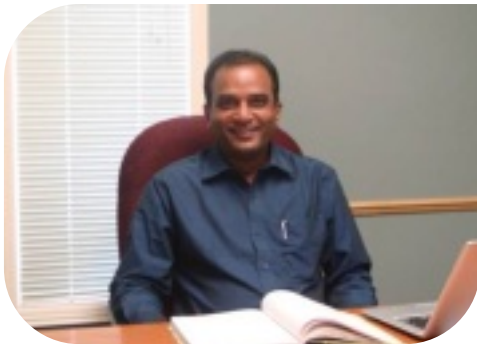




Connecting
the world
with new
frequency



Annual report 2009 - 2010



Letter from CMD

Dear Shareowners,

It is my pleasure to present highlights of the performance of your company for the financial year 2009-10.

Although Year 2009-10 has been a mixed recovery year for the economy of the world and despite challenging environment in the telecom industry in India with severe competition denting the ARPU of the cellular operators, your company has been able to achieve a commendable performance. Your company has grown its annual sales revenues and Profit after tax by 11.3% and 175.10% Respectively compared to the previous year. Your company for the second consecutive year was selected as one of the fastest growing 50 Technology companies in India and one of the fastest growing 500 technology companies in Asiapac by Deloitte. During the year, your company was also awarded SME INNOVATOR OF THE YEAR 2009 by YES BANK-BUSINESS TODAY. These coveted awards were possible only because of the unstinted, committed and tireless efforts put in by the entire team at Kavveri to enhance the shareholder value.

Your Company's Research and Development continues to strive to build new products and processes for all wireless technologies. This year alone more than 30 new Rf products were launched into the global markets and will be a key source of future revenues for your Company. Your company was also selected as one of the prime vendors of RF products by a large global OEM. This is a testament to our world class RF design and manufacturing capabilities and strength of our supply chain here in India. Your company's 150,000 sq.ft. area. A state-of-the-art manufacturing facility has been in operation for a year now and plans are underway to utilize these facilities to their full advantage. As I mentioned to you last year, your Company will have one of the top Rf and antenna manufacturing operations in the world with these facilities at full operation. Kavveri Telecom Infrastructure Ltd, a new business venture started by your company in 2008 to provide in building solution infrastructure to the cellular operators as a Neutral Host Provider under a build, own, operate and lease model over a longer 10 year term, has further enhanced its leadership position in the India market with the acquisition of several signature buildings during the year. Your Company has already signed up six major cellular operators in India for this business on pan-India basis and is engaged in talks with many of the remaining cellular operators for the extension of service.

Your Company's North American operations continue to grow through increased revenues of the existing businesses and the strategic acquisition of new companies. During the year, Your Company acquired Trackcom Systems International in Canada to augment its commercial, defense and aerospace business. Your company continues to focus on acquisitions overseas to improve its business and thereby enhance the shareholder value. Your company is also committed to its high growth strategy by focusing on innovation, expanding the global markets of our existing businesses and continuing the acquisition of leading edge technology solution companies in strategic market and product segments. I would like to thank our Customers, vendors, Bankers for their continued support and the entire team at Kavveri for their dedicated efforts. I would specially like to thank all the shareholders for their continued support in taking this company to greater heights and glory.

Best regards

C. Shivakumar Reddy

Chairman and Managing Director



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Vision

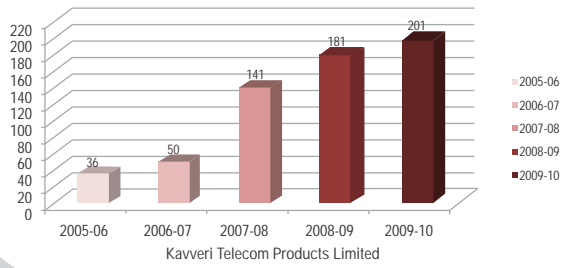
To be the best in class company of the world in the RF products and Antennae field

Decade at a glance:

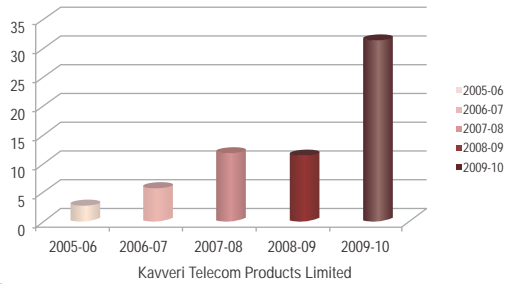
(Rs. in lacs)

Particulars	Jun-01	2001-02 9 months	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10
Total Revenue	1516.90	1848.62	2211.84	1120.45	1934.86	3568.14	5051.89	14565.67	18381.61	20369.51
Operating Profit (PBDIT)	271.06	312.86	246.30	120.59	215.54	405.33	818.12	2161.48	2929.18	18186.34
Profit after tax	180.96	97.90	51.49	25.07	108.66	264.71	590.63	1164.74	1134.16	3120.12
EPS (Rs.)	3.55	2.19	1.00	0.25	1.08	2.63	5.87	11.58	11.27	30.96
Share Capital	546.61	512.58	512.58	1006.08	1006.08	1006.08	1006.08	1006.08	1006.08	1006.08
Reserves & Surplus	133.44	183.81	137.85	1124.48	1175.79	1325.78	1798.44	2689.68	3706.89	6602.00
Fixed Assets (Gross Block & CWIP)	340.71	356.56	441.39	506.09	509.41	578.02	762.35	1606.41	3703.43	5102.34
Current Assets	1271.09	1404.29	2240.49	1855.23	1494.78	2517.20	4756.82	11752.25	10713.93	19108.78
Dividend declared	10%	12%	12%	-	5%	10%	10%	20%	10%	20%

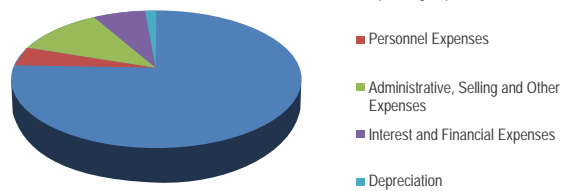
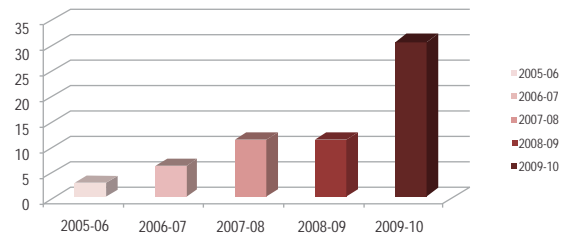
Net Sales (Rs. in crores)



PAT (Rs. in crores)



EPS



Kavveri Telecom Products Limited



Board of Directors

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

Company Secretary &
Compliance Officer
Mr. Madhwesh. K

AUDITORS
M/s S.Janardhan and Associates
Chartered Accountants

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

Location of Manufacturing Facility
Sy. No. 104/2, Suragajakkanahalli Village
KasabaHobli, AnekalTaluk, Bangalore

Bankers

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

Registrar & Share Transfer Agents
Alpha Systems Pvt. Ltd.
30, Ramana Residency,
4th Cross, Sampige Road
Bangalore 560 003

Listing and trading at Stock Exchanges
National Stock Exchange Ltd.
Bangalore Stock Exchange Ltd.
Bombay Stock Exchange Ltd.

