

KAVVERI

Passion to Innovate...

ANNUAL REPORT 2016-17

EMPOWERING FUTURE WIRELESS TECHNOLOGY.

WORLD CLASS PRODUCTS AND SOLUTIONS.

Chairman's Message

My dear fellow Shareowners,

India is currently the world's second-largest telecommunications market with a subscriber base of 1.05 billion and has registered strong growth in the past decade and half. The Indian mobile economy is growing rapidly and will contribute substantially to India's Gross Domestic Product (GDP), according to report prepared by GSM Association (GSMA) in collaboration with the Boston Consulting Group (BCG). The country is the fourth largest app economy in the world.

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.

The Indian telecom sector is expected to generate four million direct and indirect jobs over the next five years according to estimates by Randstad India. The employment opportunities are expected to be created due to combination of government's efforts to increase penetration in rural areas and the rapid increase in smartphone sales and rising internet usage.

International Data Corporation (IDC) predicts India to overtake US as the second-largest smartphone market globally by 2017 and to maintain high growth rate over the next few years as people switch to smartphones and gradually upgrade to 4G.

Market Size

The mobile industry is expected to create a total economic value of Rs 14 trillion (US$ 217.37 billion) by the year 2020. It would generate around 3 million direct job opportunities and 2 million indirect jobs during this period.

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.

The revenue of mobile handset industry rose 22 per cent to Rs 1.36 trillion (US$ 21.12 billion) in 2016. In 2017, around 200 million mobile handsets will be made out of India out of the 270 million mobile handsets to be shipped.

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. Total number of smartphone shipments in India stood at 25.8 million units in the quarter ending December 2016, and smartphone shipments during 2016 stood at 109.1 million units, up by 5.2 per cent year-on-year. Broadband services user-base in India is expected to grow to 250 million connections by 2017.

Government Initiatives

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 simply 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.
- The Government of India has allocated Rs 10,000 crore (US$ 1.5 billion) for rolling out optical fibre-based broadband network across 150,000 cumulative gram panchayats (GP) and Rs 3,000 crore (US$ 450 million) for laying optical fibre cable (OFC) and procuring equipment for the Network For Spectrum (NFS) project in 2017-18.

Road Ahead

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.

Company's Performance:

Your company has registered a consolidated total income of Rs. 2804.04 lakhs for 2016-17 as compared to Rs. 4444.46 lakhs for 2015-16 and the company posted a net loss of Rs. 3151.73 lakhs for 2016-17 as compared to Rs. 3526.21 lakhs for 2015-16.

Our Commitment

We are confident that the telecom sector in India will witness continued strong growth and contribute to economic development of the country. The Prime Minister's Digital India mission and development of 100 smart cities will give a fillip to the telecom sector, aided by high speed wireless broadband and LTE deployments in the coming years. The Company's fundamentals remain strong and the opportunities at hand point to a strong growth path, supporting the positive outlook.

Our emphasis on innovation will help us to achieve faster growth in years to come, by offering a unique value proposition to our customers in terms of our product and service portfolio, network experience and customer service. We remain committed to upholding that vision and creating ever greater value for all our stakeholders.

At the outset, i would like to acknowledge my sincere thanks to the members, customers, financial institutions, bankers, employees, auditors and all others for their kind support and cooperation being extended from the beginning.

THANK YOU.

PROFILES OF THE FOUNDERS:

Mr. C SHIVAKUMAR REDDY:

Mr. Reddy, aged 54 years has completed degree in Bachelor of Technology, B. Tech (Electronics & Communications) from Jawaharlal Nehru Technological University (JNTU), Hyderabad in the year 1984. He was one of the promoter directors of Kaveri Microwave Components Ltd., Hyderabad which started operations in 1988 and was instrumental in design, development and marketing of RF products till August 1991.
Thereafter, Mr. Reddy took charge of a new proprietary concern Kaveri Microwave Components as its Chief Executive Officer from 1991 to 1996. After the takeover of Kaveri Microwave components by Kaveri Telecoms Limited, Mr. Reddy continued as the Chief Executive Officer of the merged entity and was later appointed as Managing Director of Kaveri Telecoms Limited in 2002.

Mrs. R H KASTURI:

Ms. Kasturi aged 49 years, is a Bachelor of Engineering in Electronics & Communication from Bangalore University. She started M/s Kaveri Microwave Components as proprietary concern in 1991 and has been in-charge of administration activities of the firm. After the takeover of Kaveri Microwave Components by Kaveri Telecoms Limited in 1996, Ms. Kasturi was appointed as Director of Kaveri Telecoms Limited.
Ms. Kasturi is instrumental in successfully managing day today HR and administration and operational activities of the company.

Ms. C UMA REDDY:

Ms. Reddy is a Bachelor in Arts, has more than 24 years experience in managing the business of Telecom and other sector companies. Prior to joining Kaveri in 1996, she was heading the marketing division of a leather products company and was instrumental in the development of the company.
Ms. Reddy has been in-charge of company operations and has been the driving force in successful implementation of various initiatives and strategies, which positioned the company as a global player.

About the Company

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.

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

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

CORPORATE INORMATION

CIN of the Company: L85110KA1996PLC019627
ISIN:INE641C01019

BOARD OF DIRECTORS:

Name of the Director	DIN	Designation
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 and 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

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 22nd Annual General Meeting of the Members of the Company will be held on Thursday, the 28thSeptember, 2017 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 2017 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 23rd Annual General Meeting to be held in the calendar year 2018 and that the Board of Directors be and is hereby authorized to fix the remuneration payable to them".

SPECIAL BUSINESS:

4. **To Re-appoint Mr. C Shivakumar Reddy as Managing Director of the Company**

   "RESOLVED THAT pursuant to the provisions of Section 196, 197, 203 and any other applicable provisions of the Companies Act 2013 and the Rules made there-under (including any statutory modification(s) re-enactments thereof for the time being in force) read with Schedule V of the Companies Act, 2013, and subject to approval of the Central Government or other Government authority, if any, and pursuant to approval of the Board of Directors and subject to such other approvals and consents as may be necessary, approval of the members be and is hereby accorded to reappoint Mr. C Shivakumar Reddy as Managing Director of the Company for a period of five years w.e.f. 1st October 2017 on existing remuneration and terms & conditions.

   RESOLVED FURTHER THAT any one of the Directors be and is hereby authorized to take all such steps as may be necessary, proper or expedient to give effect to this resolution".

5. **To Re-appoint Mrs. RH Kasturi as Director-Operations of the Company**

   "RESOLVED THAT pursuant to the provisions of Section 196, 197, 203 and any other applicable provisions of the Companies Act 2013 and the Rules made there-under (including any statutory modification(s) re-enactments thereof for the time being in force) read with Schedule V of the Companies Act, 2013, and subject to approval of the Central Government or other Government authority, if any, and pursuant to approval of the Board of Directors and subject to such other approvals and consents as may be necessary, approval of the members be and is hereby accorded to reappoint Mrs. RH Kasturi as Director-Operations of the Company for a period of five years w.e.f. 1st October 2017 on existing remuneration and terms & conditions.

   RESOLVED FURTHER THAT any one of the Directors be and is hereby authorized to take all such steps as may be necessary, proper or expedient to give effect to this resolution".

For KAVVERI TELECOM PRODUCTS LIMITED

Place Bangalore
Date: 01.09.2017

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 Friday, 22nd September 2017 to Thursday 28th September 2017 (both days inclusive). The book closure dates have been fixed in consultation with the Stock Exchanges.

4. The relevant details of Directors seeking re-appointment under item no.2, 4 & 5 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, 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 21st September 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 Monday, September 25th 2017 and will end at 5.00 p.m. on Wednesday, 27th September 2017. The Company has appointed Mr. U. Lakshmoji Rao, Chartered Accountant 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 voting period begins on Monday, September 25th 2017 and will end at 5.00 p.m. on Wednesday, 27th September 2017 at 5.00 P.M. 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 21st September 2017, 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.

(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.comand voted on an earlier voting of any company, then your existing password is to be used.

(vii) If you are a first time user follow the steps given below:

	For Members holding shares in Demat Form and Physical Form
PAN	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) • 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. • 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.
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	Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio. • Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv).

(viii) After entering these details appropriately, click on "SUBMIT" tab.

(ix) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

(x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

(xi) Click on the EVSN for **KAVVERI 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.comand 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.
- 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 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, under help section or write an email to helpdesk.evoting@cdslindia.com.

(xx) The e-voting module shall be disabled by CDSL after 5.00 p.m. on 27th September 2017.

(xxi) The results shall be declared on or before 2nd October 2017. 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

Name of the Director	Smt. R H Kasturi
Date of Appointment	29/09/2002
Date of Birth/Age	22/3/1967 50 YEARS
Expertise in Specific functional areas	Engineering Degree holder in Electronics & Communication from Bangalore University. She is having He is having more than 25 years of experience in the Business field
List of other Public Companies in which Directorships held as on 31.03.2017.	Kavveri Telecom Infrastructure Limited
Chairman/Member of the Committees of other Companies in which he is a Director as on 31.03.2017.	NONE

Name of the Director	Sri. C Shivakumar Reddy
Date of Birth/Age	28/12/1962 54 years
Expertise in Specific functional areas	completed degree in Bachelor of Technology, B. Tech (Electronics & Communications) from Jawaharlal Nehru Technological University (JNTU), Hyderabad in the year 1984 He is having more than 25 years of experience in the Business field
List of other Public Companies in which Directorships held as on 31.03.2017.	Kavveri Telecom Infrastructure Limited Kavveri Telecom Products Limited
Chairman/Member of the Committees of other Companies in which he is a Director as on 31.03.2017.	NONE

Explanatory Statement

[Pursuant to Section 102 of the Companies Act, 2013]

Item No. 4

Re-appointment of Mr. C. Shivakumar Reddy as Managing Director of the Company:

Mr. C Shivakumar Reddy is a visionary leader and a true global entrepreneur, who worked to build the company into a leading wireless subsystem products manufacturer. Under his leadership, the company has achieved remarkable achievements during his tenure.

Earlier, Mr. C Shivakumar Reddy was re-appointed as Managing Director in 2012

Your Directors consider that the re-appointment of Mr. C Shivakumar Reddy will be in the best interest of the Company and accordingly, it has been proposed to re-appoint Mr. C Shivakumar Reddy as the Managing Director of the Company for a further period of five years at remuneration as provided in the resolution.

Your Directors recommend the resolution as set out in Item no. 04 of the Notice for approval of the Members as Special Resolution.

Board of Directors re-commends the above resolution at item no.4 for the members' approval in the Annual General Meeting

None of the Directors and Key Managerial Persons of the Company except Mr. C Shivakumar Reddy and Mrs. R H Kasturi to the extent of the re-appointment, is concerned or interested in this resolution.

Item No. 5

Re-appointment of Mrs. R H Kasturi as Director (Operations) of the Company:

Mrs. R H Kasturi is instrumental in successfully implementing all the day to day administration, HR and operational activities of the Company. Her presence has always been a key resource for the Board of Directors.

Earlier, Mrs. RH kasturi was re-appointed as Director in 2012

Your Directors consider that the re-appointment of Mrs. R H Kasturi will be in the best interest of the Company and accordingly, it has been proposed to re-appoint Mrs. R H Kasturi as the Director (Operations) of the Company for a further period of five years at remuneration as provided in the resolution.

Your Directors recommend the resolution as set out in Item no. 2 & 5 of the Notice for approval of the Members as Special Resolution.

Board of Directors re-commends the above resolution for the members' approval in the Annual General Meeting

None of the Directors and Key Managerial Persons of the Company except Mr. C Shivakumar Reddy and Mrs. R H Kasturi to the extent of the re-appointment, is concerned or interested in this resolution.

DIRECTORS' REPORT

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

The Directors have pleasure in presenting the 22nd Annual Report of the Company together with the audited accounts for the year ended 31st March 2017.

FINANCIAL RESULTS – CONSOLIDATED

(in Lakhs)

	Year ended 31.03.2017	Year ended 31.03.2016
Total Income from operations	**2804.04**	**4444.46**
Total Expenditure including depreciation	**4271.59**	**5466.21**
Interest& Bank Charges	**1968.04**	**2491.44**
Depreciation	**1832.10**	**1955.16**
Tax Exp. &Provision for Differed Tax	**8.74**	**13.03**
Net Loss	**(3151.73)**	**(3526.21)**

THE 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

Your company has registered a consolidated total income of Rs. 2804.04 lakhs for 2016-17 as compared to Rs. 4444.46 lakhs for 2015-16 and the company posted a net loss of Rs. 3151.73 lakhs for 2016-17 as compared to Rs. 3526.21 lakhs for 2015-16.

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 vide 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 ARRANGEMEMENTS 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 company has following subsidiaries:

Direct subsidiaries:

M/s Kavveri Telecom Infrastructure Limited, India
M/s Eaicom India Private Limited, India
M/s Kavveri Technologies Inc., Canada
M/s Kavveri Telecom Espana, Spain
M/s Kavveri Technologies Americas Inc

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

M/s Til-Tek Antennae Inc,
M/s Spotwave Wireless Ltd,
M/s DCI Digital Communications Inc.,
M/s Kavveri Realty 5 Inc.,
M/s Trackcom Systems Inc.
M/s. Quality communication systems Inc
M/s. New England Communication systems Inc

Pursuant to Ministry of Corporate Affair's 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 2017, 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 2018.

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 2016-2017.

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

30th May 2016, 13th August 2016, 29th August 2016, 14thNovember 2016, and 14th February 2017.

CORPORATE SOCIAL RESPONSIBILTY:

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 preview 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, 2017 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, 2017, 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.

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 desiredactions 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

PLACE: Bengaluru	**C. Shivakumar Reddy**	**R H Kasturi**
DATE: 01.09.2017	**Chairman &Managing Director**	**Director-Operations**

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.

The revenue of mobile handset industry rose 22 per cent to Rs 1.36 trillion (US$ 21.12 billion) in 2016. In 2017, around 200 million mobile handsets will be made out of India out of the 270 million mobile handsets to be shipped.

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. Total number of smartphone shipments in India stood at 25.8 million units in the quarter ending December 2016, and smartphone shipments during 2016 stood at 109.1 million units, up by 5.2 per cent year-on-year. Broadband services user-base in India is expected to grow to 250 million connections by 2017.

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 simply 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.
- The Government of India has allocated Rs 10,000 crore (US$ 1.5 billion) for rolling out optical fibre-based broadband network across 150,000 cumulative gram panchayats (GP) and Rs 3,000 crore (US$ 450 million) for laying optical fibre cable (OFC) and procuring equipment for the Network For Spectrum (NFS) project in 2017-18.

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 desiredactions 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, 2017

(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, 2017 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, 2017 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;
    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 in Practice
FCS No: 21717, CP No: 8735

Place: Hyderabad
Date: September 01, 2017

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.

'Annexure A'

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.
7. The Company has filed the required e-forms with ROC with delayed period and the Annual e-forms for the period 2015-16 are yet to be filed.
8. The Company has not appointed the Company Secretary as required under the Companies Act 2013, and we were informed that the company is in process of appointing the Kay Managerial Persons.
9. The website of the Company is not up to date.
10. We were not provided with the information relating to Subsidiary Companies.

