DIN: 01189348

Sd/-  
**R.H.Kasturi**  
Director  
DIN: 00291851

Place : Hyderabad  
Date : 30-05-2018

**KAVVERI TELECOM PRODUCTS LIMITED**

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

**PROXY FORM**

*[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]*

**CIN:L85110KA1996PLC019627**

Name of the company : **KAVVERI TELECOM PRODUCTS LIMITED**

**Registered office** : 31-36, I Main, II Stage, Arekere MICO Layout, Bannerghatta Road, Bangalore-76

Name of the member (s) : .....  
 Registered address : .....  
 E-mail Id : .....  
 Folio No/ Client Id : .....  
 DP ID : .....

**I / We, being Member /Members of Kavveri Telecom Products Limited hereby appoint.**

|                                  |                                  |
|----------------------------------|----------------------------------|
| 1. Name : .....                  | 2. Name : .....                  |
| Address : .....                  | Address : .....                  |
| .....                            | .....                            |
| E-mail Id : .....                | E-mail Id : .....                |
| Signature: ....., or failing him | Signature: ....., or failing him |
| 3. Name : .....                  |                                  |
| Address : .....                  |                                  |
| .....                            |                                  |
| E-mail Id : .....                |                                  |
| Signature: ....., or failing him |                                  |

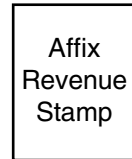
**as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 23rd Annual general meeting of the company, to be held on the Saturday, 29th Day of September 2018, at 10.00 a.m. at No. 31-36, I Main, II Stage, Arekere MICO Layout, Bannerghatta Road, Bangalore 560076 and at any adjournment thereof in respect of such resolutions as are indicated below:**

| Resolution No.           | Resolution  |
|--------------------------|---|
| <b>Ordinary Business</b> |   |
| 1.                       | To receive, consider and adopt the Audited Balance Sheet as at 31st March 2018 the Profit and Loss Account for the year ended on that date and the Reports of the Directors and the Auditors thereon.                                       |
| 2.                       | To appoint a Director in place of Mrs. R H Kasturiwho retires by rotation and being eligible offers herself for reappointment.  |
| 3.                       | To ratify the re-appointment of M/s. P. Murali & Co., Chartered Accountants, Hyderabad as Statutory Auditors of the Company until the conclusion of the 24th Annual General Meeting to be held in the year 2018 and fix their remuneration. |

Signed this ..... day of ..... 2018.

Signature of Shareholder .....

Signature of Proxy holder (s) .....



**Note:**

- a. Proxy need not be a member of the Company.
- b. The Proxy Form duly filled in and signed by the Member(s) across the revenue stamp should reach the Company's Registered Office at least 48 hours before the commencement of the meeting.
- c. Corporate members intending to send their authorized representative(s) to attend the meeting are requested to send a certified copy of the Boardresolution authorizing their representative(s) to attend and vote on their behalf at the meeting.

**KAVVERI TELECOM PRODUCTS LIMITED**

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

**23rd Annual General Meeting – Saturday - 29th September 2018**

**ATTENDANCE SLIP**

**Folio no. / DPID and Client ID No:**

**No. of shares**

Name and address of First/sole shareholder :

I, hereby record my presence at the 23rd Annual General Meeting of the Company to be held on Saturday, September 29, 2018 at 10.00 a.m. at **No. 31-36, I Main, II Stage, Arekere MICO Layout, Bannerghatta Road, Bangalore-560 076.**

Name of the Member / Proxy  
(Block Letters)

Signature of the Member / Proxy

**Notes:**

- a. Only Member/Proxy can attend the Meeting. No minors would be allowed at the Meeting.
- b. Member/Proxy who wish to attend the Meeting must bring this attendance slip to the Meeting and hand over at the entrance duly filled in and signed.
- c. Member/Proxy should bring his/her copy of the Annual Report for reference at the Meeting.

BLANK

BLANK

BLANK



BLANK

[www.kaveritelecoms.com](http://www.kaveritelecoms.com)



If Undelivered please return to :  
Plot No. 31 to 36, 1st Main, 2nd Stage,  
Arakere Mico Layout, Bannerghatta Road,  
Bangalore-560 076, Karnataka, India.