Board Committees:

Audit Committee

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

Remuneration Committee

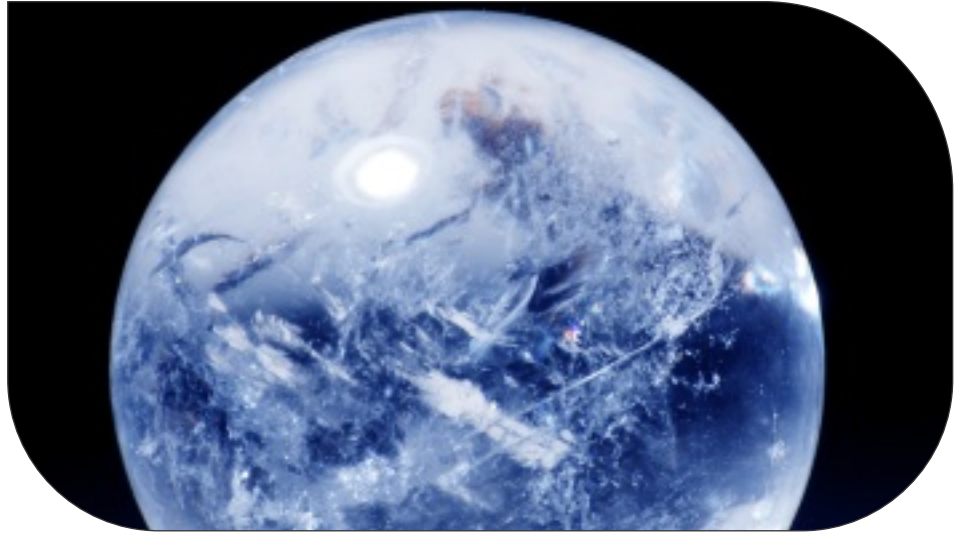
Mr. L R Venugopal, Chairman of the Committee
Mr. C V Jagadish, Member
Mr. B S Shankarnarayan, Member

Shareholders' and Investors' Grievance Committee

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

Compensation Committee

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



Bridging dreams to reality

Kaveri Telecom Products Limited was incorporated on January 19, 1996 as a public limited company under the name and style of M/s. Kaveri Telecoms Limited at Bangalore, Karnataka bearing registration number 08-19627 of 1996 to acquire the existing Proprietary concern "Kaveri Microwave Components" (KMC) as a going concern dealing in the manufacture of professional grade microwave components for usage in Telecommunications, Defense and Space Industry.

KMC was started as a Proprietary concern by Smt.Rajupeta Hanumantha Reddy Kasturi during October 1991 for manufacture of Microwave components and initially started with manufacture of Duplex Filters and subsequently started manufacturing products like Isolators, circulators, Power combiners, Decouplers, Low noise Amplifiers, Attenuators, Dummy Loads, Hybrid Transformers etc. The Company has received certificate of commencement of business on February 12, 1996.

Subsequently, the Company changed its name to Kavveri Telecom Products Limited (KTPL) to give better description of the products that the company manufactures. In 1997 KTPL went public and got listed in Bangalore, Hyderabad, Madras and Ahmadabad Stock Exchanges. The Company's shares are also traded in Bombay Stock Exchange w.e.f. January 2005 as 'S' group under Indo-next Segment. The company is presently listed on National Stock Exchange (NSE) and Bangalore Stock Exchange (BgSE).

Connecting expertise to experience:

KTPL is engaged primarily in the business of designing, development and manufacturing of RF products and antennas for telecom, defense and space applications in India and abroad.

KTPL ventured into exports in 1993-94 and established a separate R & D Division in Bangalore to develop new products. The Company's In-house R & D Centre has been recognized by the Ministry of Science and Technology since 1996. KTPL's R & D Centre has developed Antenna Coupler units for 2 and 4 channels, Tunable Band Pass Filters (for Defense), Limiters, Circulators, Duplex Filters, UHF, VHF and Microwave Application Antennas viz. Yagi and Omni-directional (VHF and UHF) and are approved by Telecom Engineering Centre, New Delhi. Components like Duplex Filters, Isolators, power combiners etc. are approved by DOT (QA) and Component Approval for Communication Technology (CACT-DOT).

KTPL continues to invest in the research and development of Telecom products and the diversification of product offerings, and has one of the industry's leading product portfolios in terms of performance and features. The proprietary design technology is a further differentiator for the company's products

Today KTPL is also one of the leading providers of intelligent indoor coverage solutions for the mobile communications industry

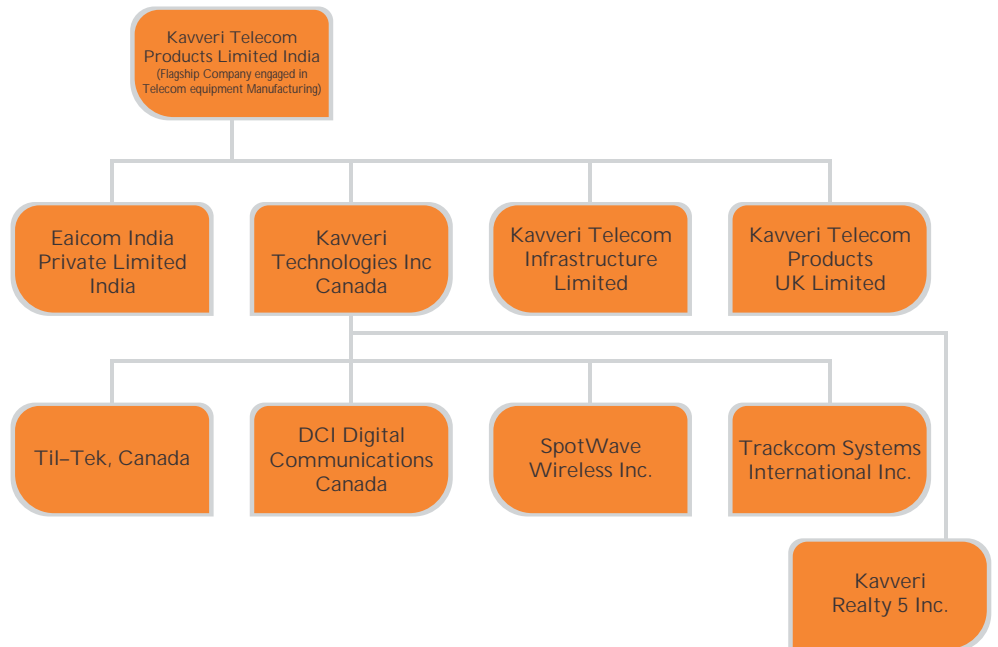
Bridging quality to Coverage

KTPL also provides total Turnkey solutions for coverage and capacity enhancement requirements for GSM & CDMA carriers in India. It also manufactures Solar Modules & solar systems for various applications. Company's list of clients include leading wireless manufacturers like Alcatel, Bharat Electronics Ltd, Ericsson, ITI, Motorola, Nokia, Siemens, Worldspace, ZTE, etc. and telecom operators like Aircel, Airtel, BSNL, Idea, MTNL, Reliance, Spice, Tata Tele, Vodafone Essar, etc.

Crossing the bridge to reach the world:

Owing to its aggressive growth plans KTPL has acquired four companies in US and Canada through its subsidiaries, Til-Tek (in April 2006), DCI digital communications (in April 2007), SpotWave Wireless (in December 2007) and Trackcom Systems International (in July 2009). These inorganic growth acquisitions has positioned the KTPL has a leading player in RF products and antennae in terms of technology experience and manufacturing expertise.