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

Place: Hyderabad
Date: September 01, 2017

Form No.MGT-9
EXTRACT OF ANNUAL RETURN
As on the financial year ended 31st March 2017

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

I. REGISTRATIONANDOTHERDETAILS:

CIN	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	**Plot No.31-36,1st FLOOR, 1st MAIN, 2nd STAGE,AREKERE MICO LAYOT, BENGALURU, 560 076**
Whether listed company	YES
Name, Address and Contact details of Registrar and Transfer Agent, if any	Integrated Enterprises (India) Ltd (Erstwhile Alpha Systems Pvt. Ltd.) # 30, Ramana Residency, 4thCross, Sampige Road Bangalore 560 003

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover 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. N0	NAME OF THE COMPANY	CIN/GLN	HOLDING/ SUBSIDIARY / ASSOCIATE
1	Kavveri Telecom infrastructure Ltd	U64203KA2008PLC047733	Subsidiary Company
2	Eaicom India (P) Ltd	U30007KA1984PTC057130	Subsidiary Company

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

i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year[As on 31-March-2016]				No. of Shares held at the end of the year[As on 31-March-2017]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoter s									
(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**
Sub Total (A)(1)	**3045931**	**0**	**3045931**	**15.14**	**3045931**	**0**	**3045931**	**15.14**	**0**
(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
Sub Total (A)(2)	0	0	0	0	0	0	0	0	0
Total shareholding of Promoter (A(1)+A(2))	3045931	0	3045931	15.14	3045931	0	3045931	15.14	0
B. Public Shareholding									
1. Institutions									
a) Mutual Funds									
b) Banks / FI	**1652707**	**0**	**1652707**	**8.21**	**1121583**	**0**	**1121583**	**5.57**	**(2.64)**
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) FIIs	**2903979**	**0**	**2903979**	**14.43**	**3043619**	**0**	**3043619**	**15.12**	**0.69**
h) Foreign Venture Capital Funds	**987500**	**0**	**987500**	**4.91**	**987500**	**0**	**987500**	**4.91**	**0**
2. Non-Institutions									
a) Bodies Corp.	**4332750**	**1**	**4332750**	**21.53**	**4920913**	**1**	**4920914**	**24.45**	**2.92**
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 shareholders holding nominal share capital upto Rs. 1 lakh	**1901588**	**72526**	**1974214**	**9.81**	**2156123**	**72526**	**2228649**	**11.07**	**1.26**
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	**2941263**	**0**	**2941263**	**14.62**	**2630980**	**0**	**2630980**	**13.07**	**(1.55)**
c) Others (specify)									
Non Resident Indians	**266249**	**0**	**266249**	**1.32**	**200501**	**0**	**200501**	**1.00**	**(0.32)**
Overseas Corporate Bodies									
Foreign Nationals									
Clearing Members	**136595**	**0**	**136595**	**0.68**	**61512**	**0**	**61512**	**0.31**	**(0.37)**
Trusts									
Foreign Bodies - D R									
Sub-total (B)(2):-	**9578545**	**72527**	**9651072**	**47.96**	**9970029**	**72527**	**10042556**	**49.90**	**1.94**
Total Public Shareholding (B)=(B)(1)+ (B)(2)	**17005802**	**72527**	**17078329**	**84.86**	**17005802**	**72527**	**17078329**	**84.86**	**Nil**
C. Shares held by Custodian for GDRs & ADRs	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Grand Total (A+B+C)	**20051733**	**72527**	**20124250**	**100.00**	**20051733**	**72527**	**20124250**	**100.00**	**Nil**

ii) Shareholding of Promoter:

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

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

SN.		Shareholding at the beginning of the year		Cumulative Shareholding during the Year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	**No Change during the year**			
	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):	**No Change during the year**			
	At the end of the year	**No Change during the year**			

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

SN	For Each of the Top 10 Shareholders	Shareholding for the current year	
		No. of shares	% of total shares of the company
1	Aspire Emerging Fund	1521976	7.56
2	Athena India Opportunities	987500	4.91
3	General Insurance Corporation of india	983071	4.89
4	United India insurance Company Limited	900000	4.47
5	Bridge India Fund	727980	3.62
6	New Leaina Investments Limited	690000	3.43
7	Ares Diversified	630000	3.13
8	Dena Bank - Constituent Branches	607152	3.02
9	Hypnos Fund Limited	578999	2.88
10	IL and Fs Securities Services Limited	451691	2.24

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

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

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

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

B. Remuneration to other directors

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

C. Remuneration to Key Managerial Personnel other than MD/MANAGER/WTD

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

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

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)
A. COMPANY					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil
B. DIRECTORS					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil
C. OTHER OFFICERS IN DEFAULT					
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

a) 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.

b) The composition of the Board is in conformity with SEBI (LODR) Regulations 2015 and meets the stipulated requirements.

c) 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, 2017.

d) 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 2016-17, the Board met on 30th May 2016, 13th August 2016, 29th August 2016, 14thNovember 2016, and 14th February 2017.

The Last Annual General Meeting was held on 30th September 2016. 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 30thSeptember 2016 and Mr. L R Venugoapal, 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 2016, 13th August 2016, 29th August 2016, 14thNovember 2016, and 14th February 2017.

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:

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, 2017 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
21st	2015-2016	Registered office of the Company	30.09.2016
20th	2014-2015	Registered office of the Company	30.09.2015
19th	2013-2014	Registered office of the Company	30.09.2014

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:

(I) Annual General Meeting

Date : 28th September, 2017
Time : 10.00 A.M.
Venue : Registered office of the Company at **No. 31-36, I Main, II Stage, Arekere MICO Layout, Bannerghatta Road, Bangalore 560 076**

(II) Financial Calendar 1st April 2017 to 31st March 2018 **(Tentative Schedule)**

Quarter ending June 30, 2017	:	1st / 2nd week of September 2017
Quarter ending September 30, 2017	:	1st / 2nd week of November 2017
Quarter ending December 31, 2017	:	1st / 2nd week of February 2018
Quarter ending March 31, 2018	:	on or before 30th May 2018
Annual General Meeting for FY ended 31st March, 2018	:	Before end of September, 2018

(III) Date of Book Closure 22nd rd September 2017 to 28th September 2017

(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

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

Dematerialization of Securities

(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 2016-17 as follows:

	BSE (in Rs.)		**NSE** (in Rs.)	
Month & Year	**High**	**Low**	**High**	**Low**
April 2016	18.20	15.50	19.75	14.50
May 2016	18.70	13.65	19.40	13.30
June 2016	15.80	12.35	15.00	12.20
July 2016	18.20	13.06	18.80	14.05
August 2016	17.50	14.20	17.70	13.50
September 2016	15.60	12.60	16.25	12.90
October 2016	15.50	12.50	15.15	11.20
November 2016	17.44	11.50	15.95	11.50
December 2016	14.30	10.52	15.00	10.55
January 2017	14.00	11.11	13.70	11.00
February 2017	13.57	11.52	13.70	10.50
March 2017	15.84	10.01	15.75	9.65

(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,
4th Cross, 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,
4th Cross, 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 31.03.2017 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 Depositary Services (India) Limited (CDSL). Company representing 99.64% of the company's share capital are dematerialized as on 31st March 2017.

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.**

(XII) Address for Correspondence	No. 31-36, I Main, II Stage Arekere MICO Layout, Bannerghatta Road 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.

ii. Certificate of Code of Conduct for the year 2016-17

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 2016-17.

Place: Bengaluru **C Shivakumar Reddy**
Date: 01.09.2017 **Chairman &Managing Director**

iii. 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.

iv. 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.

v. CEO/CFO Certification

The CEO and CFO certification of the financial statements for the year 2016-17 is provided elsewhere in this Annual Report.

By order of the Board of Directors
for Kavveri Telecom Products Limited

Place : Bengaluru
Date : 01-09-2017

C Shivakumar Reddy
Chairman &Managing Director

R H Kasturi
Director-Operations

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 2017 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.

Place: Bengaluru
Date: 01.09.2017

C Shivakumar Reddy
Chairman &Managing Director

R H Kasturi
Director-Operations

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, 2017 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

Place : Hyderabad
Date : 01.09.2017

P. Murali Mohana Rao
Partner
Membership No: 023412

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, 2017, 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 rule 7 of Companies (Accounts) Rules, 2014. 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

In our opinion and to the best of our information and according to the explanations given to us, 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 the Group, as at 31st March 2017, and their consolidated loss and their consolidated cash flows for the year ended on that date.

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. 1,29,38,45,677/- as at 31st March 2017 and total revenue of Rs.12,02,36,549/- for the year ending 31st March 2017. 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.

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, 2017 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, 2017 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.
      iv. The Company has provided requisite disclosures in its financial statements as to holdings as well as dealings in specified bank notes during the period from 8th November, 2016 to 30th December, 2016 and these are in accordance with the books of accounts maintained by the company (Refer Note No 42).

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

P Murali Mohana Rao
Partner
Membership No 023412

Place: Hyderabad
Date: 30th May, 2017

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, 2017.

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, 2017, 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 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

P Murali Mohana Rao
Partner
Membership No. 023412

Place: Hyderabad
Date : 30th May, 2017.

KAVVERI TELECOM PRODUCTS LIMITED
Consolidated Balance Sheet as at 31.03.2017

Particulars	Note No.	31.03.2017 Rs.	31.03.2016 Rs.
I. EQUITY AND LIABILITIES			
(1) Shareholders' Funds			
(a) Share Capital	*1*	*201,242,600*	*201,242,600*
(b) Reserves and Surplus	*2*	*329,363,250*	*583,019,778*
(c) Money received against share warrants		*-*	*-*
(2) Minority Interest		*1,972,441*	*1,972,441*
(3) Non-current liabilities			
(a) Long-term borrowings	*3*	*439,617,846*	*376,717,309*
(b) Deferred tax liabilities (Net)	*4*	*208,740,101*	*207,866,058*
(c) Other Long term liabilities	*5*	*7,959,371*	*7,970,935*
(d) Long-term provisions	*6*	*231,388,432*	*231,641,253*
(4) Current liabilities			
(a) Short-term borrowings	*7*	*1,757,891,602*	*1,839,273,691*
(b) Trade Payables	*8*	*1,311,084,493*	*1,425,291,855*
(c) Other Current Liabilities	*9*	*1,751,763,788*	*1,206,360,144*
(d) Short-term provisions	*10*	*191,771,243*	*236,523,100*
TOTAL		**6,432,795,167**	**6,317,879,164**
II. ASSETS			
(1) Non-current assets			
(a) Fixed Assets			
(i) Tangible assets	*11*	*1,459,434,596*	*1,629,854,125*
(ii) Intangible assets	*11*	*140,446,705*	*150,004,414*
(iii) Capital work-in-progress			*5,718,686*
Goodwill on consolidation		*397,256,522*	*397,256,522*
(b) Non-current Investments		*60,757,171*	*60,757,171*
(c) Long-term loans and advances	*12*	*466,891,083*	*378,158,857*
(d) Other non-current assets	*13*	*18,043,190*	*17,799,464*
(2) Current Assets			
(a) Current Investments			
(b) Inventories	*14*	*770,197,386*	*771,285,181*
(c) Trade receivables	*15*	*934,981,353*	*1,054,114,446*
(d) Cash and bank balances	*16*	*66,009,126*	*27,015,249*
(e) Short-term loans and advances	*17*	*2,048,936,511*	*1,758,936,086*
(f) Other current assets	*18*	*63,849,390*	*60,872,521*
(h) R & D expenses	*19*	*4,168,540*	*2,886,964*
(i) Deferred tax assets	*20*	*1,823,594*	*3,219,479*
TOTAL		**6,432,795,167**	**6,317,879,164**

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

As per our Report of even date
For P. Murali & Co
Chartered Accountants
Firm Registration Number: 007257S

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

P.Murali Mohana Rao
Partner
Membership No: 023412

C.Shivakumar Reddy
Managing Director
DIN : 01189348

R.H.Kasturi
Whole Time Director
DIN : 00291851

Place: Hyderabad
Date: 30-05-2017

KAVVERI TELECOM PRODUCTS LIMITED

Statement of Consolidated Profit and Loss for the year ended 31.03.2017

	Note No.	31.03.2017	31.03.2016
		Rs.	Rs.
I. Revenue from operations			
(a) Revenue from operations(Gross)	*21*	*254,120,145*	*405,210,112*
(b) Less: Excise Duty			*-*
(c) Revenue from operations(Net)		**254,120,145**	**405,210,112**
(d) Other Income	*22*	*26,284,180*	*39,235,933*
Total Revenue		**280,404,325**	**444,446,045**
II. Expenses:			
(a) Cost of materials consumed	*23*	*44,634,493*	*85,986,379*
(b) Purchases Stock in Trade		*-*	*10,695,122*
(c) Changes in inventories of finished goods, Work-in-progress and Stock-in-Trade	*24*	*4,173,836*	*15,486,060*
(d) Employee benefits expense	*25*	*63,875,893*	*66,498,799*
(e) Finance costs	*26*	*196,803,632*	*249,143,721*
(f) Depreciation and amortisation expense	*11*	*183,209,750*	*195,515,953*
(g) Other expenses	*27*	*131,265,369*	*172,438,233*
Total Expenses		*623,962,975*	**795,764,266**
III. Profit before exceptional and extraordinary items and tax		**(343,558,650)**	**(351,318,221)**
Exceptional items		*(29,259,273)*	*-*
IV. Profit before extraordinary items and tax		**(314,299,377)**	**(351,318,221)**
Extraordinary Items			*-*
V. Profit / (loss) before Tax		**(314,299,377)**	**(351,318,221)**
Tax expense:			
(1) Current tax			*-*
Less: Mat tax credit			*-*
(2) Deferred tax		*874,043*	*1,302,743*
VI. Profit for the year from continuing operations		**(315,173,420)**	**(352,620,964)**
VII. Profit / (Loss) from discontinuing operations			*-*
Tax expense of discontinuing operations			*-*
VIII. Profit/ (Loss) from Discontinuing operations (after tax)			*-*
Less/(Add): Share of Minority Interest			*-*
IX. Profit /(loss) for the period		**(315,173,420)**	**(352,620,964)**
Earnings per share:			
(1) Basic		*(15.65)*	*(17.52)*
(2) Diluted		*(15.65)*	*(17.52)*