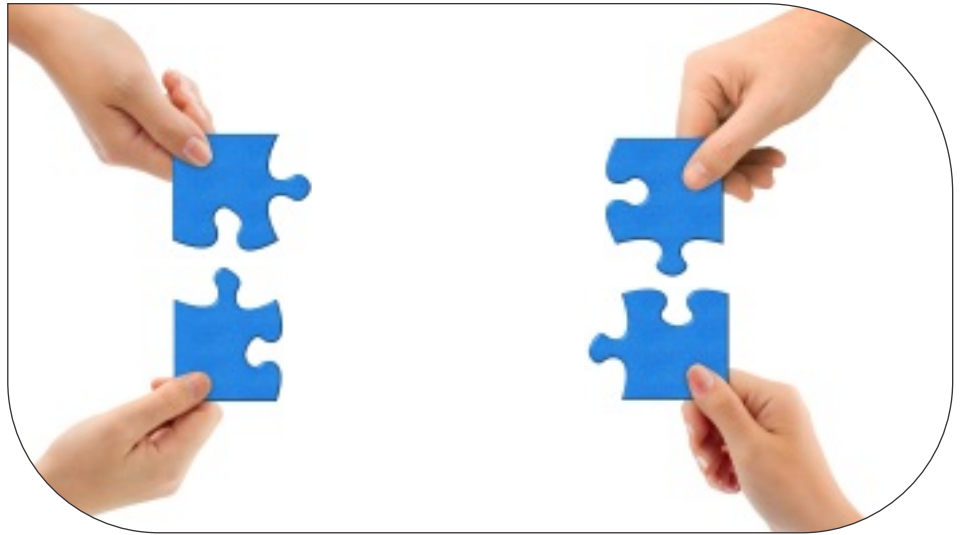
Corporate Structure



Year	Event
1996-1997	<ul style="list-style-type: none"> a) Date of Incorporation-16 Jan 1996 b) Date of commencement of Business-12.02.1996 c) Completion of Public issue 31,00,000 equity shares, and listing of the same on BgSE, Ahmadabad and Madras Stock Exchange d) R & D Center Recognized by Ministry of Science and Technology
1997-1998	<ul style="list-style-type: none"> a) ISO 9001 recognition from KPMG quality registrar for RF modules, Antennae system and MARR systems respectively.
1999-2000	<ul style="list-style-type: none"> a) Development of new technology for manufacture of High Bit Rate Digital Subscriber Line Equipment.
2004-2005	<ul style="list-style-type: none"> a) Passing of Resolution for voluntary De-listing of shares of the company form Hyderabad, Ahmadabad, and Madras Stock Exchange.
2005-2006	<ul style="list-style-type: none"> a) Approval for voluntary De-listing of shares of the company from Hyderabad, Ahmadabad, and Madras Stock Exchange b) Incorporation of overseas subsidiary by the name Kavveri Technologies Inc.
2006-2007	<ul style="list-style-type: none"> a) 18.10.2006- Delisting of shares of company from Hyderabad, Ahmadabad and Madras Stock Exchanges. b) Incorporation of step down subsidiary by the name Til-tek Antennae Inc, Kavveri Technologies Inc being the 100% shareholder of the company. c) Incorporation of step down subsidiary by the name Kavveri Realty 5 Inc, Kavveri Technologies Inc being the 100% shareholder of the company.
2007-2008	<ul style="list-style-type: none"> a) Approval for Employee Stock Option Scheme-2008 b) 28.01.2008- Listing of equity shares on National Stock Exchange. c) Acquisition of DCI Digital Communications Inc by Kavveri Technologies Inc 100% subsidiary. d) Incorporation of step down subsidiary by the name Spotwave wireless limited, Kavveri Technologies Inc being the 100% shareholder of the company.
2008-09	<ul style="list-style-type: none"> a) Delisting of shares from ASE with effect from 27.03.2008 b) Delisting of shares from Madras Stock exchange w.e.f 15.10.2008. c) Deloitte Technology fast 50 and fast 500 awards.
2009-10	<ul style="list-style-type: none"> b) Deloitte Technology fast 50 and fast 500 awards. c) Incorporation of Subsidiary in UK by the name "KAVVERI TELECOMPRODUCTSUK LIMITED". d) Acquisition of Trackcom Systems International by subsidiary of KTPL. e) Best Small & Medium Enterprises Innovator of the year was awarded to the Company by YES BANK.

Bridging passion to excellence

- The Only approved supplier of Antennas throughout the world for World Space Corporation, USA.
- Only Indian Company exporting Antennas & RF Products to North America.
- The company with largest number of approvals for Antennas production from BSNL in India.
- Largest manufacturer of Antennas & RF Products in India.
- Mass manufacturing strengths in Antennas & RF Products - Capacity to manufacture 1,00,000 high quality Antennas & 10,000 RF products every month.
- First Indian private owned company to have Anechoic Chamber for testing the antenna parameters.
- First Indian Company to design, develop & manufacture Frequency Translating Repeaters.



Profiles of the founders:

Mr. C Shivakumar Reddy:

Mr. Reddy, aged 47 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 42 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 to day HR and Administration activities of the company.

Ms. C Uma Reddy:

Ms. Reddy aged 49 years, is a Bachelor in Arts, has more than 20 years experience in managing the business of Telecom and other sector companies. Prior to joining Kavveri in 1996, she was heading the marketing division of a leather products company and was instrumental in the development of the company.

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

A BRIEF ABOUT THE COMPANY

Kavveri Telecom Products Limited formerly Kavveri Telecoms Ltd. ("Kavveri") was incorporated in 1996 and is engaged in the design, development and manufacture of RF products and Antennas for Telecom, Defense and Space Applications in India and abroad. Kavveri enjoys the status of being the largest manufacturers of Antennas & R F Products in India. Kavveri also provides total Turnkey solutions for coverage and capacity enhancement requirements for GSM 3G and CDMA carriers in India.

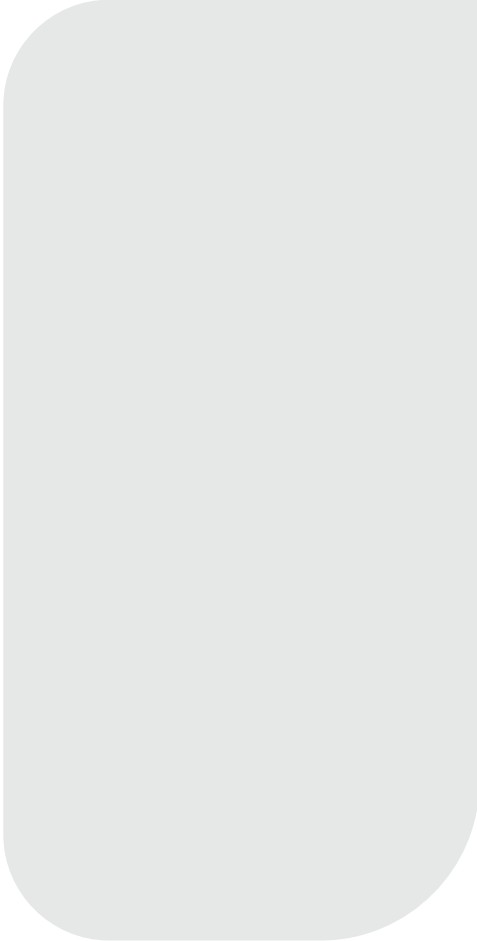
Kavveri is one of the leading providers of intelligent indoor coverage solutions for the mobile communications industry. Kavveri is working directly with mobile carriers to introduce innovative approaches that extend wireless coverage indoors while preserving network integrity. It provides repeater solutions seamlessly to bring the outdoor signal inside for medium and large sized enterprise facilities – ensuring that cell phones and mobile devices work reliably indoors.

Its focus on quality products has also enabled Kavveri to become the preferred vendor for GSM and CDMA operators and OEMs across India. Kavveri's esteemed clientele include industry giants such as Airtel, BSNL, Idea, ISRO, Nokia Siemens, Reliance Communications, Tata Teleservices, Vodafone to name a few. All the products that are manufactured by the company are designed and developed by the in-house Research & Development Centre of the Company.

Kavveri's products are mainly used in Telecom, Defense and Space segments and it has been dominant in the Telecom Segment since inception. For the last three years, Kavveri has been designing and developing various Radio Frequency Products and Antennas for defense and space requirements. Kavveri continues to invest in the research and development of Telecom products and the diversification of product offerings, and has one of the industry's leading product portfolios in terms of performance and features. The proprietary design technology is a further differentiator for the company's products. The company is also looking aggressively at inorganic growth opportunities and has acquired four companies in Canada through its subsidiaries i.e. Til-Tek (in April 2006); DCI digital communications (in April 2007); Spotwave wireless (in December 2007) and Trackcom Systems Inc., (in July 2009).

CLIENTELE

- Ericsson
- Alcatel Lucent
- Reliance Communications
- ZTE
- Airtel
- Vodafone
- Idea
- Aircel
- BSNL
- Tata Indicom
- World space
- MTNL
- Huawei
- Bharat Electronics



R&D

The strength of any company that is moving in the forefront of technology product domain is its R&D. At KTPL, our R&D is robust and well layered with systems and processes to maintain the standards in innovation and production. Which is why, demanding clients have found our products meeting their standards and our innovation practical and effective.

Our R&D team is 40 member strong and operates on a 4000 sqft lab and innovation center. To ensure that the standards of our products meet international standards KTPL has invested on procuring latest technology in testing and production.