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

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

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

P.Murali Mohana Rao
Partner
Membership No: 023412

C.Shivakumar Reddy
Managing Director
DIN : 01189348

R.H.Kasturi
Whole Time Director
DIN : 00291851

Place: Hyderabad
Date: 30-05-2017

KAVVERI TELECOM PRODUCTS LIMITED

Consolidated Cash Flow Statement for the year ended 31st March 2017

	Particulars	Year Ended March 31, 2017	Year Ended March 31, 2016
A.	**Cash Flow from Operating Activities**		
	Profit before Taxation and extraordinary items	**(314,299,377)**	**(351,318,221)**
	Adjustments for Depreciation	*183,209,750*	*195,515,953*
	Interest Expenditure	*196,803,632*	*249,143,721*
	Interest Income	*(752,260)*	*(30,966,753)*
	Translation adjustments	*61,516,893*	*-*
	Operating Profit before working capital changes	**126,478,639**	**62,374,700**
	Changes in Working Capital:		
	Increase/(Decrease) in Trade Payables	*(114,207,362)*	*172,599,513*
	Increase/(Decrease) in Short Term Provisions	*(44,751,857)*	*20,075,413*
	Increase/(Decrease) in Long Term Provisions	*(252,821)*	*9,396,624*
	Increase/(Decrease) in Other Current Liabilities	*545,403,644*	*130,707,160*
	Increase/(Decrease) in Long Term Liabilities	*(11,564)*	*30,522*
	(Increase)/Decrease in Trade Receivables	*119,133,093*	*(266,173,504)*
	(Increase)/Decrease in Inventories	*1,087,795*	*99,418,284*
	(Increase)/Decrease in Short Term Loans and advances	*(290,000,425)*	*(546,861,648)*
	(Increase)/Decrease in Long Term Loans and advances	*(88,732,226)*	*18,481,846*
	(Increase)/Decrease in Other Current assets	*(2,976,869)*	*21,583,966*
	(Increase)/Decrease in R&D Expenses	*(1,281,576)*	*772,114*
	(Increase)/Decrease in Other non Current assets	*(243,726)*	*2,581,454*
	(Increase)/Decrease in Other non Current Investments	*-*	*(0)*
	Cash generated from Operations	**249,644,745**	**(275,013,556)**
	Taxes paid (Net of refunds)		
	Net cash generated from operations before extraordinary items	**249,644,745**	*(275,013,556)*
	Net cash generated from operating activities	**249,644,745**	**(275,013,556)**
B	**Cash Flow from Investing Activities**		
	Purchase of Tangible/Intangible Assets	*(3,251,607)*	*(170,436)*
	Capital Work in Progress	*5,718,686*	*(377,447)*
	Sale of Asset	*-*	*-*
	Interest received	*752,260*	*30,966,753*
	Net Cash from Investing Activities	*3,219,339*	**30,418,870**
C	**Cash flow from Financing Activities**		
	Interest paid	*(196,803,632)*	*(114,758,372)*
	Increase/(Repayment) of Short Term borrowings	*(81,382,089)*	*289,663,360*
	Increase/(Repayment) of Long Term borrowings	*64,315,516*	*53,872,432*
	Money received against share warrants		*-*
	Net cash raised in Financing activities	**(213,870,206)**	**228,777,420**
	Net increase in cash and cash equivalents	**38,993,878**	**(15,817,267)**
	Cash and Cash equivalents at the beginning of the year	*27,015,249*	*42,832,515*
	Cash and Cash equivalents at the end of the year	*66,009,126*	*27,015,249*
	Cash and Cash equivalents comprise of		
	Cash on Hand	*1,944,803*	*2,371,449*
	Balances with Banks	*64,064,323*	*24,643,800*

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

As per our Report of even date
For P. Murali & Co
Chartered Accountants
Firm Registration Number: 007257S

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

P.Murali Mohana Rao	**C.Shivakumar Reddy**	**R.H.Kasturi**
Partner	**Managing Director**	**Whole Time Director**
Membership No: 023412	**DIN : 01189348**	**DIN : 00291851**

Place: Hyderabad
Date: 30-05-2017

KAVVERI TELECOM PRODUCTS LIMITED

NOTES ON ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2017

NOTE NO. 1 : SHARE CAPITAL

S.No.	Particulars	As at 31.3.2017	As at 31.3.2016
		Rs.	Rs.
a	**Authorised**		
	2,50,00,000 (Previous Year 2,50,00,000) Equity Shares of Rs. 10/- each	*250,000,000*	*250,000,000*
	Issued and Subscribed and fully Paid-up		
	2,01,24,260 (Previous Year 2,01,24,260) Equity Shares of Rs 10/- each fully paid up	*201,242,600*	*201,242,600*

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

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

The Company declares and pays dividend in Indian rupees. The Board of Directors have not proposed any dividend during the year. Dividend declared if any, if proposed by the share holders , is payable to the share holders in proportion to their shareholding.

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

b Reconciliation of number of Shares

Equity Shares:	As at 31st March 2017		As at 31st March 2016	
	Number of Shares	Amount	Number of Shares	Amount
Balance as at the beginning of the previous year	*20,124,260*	*201,242,600*	*20,124,260*	*201,242,600*
Add: Shares issued during the year	-	-	-	-
Balance as at the end of the year	*20,124,260*	*201,242,600*	*20,124,260*	*201,242,600*

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

	No. of shares		% of shareholding	
	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%*	*0.00%*
Image Securities Limited	-	*1,990,600*	-	*9.89%*
Denak Bank - Constituent Branches	-	*1,652,707*	-	*8.21%*

NOTE NO. 2 : RESERVES AND SURPLUS

S.No.	Particulars	As at 31.3.2017	As at 31.3.2016
		Rs.	Rs.
I	**RESERVES AND SURPLUS**		
	(a) Capital Reserve		
	Opening balance	*9,591,325*	*9,591,325*
	Add: Transferred from surplus		-
	Balance as at the end of the year	**9,591,325**	**9,591,325**
	(b) Securities Premium account		
	Opening balance	*1,550,358,582*	*1,550,358,582*
	Add: Receipt on issue of securities		-
	Add: Receipt on exercise of Employee Stock Options		-
	Less: Utilisation towards QIP Expenses		-
	Balance as at the end of the year	**1,550,358,582**	**1,550,358,582**
	(c) Employee Stock option outstanding		
	Opening balance	*12,461,345*	*12,461,345*
	Add: New Grants during the year	-	-
	Less:- Transfer to Securities premium Account	-	-
	Less:- Transfer towards Lapsed options	-	-
	Less:- Deferred stock compensation cost	-	-
		12,461,345	**12,461,345**
	(d) General Reserve		
	Opening balance	*90,744,280*	*90,744,280*
	Add : Transfer from Statement of Profit and Loss		-
	Balance as at the end of the year	**90,744,280**	**90,744,280**
	(e) Foreign currency translation reserve		
	As per Last Balance sheet	*-13,774,718*	*(15,978,142)*
	Add: Currency Translattion gain during the year	*61,516,893*	*2,203,424*
		47,742,175	**(13,774,718)**
	(f) Reserve for fall in value of Investment		
	Opening balance	*3,718,584*	*3,718,584*
	Add : Transfer from Statement of Profit and Loss		
	(g) Surplus in Statement of Profit and Loss		
	Balance at the beginning of the year	*(1,070,079,620)*	*(717,458,656)*
	Add/(Less) : Profit for the year	*(315,173,420)*	*(352,620,964)*
	Losses relating to Subsiadiries of earlier years		-
	Depreciation Adjustment		-
	Balance as at the end of the year	**(1,385,253,041)**	**(1,070,079,620)**
	TOTAL	**329,363,250**	**583,019,778**

NOTE NO. 3 : LONG TERM BORROWINGS

S.No.	Particulars	As at 31.3.2017	As at 31.3.2016
		Rs.	Rs.
	LONG TERM BORROWINGS		
I	**SECURED LOAN**		
	(a) Term Loan from Dena Bank	*253,844,077*	*253,844,077*
II	*UNSECURED LOAN*		
	(a) Loan from Related Parties	*155,442,934*	*110,849,789*
	(b) Other Loans	*30,330,835*	*12,023,443*
	TOTAL	**439,617,846**	**376,717,309**

Kavveri Telecom Infrastructure Ltd

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

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

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

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

NOTE NO. 4 : DEFERRED TAX LIABILITY (NET)

S.No.	Particulars	As at 31.3.2017	As at 31.3.2016
		Rs.	Rs.
I	**Deferred Tax Liability**		
	(a) Deferred Tax Liability - Opening	*207,866,057*	*206,563,314*
	(b) Attributable to Depreciation of Current year	*874,043*	*1,302,743*
	TOTAL	*208,740,101*	**207,866,058**

NOTE NO. 5 : OTHER LONG TERM LIABILITIES

S.No.	Particulars	As at 31.3.2017	As at 31.3.2016
		Rs.	Rs.
	(a) Customer Deposits	*553,730*	*565,294*
	(b) Security Deposits received	*7,405,641*	*7,405,641*
	TOTAL	**7,959,371**	**7,970,935**

NOTE NO. 6 : LONG TERM PROVISIONS

S.No.	Particulars	As at 31.3.2017	As at 31.3.2016
		Rs.	Rs.
	(a) Provision for Warranty	*211,177,189*	*211,177,189*
	(b) Gratuity obligation (Refer Note. 2.39)	*6,661,506*	*6,868,011*
	(C) Provision for Compensated absence	*3,849,737*	*3,896,053*
	(d) Provision for taxation	*9,700,000*	*9,700,000*
	TOTAL	**231,388,432**	**231,641,253**

NOTE NO. 7 : SHORT TERM BORROWINGS

S.No.	Particulars	As at 31.3.2017	As at 31.3.2016
		Rs.	Rs.
	Short term Borrowings		
I	**Secured Loans**		
	(a) From banks - Secured Loans	*228*	*15,838,752*
	(b) Cash Credit account with State Bank of India	*885,927,974*	*934,181,946*
II	**Unsecured Loans**		-
	(a) Corporate Loan	*19,234,720*	*8,128,060*
	(b) Other Loans	*262,200,083*	*725,986,062*
	(c) Loans from Directors	*565,486,665*	
	(d) Other loans - Working Capital Loans	*18,745,233*	*128,825,770*
		6,296,699	*26,313,102*
	TOTAL	**1,757,891,602**	**1,839,273,691**

NOTE NO. 8 : TRADE PAYABLES

S.No.	Particulars	As at 31.3.2017	As at 31.3.2016
		Rs.	Rs.
	Acceptances		-
	(a) Trades payables	*1,018,555,669*	*1,104,814,979*
	(b) Dues to others	*235,438,865*	*310,059,179*
	Dues to Kavveri Telecom Products Limited	*34,375,505*	*34,375,505*
	(c) Employee related payables	*7,623,462*	*7,665,045*
	(d) Other accrued liabilities	*4,886,396*	*21,217,062*
	(c) Accrued Sales Commissions	*10,204,596*	*10,417,697*
	TOTAL	**1,311,084,493**	**1,425,291,855**

NOTE NO. 9 : OTHER CURRENT LIABILITES

S.No.	Particulars	As at 31.3.2017	As at 31.3.2016
		Rs.	Rs.
I	**Current maturities of long term debt**		
	(a) Term Loan account with State Bank of India	*589,708,281*	*407,068,960*
	(b) Term Loan account with Axis Bank	*-*	*-*
	(c) Term Loan account with Dena Bank	*155,000,000*	*155,000,000*
	(d) Term Loan accounts with ICICI Bank	*-*	*-*
	(e) Vehicle Loan Payable	*-*	*-*
II	**Others**		
	(f) Book overdraft - SBI Bank	*-*	*7,420,157*
	(g) Unpaid dividend	*11,004,709*	*11,004,709*
	(h) Statutory dues (Including Provident Fund, Withholding and other taxes payable)	*34,749,288*	*39,142,054*
	(i) Interest on term loans payable	*350,848,013*	*298,620,010*
	(j) Others payable	*461,425,970*	*163,543,502*
	(k) Advance received from customers	*69,645,712*	*36,928,922*
	(l) Salary payable	*-*	*-*
	(m) Credit card Payables	*-*	*260,391*
	(n) Other Advance	*-*	*4,310,000*
	Interest payable to Kavveri Telecom Product Ltd	*71,570,479*	*75,086,979*
	(o) Equipment and Vehicle Lease	*131,268*	*134,010*
	(p) Deferred Revenue	*7,025,726*	*7,172,444*
	(q) Sales Tax Payable	*654,342*	*668,006*
	TOTAL	**1,751,763,788**	**1,206,360,144**

Kavveri Telecom Products Ltd

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

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

Kavveri Telecom Infrastructure Ltd

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

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

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

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

It is further secured by pledge of promoters' share to an extent of 16% of exposure during the entire currency of the Term Loan. Further pari-passu charge on the escrow account need to be maintanined 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

NOTE NO. 10 : SHORT TERM PROVISIONS

S.No.	Particulars	As at 31.3.2017	As at 31.3.2016
		Rs.	Rs.
I	(a) Provision for Employee benefits	6,574,772	814,340
	(b) Provision for Leave Encashment	1,147,242	1,211,961
	(c) Salaries payable	2,834,481	3,091,716
	(d) Provision for Income Tax	144,416,599	144,650,616
	(e) Dues to Key Managerial Personnel	-	38,076,361
	(f) Provision for Warranty	-	9,829,382
II	(a) Other Provisions	36,731,784	38,256,963
	(b) Provision for Audit fee	66,365	591,761
	(c) Provision for doubtful advances	-	-
	TOTAL	191,771,243	**236,523,100**

NOTE NO. 12: LONG TERM LOANS AND ADVANCES

S.No.	Particulars	As at 31.3.2017	As at 31.3.2016
		Rs.	Rs.
	(Unsecured, Considered good)		
	Security Deposits	24,119,936	10,588,203
	Sales Tax disputed payments	1,043,331	1,043,331
	Statutory Disputed payments	47,090,062	27,636,260
	Advances recoverable in cash or kind	18,631,564	17,146
	Loans and advances to related parties	230,081,143	192,948,871
	Less: Provision for no longer recoverable advances	-3,718,584	(3,718,584)
	Interest receivable on loans given to Related Parties	149,643,630	149,643,630
	Deposits	-	-
		-	-
	TOTAL	466,891,083	**378,158,857**

NOTE NO. 13 : OTHER NON - CURRENT ASSETS

S.No.	Particulars	As at 31.3.2017	As at 31.3.2016
		Rs.	Rs.
	(a) Long term trade receivables	-	-
	(b) Long term deposits with banks with maturity period more than 12 months	5,319,155	251,000
	(Out of the above deposits, Rs.5,00,00,000 is given as a collateral security against the Term Loan availed by a subsidiary Company and Rs. 2,00,00,000 is given as collateral against the Facilities granted by State Bank of India. During the year fixed deposits are withdrawn by the Company.)		
	(c) Margin Money Deposits	1,089,952	6,158,107
	(Held as Margin money by the banks against guarantees given by the banks)	-	-
	(d) Deposits	2,910,231	4,220,279
	(e) Other non current assets	8,723,852	7,170,078
	TOTAL	18,043,190	**17,799,464**

NOTE NO. 14 : INVENTORIES

S.No.	Particulars	As at 31.3.2017	As at 31.3.2016
		Rs.	Rs.
	(a) Raw materials	*106,355,676*	*103,406,567*
	Antennae/Accessories/Components	-	
	Cables	-	
		-	
	(b) Work-in-progress	*2,747,787*	*4,294,894*
		-	
	(c) Finished goods	*191,727,510*	*192,602,093*
	Antennae/Accessories/Components	-	
	Cables	-	
	(d) Stock-in-trade	*469,366,414*	*469,366,414*
	(e) Packing Materials	-	-
	(f) Others	-	*1,615,213*
	TOTAL	*770,197,386*	*771,285,181*

NOTE NO. 15 : TRADE RECEIVABLES

S.No.	Particulars	As at 31.3.2017	As at 31.3.2016
		Rs.	Rs.
	Unsecured, considered good		
	Outstanding for a period exceeding six months from the date they		
	are due for payment		
	- from related Parties	*99,609,103*	*95,204,942*
	- from Other customers	*299,805,073*	*432,214,616*
	Others	*473,033,820*	*443,157,799*
	Less: Provision for doubtful debts	*-4,459,941*	*16,543,791*
	Due from Related Parties	*66,993,298*	
	Unsecured, considered doubtful		
	Outstanding for a period exceeding six months from the date they	-	
	are due for payment	-	
	Others	-	
	Less: Provision for doubtful debts	-	
	TOTAL	**934,981,353**	**1,054,114,446**

NOTE NO. 16 : CASH AND BANK BALANCES

S.No.	Particulars	As at 31.3.2017	As at 31.3.2016
		Rs.	Rs.
I	**Cash and Cash equivalents**		
	(a) Cash on hand	*1,944,803*	*2,371,449*
II	**Bank balances:**		
	(a) in current Account	*63,330,218*	*23,884,212*
	(b) in deposit account (with maturity upto 3 months)	-	*25,484*
	(c) in Unpaid dividend account	*734,106*	*734,106*
		-	
	TOTAL	**66,009,126**	**27,015,249**

NOTE NO. 17 : SHORT TERM LOANS AND ADVANCES

S.No.	Particulars	As at 31.3.2017	As at 31.3.2016
		Rs.	Rs.
	Unsecured, considered good		
	(a) Balances with Customs, Central Excise,VAT etc.	*162,894,955*	*74,894,552*
	(b) Prepaid expenses	*2,185,932*	*2,854,144*
	(c) Loans and advances to Employees	*86,127,251*	*28,744,134*
	(d) MAT credit entitlement	*12,000,000*	*12,000,000*
	(e) Advance income Tax	*74,173,470*	*65,547,685*
	(f) others	*-*	*1,699,445,572*
	(d) Advances paid to Vendors for supply of goods and rendering of services	*1,026,171,570*	*830,634,444*
	(e) Share application money pending allotment in a subsidiary	*122,000,000*	*122,000,000*
	Short Term deposit with corporates	*-*	*-*
	(k) ICICI OTS	*17,200,000*	*-*
	(f) Due from Related Parties	*408,206,119*	*726,965,465*
	(g) Deffered Expenses for Services	*-*	*33,000,000*
	(h) Other Advances	*20,220,633*	*44,889,364*
	(i) Advances recoverable in cash or kind	*117,756,580*	*120,324,371*
		-	
	TOTAL	**2,048,936,511**	**1,883,486,086**

NOTE NO. 18 : OTHER CURRENT ASSETS

S.No.	Particulars	As at 31.3.2017	As at 31.3.2016
		Rs.	Rs.
	(Unsecured, considered good)		
	Income accrued on deposits	*28,643,642*	*27,960,023*
	Income accrued on Loan to Others	*-*	*-*
	Other Receivables	*-*	*32,912,498*
	Interest Receivable	*-*	*519,689*
	Other current assets	*16,787,958*	*9,019,941*
	Staff Advances	*120,740*	*473,585*
	Prepaid Expenses	*19,091,694*	*19,597,614*
	GST/HST Receivables	*-794,644*	*3,413,105*
	IRAP receivable	*-*	*(111,436)*
	Advance to Suppliers	*-*	*-*
		-	*-*
	TOTAL	**63,849,390**	**60,872,521**

NOTE NO. 19 : R & D EXPENSES

S.No.	Particulars	As at 31.3.2017	As at 31.3.2016
		Rs.	Rs.
	R&D Expenses	*4,168,540*	*2,886,964*
			-
	TOTAL	*4,168,540*	**2,886,964**

NOTE NO. 20 : DEFERRED TAX ASSET

S.No.	Particulars	As at 31.3.2017	As at 31.3.2016
		Rs.	Rs.
I	*Deferred Tax asset*	*1,823,594*	*3,219,479*
			-
	TOTAL	*1,823,594*	**3,219,479**

NOTE NO. 21 : REVENUE FROM OPERATIONS

S.No.	Particulars	Year Ended 31-03-2017	Year Ended 31-03-2017
		Rs.	Rs.
	(a) Sale of Products	*94,569,564*	*193,611,052*
	(b) Sale of services	*159,550,580*	*211,599,060*
	TOTAL	**254,120,145**	**405,210,112**

NOTE NO. 22 : OTHER INCOME

S.No.	Particulars	Year Ended 31-03-2017	Year Ended 31-03-2016
		Rs.	Rs.
	(a) Interest received from Banks	*752,260*	*706,813*
	(b) Interest received on Loan given to subsidiaries	*-*	*20,657,415*
	(c) Interest received from others	*-*	*9,602,525*
	(e) Net gain/(loss) on foreign currency transactions and translations	*19,961,988*	*504*
	(i) Professional Charges	*-*	*-*
	(f) Miscellaneous income	*136,028*	*968,148*
	(g) Other Income	*533,827*	*3,720,260*
	(h) Frieght Income	*1,073,927*	*439,605*
	(i) Rental Income	*3,826,150*	*3,140,663*
	(j) Profit/(loss) on sale of Fixed Assets	*-*	*-*
	TOTAL	**26,284,180**	**39,235,933**

NOTE NO. 23 : COST OF MATERIAL CONSUMED AND PURCHASES STOCK IN TRADE

S.No.	Particulars	Year Ended 31-03-2017	Year Ended 31-03-2016
		Rs.	Rs.
I	**Material Consumption:**		
	Opening Stock of Raw Materials	*115,273,897*	*134,136,434*
	Add : Purchases during the year	*50,990,891*	*68,058,006*
	Less: Closing Stock	*-122,552,886*	*(116,376,311)*
		-	
II	**Packing Materials**		
	Opening Stock of Raw Materials	*-*	*-*
	Add : Purchases during the year	*102,500*	*168,250*
	Less: Closing Stock	*-*	*-*
		-	
III	**Purchases Stock in Trade**	*820,091*	**-**
		-	
	TOTAL	**44,634,493**	**85,986,379**

NOTE NO. 24 : CHANGES IN INVENTORY OF FINISHED GOODS AND WORK IN PROGRESS

S.No.	Particulars	Year Ended 31-03-2017	Year Ended 31-03-2016
		Rs.	Rs.
	(Increase)/Decrease in Stocks		
I	*Stock at the end of the year:*	-	
	Finished Goods	*42,552,891*	*44,415,680*
	Work-in-Progress	*2,005,884*	*4,289,575*
	Stock in Trade	*469,366,414*	*469,366,414*
		-	-
II	*Less: Stock at the beginning of the year*	-	-
	Finished Goods	*36,333,171*	*60,139,547*
	Work-in-Progress	*4,051,768*	*4,051,768*
	Less: Transfer to Research and Development	-	-
III	*Stock in Trade*	*469,366,414*	*469,366,414*
		-	*0*
		-	**-**
	Increase/(Decrease) in Stocks (A-B) TOTAL	*4,173,836*	**15,486,060**

NOTE NO. 25 : EMLOYEE BENEFIT EXPENSES

S.No.	Particulars	Year Ended 31-03-2017	Year Ended 31-03-2016
		Rs.	Rs.
	(a) Salaries, Wages and Bonus	*61,869,145*	*65,423,002*
	(b) Contribution to Provident and other funds	*765,665*	*572,279*
	(c) Gratuity paid	-	-
	(d) Deferred Employee cost	-	-
	(e) Managerial Remuneration	-	-
	(c) Staff welfare expenses	*1,241,083*	*503,517*
	TOTAL	**63,875,893**	**66,498,799**

NOTE NO. 26 : FINANCE COST

S.No.	Particulars	Year Ended 31-03-2017	Year Ended 31-03-2016
		Rs.	Rs.
	(a) Interest on Long term borrowings	*61,305,617*	*89,433,417*
	(b) Other borrowing cost	*133,724,510*	*157,857,641*
	(c) Interest on statutory dues	-	-
	(d) Charges towards letter of credit and guarantees	-	-
	(e) Bank Charges	*1,773,505*	*1,852,662*
	TOTAL	**196,803,632**	**249,143,721**

NOTE NO.11 : DEPRECIATION AND AMORTISATION EXPENSES

S.No.	Particulars	Year Ended 31-03-2017	Year Ended 31-03-2016
		Rs.	Rs.
	(a) Depreciation on tangible assets	*173,733,603*	*175,249,278*
	(b) Amortisation on Intangible assets	*9,476,147*	*20,266,675*
	TOTAL	**183,209,750**	**195,515,953**

NOTE NO. 27 : OTHER EXPENSES

S.No.	Particulars	Year Ended 31-03-2017	Year Ended 31-03-2016
		Rs.	Rs.
	Consumption of stores and spare parts	-	-
	(a) Customs Duty	*42,778*	*17,031*
	(b) Warranty Charges	-	-
	(c) Electricity Charges	*14,680,422*	*17,115,549*
	(d) Freight Inwards	*21,857*	*708,882*
	(d) Rent	*42,646,859*	*59,100,181*
	(e) Repairs and Maintenance – Plant and Machinery	*430,766*	-
	(f) Repairs and Maintenance – Building	*1,413,559*	*61,985*
	(g) Repairs and Maintenance – Others	*236,418*	*3,566,815*
	(h) Insurance	*1,724,867*	*954,402*
	(i) Rates and Taxes	*2,335,836*	*1,125,835*
	(j) Travelling and Conveyance	*11,336,167*	*5,528,230*
	Directors' Sitting fees	-	-
	(k) Statutory Auditors : Audit fees	*1,323,210*	*1,152,634*
	Tax Audit fees	*28,750*	*28,630*
	Other Services	-	-
	Cost Audit Fees	-	-
	Reimbursement of expenses	-	-
	(l) Professional fees	*5,054,898*	*4,809,402*
	(m) Service Charges	*33,000,500*	*40,691,849*
	(n) Bad debts written off	-	*4,332,675*
	(o) Freight Outward Charges	*-100,387*	*147,638*
	(p) Job work and Handling Charges	*1,643,222*	*1,944,503*
	(q) Deffered Revenue Expenses written off	*-1,949,626*	*(60)*
	(r) Miscellaneous expenses	*6,280,568*	*3,794,883*
	(s) Other Expenses(production)	*3,282,788*	*1,256,868*
	(t) Marketing Expenses & Selling expenses	*190,507*	*1,413,917*
	(t) Security charges	*215,478*	-
	(u) R & D Expenses	*1,159,032*	*193,052*
	R&M Lab Equip. - Production	*78,907*	*39,893*
	R& D Expenses	-	*326,617*
	Other expenses (General)	*1,497,076*	*1,802,392*
	Office Supplies	*140,094*	*843,391*
	Kitchen Supplies	*8,514*	*238,377*
	(v) Freight Charges	*3,042,381*	*4,463,181*
	(w) Telephone & Fax Expense	*1,279,439*	*682,506*
	Bad Debt Expense	-	*21,220*
	Telephone & Fax Expense - Sales	-	-
	Management Fees	-	-
	(x) Other expenses	*839,487*	*293,265*
	Miscellaneous expenses	-	*5,893,126*
	Loss on forex transaction	*-11,105,034*	*(222,788)*
	Patent Cost	-	-
	Staff Welfare	-	*597*
	Water charge	*64,616*	*15,842*
	Credit card Charges	*162,346*	*102,444*
	Renewal and subscription Charges	*536,894*	*132,222*
	Recruitment Charges	-	-
	Utilities	*157,401*	*1,684,123*
	Professional Fee	*5,322,642*	*6,987,723*
	Payroll Expenses	*175,006*	*377,997*
	Prior Period Expenses	-	-
	Postage & Courier	*32,466*	*26,970*
	Local Conveyance	-	*8,124*
	Discount allowed	-	*22,442*
	Leave encashment	*36,387*	-
	Administrative expenses	*3,998,280*	*753,668*
		-	-
	TOTAL	**131,265,369**	**172,438,233**

KAVVERI TELECOM PRODUCTS LIMITED

NOTE NO. 11 : TANGIBLE AND INTANGIBLE ASSETS

	Gross Block				Accumulated Depreciation						Net Block	
Particulars	**As at 01.04.2016**	**Additions**	**Deletions**	**As at 31.03.2017**	**As at 01.04.2016**	**Acc. Depreciation on Additions**	**Transfered to retained earnings**	**For the year**	**Acc. Depreciation on deletion**	**As at 31.03.2017**	**As at 31.03.2017**	**As at 31.03.2016**
Tangible												
Fixed Assets												
Land - Free Hold	*3,155,000*	-	-	*3,155,000*	-		-	-		-	*3,155,000*	*3,155,000*
Land - Lease Hold	*11,451,472*	-	-	*11,451,472*	-		-	-		-	*11,451,472*	*11,451,472*
(Refer Note 1 below)				-						-	-	
Buildings	*214,537,091*	-	-	*214,537,091*	*76,481,793*	-	-	*8,885,538*	-	*85,367,331*	*129,169,761*	*138,055,299*
Plant and Machinery	*2,170,988,604*	-	-	*2,170,988,604*	*706,747,119*	-	-	*159,059,027*	-	*865,806,146*	*1,305,182,458*	*1,464,241,485*
Furnitures and Fixtures	*32,487,901*	*916,584*	-	*33,404,485*	*31,818,270*	-		*1,374,784*	-	*33,193,054*	*211,431*	*669,631*
Computers	*34,903,001*	*66,062*	-	*34,969,063*	*34,903,001*	-		*10,709*	-	*34,913,710*	*55,354*	*0.22*
Vehicles	*23,503,358*		-	*23,503,358*	*11,222,123*	-	-	*2,072,114*		*13,294,237*	*10,209,122*	*12,281,235*
				-						-	-	
Intangible										-	-	
Fixed Assets				-						-	-	
Computer Software	*18,047,553*	*2,268,961*	-	*20,316,514*	*17,743,016*	-	-	*2,351,737*	-	*20,094,753*	*221,761*	*304,538*
Intangible Assets	*275,179,466*		-	*275,179,466*	*125,479,589*	-	-	*9,474,933*	-	*134,954,522*	*140,224,944*	*149,699,877*
(Technical Knowhow)										-	-	
											-	
Total	**2,784,253,446**	**3,251,607**	**-**	**2,787,505,053**	**1,004,394,910**	**-**	**-**	**183,228,842**	**-**	**1,187,623,752**	**1,599,881,302**	**1,779,858,537**
Previous Year Figure	**2,784,083,010**	**170,436**	**-**	**2,784,253,446**	**808,878,957**	**-**	**-**	**195,515,953**	**-**	**1,004,394,910**	**1,779,858,537**	**1,967,988,158**

KAVVERI TELECOM PRODUCTS LIMITED

NOTES ON CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2017

28. 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.

29. 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.

30. EARNINGS PER SHARE:

Particulars	2017		2016	
	Before extra-Ordinary items	After extra ordinary items	Before extra-Ordinary items	After extra ordinary items
(a) Basic				
Profit after tax	(31,51,73,420)	(31,51,73,420)	(35,26,20,964)	(35,26,20,964)
Weighted average number of shares outstanding	2,01,24,260	2,01,24,260	2,01,24,260	2,01,24,260
Basic EPS	(15.65)	(15.65)	(17.52)	(17.52)
(b) Diluted				
Profit after tax	(31,51,73,420)	(31,51,73,420)	(35,26,20,964)	(35,26,20,964)
Adjusted net profit for the year	(31,51,73,420)	(31,51,73,420)	(35,26,20,964)	(35,26,20,964)
Weighted average number of shares outstanding	2,01,24,260	2,01,24,260	2,01,24,260	2,01,24,260
Diluted EPS	(15.65)	(15.65)	(17.52)	(17.52)
Face value per share	10	10	10	10

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

Particulars	Relation	Name of Party	2017	2016
Lease rentals paid	Other related party	Uma Reddy	1,80,000	7,20,000
Loans Given	Key Managerial Personnel	R H Kasturi	6,22,26,677	3,93,417
Payable at the year end	Key Managerial Personnel	Shivakumar Reddy	1,43,50,090	1,43,50,090
	Key Managerial Personnel	R H Kasturi	(8,02,64,733)	(2,22,08,708)
	Other related party	Uma Reddy	27,26,127	27,26,127
	Other Associates	SMR Telecom Holdings Products Limited	4,06,01,933	4,06,01,933
Receivable at the end	Other Related Party	SMR Telecom Holdings Pvt Ltd	2,58,68,748	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

32. 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.