MAJOR TECHNOLOGIES

In-Building Solution

- Wide band antennas for IBS
- Very small flat antenna technology
- Ultra wide band antennas, patent pending
- Wide band antenna, patent pending
- One of the thinnest IBS Omni antenna (Fractal)
- World's first 700-6000 MHZ splitters

INFRASTRUCTURE

Testing & production:

- Network Analyzers up to 20 GHz
- Spectrum analyzers up to 26.6 GHz
- Signal Generators
- Oscilloscopes
- PIM Analyzer 900
- PIM Analyzer 1800
- PIM Analyzer 1900
- RF Communication test set
- Wideband amplifiers
- Anechoic chamber for antenna testing
- Satimo Star Lab for production antenna testing
- Environmental Chamber (-20 °C to +100 °C)
- Vibration test table
- Bump & shock test table
- Machine shop
- Painting shop

DESIGNING TOOLS:

- Advance design software (ADS)
2D circuit & EM simulation
- CST Microwave studio
3D EM simulation, Time domain
- WIPL-D
3D EM simulation, Frequency domain
- AutoCAD Inventor
Mechanical 3D design tool
- Solidworks
Mechanical 3D design tool
- AutoCAD
Mechanical 2D design tool
- EDWIN 2000
PCB design tool

NOTICE

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

Day and Date : Thursday the 30th September 2010
Time : 10.00 A.M.
Venue : Plot No. 31-36, I Main, II Stage, Arakere MICO Layout,
Bannerghatta Road, Bangalore 560 076

Ordinary Business:

1. To receive, consider and adopt
 - a. The audited balance sheet as at 31st March 2010;
 - b. The audited Profit and Loss Account for the year ended on that date;
 - c. The auditors' report, thereon; and
 - d. The directors' report.
2. To declare final dividend on equity shares for the financial year ended 31st March 2010 at Rs.2/- per share.
3. To appoint a Director in place of Mr. L Nicholas, the Director – R & D, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. C V Jagadish, Independent Director, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint M/s S Janardhan and Associates, Chartered Accountants, Bangalore, as Statutory Auditors and to hold office from the conclusion of this Meeting, until the conclusion of the next Annual General Meeting and to fix their remuneration.

By Order of the Board

MADHWESH K
Company Secretary

Bangalore
Date: 14.08.2010

Notes:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON HIS BEHALF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE INSTRUMENT APPOINTING A PROXY SHOULD BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LATER THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. Documents relating to any of the items mentioned in the Notice are open for inspection at the Registered Office of the Company on any working day during the business hours.
3. The Register of Members and share transfer books will remain closed from 18.09.2010 to 30.09.2010 both days inclusive.
4. Dividend if declared shall be payable to those members whose name appear in the Register of Members as on 18.09.2010 and to the beneficial owners as per the records of NSDL and CDSL on day ending on 18.09.2010
5. Members who have not encashed their dividend warrants so far, for the below mentioned financial years, may claim or approach the Company for the payment thereof as the same will be transferred to the Investor Education and Protection Fund of the Central Government, pursuant to the provisions of Section 205 C of the Companies Act, 1956 on the

respective dates mentioned hereunder. The members will lose their right to claim such dividend after such date from the Company.

Financial Year	Due Date
2002-03	30-09-2010
2004-05	30-09-2012
2005-06	29-09-2013
2006-07	29-09-2014
2007-08	30-09-2015
2008-09	30-09-2016

6. Members are requested to notify any change in their address, transfer of shares, and request for demat of shares to our Registrar and Share Transfer Agents.
7. The trading in the Company's equity shares on the Stock Exchanges is permitted only in dematerialized form for all classes of investors. In view of numerous advantages offered by the depository system, members are requested to avail of the facility of dematerialization of the Company's equity shares held by them.
8. Members are requested to bring duly filled in Attendance Slip for attending the meeting. The Corporate Members are requested to attach the Certified True Extract of the Board Resoluion duly authorising their representative to attend this Annual General Meeting along with the attendance slip.

By Order of the Board

MADHWESH K
Company Secretary

Bangalore
Date: 14.08.2010



Directors Report

To the members,

The Board of Directors take pleasure in presenting their Report along with the Audited Accounts of the Company for the year ended 31st March 2010.

(Rs. In lacs)

	FOR THE YEAR ENDED MARCH 2010	FOR THE YEAR ENDED MARCH 2009
Net Sales & other income	20369.51	18329.91
Operating Profit	5813.69	2929.18
Interest	1154.22	1243.19
Profit before Depreciation	4659.47	1685.99
Depreciation	238.27	131.91
Profit before Tax	4421.19	1554.08
Provision for Tax		
- Current Tax	9,01.90	271.93
- Deferred Tax	3,99.17	142.49
- Fringe Benefit Tax	-	5.50
Profit after Tax	3120.12	1134.16
Balance brought forward	2656.55	1639.34
Amount available for appropriation	5771.21	2774.25
Dividend @ 20% (10%) per equity share	201.38	100.61
Dividend Tax	33.45	17.10
Amount Transferred to General Reserve	233.60	0
Balance carried to balance sheet	5302.78	2656.54
Basic Earnings per share (Rs.)	30.96	11.27

Results of Operation:

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

- Total Revenue grew to Rs. 20369.51 lacs as against Rs. 18329.91 lacs in the corresponding previous financial year, which is an increase of 11.13%.
- Net Profit after tax grew to 3120.12 lacs as against Rs. 1134.16 lacs in the corresponding previous financial year, which is a increase of 175.10%
- Earnings per shares; Rs. 30.96/- for the year under review against Rs.11.27 in the corresponding previous financial year.

DIVIDEND

Your directors recommend a final dividend of Rs. 2.00 per share (20% on par value of Rs. 10) fortifying the company's tradition of enabling shareholders to participate in its progressive performance. If approved by the shareholders at the ensuing Annual General Meeting, the dividend will be paid as per the applicable regulations.

SUBSIDIARIES

The Company made application to Central Government vide SRN A74691080 dated 16.12.2009 for obtaining exemption under Section 212(8) of the Companies Act 1956 (i.e., exemption from enclosing the Balance Sheet...etc of subsidiary companies.) The Central Government Vide its letter dated 02.06.2010 has granted exemption from enclosing Balance Sheet etc of subsidiary companies. The Company undertakes that annual accounts of the subsidiary companies and related detailed information will be made available to the holding and subsidiary company's investors seeking such information at any point of time along with the full annual accounts. In addition to this, financial details of the subsidiary companies are enclosed with consolidated balance sheet as per the instruction of Central Government.

Details of Conversion rate as on 31.03.2010:

Currency	Balance Sheet	Profit and Loss a/c
CAD	44.2128	43.5073
USD	44.8950	47.2158

RIGHT ISSUE:

Due to secondary market conditions, the Board of Directors decided to defer the rights issue and withdrew the Draft Letter of Offer filed with SEBI on 10.03.2010.

EMPLOYEE STOCK OPTION PLAN

Employees Stock Option Scheme-2008(ESOS-2008)

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

As per the scheme a compensation committee is formed, which grants option to the eligible employees. The options are granted at face value of Rs. 10/- at par. The options granted vests over a period of 1 to 3 years and can be exercised over a period of 5 years from the date of vesting. The compensation committee has granted 139125 options to eligible employees.

Details of ESOS as on 14.08.2010:

(a)	Number of options granted;	139125
(b)	the pricing formula	At par Rs. 10/-
(c)	options vested	25708
(d)	options exercised	8180
(e)	the total number of shares arising as a result of exercise of option	8180
(f)	options lapsed	14200
(g)	variation of terms of options	None
(h)	money realized by exercise of options	Rs. 81800/-
(i)	total number of options in force	124925
(j)	employee wise details of options granted to	
	(I) Senior managerial personnel	Nil
	(ii) Any other employee who receives a grant in any one year of option amounting to 5% or more of option granted during that year.	Nil
	(iii) identified employees who were granted option, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant	Nil
(k)	diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of option calculated in accordance with [19][Accounting Standard (AS) 20 'Earnings Per Share']	Rs. 30.96/-
(l)	Where the company has calculated the employee compensation cost using the intrinsic value of the stock options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the fair value of the options, shall be disclosed. The impact of this difference on profits and on EPS of the company shall also be disclosed: Impact on EPS.	NA
	Basic	
	Diluted	
(m)	Weighted-average exercise prices and weighted-average fair values of options shall be disclosed separately for options whose exercise price either equals or exceeds or is less than the market price of the stock	NA

Fixed Deposits

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

Directors Responsibility Statement

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

- In preparation of the annual accounts, the applicable Accounting Standards had been followed along with proper explanation relating to material departures.
- The Directors had selected such accounting policies and applied them consistently and made Judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period.
- The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities.
- The Directors had prepared the annual accounts on a going concern basis.

Corporate Governance

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

Particulars of Employees

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

Human Resource Management

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

Disclosures

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

Particulars of the Directors seeking re-appointment

Mr. L Nicholas, Director – R & D and Mr. C V Jagdish, Independent Director, retire by rotation at the ensuing Annual General Meeting and being eligible offers themselves for re-appointment.

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

Auditors

The Auditors M/s. S. Janardhan and Associates, Chartered Accountants retire at the conclusion of the ensuing Annual General Meeting and their reappointment is sought under the ordinary business of the Notice of Annual General Meeting.

Bangalore

Date: 14.08.2010

Corporate Social Responsibility:

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

Separation of Ownership from Management

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

Disqualification of Directors:

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

Acknowledgements

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

For and on behalf of the Board

C. SHIVAKUMAR REDDY
Chairman and Managing Director

ANNEXURE TO DIRECTORS REPORT

Annexure - I

Sl. No.	Name	Designation	Qualification	Age	Experience (Years)	Date of Commence ment of Employment	Remuneration received - p.a.	Previous employment
1	Mr. C. Shivakumar Reddy	Chairman-cum managing director	B.Tech	47	21	19.01.1996	1,43,25,115	—
2	Mrs. R.H.Kasturi	Director- HR & Admin	BE	42	18	19.01.1996	1,43,25,115	—
3	Mr. L. Nicholas	Director – R & D	BE	63	37	03.03.2003	21,00,000	ISRO

Annexure - II

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

A. Conservation of Energy

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

B. Technology Absorption

Efforts made in Technology absorption : Form – B Enclosed

C. Particulars of Foreign Exchange Earnings and Outgo (2009-10)

CIF Value of imports : Rs. 211,187,804/-
Expenditure in foreign currency (travel) : Rs. 1,423,218/-
Foreign Exchange earned : Rs. 4,853,338/-

FORM B

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

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

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

New Products developed:

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

Products for Telecom:

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

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

Products for Export

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

These products were developed for North American Public Safety & Telecom requirements. All these products have been qualified and approved by customers with sample orders. Some of these products are under production.

Products for Defense:

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

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

Benefits derived as a result of above research and Development:

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

Future plan of action:

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

PRODUCTS FOR TELECOM:

1. Power Amplifiers at different frequency bands
2. Flexi POI (point of interconnect)
3. TRX modules
4. Twin Tower Mounted Amplifier for UMTS
5. Tower Mounted Booster for UMTS
6. Diplexers covering UMTS band
7. N:N power combiners
8. GSM 1800 Base Station Antenna, 21dBi,65 deg, VET
9. GSM 1800 Base Station Antenna, 16.5dBi, 90 deg, VET
10. GSM 900 Base Station Antenna, 18dBi, 65 DEG, VET
11. DUAL BAND Base Station Antenna, 17/17dBi, VET
12. GSM 900/21dBi Base Station Antenna, 33 DEG, VET
13. Dual Band Outdoor Omni Antenna, Ceiling mount
14. Ultra Wide Band Antenna (3.1-10.6) GHz
15. GSM 900 Base Station Antenna, 12dBi, Patch Panel Antenna
16. GSM 900 Base Station Antenna, 4 port,17/17,VET
17. DUAL BAND Base Station Antenna ,17/19,VET
18. Wide Band Omni Antenna(800-6000)MHz
19. Yagi, 390-410MHz, 14dBi

PRODUCTS FOR EXPORT:

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

PRODUCTS FOR DEFENCE AND SPACE:

1. Dual Frequency LO Generator
2. L & S band Power divider
3. L band Receiver
4. Bias Tee with Coupler
5. Wide band Microwave Power divider
6. Customized filter products
7. Slotted Blade Antenna, UHF
8. Slotted Blade Antenna, S-Band
9. Slotted Blade Antenna, P-Band
10. Monopole Antenna, P-Band
11. Monopole Antenna, L-Band
12. Monopole Antenna, UHF

Bangalore
Date: 14.08.2010

Expenditure on Research and Development

	2009 – 10	2008-09
a. Capital	123,310,737	42,349,738
b. Recurring	20,975,948	30,289,730
Total	144,286,685	72,639,468
c. Total R & D expenditure as a Percentage of sales and services	6.85%	3.58%

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

For and on behalf of the Board

C. SHIVAKUMAR REDDY
Chairman and Managing Director

Annexure-III

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

To The Members of
Kaveri Telecom Products Limited

We have examined the compliance of conditions of corporate governance by KAVVERI TELECOM PRODUCTS LIMITED, for the year ended on March 31, 2010, as stipulated in Clause 49 of the Listing Agreement

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

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

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

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

For S. Janardhan & Associates
Chartered Accountants

B. Anand
Partner

Membership No. : 29146
Bangalore, June 19, 2009

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

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

I. BOARD OF DIRECTORS

A. Composition of Board:

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

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

For the Financial Year ended 31st March 2010 there were Board Meetings held, the dates of which are 16th June 2009, 17th June, 2009, 31st July 2009, 23rd October 2009, 28th November 2009, 24th December 2009, 31st January 2010 and 10th March 2010. Also the Board has passed resolutions by circulation 3 times – 17th August 2009, 28th August 2009 and 09th September 2009. All the circular resolutions were placed before immediately succeeding Board Meetings.

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

Sl. No.	Name of the Director	Category	Presence in last AGM	No. of Board Meetings attended	Directorship in other Companies			
					Public	Private	Committee Chairman	Committee Member
1.	C Shivakumar Reddy	Chairman & MD	Yes	8	4	1	Nil	Nil
2.	R H Kasturi	Director HR & Admin.	Yes	8	2	1	Nil	Nil
4.	L Nicholas	Director R & D	Yes	8	Nil	Nil	Nil	Nil
5.	L R Venugopal	Independent Director	Yes	7	1	Nil	Nil	Nil
6.	B S Shankarnarayan	Independent Director	Yes	8	2	2	Nil	Nil
7.	Jagadish C V*	Independent Director	No	1	Nil	Nil	Nil	Nil

*Appointed with effect from 17.08.2009 as additional director and regularized with effect from 30.09.2009.

B. There were no pecuniary relations or transactions between the non-executive Directors and the Company during the financial year 2009-10.

II. COMMITTEES OF THE BOARD:

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

The Committees constituted by the Board as on date are:

1. Audit Committee:

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

Members of the committee are as follows:

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

* Appointed with effect from 17.08.2009 as additional director and regularized with effect from 30.09.2009

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

Terms of reference:

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

The Audit Committee of the Board had met 6 times during the period under review and the meetings were held on 16th June 2009, 31st July 2009, 28th August 2009, 21st October 2009, 28th November 2009 and 29th January 2010. The details of attendance of members of the Audit Committee are as follows:

Name of the Member	Status	No. of Meetings attended
Mr. L R Venugopal	Chairman	6
Mr. B S Shankarnarayan	Member	6
Mr. C Shivakumar Reddy	Member	5
Mr. Jagadish C V @	Member	1*

@ Appointed with effect from 17.08.2009 as additional director and regularized with effect from 30.09.2009

* Also Joined through conference call in the meeting dated 21.10.2009

2. Remuneration Committee:

Members of the committee are as follows:

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

* Appointed with effect from 17.08.2009 as additional director and regularized with effect from 30.09.2009

Details of the remuneration paid to the Executive Directors during the year 2009-10 and the number of shares held by each director:

Sl. No.	Name of the Director	Category	Remuneration received	No of Shares held
1.	Mr. C Shivakumar Reddy	Chairman cum Managing Director	1,43,25,115	856099
2.	Mrs. R H Kasturi	Director-HR & Administration	1,43,25,115	613769
3.	Mr. L Nicholas	Director R& D	2,100,000	4200

Terms of reference:

To fix the remuneration payable to Managerial Personnel from time to time.

The Committee has met once during the year i.e. on 17th August 2009.

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

Name of the Director	Status	No. of Meetings attended
Mr. L R Venugopal	Chairman	1
Mr. B S Shankarnarayan	Member	1
Mr. Jagadish C V [@]	Member	-

@ Appointed with effect from 17.08.2009 as additional director and regularized with effect from 30.09.2009

3. Shareholders /Investors Grievance Committee:

Members of the committee are as follows:

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

* Appointed with effect from 17.08.2009 as additional director and regularized with effect from 30.09.2009

Terms of reference:

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

The Shareholders / Investors Grievance Committee of the Board had not met during the year under review.

3. Compensation Committee:

Members of the Committee are as follows:

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

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

The Compensation Committee had not met during the year under review. However, it passed a resolution by circulation on 10th March 2010. The circular resolution was placed before immediately succeeding Board Meeting on 15th May 2010.

Depository System:

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

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

As on 31st March 2010 around 96.98% of the shares of the Company were dematerialized.