33. 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
2	Income Tax	10,379.12	Various Assessment Years	Commissioner of Income Tax Appeals – 1, Bangalore

(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.1,27,523/- deposit against CESTAT Appeal No.E/2210/2012 Stay/Misc/ROM.E/MISC/26402/2013 dt.13.06.2013.
(D) Rs.2,57,088/- Cenvat deposit against O/O no.42/2013 dt: 21.02.2013 stay order no.119/2013 dt: 25.06.2013.
(E).Rs.5,00,000/- 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/-.

34. 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	**2017**	**2016**
Lease rent recognized in the Statement of Profit and Loss	1,80,000	7,20,000
Minimum lease payments outstanding in respect of these arrears under		
Not later than one year	5,40,000	7,20,000
Later than one year and not later than 5 years	26,18,127	20,78,127

35. 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.

36. The Company has not appointed the Company secretary (Compliance Officer) in the financial year 2013-2014.

37. The Company during the financial year 2012-2013 gave volume discounts to various customers and to have future business from these customers.

38. Investment amount in subsidiary M/s. Kavveri Telecom Espana amounting to Rs. 7,85,07,000 has been cancelled. Board of Directors has taken decision to write off Respective Investment in Kavveri Telecom Espana in the financial year 2014-2015. Further M/s. Kavveri Telecom Espana has allotted new equity share against advances received from Kavveri Telecom Products Limited.

39. Kavveri telecom Infrastructure Limited net worth is fully eroded and has a negative net worth of Rs. 1.18 Crores, the Company has incurred a loss of Rs. 8.40 crores for the financial

year 2016-17 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. The company has not deposited any Specified Bank Notes with the Bank during demonetization period (8th November 2016 to 30th December 2016).

Particulars	SBN's	Other Denomination notes	Total
Closing cash in hand as on November 8, 2016	-	9,69,679	9,69,679
Add: Permitted receipts	**-**	-	-
Less: Permitted Payments			
Less : Amount Deposited in Banks	**-**	-	-
Closing cash in hand as on December 30th, 2016	-	9,69,679	9,69,679

43. **Exceptional Item**:

During financial years 2010-11 to 2015-16 the company had made Provision for expenses an amount of Rs. 2,92,59,273 /-. The Management had decided that the Provisions which were made in those financial years are no more liable to pay hence the Provision amounts were written back during the financial year 2016-17.

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

P. Murali Mohana Rao
Partner
Membership No. 023412

C.Shivakumar Reddy
Managing Director
DIN: 01189348

R.H.Kasturi
Director
DIN: 00291851

Place: Hyderabad
Date: 30-05-2017

STATEMENT ON SIGNIFICANT ACCOUNTING POLICIES

1. Background

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

2. Basis of Preparation of Financial Statements:

The financial statements have been prepared in accordance with the generally accepted accounting principles in India under the historical cost conversion on accrual basis, except certain tangible assets which are being carried at revalued amounts. Pursuant to section 133 of the Companies Act 2013 read with Rule 7 of Companies (Accounts) Rules 2014, till the standards of accounting or any addendum thereto are prescribed by Central Government in consultation and recommendation of the National Financial Reporting Authority, the existing Accounting Standards notified under the Companies Act 1956,shall continue to apply. Consequently these financial statements have been prepared to comply in all material respects with the accounting standards notified under Section 211(3C) of the Companies Act,1956 (Companies Accounting Standards Rules, 2006 as amended) and the relevant provisions of the Companies Act, 2013 ('the Act'). The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.

3. Use of estimates:

The preparation of financial statements in conformity with generally accepted accounting principles require the management to make estimates and assumptions that affect the reported amounts of Assets and Liabilities and disclosure of Contingent Liabilities at the date of the financial statements and the result of operations during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates. Significant estimates used by the management in the preparation of these financial statements include provisions for bad and doubtful debts. Any revision to accounting estimates is recognized prospectively.

4. 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 2016 to 31st March 2017*
Kavveri Telecom Infrastructure Limited	*India*	*51%*	*1st April 2016 to 31st March 2017*
Kavveri Technologies Inc	*Canada*	*100%*	*1st April 2016 to 31st March 2017*
Subsidiaries of wholly owned subsidiary, Kavveri Technologies Inc			
Til – Tek Antennae Inc	*Canada*	*100%*	*1st April 2016 to 31st March 2017*
Trackcom Systems International Inc	*Canada*	*67%*	*1st April 2016 to 31st March 2017*
DCI Digital Communications Inc	*Canada*	*100%*	*1st April 2016 to 31st March 2017*
Spotwave Wireless Ltd	*Canada*	*100%*	*1st April 2016 to 31st March 2017*
Kaveri Realty 5 Inc	*Canada*	*100%*	*1st April 2016 to 31st March 2017*
Subsidiaries of wholly owned subsidiary, Kavveri Telecom Espana			
Rymsa De Mexico, SA DE C.V	*Mexico*	*100%*	*1st April 2016 to 31st March 2017*

5. Tangible and Intangible Fixed Assets:

Tangible Fixed Assets:

Fixed Assets are stated at cost of acquisition and subsequent improvements thereto, inclusive of taxes, freight and other incidental expenses related to acquisition, improvements and installation, except in case of revaluation of Fixed Assets where they are stated at revalued amount, as contained in AS-10. Capital Work-in-Progress includes cost of Fixed Assets under installation, any unallocated expenditure and Interest during construction period on loans taken to finance the Fixed Assets

Intangible Fixed Assets:

Intangible assets are capitalized at cost if :

a) It is probable that the future economic benefits that are attributable to the asset will flow to the company;
b) The company will have control over the assets;
c) The cost of these assets can be measured reliably and is more than 10,000/- & this is in accordance with AS-26.
d) Expenditure on Research and Development:
(i) Capital Expenditure on Research and Development has been capitalized as Fixed Assets at the cost of acquisition inclusive of taxes, freight, and other incidental expenses related to acquisition and installation.

(ii) Revenue Expenditure on research including the expenditure during the research phase of Research and Development projects is charged to Profit and Loss Account as expense in the year of occurrence.

6. Depreciation:

Effective 1st April 2014, the Company depreciates its fixed assets over the useful life as prescribed in Schedule II of the Companies Act 2013, as against the earlier practice of depreciating at the rates prescribed in Schedule XIV of the Companies Act, 1956.

7. Impairment of Assets:

Management periodically assesses using external and internal sources whether there is an indication that an asset may be impaired.

Impairment occurs where the carrying value exceeds the present value of future cash flows expected to arise from the continuing use of the asset and its eventual disposal. The impairment loss to be expensed is determined as the excess of carrying amount over the higher of the asset's net sale price or present value as determined above.

8. Leases:

The Company has leased certain tangible assets and such leases where the Company has substantially retained all the risks and rewards of ownership are classified as operating leases. Lease income on such operating leases are recognized in the Statement of Profit & Loss on a Straight line basis over the lease term or other systematic basis over the lease term which is more representative of the time pattern in which benefit derived from the use of the lease asset is diminished. Initial direct costs are recognized as an expense in the Statement of Profit & Loss in the period in which they are incurred

9. Inventory Valuation:

a) Materials, Stores & Spares, Tools and Consumables are valued at Cost or Market Value, whichever is lower, on the basis of First In First Out method reflecting the fairest possible approximation to the cost incurred in bringing the items of Inventory to their present location and condition.

b) Finished Stock of completed products is valued at lower of Cost or Net Realisable Value on the basis of actual identified units.

c) Scrap is valued at Net Realizable Value.

d) Work in process in respect of activities is valued at estimated cost.

e) Shuttering and Tools is valued at amortized Cost, spread over a period of three years.

10. Investments:

Long term investments are stated at cost. However, provision for diminution is made to recognize any decline, other than temporary, in the value of long term investments. Current Investments are stated at the lower of cost and fair value.

11. Research and Development:

(i) Capital Expenditure on Research and Development has been capitalized as Fixed Assets at the cost of acquisition inclusive of taxes, freight, and other incidental expenses related to acquisition and installation.

(ii) Revenue Expenditure on research including the expenditure during the research phase of Research and Development projects is charged to Profit and Loss Account as expense in the year of occurrence.

12. Revenue Recognition:

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

13. Warranty Expenses:

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

14. Exchange Fluctuation:

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

15. Employee Benefits:

In respect of Parent Company including Indian Subsidiaries

- **Provident Fund**

  Eligible employees receive benefits from a Provident Fund, which is a defined contribution plan. Aggregate contributions along with interest thereon, are paid at retirement, death, incapacitation or termination of employment. Both the employee and the Company make monthly contributions to the Government administered Provident Fund. The Company has no obligation beyond its contribution.

- **Gratuity**

  A defined benefit retirement plan ('the Gratuity Plan") is provided to all employees. In accordance with the Payment of Gratuity Act, 1972, the Gratuity Plan provides a lump sum amount to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of employment. Liabilities with regard to the Gratuity plan are determined by actuarial valuation using the projected unit credit method, as of the balance sheet date.

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

16. Borrowing Cost:

Borrowing costs relating to acquisition of qualifying assets are capitalized until the time all substantial activities necessary to prepare the qualifying assets for their intended use are

complete. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. All other borrowing costs not eligible for capitalization are charged to revenue.

17. Taxes:

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

18. Cash Flow Statement:

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

19. Stock Option Plan (2008):

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

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

- *The exercise price for the purpose of exercise of options will be at Rs.10/- per share i.e. at par.*
- *The employee stock options granted shall be capable of being exercised within a period of 5 years from the date of vesting options or such lesser period as may be decided by the Compensation Committee from time to time.*
- *Under the Scheme 3,07,200 stock options out of the total of 5,00,000 stock options reserved for grant of options having an exercise price equal to the par value of the underlying equity shares on the date of grant (i.e. Rs. 10 per option) are outstanding as at the balance sheet date.*
- *As the number of shares that an individual employee is entitled to receive and the price of the options are known at the grant date, the scheme is considered as a fixed grant.*

- *In the case of termination of employment, all non-vested options would stand cancelled. Options that have been vested but have not been exercised can be exercised within the time prescribed under each option agreement by the Committee or if no time limit is prescribed, within 30 days of the date of employment termination, failing which they would stand cancelled.*
- *The Company follows intrinsic method of accounting based on which the compensation cost is recognized in the Statement of Profit and Loss.*

20. Earnings per share:

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

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

21. Investments in Subsidiary Companies:

a. *Pursuant to the scheme of Amalgamation, Eaicom India Private Limited (EIPL), erstwhile 100% subsidiary company of Megasonic Telecoms private Limited has become a wholly owned subsidiary of the company.*
b. *The Company incorporated a 100% subsidiary in the name of KAVVERI TECHNOLOGIES INC at Canada during the financial year 2005-06 with an initial investment of 292,000 CAD Dollars .Additional investment of CAD 2,015,000 /- was made during the year 2007-08 in the aforesaid subsidiary by partial conversion of the loan granted to the subsidiary.*
c. *The company has incorporated a 100% subsidiary in the name of KAVVERI TELECOM ESPANA during the financial year 2011-12 with 1,003,000 Euros as cost of investment.*

22. Contingent Liability:

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

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF KAVVERI TELECOM PRODUCTS LIMITED

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of M/s. **KAVVERI TELECOM PRODUCTS LIMITED ("the Company**"), which comprise the Balance Sheet as at 31st March, 2017, Statement of Profit & Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also 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; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial 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 financial statements based on 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 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the 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 the 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 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 financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2017, its loss and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the companies (Auditor's Report) Order, 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 the paragraph 3 and 4 of the order.

2. As required by Section 143 (3) of the Act, we 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 purposes of our audit.

   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

   (c) The Balance Sheet, statement of Profit & Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.

   (d) In our opinion, the aforesaid standalone 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 the written representations received from the directors as on 31st March, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.

   (f) With respect to the adequacy of 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 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 Company has disclosed the impact, if any, of pending litigations as at March 31st ,2017, on its financial position in its standalone financial statements **(Refer Note No. 46)**

      ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

      iii. There are amounts which are required to be transferred to the Investor Education and Protection Fund by the Company.

iv. The Company has provided requisite disclosures in its financial statements as to holdings as well as dealings in specified bank notes during the period from 8th November, 2016 to 30th December, 2016 and these are in accordance with the books of accounts maintained by the company **(Refer Note No 50).**

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

P. Murali Mohana Rao
Partner
Membership No. 023412

Place: Hyderabad
Date: 30th May, 2017.

Annexure A to the Auditor's Report

Annexure referred to in paragraph 1 of Our Report of even date to the members of M/s. KAVVERI TELECOM PRODUCTS LIMITED on the accounts of the company for the year ended 31st March, 2017 Under "Report on other Legal & Regulatory Requirements"

i.

(a) The Company is maintaining 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 Management are reasonable and adequate in relation to the size of the Company and the nature of its business.

(c) The Company is maintaining proper records of inventory and as explained to us, no material discrepancies were noticed on physical verification of stocks as compared to book records.

iii. (a) During the year the Company has not granted loans to parties covered in the register maintained under section 189 of the Companies Act, 2013.

iv. In our opinion and according to the information and explanations given to us, the company in respect of loans, investments, guarantees and security, provisions of section 185 and 186 of companies act, 2013 has been complied with.

v. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits within the meaning of section 73 to 76 or any other relevant provisions of the Companies Act,2013 and the rules framed there under.

vi. We have broadly verified the books of accounts and records maintained by the company relating to the design, development and manufacture of Radio Frequency products and antennae for telecom, defense and space applications, pursuant to the order made by the Central Government for maintenance of cost records under sub-section (1) of Section 148 of the Act, 2013.

vii.

(a) The Company is generally regular in depositing undisputed statutory dues with the appropriate authorities, However, an amount of Rs. 48,96,987/- and Rs. 1,56,92,148 towards DDT and TDS respectively relating to F.Y 2010-11 for DDT and F.Y. 2012-13 to F.Y. 2016-17 for TDS, were outstanding at the yearend from the date they became payable.

(b) According to the information and explanations given to us, and based on the records examined by us, amount outstanding towards income tax on account of dispute are;

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 09	CESTAT Bangalore
Central Excise	Irregular availiment of Cenvat Credit(Including penalty)	33.2	2010-2011	Commissioner of customs and central excise (Appeals) Bangalore
Central Excise	Irregular availiment of Cenvat Credit(Including penalty)	1.27	2012-2013	CESTAT Bangalore
Central Excise	Irregular availiment of Cenvat Credit(Including penalty)	2.58	2007-2008	Commissioner of customs and central excise (Appeals) Bangalore
Central Excise	Irregular availiment of Cenvat Credit(Including penalty)	10.36	2007-2008 & 2008-2009	CESTAT Bangalore
Sales Tax	Sales Tax, Penalty and Interest	497.46	2006-2007	Joint Commissioner of Commercial Tax (Appeal)
Sales Tax	Sales tax, Penalty and Interest	13.29	2007-2008	Joint Commissioner of Commercial Tax (Appeal)
Central Excise	Irregular availiment of Cenvat Credit (Including penalty)	33.2	2010-2011	Commissioner of customs and central excise (Appeals) Bangalore
Income TaxAct, 1961	Income Tax	10,379.12	A.Y. 2004-05 to A.Y. 2010-11	CIT(Appeals), Bangalore

viii. In our opinion and according to information and explanations given to us, the Company has defaulted in repayment of dues to banks. The Bank has transferred their outstanding dues to Asset Reconstruction Company for the purpose of recovery on 27th June 2014.

ix. According to the information and explanations given to us, the Company has not raised moneys by way of initial public offer or further public offer including debt instruments and term loans. Accordingly, the provisions of clause 3(ix) of the order are not applicable to the company and hence not commented upon.