Mode of Shareholding	No. of shares	% of total equity shares
Physical Mode	304157	3.02%
Electronic Mode	9756643	96.98%



Directors Liable to retire by rotation

Mr. L Nicholas and Mr. C V Jagadish retire by rotation as per Section 256 of the Companies Act, 1956 and being eligible offer themselves for re-appointment.

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

Mr. L Nicholas has a degree in Bachelor of Engineering (Electronics & Communications) from Bangalore University. He had joined Communication System Division of ISRO Satellite Centre, Department of Space, Bangalore and served this organization for about 23 years. During this period he had been actively associated with design, Development, Training and Qualification of various Onboard Satellite Antennas and ground based antennas.

Major contribution at ISRO

- 1) Responsible for setting up Antenna test ranges both indoor (Anechoic chamber) and outdoor test ranges.
- 2) Designed and developed Shaped Beam Antennas for Indian Remote Sensing Satellites to transmit data in S-band and X-band

- 3) As a Project Manager for Antennas and passive Systems of Indian Remote Sensing Satellites, IRS-IC and IRS ID, he had been responsible for engineering wave guide plumbing and feed network at X-band which went onboard for the first time on Indian Satellite

Since May 1997 he has been with Kavveri, heading its R&D. He has been responsible for design, development of various RF Products and antennas on Indian Satellite

Awards

- 1) "Distinguished Achievement Award" from Department of Space (DOS) for his contribution for the first Indian Satellite 'Aryabhata'
- 2) National Research and Development Corporations (NRDC) Independence Day Award in the year 1995 for the design and development of Satellite Hand Held Phone Antenna in UHF/L/S band.

Patents

He holds a patent for Triband Satellite Hand Held Phone Antenna (UHF/L/S bands) registered at European Patent Agency. This antenna was developed at ISRO on contract with INMARSAT-UK.

Technical publications

He has about 16 papers published in foreign and Indian journals viz., IEEE, European Microwave Conference, Japan Microwave and Space Symposium etc.

Mr. L Nicholas does not hold directorship in any other Company. Mr. L Nicholas holds 4200 equity shares of the Company as on 31st March 2010

Brief Profile of Mr. C V Jagadish who retires by rotation and is eligible for re-appointment:

Mr. C V Jagadish has vast experience in the business development arena and semiconductor industry. Mr. C V Jagadish was the Vice President of the Marketing & Business Development division of Systems on Silicon Manufacturing Company Pte. Ltd., (SSMC) before he was appointed as CEO of SSMC on December 15, 2006. Mr. Jagadish C V graduated with a Bachelor of Electronics & Communication (1st Class Honours) from the National Institute of Engineering Mysore, India in 1979 and began his career as an Engineer with Indian Telephone Industries and National Semiconductors Singapore, before advancing to holding several key managerial positions in the private sectors. He was a Director with FEI Company of USA before embarking his career with SSMC, Singapore.

Mr. C V Jagadish does not hold directorship in any other Company. Mr. C V Jagadish does not hold any equity shares of the Company as on 31st March 2010

Annual General Meetings:

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

Year	Venue	Date & Time
2007	31-36, 1st Main, 2nd Stage Arakere MICO Layout Bannerghatta Road Bangalore 560 076.	29-09-2007 & 10.00 a.m.
2008	31-36, 1st Main, 2nd Stage Arakere MICO Layout Bannerghatta Road Bangalore 560 076.	30-09-2008 & 10.00 a.m.
2009	Plot No. 9, I Main, II Stage, Arakere MICO Layout, Bannerghatta Road, Bangalore 560 076	30-09-2009 & 10.00 AM

Year	Whether any special resolutions passed	Whether any special resolution passed last year through postal ballot	Whether any special resolution is proposed to be conducted through postal ballot	Procedure for Postal Ballot
2009	No	No	No	NA
2008	Yes	Yes	No	Duly Followed
2007	Yes	No	NA	NA

Disclosures:

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

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

Means of Communication

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

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

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

General Shareholders Information

AGM	: Fifteenth Annual General Meeting
Date & time	: 30.09.2010 10.00 a.m.
Venue	: Plot No. 31-36, I Main, II Stage, Arakere MICO Layout, Bannerghatta Road, Bangalore 560 076
Financial year	: 1 st April 2009 to 31 st March 2010
Book Closure	: 18.09.2010 to 30.09.2010 (both days inclusive)
Dividend Payment date	: 6 th October 2010

Listing on Stock Exchanges:

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

The listing fee for the year 2010-11 has been paid to all the Stock Exchanges where the Company's shares are listed.

Share Transfer System

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

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

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

Market Price Data:

Monthly High, Low and Trading volumes for the F.Y. 2009-10 in Bombay Stock Exchange is as follows:

Month	Open Price	High Price	Low Price	Close Price	No. of Shares	No. of Trades	Total Turnover	* Spread	
								H-L	C-O
Apr 09	28.50	45.35	28.00	39.15	8,51,587	4,206	3,27,15,206	17.35	10.65
May 09	41.00	65.95	33.60	56.10	6,35,591	4,562	3,19,59,142	32.35	15.10
Jun 09	58.90	81.95	47.25	48.40	12,91,855	7,193	8,38,60,780	34.70	-10.50
Jul 09	48.00	53.50	38.00	44.40	4,62,238	3,088	2,02,96,695	15.50	-3.60
Aug 09	46.60	59.40	45.65	57.90	9,51,177	4,257	4,99,29,658	13.75	11.30
Sep 09	60.75	61.15	53.50	56.80	3,85,450	2,706	2,18,97,322	7.65	-3.95
Oct 09	56.80	71.40	55.55	70.85	7,12,333	4,025	4,67,69,488	15.85	14.05
Nov 09	69.70	83.90	61.50	63.75	9,88,448	8,385	7,18,86,918	22.40	-5.95
Dec 09	65.00	68.50	61.55	67.00	5,15,608	3,653	3,35,41,979	6.95	2.00
Jan 10	68.90	92.30	66.85	79.25	24,15,534	13,371	20,00,24,483	25.45	10.35
Feb 10	83.00	91.10	75.15	78.95	10,63,418	5,366	8,92,49,395	15.95	-4.05
Mar 10	79.50	85.00	76.20	84.30	14,45,826	4,233	11,75,80,731	8.80	4.80

Shareholding Pattern as on 31st March 2010

Category Code	Category of shareholder	Total Number of shareholders	Total number of shares	Number of shares held in dematerialized form	Total shareholding as a percentage of total number of shares		Shares pledged or otherwise encumbered	
					As a percentage of (A+B) ¹	As a percentage of (A+B+C)	Number of shares	As a percentage
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)=(VIII)/(IV)*100
(A)	Shareholding of Promoter and Promoter Group ^[2]							
(1)	Indian							
(a)	Individuals/ Hindu Undivided Family	3	1469968	1469868	14.61	14.61	500000	34.01
(b)	Central Government/ State Government(s)	-	-	-	-	-	-	-
(c)	Bodies Corporate	-	-	-	-	-	-	-
(d)	Financial Institutions/ Banks	-	-	-	-	-	-	-
(e)	Any Other (specify)	-	-	-	-	-	-	-
	Sub-Total (A)(1)	3	1469968	1469868	14.61	14.61	500000	34.01
(2)	Foreign							
(a)	Individuals (Non-Resident Individuals/ Foreign Individuals)	-	-	-	-	-	-	-
(b)	Bodies Corporate	-	-	-	-	-	-	-
(c)	Institutions	-	-	-	-	-	-	-
(d)	Any Other (specify)	-	-	-	-	-	-	-
	Sub-Total (A)(2)	0	0	0	0.00	0.00	0	0
	Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)	3	1,469,968	1,469,868	14.61	14.61	500,000	34.01
(B)	Public shareholding ^[3]							
(1)	Institutions							
(a)	Mutual Funds/ UTI	0	0	0	0.00	0.00		
(b)	Financial Institutions/ Banks	1	50	50	0.00	0.00		
(c)	Central Government/ State Government(s)	-	-	-	-	-		
(d)	Venture Capital Funds	-	-	-	-	-		
(e)	Insurance Companies	-	-	-	-	-		
(f)	Foreign Institutional Investors	3	136,885	136,885	1.36	1.36		
(g)	Foreign Venture Capital Investors	0	0	0	0	0		
(h)	Any Other (specify)							
	Sub-Total (B)(1)	4	136,935	136,935	1.36	1.36		
(2)	Non-institutions							
(a)	Bodies Corporate	226	1,279,071	1,279,070	12.71	12.71		
(b)	Individuals -							
i.	Individual shareholders holding nominal share capital up to Rs. 1 lakh.	5,825	2,230,053	2,163,347	22.17	22.17		
ii.	Individual shareholders holding nominal share capital in excess of Rs. 1 lakh.	47	4,634,367	4,397,017	46.06	46.06		
(c)	Any Other (specify)							
	NRI	109	73027	73027	0.73	0.73		
	Clearing Member	93	236279	236279	2.35	2.35		
	Trust	3	1100	1100	0.01	0.01		
	Sub-Total (B)(2)	6,303	8,453,897	8,149,840	84.03	84.03		
	Total Public Shareholding (B)= (B)(1)+(B)(2)	6,307	8,590,832	8,286,775	85.39	85.39		
	TOTAL (A)+(B)	6,310	10,060,800	9,756,643	100.00	100.00	500,000	4.97
(C)	Shares held by Custodians and against which Depository Receipts have been issued	0	0	0	0	0	-	
	GRAND TOTAL (A)+(B)+(C)	6,310	10,060,800	9,756,643	100.00	100.00	500,000	4.97

Name and Designation of the Compliance Officer:

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

Registrar and Share Transfer Agents

M/s Alpha Systems Private Ltd.
No. 30, Ramana Residency, 4th Cross
Sampige Road, Malleswaram
Bangalore 560 003.
Ph : 080-23460815
E-mail : alfint@vsnl.com

Manufacturing Facility

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

MANAGING DIRECTOR CERTIFICATION ON CORPORATE GOVERNANCE

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

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

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

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

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

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

a) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting

and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

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

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

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

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

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

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

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

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

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

matters involving alleged misconduct) and we have provided protection to 'whistle blowers' from unfair termination and other unfair or prejudicial employment practices; and

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

C. SHIVAKUMAR REDDY
Chairman and Managing Director

Bangalore

Date: 14.08.2010

MANAGEMENT DISCUSSION AND ANALYSIS

PROFILE:

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

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

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

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

Kavveri's products are mainly used in Telecom, Defense and Space segments and it has been dominant in the Telecom Segment since inception. For the last four years Kavveri has been designing and developing various Radio Frequency Products and Antennas for defense and space requirements. Kavveri continue to invest in the research and development of Telecom products and the diversification of product offerings, and has one of our industry's leading product portfolios in terms of performance and features. The proprietary design technology is a further differentiator for the company's products. The company is also looking aggressively at Inorganic growth opportunities

DEVELOPMENTS

Telecom Applications:

The Cellular Industry in India is growing rapidly and has at present a subscriber base of approximately 601.22 million as of end 30.04.2010. This base is expected to expand to 755.52 Million subscribers by March 2011. Company's Radio Frequency products and Antennas are used for the cellular industry for their network roll out for increasing the subscriber base and also for in-building solutions for increasing the subscriber revenues by maximizing the existing capacity utilization of the operators.

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

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

Defense and Space Applications:

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

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

In building Solutions:

In-building solutions are used for capacity enhancement and Coverage enhancement. Revenues from In-building

solution are expected to grow over next 2-3 years. There exists a huge business potential in this vertical.

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

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

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

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

PRODUCT WISE PERFORMANCE:

Antennas & RF Products:

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

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

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

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

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

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

In-building Solutions:

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

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

Outlook:

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

Opportunities and Threats:

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

Capacity Expansion

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

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

Our infrastructure

R&D infrastructure:

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

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

Software Tools in R&D:

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

Infrastructure at the manufacturing plant at Jigani

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

Awards:

Your company was awarded as Deloitte Technology Fast 50 India 2009 winner and Fast 500 Asia Pacific 2009 winner. This would not have been possible without your support and encouragement.

Risks and Concern:

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

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

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

Internal Control Systems and their adequacy:

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

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

Major Developments in Human Resources / Industrial Relations Front:

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



Auditor's Report

To
The Members of Kavveri Telecom Products Limited

1. We have audited the attached Balance Sheet of Kavveri Telecom Products Limited as at 31st March, 2010, the Profit and Loss Account and also the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted the audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors Report) Order, 2003 (as amended) issued by Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

4. Further to comments in the Annexure referred to above, we report that:
- a. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b. In our opinion, proper books of accounts as required by law have been kept by the Company, so far as appears from our examination of those books;
 - c. The Balance Sheet, Profit and Loss Account and Cash Flow dealt with by this report are in agreement with the books of account;
 - d. In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub section (3C) of Section 211 of the Companies Act, 1956.
 - e. On the basis of written representations received from the Directors, as on March 31, 2010 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
 - f. In our opinion and to the best of our information and according to the explanations given to us, the said accounts, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;
 - i) in the case of the Balance Sheet, of the state of affairs of the Company at 31st March, 2010;
 - ii) in the case of the Profit and Loss Account, of the Profit for the year ended on that date; and
 - iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For S. Janardhan & Associates
Chartered Accountants

B. Anand
Partner

Membership No. : 29146
Bangalore, May 15, 2010

ANNEXURE TO AUDITOR'S REPORT OF KAVVERI TELECOM PRODUCTS LIMITED

1. a. The company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
b. The Company has a regular program of physical verification of fixed assets which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. In accordance with this program, certain fixed assets were physically verified by the management during the year and we are informed that no material discrepancies were noticed on such verification.
c. In our opinion, there was no substantial disposal of fixed assets by the Company during the year.
2. a. The management has conducted physical verification of inventory at reasonable intervals during the year. In respect of stocks lying with the third parties, confirmation for most of the stocks has been received.
b. In our opinion, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
c. The Company has maintained proper records of inventory and as explained to us, no material discrepancies were noticed on physical verification of inventory as compared to the book records.
3. a. As informed, the Company has granted unsecured loan to one company covered in the register maintained under Section 301 of the Companies Act, 1956 during earlier year. The maximum amount involved during the year was Rs.122.25 Million (Previous Year Rs. 211.38 Million) and the yearend balance was Rs. 111.41 Million (Previous Year Rs. 159.13 Million). However, the Company has not granted any loan, secured or unsecured, to firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.
b. In our opinion and according to the information and explanations given to us, the rate of interest and other terms and conditions on which such loan has been granted are not prima facie prejudicial to the interest of the Company.
c. The Company has not taken any loan, secured or unsecured from Companies, firms covered in the register maintained under section 301 of the Companies Act, 1956. However the company had taken interest free loan of Rs.332.93 Million during the year from two parties covered in the register maintained under Section 301 of the Companies Act, 1956
d. In our opinion and according to the information and explanations given to us, the rate of interest and other terms and conditions on which such loan has been taken from such other parties covered in the register maintained under section 301 of the Companies Act, 1956, are not, prima-facie prejudicial to the interest of the company.
e. Due to the fact that these loans are interest free loans, there is no applicability of the clause relating to the repayment of interest and with regard to the repayment of principal, it is in accordance with the terms and conditions on which such loans have been taken.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the Company and the nature of its business with regard to the purchase of inventory, and fixed assets and with regard to the sale of goods and services. During the course of our audit, no major weakness has been noticed in the internal control system in respect of these areas.
5. a. In our opinion and according the information and explanations given to us, the transactions made in pursuance of contracts or arrangements referred to in Section 301 of the Companies Act, 1956, have been entered in the register required to be maintained under section 301 of the Companies Act, 1956.

- b. In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding value of rupees five lakhs in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time except that reasonableness could not be ascertained where comparable quotations are not available having regard to the specialized nature of some of the transactions of the Company.
6. The Company has not accepted any deposits from the public and hence provisions of para (vi) of the said order (as amended) are not applicable.
7. In our opinion, the company has an internal audit system commensurate with the size and nature of its business.
8. As explained to us, the Central Government has not prescribed the maintenance of Cost Records under Section 209(1)(d) of the Companies Act, 1956.
9. a. According to the information and explanations given to us and books and records produced by the company and examined by us, in our opinion, the undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess wherever applicable and other material statutory dues have been generally regularly deposited with the appropriate authorities.
- b. According to the information and explanations given to us, no undisputed amounts payable in respect of Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty and cess were in arrears as at 31st March 2010 for a period more than six months from the date they became payable.
- c. According to the information and explanations given to us, there are no dues of Income tax, Sales tax, Wealth tax, Service tax, Customs Duty, Excise duty, and cess which have not been deposited with appropriate authorities on account of any dispute except for the following:

Name of the statute	Nature of Dues	Amount (Rs.in Million)	Period to which amount relates	Forum where dispute is pending
Central Excise	Availment of cenvat credit	298.96	February 2007 to April 2008	CESTAT Bangalore
Sales Tax	Rate of tax levied	6.32	2007-08 to 2009-10	Commissioner of Sales Tax appeals Bangalore

10. The company has no accumulated losses and has not incurred any cash losses during the financial year covered by our audit and in the immediately preceding financial year.
11. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to financial institutions or banks. The company has no debenture holders.
12. In our opinion and according to the information and explanations given to us, the Company has not granted any loan or advance, on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion, the Company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order 2003 (as amended) are not applicable to the Company.