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

xi. According to information and explanations given to us and to the best of our knowledge and belief, no managerial remuneration has been paid during the year. Hence the provisions of Sec 197 of the Act are not applicable to the Company. Accordingly, this clause is not applicable.

xii. In our opinion and according to information and explanations given to us, the company is not a Nidhi Company. Therefore, the provisions of clause 3(xii) of the order are not applicable to the company and hence not commented upon.

xiii. According to information and explanations given to us and to the best of our knowledge and belief, all the transactions with the related parties are in compliance with section 177 and 188 of companies act 2013 wherever applicable and the details of transactions with related parties have been disclosed in financial statements as required by the applicable accounting standards.

xiv. The company has not made any preferential allotment of private placement of shares or fully or partly convertible debentures. Therefore, the provisions of clause 3(xiv) of the order are not applicable to the company.

xv. According to information and explanations given to us and to the best of our knowledge and belief the company has not entered into any non-cash transactions with directors or persons connected with the directors. Therefore, the provisions of clause 3(xv) of the order are not applicable to the company.

xvi. According to information and explanations given to us and to the best of our knowledge and belief the company is not required to be register under section 45-IA of Reserve Bank of India Act, 1934.

For P Murali & Co.,
Chartered Accountants,
FRNo. 007257S

P. Murali Mohana Rao
Partner
Membership No. 023412

Place: Hyderabad
Date: 30th May, 2017.

Annexure B to the Auditor's Report

"Annexure B" referred to in paragraph 2(f) under" Report on other legal and Regulatory Requirements" section of report on financial statements of even date to the members of M/s. KAVVERI TELECOM PRODUCTS LIMITED on the financial statement for the year ended 31st march 2017.

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

We have audited the internal financial controls over financial reporting of KAVVERI TELECOM PRODUCTS LIMITED ('the Company') as of 31st March 2017 in conjunction with our audit of the standalone 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 the 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 Companies Act, 2013.

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') 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 applicable to an audit of Internal Financial Controls and, 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 were 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 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 2017, 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

P. Murali Mohana Rao
Partner
Membership No. 023412

Place: Hyderabad
Date: 30th May, 2017.

KAVVERI TELECOM PRODUCTS LIMITED
Balance Sheet as at 31.03.2017

Particulars	Note No.	As at 31.03.2017 Rs.	As at 31.03.2016 Rs.
I. EQUITY AND LIABILITIES			
(1) Shareholders' Funds			
(a) Share Capital	*1*	*201,242,600*	*201,242,600*
(b) Reserves and Surplus	*2*	*871,254,178*	*1,082,492,997*
(c) Money received against share warrants			
(3) Non-current liabilities			
(a) Deferred tax liabilities (Net)	*3*	*70,484,864*	*79,552,501*
(b) Other Long term liabilities		-	-
(c) Long-term provisions	*4*	*220,467,569*	*220,513,885*
(4) Current liabilities			
(a) Short-term borrowings	*5*	*1,023,322,711*	*1,071,135,776*
(b) Trade payables	*6*	*581,166,692*	*644,933,455*
(c) Other current liabilities	*7*	*698,817,559*	*485,026,936*
(d) Short-term provisions	*8*	*150,779,749*	*183,987,916*
TOTAL		**3,817,535,922**	**3,968,886,066**
II. ASSETS			
(1) Non-current assets			
(a) Fixed Assets	*9*		
(i) Tangible assets		*281,130,277*	*311,990,594*
(ii) Intangible assets		*34,807,805*	*44,283,952*
(iii) Capital work-in-progress		*5,366,919*	*5,360,639*
(b) Non-current Investments	*10*	*538,250,215*	*538,250,215*
(c) Deferred tax assets (Net)			-
(d) Long-term loans and advances	*11*	*362,924,400*	*344,663,234*
(e) Other non-current assets	*12*	*6,381,862*	*6,381,862*
(2) Current Assets			
(a) Inventories	*13*	*568,292,200*	*572,009,061*
(b) Trade receivables	*14*	*425,470,340*	*594,153,977*
(c) Cash and bank balances	*15*	*2,315,994*	*2,288,376*
(d) Short-term loans and advances	*16*	*1,563,952,267*	*1,521,544,132*
(e) Other current assets	*17*	*28,643,642*	*27,960,023*
TOTAL		**3,817,535,922**	**3,968,886,066**

Summary of Significant Accounting Policies.
The accompanying notes are an integral part of Financial Statements

As per our Report of even date
For P. Murali & Co
Chartered Accountants
Firm Registration Number : 007257S

P.Murali Mohana Rao
Partner
Membership No: 023412

Place: Hyderabad
Date: 30-05-2017

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

C.Shivakumar Reddy
Managing Director
DIN : 01189348

R.H.Kasturi
Whole Time Director
DIN : 00291851

KAVVERI TELECOM PRODUCTS LIMITED
Statement of Profit and Loss for the year ended 31.03.2017

Particulars	Note No.	Year ended 31.03.2017	Year ended 31.03.2016
		Rs.	Rs.
I. Revenue from operations			
(a) Revenue from operations(Gross)	*18*	*4,482,786*	*2,460,656*
(b) Less: Excise Duty		-	-
(c) Less: Sales Returns			
(d) Revenue from operations(net)		**4,482,786**	**2,460,656**
(e) Other Income	*19*	*753,260*	*704,560*
Total Revenue		**5,236,046**	**3,165,216**
II. Expenses:			
(a) Cost of materials consumed and Purchases Stock-in -Trade	*20*	*4,032,189*	*751,152*
(b) Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	*21*	*(2,045,884)*	-
(c) Employee benefits expense	*22*	*4,196,445*	*6,269,246*
(d) Finance costs	*23*	*134,385,925*	*134,444,376*
(e) Depreciation and amortisation expense	*24*	*40,336,464*	*40,336,467*
(f) Other expenses	*25*	*44,637,363*	*50,467,838*
Total Expenses		**225,542,502**	**232,269,079**
III. Profit before exceptional and extraordinary items and tax		**(220,306,456)**	**(229,103,863)**
Exceptional items		-	-
IV. Profit before extraordinary items and tax		**(220,306,456)**	**(229,103,864)**
Extraordinary Items		-	-
V. Profit before Tax		**(220,306,456)**	**(229,103,864)**
Tax expense:			
(1) Current tax		-	-
(2) Deferred tax		*(9,067,637)*	*(8,616,283)*
Profit for the year from continuing operations		**(211,238,819)**	**(220,487,581)**
Profit / (Loss) from discontinuing operations		-	-
Tax expense of discontinuing operations		-	-
Profit/ (Loss) from Discontinuing operations (after tax)		-	-
VI. Profit/(Loss) for the period		**(211,238,819)**	**(220,487,581)**
Earnings per share:			
(1) Basic		*(10.50)*	*(10.96)*
(2) Diluted		*(10.50)*	*(10.96)*

Summary of Significant Accounting Policies.
The accompanying notes are an integral part of Financial Statements

As per our Report of even date
For P. Murali & Co
Chartered Accountants
Firm Registration Number : 007257S

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

P.Murali Mohana Rao
Partner
Membership No: 023412

C.Shivakumar Reddy
Managing Director
DIN: 01189348

R.H.Kasturi
Whole Time Director
DIN:00291851

Place: Hyderabad
Date: 30-05-2017

KAVVERI TELECOM PRODUCTS LIMITED

Cash Flow Statement for the year ended 31st March 2017

	Particulars	Year Ended March 31,2017	Year Ended March 31,2016
A	**A. Cash Flow from Operating Activities**		
	Profit before Taxation and extraordinary items	**(220,306,456)**	**(229,103,863)**
	(a) Adjustments for Depreciation	*40,336,464*	*40,336,467*
	(b) Interest Expenditure	*134,385,925*	*134,444,376*
	(c) Interest Income	*(752,260)*	*(704,056)*
	Operating Profit before working capital changes	**(46,336,327)**	**(55,027,076)**
	Changes in Working Capital:		
	(a) Increase/(Decrease) in Trade Payables	*(63,766,763)*	*93,350,988*
	(b) Increase/(Decrease) in Short Term Provisions	*(33,208,167)*	*706,233*
	(c) Increase/(Decrease) in Long Term Provisions	*(46,316)*	*(162,031)*
	(d) Increase/(Decrease) in Other Current Liabilities	*213,790,623*	*(1,218,492)*
	(e) (Increase)/Decrease in Trade Receivables	*168,683,637*	*(784,245)*
	(f) (Increase)/Decrease in Inventories	*3,716,861*	-
	(g) (Increase)/Decrease in Short term Loans and advances	*(42,408,136)*	*(42,522,152)*
	(h) (Increase)/Decrease in Long Term Loans and advances	*(25,737,767)*	*5,220,430*
	(i) (Increase)/Decrease in Other Current assets	*(683,619)*	*(632,632)*
	(j) (Increase)/Decrease in Other non Current assets	-	-
	Cash generated from Operations	**174,004,027**	**(1,068,977)**
	Taxes paid (Net of refunds)	-	-
	Net cash generated from operations before extraordinary items	*174,004,027*	*(1,068,977)*
	Net cash generated from operating activities	**174,004,027**	**(1,068,977)**
B	**Cash Flow from Investing Activities**		
	(a) Purchase of Tangible/Intangible Assets	*(40,336,464)*	*(42,734)*
	(b) Purchase of long term investments	-	-
	(c) Capital Work in Progress	*(6,280)*	*(19,400)*
	(d) Interest received	*752,260*	*704,056*
	Net Cash from Investing Activities	**(39,590,484)**	**641,922**
C	**Cash flow from Financing Activities**		
	(a) Interest paid	*(134,385,925)*	*(59,027)*
	(b) Increase/(Repayment) of borrowings	-	-
	Net Cash raised in Financing activities	**(134,385,925)**	**(59,035)**
	Net increase in Cash and Cash Equivalents	**27,618**	**(486,090)**
	Cash and Cash equivalents at the beginning of the year	*2,288,376*	*2,774,466*
	Cash and Cash equivalents at the end of the year	*2,315,994*	*2,288,376*
	Cash and Cash equivalents comprise of		
	Cash on Hand	*969,677*	*967,075*
	*Balances with Banks**	*1,346,318*	*1,321,301*
	Total	**2,315,994**	**2,288,376**
	**Includes the following balances which are not available for use by the Company*		
	Unpaid dividend account	*734,106*	*734,106*

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

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

P.Murali Mohana Rao
Partner
Membership No: 023412

C.Shivakumar Reddy
Managing Director
DIN : 01189348

R.H.Kasturi
Whole time Director
DIN : 00291851

Place: Hyderabad
Date: 30-05-2017

KAVVERI TELECOM PRODUCTS LIMITED

NOTES ON ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2017

NOTE NO. 1 : SHARE CAPITAL

S.No.	Particulars	As at 31.3.2017 Rs.	As at 31.3.2016 Rs.
a	**Authorised**		
	2,50,00,000 (Previous Year 2,50,00,000) Equity Shares of Rs. 10/- each	*250,000,000*	*250,000,000*
	Issued and Subscribed and fully Paid-up		
	2,01,24,260 (Previous Year 2,01,24,260) Equity Shares of Rs 10/- each fully paid up	*201,242,600*	*201,242,600*
		201,242,600	*201,242,600*

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

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

The Company declares and pays dividend in Indian rupees. The Board of Directors have not proposed any dividend during the year. Dividend declared if any, if proposed by the share holders , is payable to the share holders in proportion to their shareholding.

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

b	**Reconciliation of number of Shares**	**As at**		**As at**	
	Equity Shares:	**31st March 2017**		**31st March 2016**	
		Number of shares	**Amount**	**Number of shares**	**Amount**
	Balance as at the beginning of the previous year	*20,124,260*	*201,242,600*	*20,124,260*	*201,242,600*
	Add: Shares issued during the year	*-*	*-*	*-*	*-*
	Balance as at the end of the year	*20,124,260*	*201,242,600*	*20,124,260*	*201,242,600*

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

	No. of shares		**% of shareholding**	
	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%*

NOTE NO. 2 : RESERVES AND SURPLUS

S.No.	Particulars	As at 31.3.2017	As at 31.3.2016
		Rs.	Rs.
I	**RESERVES AND SURPLUS**		
	(a) Capital Reserve		
	Opening balance	*7,325,779*	*7,325,779*
	Add: Transferred from surplus	-	-
	Balance as at the end of the year	**7,325,779**	**7,325,779**
	(b) Securities Premium account		
	Opening balance	*1,180,036,432*	*1,180,036,432*
	Add: Receipt on issue of securities	-	-
	Add: Receipt on exercise of Employee Stock Options	-	-
		1,180,036,432	**1,180,036,432**
	Less: Utilisation towards QIP Expenses	-	-
	Balance as at the end of the year	**1,180,036,432**	**1,180,036,432**
	(c) Employee Stock option outstanding		
	Opening balance	*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*
		12,461,345	**12,461,345**
	(d) General Reserve		
	Opening balance	*90,744,280*	*90,744,280*
	Add : Transfer from Statement of Profit and Loss	-	-
	Balance as at the end of the year	**90,744,280**	**90,744,280**
	(e) Surplus in Statement of Profit and Loss		
	Opening balance	*(208,074,839)*	*12,412,742*
	Add/(Less) : Profit/(loss) for the year	*(211,238,819)*	*(220,487,581)*
	Amount available for appropriation -	**(419,313,658)**	**(208,074,839)**
	Balance as at the end of the year	**(419,313,658)**	**(208,074,839)**
	TOTAL	**871,254,178**	**1,082,492,997**

NOTE NO. 3: DEFERRED TAX LIABILITY (NET)

S.No.	Particulars	As at 31.3.2017	As at 31.3.2016
		Rs.	Rs.
I	*Deferred Tax Liability - Opening*	*79,552,501*	*88,168,784*
	Add: Attributable to Depreciation of Current year	-	-
	Sub - Total	**79,552,501**	**88,168,784**
II	**Deferred Tax Asset**		
	Add: Attributable to Depreciation of Current year	*9,067,637*	*8,616,283*
	Sub - Total	**9,067,637**	**8,616,283**
	TOTAL	**70,484,864**	**79,552,501**

NOTE NO. 4 : LONG TERM PROVISIONS

S.No.	Particulars	As at 31.3.2017	As at 31.3.2016
		Rs.	Rs.
I	*(a) Provision for Warranty*	*211,177,189*	*211,177,189*
	(b) Gratuity obligation	*5,440,643*	*5,440,643*
	(c) Provision for Compensated absence	*3,849,737*	*3,896,053*
	TOTAL	**220,467,569**	**220,513,885**

NOTE NO. 5 : SHORT TERM BORROWINGS

S.No.	Particulars	As at 31.3.2017	As at 31.3.2016
		Rs.	Rs.
I	**Secured**		
	(a) Cash Credit account with State Bank of India	*885,927,974*	*934,181,946*
II	**Unsecured**		
	(a) Corporate Loan	*19,234,720*	*8,128,060*
	(b) Loans from Directors	*118,160,017*	*128,825,770*
	TOTAL	**1,023,322,711**	**1,071,135,776**

NOTE NO. 6 : TRADE PAYABLES

S.No.	Particulars	As at 31.3.2017	As at 31.3.2016
		Rs.	Rs.
	(a) Acceptances	-	-
	(b) Trades payables	*581,166,692*	*644,933,455*
	TOTAL	**581,166,692**	**644,933,455**

NOTE NO. 7 : OTHER CURRENT LIABILITES

S.No.	Particulars	As at 31.3.2017	As at 31.3.2016
		Rs.	Rs.
I	*Current maturities of Long term debt:*		
	(a) Term Loan account with State Bank of India **Refer Note No (i)**	*589,708,281*	*407,068,960*
	(b) Vehicle Loan Payable	-	-
	(c) Unpaid dividend	*11,004,709*	*11,004,709*
	(d) Statutory dues (Including Provident Fund, Withholding and other taxes payable)	*19,301,109*	*20,228,556*
	(e) Others payable	*41,955,370*	*9,795,789*
	(f) Advance received from related party	-	-
	(g) Advance received from customers	*36,848,091*	*36,928,923*
	TOTAL	**698,817,559**	**485,026,936**

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.

NOTE NO. 8 : SHORT TERM PROVISIONS

S.No.	Particulars	As at 31.3.2017	As at 31.3.2016
		Rs.	Rs.
I	(a) Provision for Employee benefits	6,363,150	741,161
	(b) Provision for Income Tax	144,416,599	144,416,599
	(c) Dues to Key Managerial Personnel	-	38,076,361
II	(a) Other Provisions	-	753,795
	TOTAL	**150,779,749**	**183,987,916**

NOTE NO. 10: NON-CURRENT INVESTMENTS

S.No.	Particulars	As at 31.3.2017	As at 31.3.2016
		Rs.	Rs.
I	**Unquoted**		
	Investment in Subsidiaries	538,250,215	538,250,215
	TOTAL	**538,250,215**	**538,250,215**

NOTE NO. 11: LONG TERM LOANS AND ADVANCES

S.No.	Particulars	As at 31.3.2017	As at 31.3.2016
		Rs.	Rs.
I	**(Unsecured, Considered good)**		
	(a) Security Deposits	6,986,739	6,986,739
	(b) Sales Tax disputed payments	1,043,331	1,043,331
	(c) Statutory Disputed payments	47,090,062	27,636,260
II	**Advances recoverable in cash or kind**		
	(a) Loans and advances to related parties	161,879,221	163,071,858
	(b) Less: Provision for no longer recoverable advances	(3,718,584)	(3,718,584)
	(c) Interest receivable on loans given to Related Parties	149,643,630	149,643,630
	TOTAL	**362,924,400**	**344,663,234**

NOTE NO. 12: OTHER NON - CURRENT ASSETS

S.No.	Particulars	As at 31.3.2017	As at 31.3.2016
		Rs.	Rs.
I	(a) Long term deposits with banks with maturity period more than 12 months (Out of the above deposits, Rs.5,00,00,000 is given as a collateral security against the Term Loan availed by a subsidiary Company and Rs. 2,00,00,000 is given as collateral against the Facilities granted by State Bank of India.)	5,319,155	251,000
	(b) Margin Money Deposits (Held as Margin money by the banks against guarantees given by the banks)	1,062,707	6,130,862
	TOTAL	**6,381,862**	**6,381,862**

NOTE NO. 13: INVENTORIES

S.No.	Particulars	As at 31.3.2017	As at 31.3.2016
		Rs.	Rs.
I	(a) Raw materials Antennae/Accessories/Components Cables	60,586,731	62,257,708
	(b) Work-in-progress	2,005,884	4,051,768
	(c) Finished goods Antennae/Accessories/Components Cables	36,333,171	36,333,171
	(d) Stock-in-trade	469,366,414	469,366,414
	TOTAL	**568,292,200**	**572,009,061**

NOTE NO. 14 : TRADE RECEIVABLES

S.No.	Particulars	As at 31.3.2017	As at 31.3.2016
		Rs.	Rs.
I	**Unsecured, considered good**		
	Outstanding for a period exceeding six months from the date they are due for payment		
	- from related Parties	*95,204,942*	*95,204,942*
	- from Other customers	*263,272,100*	*431,955,737*
	Others		
	Due from Related Parties	*66,993,298*	*66,993,298*
	TOTAL	**425,470,340**	**594,153,977**

NOTE NO. 15: CASH AND BANK BALANCES

S.No.	Particulars	As at 31.3.2017	As at 31.3.2016
		Rs.	Rs.
I	**Cash and Cash equivalents**		
	(a) Cash on hand	*969,677*	*967,075*
II	**Bank balances:**		
	(a) in current Account	*612,212*	*587,195*
	(b) in Unpaid dividend account	*734,106*	*734,106*
	TOTAL	**2,315,994**	**2,288,376**

NOTE NO. 16 : SHORT TERM LOANS AND ADVANCES

S.No.	Particulars	As at 31.3.2017	As at 31.3.2016
		Rs.	Rs.
	Unsecured, considered good		
	(a) Balances with Customs, Central Excise,VAT etc.	*99,745,436*	*1,609,146*
	(b) Prepaid expenses	*2,185,932*	*2,854,144*
	(c) Loans and advances to Employees	*80,225,203*	*21,882,175*
	(d) Advances paid to Vendors for supply of goods and rendering of services	*1,121,818,483*	*1,116,470,010*
	(e) Share application money pending allotment in a subsidiary	*122,000,000*	*122,000,000*
	(f) Deffered Expenses for Services	*-*	*33,000,000*
	(g) Other Advances	*20,220,633*	*103,404,286*
	(h) Advances recoverable in cash or kind	*117,756,580*	*120,324,371*
	TOTAL	**1,563,952,267**	**1,521,544,132**

NOTE NO. 17 : OTHER CURRENT ASSETS

S.No.	Particulars	As at 31.3.2017	As at 31.3.2016
		Rs.	Rs.
I	*(Unsecured, considered good)*		
	Income accrued on deposits	*28,643,642*	*27,960,023*
	TOTAL	**28,643,642**	**27,960,023**

NOTE NO. 18 : REVENUE FROM OPERATIONS

S.No.	Particulars	Year Ended 31-03-2017	Year Ended 31-03-2016
		Rs.	Rs.
I	*(a) Sale of Products*	*4,482,786*	*2,347,766*
	(b) Sale of services	*-*	*112,890*
	TOTAL	*4,482,786*	**2,460,656**

NOTE NO. 19 : OTHER INCOME

S.No.	Particulars	Year Ended 31-03-2017	Year Ended 31-03-2016
		Rs.	Rs.
	(a) Interest received from Banks	*752,260*	*704,056*
	(b) Net gain/(loss) on foreign currency transactions and translations	*-*	*504*
	(c) Miscellaneous income	*1,000*	*-*
	TOTAL	**753,260**	**704,560**

NOTE NO. 20 : COST OF MATERIAL CONSUMED AND PURCHASES STOCK IN TRADE

S.No.	Particulars	Year Ended 31-03-2017	Year Ended 31-03-2016
		Rs.	Rs.
I	**Material Consumption:**		
	Opening Stock of Raw Materials	*62,257,708*	*62,257,708*
	Add : Purchases during the year	*2,258,712*	*582,902*
	Less: Closing Stock	*60,586,731*	*62,257,708*
	Packing Materials		
	Opening Stock of Raw Materials		
	Add : Purchases during the year	*102,500*	*168,250*
	Less: Closing Stock	-	-
		-	-
	Purchases Stock in Trade	**-**	**-**
	TOTAL	**4,032,189**	**751,152**

NOTE NO. 21: CHANGES IN INVENTORY OF FINISHED GOODS AND WORK IN PROGRESS

S.No.	Particulars	Year Ended 31-03-2017	Year Ended 31-03-2016
		Rs.	Rs.
I	*(Increase)/Decrease in Stocks*		
	Stock at the end of the year:		
	Finished Goods	*36,333,171*	*36,333,171*
	Work-in-Progress	*2,005,884*	*4,051,768*
	Stock in Trade	*469,366,414*	*469,366,414*
	A	**507,705,469**	**509,751,353**
	Less: Stock at the beginning of the year		
	Finished Goods	*36,333,171*	*36,333,171*
	Work-in-Progress	*4,051,768*	*4,051,768*
	Less: Transfer to Research and Development	-	-
	Stock in Trade	*469,366,414*	*469,366,414*
	B	**509,751,353**	**509,751,353**
	Increase/(Decrease) in Stocks (A-B) **TOTAL**	**(2,045,884)**	**-**

NOTE NO. 22 : EMLOYEE BENEFIT EXPENSES

S.No.	Particulars	Year Ended 31-03-2017	Year Ended 31-03-2016
		Rs.	Rs.
	(a) Salaries, Wages and Bonus	*3,695,578*	*5,944,046*
	(b) Contribution to Provident and other funds	*254,059*	*194,339*
	(c) Staff welfare expenses	*246,808*	*130,861*
	TOTAL	**4,196,445**	**6,269,246**

NOTE NO. 23 : FINANCE COST

S.No.	Particulars	Year Ended 31-03-2017	Year Ended 31-03-2016
		Rs.	Rs.
	(a) Interest on Long term borrowings	*1,939,117*	*1,939,117*
	(b)Interest on cash credit	*132,446,232*	*132,505,259*
	(c) Others -	*576*	-
	TOTAL	**134,385,925**	**134,444,376**

NOTE NO.24 : DEPRECIATION AND AMORTISATION EXPENSES

S.No.	Particulars	Year Ended 31-03-2017	Year Ended 31-03-2016
		Rs.	Rs.
	Depreciation on tangible assets	*30,860,317*	*30,860,320*
	Amortisation on Intangible assets	*9,476,147*	*9,476,147*
	TOTAL	**40,336,464**	**40,336,467**

NOTE NO. 25 : OTHER EXPENSES

S.No.	Particulars	Year Ended 31-03-2017	Year Ended 31-03-2016
		Rs.	Rs.
	(a) Telephone & Internet Charges	*402,654*	-
	(b) Customs Duty	*42,778*	*17,031*
	(c) Job work and handling charges	*20,800*	-
	(d) Freight Inwards	*21,857*	-
	(e) Rent	*180,000*	*720,000*
	(f) Repairs and Maintenance – Plant and Machinery	*42,540*	-
	(g) Repairs and Maintenance – Vehicles	*99,311*	-
	(h) Repairs and Maintenance – Others	*6,298*	*1,369,319*
	(i) Insurance	*48,386*	*1,879*
	(j) Rates and Taxes	*811,850*	-
	(k) Travelling and Conveyance	*1,245,216*	*449,546*
	(l) Statutory Auditors : Audit fees	*739,189*	*678,375*
	(m) Professional fees	*2,059,620*	*2,598,638*
	(n) Service Charges	*33,000,500*	*40,691,849*
	(o) Security Charges	*215,478*	-
	(p) Freight Outward Charges	-	*147,638*
	(q) Leave Encashment	*36,387*	-
	(r) Administrative Expenses	*3,998,280*	-
	(s) Miscellaneous expenses	*848,306*	*3,793,563*
	(t) Other Expenses	*801,498*	-
	(u) Advertisement Expenses	*16,415*	
	TOTAL	**44,637,363**	**50,467,838**

NOTE NO. 27 : EXCEPTIONAL ITEMS

S.No.	Particulars	Year Ended 31-03-2017	Year Ended 31-03-2016
		Rs.	Rs.
	Income tax relating to previous years		-
	Prior Period Adjustments		-
	TOTAL		**-**

KAVVERI TELECOM PRODUCTS LIMITED

NOTE NO.9 : Tangible and Intangible Fixed Assets

FIXED ASSETS

DESCRIPTION OF ASSET	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	Block as at 01-04-2016	Addtions during the year	Sales during the year	Total Cost as at 31-03-2017	Upto 31-03-2016	For the year	Adjustments during the year	Total as at 31-03-2017	As at 31-03-2017	As at 31-03-2016
Tangible Assets										
Land - freehold	*562,500*	-	-	*562,500*	-	-	-	-	*562,500*	*562,500*
Land - Leasehold	*11,377,758*	-	-	*11,377,758*	-	-	-	-	*11,377,758*	*11,377,758*
Building	*164,964,758*	-	-	*164,964,758*	*40,146,153*	*5,131,433*	-	*45,277,586*	*119,687,172*	*124,818,605*
Plant & Machiney	*298,599,996*	-	-	*298,599,996*	*141,058,636*	*22,679,554*	-	*163,738,190*	*134,861,805*	*157,541,360*
Office Equipment	*570,595*		-	*570,595*	*324,617*	*140,743*		*465,360*	*105,235*	*245,978*
Computers	*24,292,028*	-	-	*24,292,028*	*23,947,175*	*112,283*	-	*24,059,459*	*232,569*	*344,853*
Furniture & Fixtures	*10,314,081*	-	-	*10,314,081*	*7,101,962*	*724,190*	-	*7,826,152*	*2,487,929*	*3,212,119*
Vehicles	*26,467,097*	-	-	*26,467,097*	*12,579,676*	*2,072,114*	-	*14,651,790*	*11,815,307*	*13,887,421*
Temporary Structures	*5,373,197*	-	-	*5,373,197*	*5,373,197*	-	-	*5,373,197*	-	-
Intangible Assets										
Computer Software	*17,727,491*	-	-	*17,727,491*	*17,717,140*	*1,214*	-	*17,718,354*	*9,137*	*10,351*
Technical Knowhow	*104,455,134*	-	-	*104,455,134*	*60,181,532*	*9,474,933*	-	*69,656,465*	*34,798,669*	*44,273,602*
Total	**664,704,635**	**-**	**-**	**664,704,635**	**308,430,088**	**40,336,464**	**-**	**348,766,552**	**315,938,083**	**356,274,546**
Previous Year	**664,661,901**	**42,734**	**-**	**664,704,635**	**268,093,621**	**40,336,467**	**-**	**308,430,088**	**356,274,546**	**396,568,272**

KAVVERI TELECOM PRODUCTS LIMITED

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 26 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 2017
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 Asia PTE Ltd. Singapore	*55*
M/s. Kavveri Technologies America Inc	*4,96,80,000*
TOTAL	*53,82,50,215*

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

Particulars	Country of Incorporation	2017	2016
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	2017	2016
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%*
KAVERI REALTY 5 INC	*Canada*	*100%*	*100%*

Subsidiary of wholly owned subsidiary, Kavveri Telecom Espana

Particulars	Country of Incorporation	2017	2016
RYMSA De MEXICO	*Spain*	*100%*	*100%*

29. CIF VALUE OF IMPORTS

Particulars	2017 (Amount in Rs.)	2016 (Amount in Rs.)
Raw materials	**3,38,259**	**3,84,675**
Components and spare parts	**Nil**	**Nil**
Capital Goods	**Nil**	**Nil**
Total	**3,38,259**	**3,84,675**

30. EXPENDITURE INCURRED IN FOREIGN CURRENCY

Particulars	2017 (Rs.)	2016 (Rs.)
Technical knowhow/Research and development expenses	**Nil**	**Nil**
Professional and consultation fees	**Nil**	**Nil**
Travelling expenses	**Nil**	**Nil**
Maintainance Charges	**Nil**	**Nil**
Total	**Nil**	**Nil**

31. DETAILS OF CONSUMPTION

a) Details of Raw Materials Consumed :

Particulars	2017 (Rs.)	2016 (Rs.)
Raw Materials Consumption	*40,32,189*	*7,51,152*
TOTAL	**40,32,189**	*7,51,152*

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

Particulars	Imported	Indigenous	Imported	Indigenous
Raw Materials	*3,38,259*	*18,11,466*	*3,84,675*	*1,31,882*
TOTAL	**3,38,259**	**18,11,466**	**3,84,675**	**1,31,882**

32. DIVIDEND REMITTED IN FOREIGN EXCHANGE

Particulars	2017 (Rs.)	2016 (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*
Total	**Nil**	**Nil**

33.EARNINGS IN FOREIGN CURRENCY

Particulars	2017 (Rs.)	2016 (Rs.)
Revenue from exports on FOB basis	*38,30,017*	*19,28,812*
Interest	*Nil*	*Nil*
Other Income	*Nil*	*Nil*
Total	**Nil**	**Nil**

34. EARNINGS PER SHARE

Particulars	2017		2016	
	Before extra-Ordinary items	After extra ordinary items	Before extra-Ordinary items	After extra ordinary items
(a) Basic				
Profit after tax	*(21,12,38,819)*	*(21,12,38,819)*	*(22,04,87,581)*	*(22,04,87,581)*
Weighted average number of shares outstanding	*2,01,24,260*	*2,01,24,260*	*2,01,24,260*	*2,01,24,260*
Basic EPS	*(10.49)*	*(10.49)*	*(10.96)*	*(10.96)*
(b) Diluted				
Profit after tax	*(21,12,38,819)*	*(21,12,38,819)*	*(22,04,87,581)*	*(22,04,87,581)*
Adjusted net profit for the year	*(21,12,38,819)*	*(21,12,38,819)*	*(22,04,87,581)*	*(22,04,87,581)*
Weighted average number of shares outstanding	*2,01,24,260*	*2,01,24,260*	*2,01,24,260*	*2,01,24,260*
Diluted EPS	*(10.49)*	*(10.49)*	*(10.96)*	*(10.96)*
Face value per share	*10.00*	*10.00*	*10.00*	*10.00*

35. EMPLOYEE BENEFITS

The Company has not obtained Actuarial Valuation report for Gratuity and leave encashment for the financial year 2016-17. Provisional amount has not been provided in the books of accounts for the same.

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

Description of the nature of transaction	Description of Relationship	Related Party	Year ended 2017	Year ended 2016
Sales of goods	*Subsidiary*	*Tiltek Antennae Inc*	*38,30,017*	*19,28,812*
		Spotwave Wireless Inc	*-*	*26,454*
Purchase of goods	*Subsidiary*	*Tiltek Antennae Inc*	*2,86,878*	*-*
Receiving of services	*Subsidiary*	*Kavveri Telecom Infrastructure Limited*	*3,30,19,380*	*3,30,19,380*

Advances given	*Key Managerial Personnel*	*RH Kasturi*	*6,22,26,677*	*3,93,417*
Advances taken	*Subsidiary*	*Kavveri Telecom Infrastructure Limited*	*8,29,73,424*	*8,29,73,424*
Payable at the year end	*Key Managerial Personnel*	*Shivakumar Reddy*	*1,43,50,090*	*1,43,50,090*
	Key Managerial Personnel	*RH Kasturi*	*(8,02,64,733)*	*(2,22,08,708)*
	Other related party	*Uma Reddy*	*27,26,127*	*27,26,127*
	Subsidiary	*Kavveri Technologies Inc*	*16,03,179*	*16,03,179*
Receivable at the end	*Subsidiary*	*Kavveri Technologies Inc*		
	Subsidiary	*DCI Digital Communication Inc*	*7,18,933*	*7,18,933*
	Subsidiary	*Kavveri Realty Inc*	*20,144*	*20,144*
	Subsidiary	*Kavveri Telecom Espana*	*16,38,07,352*	*16,38,07,352*
	Subsidiary	*Spotwave Wireless Limited*	*4,30,55,704*	*4,25,19,238*
	Subsidiary	*Kavveri Telecom Infrastructure Limited*	*(15,81,98,945)*	*(15,81,98,945)*
	Subsidiary	*Kavveri Telecom Products UK Limited*	*37,19,685*	*37,19,685*
	Subsidiary	*Eaicaom India Private Limited*	*3,43,46,795*	*3,43,46,795*
	Subsidiary	*Trackcom Systems International Inc*	*9,02,000*	*9,02,000*

	Subsidiary	*Rymsa De Mexico*	*9,05,140*	*1,73,47,678*
	Other related party	*SMR Telecom Holdings Pvt Ltd*	*2,20,01,575*	*2,58,68,748*
Share Application Money pending Allotment		*Kavveri Telecom Infrastructure Limited*	*12,20,00,000*	*12,20,00,000*

LIST OF RELATED PARTIES

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

37. DUES TO MICRO AND SMALL ENTERPRISES.

S.No	**Particulars**	**2017 (Rs.)**	**2016 (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	2017		2016	
	Remuneration	Commission	Remuneration	Commission
C.Shiva Kumar Reddy – Managing Director	*Nil*	*Nil*	*Nil*	*Nil*
H Kasturi – Whole Time Director	*Nil*	*Nil*	*Nil*	*Nil*
L. Nicholas – Whole Time director	*Nil*	*Nil*	*Nil*	*Nil*
Other Non Executive Directors	*Nil*	*Nil*	*Nil*	*Nil*
Total	*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	2017 (Rs.)	2016 (Rs.)
Salaries & Wages	**Nil**	**Nil**
Cost of Materials and services (Included under material purchase)	**Nil**	**Nil**
Overhead	**Nil**	**Nil**
Capital Expenditure	**Nil**	**Nil**
Total	**Nil**	**Nil**

41. UNEXPIRED WARRANTY CHARGES

Particulars	2017 (Rs.)	2016 (Rs.)
Balance at the beginning of the year	*21,11,77,189*	*21,11,77,189*
Additions during the year	-	-
Reversals during the year	-	-
Balance at the end of the year	*21,11,77,189*	*21,11,77,189*

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:

Particulars	**2017**	**2016**
Lease rent recognized in the Statement of Profit and Loss	*1,80,000*	*7,20,000*
Minimum lease payments outstanding in respect of these arrears under:		
Not later than one year	*5,40,000*	*7,20,000*
Later than one year and not later than 5 years	*26,18,127*	*20,78,127*

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

44. IMPAIRMENT OF ASSETS

Pursuant to Accounting Standard AS-28- Impairment of assets issued by the Companies Accounting Standards Rules, 2006, the Company assessed its fixed assets for impairment as at 31st March 2014 and concluded that there has been no significant impaired fixed asset that needs to be recognized in the books of account.

45. DERIVATIVE INSTRUMENTS AND UNHEDGED FOREIGN CURRENCY EXPOSURE

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

Particulars	**Currency**	**2017**	**2016**
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	--	--

46. 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*	*10,379.12*	*Various Assessment Years*	*Commissioner of Income Tax Appeals – 1, Bangalore*

(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.127523/- deposit against CESTAT Appeal No.E/2210/2012 Stay/Misc/ROM.E/MISC/26402/2013 dt.13.06.2013.
(D) Rs.257088/- Cenvat deposit against O/O no.42/2013 dt: 21.02.2013 stay order no.119/2013 dt: 25.06.2013.
(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/-.

47. *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.*

48. *During the financial year 2012-2013, the company had taken back the materials from the customers as the payments were not being received from them. The Company in turn made arrangements with the vendors to return these materials back to the vendors from whom they were sourced.*

49. *The Company has not appointed the Company secretary (Compliance Officer) in the financial year 2016-2017.*

50. *The company has not deposited any Specified Bank Notes with the Bank during demonetization period (8th November 2016 to 30th December 2016).*

Particulars	SBN's	Other Denomination notes	Total
Closing cash in hand as on November 8, 2016	-	*9,69,679*	*9,69,679*
Add: *Permitted receipts*	**-**	-	-
Less: *Permitted Payments*			
Less *: Amount Deposited in Banks*	**-**	-	-
Closing cash in hand as on December 30th, 2016	-	*9,69,679*	*9,69,679*

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

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

As per our report of even date
For P.Murali & Co.,
Chartered Accountants
Firm Registration No. 007257S

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

P. Murali Mohana Rao
Partner
Membership No. 023412

C.Shivakumar Reddy
Managing Director
DIN: 01189348

R.H.Kasturi
Director
DIN: 00291851

Place: Hyderabad
Date: 30-05-2017.

STATEMENT ON SIGNIFICANT ACCOUNTING POLICIES

1. Background

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

2. Basis of Preparation of Financial Statements:

The financial statements have been prepared in accordance with the generally accepted accounting principles in India under the historical cost conversion on accrual basis, except certain tangible assets which are being carried at revalued amounts. Pursuant to section 133 of the Companies Act 2013 read with Rule 7 of Companies (Accounts) Rules 2014, till the standards of accounting or any addendum thereto are prescribed by Central Government in consultation and recommendation of the National Financial Reporting Authority, the existing Accounting Standards notified under the Companies Act 1956,shall continue to apply. Consequently these financial statements have been prepared to comply in all material respects with the accounting standards notified under Section 211(3C) of the Companies Act,1956 (Companies Accounting Standards Rules, 2006 as amended) and the relevant provisions of the Companies Act, 2013 ('the Act'). The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.

3. Use of estimates:

The preparation of financial statements in conformity with generally accepted accounting principles require the management to make estimates and assumptions that affect the reported amounts of Assets and Liabilities and disclosure of Contingent Liabilities at the date of the financial statements and the result of operations during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates. Significant estimates used by the management in the preparation of these financial statements include provisions for bad and doubtful debts. Any revision to accounting estimates is recognized prospectively.

4. Tangible and Intangible Fixed Assets:

Tangible Fixed Assets:

Fixed Assets are stated at cost of acquisition and subsequent improvements thereto, inclusive of taxes, freight and other incidental expenses related to acquisition, improvements and installation, except in case of revaluation of Fixed Assets where they are stated at

revalued amount, as contained in AS-10. Capital Work-in-Progress includes cost of Fixed Assets under installation, any unallocated expenditure and Interest during construction period on loans taken to finance the Fixed Assets

Intangible Fixed Assets:

Intangible assets are capitalized at cost if :

a) It is probable that the future economic benefits that are attributable to the asset will flow to the company;

b) The company will have control over the assets;

c) The cost of these assets can be measured reliably and is more than 10,000/- & this is in accordance with AS-26.

d) Expenditure on Research and Development:

(i) Capital Expenditure on Research and Development has been capitalized as Fixed Assets at the cost of acquisition inclusive of taxes, freight, and other incidental expenses related to acquisition and installation.

(ii) Revenue Expenditure on research including the expenditure during the research phase of Research and Development projects is charged to Profit and Loss Account as expense in the year of occurrence.

5. Depreciation:

Effective 1st April 2014, the Company depreciates its fixed assets over the useful life as prescribed in Schedule II of the Companies Act 2013, as against the earlier practice of depreciating at the rates prescribed in Schedule XIV of the Companies Act, 1956.

6. Impairment of Assets:

Management periodically assesses using external and internal sources whether there is an indication that an asset may be impaired.

Impairment occurs where the carrying value exceeds the present value of future cash flows expected to arise from the continuing use of the asset and its eventual disposal. The impairment loss to be expensed is determined as the excess of carrying amount over the higher of the asset's net sale price or present value as determined above.

7. Leases:

The Company has leased certain tangible assets and such leases where the Company has substantially retained all the risks and rewards of ownership are classified as operating leases. Lease income on such operating leases are recognized in the Statement of Profit &

Loss on a Straight line basis over the lease term or other systematic basis over the lease term which is more representative of the time pattern in which benefit derived from the use of the lease asset is diminished. Initial direct costs are recognized as an expense in the Statement of Profit & Loss in the period in which they are incurred

8. Inventory Valuation:

a) Materials, Stores & Spares, Tools and Consumables are valued at Cost or Market Value, whichever is lower, on the basis of First In First Out method reflecting the fairest possible approximation to the cost incurred in bringing the items of Inventory to their present location and condition.

b) Finished Stock of completed products is valued at lower of Cost or Net Realisable Value on the basis of actual identified units.

c) Scrap is valued at Net Realisable Value.

d) Work in process in respect of activities is valued at estimated cost.

e) Shuttering and Tools is valued at amortized Cost, spread over a period of three years.

9. Investments:

Long term investments are stated at cost. However, provision for diminution is made to recognize any decline, other than temporary, in the value of long term investments. Current Investments are stated at the lower of cost and fair value.

10. Research and Development:

(i) Capital Expenditure on Research and Development has been capitalized as Fixed Assets at the cost of acquisition inclusive of taxes, freight, and other incidental expenses related to acquisition and installation.

(ii) Revenue Expenditure on research including the expenditure during the research phase of Research and Development projects is charged to Profit and Loss Account as expense in the year of occurrence.

11. Revenue Recognition:

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

- *Sales Returns are recognized as and when ascertained and are reduced from the sales turnover of the year.*

- *Interest income is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.*

- *Export benefits are accounted on accrual basis.*

12. Warranty Expenses:

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

13. Exchange Fluctuation:

a. *Foreign currency transactions are accounted at exchange rates prevailing on the date of the transaction.*

b. *Gains and losses resulting from the settlement of foreign currency transaction and from the translation of monetary assets and liabilities denominated in foreign currencies at the yearend rates are recognized in the Statement of Profit and Loss.*

c. *In case the monetary assets and liabilities are covered by forward contract, the premium or discount arising at the inception of such a forward contract is amortized as expense or income over the life of the contract.*

14. Borrowing Cost:

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

15. Taxes:

- *Tax expense comprises of current and deferred tax. Current Income Tax is measured based on the tax liability computed after considering tax allowances and exemptions.*

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

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

16. Cash Flow Statement:

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

17. 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.

18. Earnings per share:

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

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

19. Investments in Subsidiary Companies:

a. *Pursuant to the scheme of Amalgamation, Eaicom India Private Limited (EIPL), erstwhile 100% subsidiary company of Megasonic Telecoms private Limited has become a wholly owned subsidiary of the company.*
b. *The Company incorporated a 100% subsidiary in the name of KAVVERI TECHNOLOGIES INC at Canada during the financial year 2005-06 with an initial investment of 292,000 CAD Dollars .Additional investment of CAD 2,015,000 /- was made during the year 2007-08 in the aforesaid subsidiary by partial conversion of the loan granted to the subsidiary.*
c. *The company has incorporated a 100% subsidiary in the name of KAVVERI TELECOM ESPANA during the financial year 2011-12 with 1,003,000 Euros as cost of investment.*

20. Contingent Liability:

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

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 : **No. 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: …….. **Address:** **E-mail Id:** **Signature:……., or failing him**	**2. Name: ……..** **Address:** **E-mail Id:** **Signature:……., or failing him**
3. Name: …….. **Address:** **E-mail Id:** **Signature:…….**	

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 22nd Annual general meeting of the company, to be held on the Thursday, 28th Day of September 2017, 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:

Ordinary Business	
1.	**To receive, consider and adopt the Audited Balance Sheet as at 31st March 2017 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 23rd Annual General Meeting to be held in the year 2018 and fix their remuneration**
Special Business	
4	**Re-appointment of Mr. C Shivakumar Reddy as Managing Director of the Company for further five years**
5	**Re-appointment of Mrs. RH Kasturi as Director-operations of the Company for further five years**

Signed this_____ day of_____ 2017

Affix Revenue Stamp

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 Board resolution 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

22nd Annual General Meeting – Thursday, - 28th September 2017

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 22nd Annual General Meeting of the Company to be held on Thursday, September 28, 2017 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.**

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.