14. In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments except those investments, which are held as investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the company.
15. According to the information and explanations given to us, the Company has given guarantees for loans taken from banks by a subsidiary company and prima facie, the terms and conditions on which such guarantees have been extended are not prejudicial to the interest of the Company.
16. According to the information and explanations given to us, term loans availed by the Company during the year were, prima facie, utilized by the company for the purposes for which the loans were obtained.
17. According to the information and explanations given to us and on an overall examination of the Balance Sheet of the company, we report that no funds raised on short-term basis have been used for long-term investments.
18. During the year, the company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.
19. During the year, the Company has not issued debentures and hence the provisions of clause (xix) of para 4 of this order (as amended) are not applicable.
20. The company has not raised any money by way of public issue during the year and hence the provisions of clause (xix) of Para 4 of this order (as amended) are not applicable.
21. During the course of our examination of the books of account carried out in accordance with the generally accepted auditing practice in India and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the company noticed or reported during the year nor we have been informed of such case by the management.

For S. Janardhan & Associates
Chartered Accountants

B. Anand
Partner

Membership no. 29146
Bangalore, May15, 2010

Kavveri Telecom Products Limited

Balance Sheet as at 31st March 2010

PARTICULARS	SCH Nos		31.03.2010	31.03.2009
			Amount	Amount
Sources of Funds				
Shareholders' Funds				
Share Capital	1		10,06,08,000	10,06,08,000
Reserves and Surplus	2		66,02,00,854	37,06,88,987
Total		A	76,08,08,854	47,12,96,987
Loans Funds				
Secured Loans	3		76,31,45,072	48,16,18,704
Unsecured Loans	4		25,59,01,300	25,51,61,599
Total		B	1,01,90,46,372	73,67,80,303
Deferred Tax Liability(Net)		C	8,93,03,000	4,93,86,000
		D=A+B+C	1,86,91,58,226	1,25,74,63,290
Application of Funds				
Fixed Assets				
Gross Block	5		50,04,71,149	35,12,02,487
Less: Depreciation			6,41,74,781	4,03,47,494
Net Block			43,62,96,368	31,08,54,993
Capital Work in Progress			97,62,927	1,91,40,124
Total		E	44,60,59,295	32,99,95,117
Investments	6	F	41,88,27,300	23,88,27,300
Current Assets, Loans And Advances				
a. Inventories	7		32,22,59,540	7,89,77,180
b. Sundry Debtors	8		1,11,03,34,855	57,41,71,741
c. Cash and Bank Balances	9		9,37,79,540	12,77,60,405
d. Loans and Advances	10		38,45,04,331	28,77,07,408
		G	1,91,08,78,266	1,06,86,16,734
Less: Current Liabilities And Provisions				
a. Current liabilities	11		32,90,34,559	36,00,32,058
b. Provisions	12		57,75,72,076	1,99,43,803
Total		H	90,66,06,635	37,99,75,861
Net Current Assets		I=G-H	1,00,42,71,631	68,86,40,873
Miscellaneous Expenditure			-	-
Total		E+F+I	1,86,91,58,226	1,25,74,63,290

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

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

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

C. Shivakumar Reddy
Managing Director

R.H.Kasturi
Director

B.Anand
Partner
Membership No. 29146

K.Madhvesh
Company Secretary

Place : Bangalore
Date : 15.05.2010

Kaveri Telecom Products Limited

Profit and Loss Account for the year ended 31st March, 2010

PARTICULARS	SCH Nos		Current Year 31.03.2010	Previous Year 31.03.2009
Income				
Gross Sales			2,10,51,46,475	2,02,73,55,354
Less: Excise Duty			9,53,04,420	22,16,13,580
			2,00,98,42,055	1,80,57,41,774
Other Income	13		2,71,08,649	2,72,49,082
Increase/(Decrease) in Inventory	14		8,45,52,625	51,70,555
Total		A	2,12,15,03,330	1,83,81,61,411
Expenditure				
Operating Expenses	15		1,26,74,09,606	1,31,00,60,169
Personnel Expenses	16		7,63,34,379	5,06,57,715
Administrative, Selling and				
Other Expenses	17		19,63,90,466	18,45,25,895
Interest and Financial Expenses	18		11,54,22,486	12,43,18,575
Depreciation	5		2,38,27,287	1,31,91,116
Total		B	1,67,93,84,224	1,68,27,53,470
Profit for the year		A-B	44,21,19,105	15,54,07,941
Less:				
Provision for Income Tax			9,01,90,000	2,71,93,000
Provision for Deferred Tax			3,99,17,000	1,42,48,706
Provision for Fringe Benefit Tax			-	5,50,000
Profit After Tax			31,20,12,105	11,34,16,235
Add/(Less)Income Tax relating to earlier years			(9,098)	75,000
Add/(Less)Expense relating to earlier years			(5,36,340)	-
			31,14,66,667	11,34,91,235
Add:				
Balance surplus brought forward from Previous Year			26,56,54,490	16,39,33,887
Amount Available for Appropriations			57,71,21,157	27,74,25,122
Transferred to General Reserve			2,33,60,000	-
Proposed final Dividend			2,01,37,960	1,00,60,800
Dividend tax on the same			33,44,663	17,09,833
Surplus Carried Forward to Balance Sheet			53,02,78,534	26,56,54,490
Earnings Per Share - Basic			30.96	11.27
Earnings Per Share - Diluted			30.80	11.26

Significant Accounting Policies - Schedule-19

Notes to Accounts -20

Schedules 13 to 18, Significant accounting policies and Notes on Accounts form an integral part of this Profit and Loss Account

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

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

C. Shivakumar Reddy
Managing Director

R.H.Kasturi
Director

B.Anand
Partner
Membership No. 29146

K.Madhvesh
Company Secretary

Place : Bangalore
Date : 15.05.2010

Kavveri Telecom Products Limited

Schedules annexed to and forming part of the Balance Sheet as at 31st March 2010

PARTICULARS		31.03.2010 Amount	31.03.2009 Amount
Schedule - 1			
Share Capital			
Authorized:			
2,00,00,000 (Previous Year 2,00,00,000) Equity Shares of Rs. 10/- each		20,00,00,000	20,00,00,000
Issued, Subscribed And Paid Up:			
10,060,800 (Previous Year 9,823,450) Equity Shares of Rs 10/- each fully paid up		10,06,08,000	9,82,34,500
Share Capital Suspense Account (Refer Note 1 of Schedule - 20)		-	23,73,500
TOTAL		10,06,08,000	10,06,08,000
Schedule - 2			
Reserves And Surplus			
Capital Reserve		73,25,779	73,25,779
Securities Premium			
Opening Balance	8,45,57,700		
Add: Transfer from Securities Premium Suspense Account	42,72,300	8,88,30,000	8,45,57,700
Securities Premium Suspense Account			
Opening Balance	42,72,300		
Less: Transfer to Securities Premium Account (Refer Note 1 of Schedule - 20)	42,72,300	-	42,72,300
Employee Stock option outstanding	95,25,598		
Less:- Deferred stock compensation cost	79,97,776	15,27,822	-
General Reserve			
Opening Balance	88,78,719		
Add: Transfer during the year	2,33,60,000	3,22,38,719	88,78,719
Profit and Loss Account		53,02,78,534	26,56,54,489
TOTAL		66,02,00,854	37,06,88,987
Schedule - 3			
Secured Loans (Refer note no. 3 of Schedule - 20 for details of securities offered against such loans)			
From Banks			
Term Loan Account		14,22,98,113	12,13,47,781
Cash Credit Account		58,31,76,385	28,85,30,744
Corporate Loan Account		3,39,04,787	7,10,87,886
Vehicle Loan Account		37,65,787	6,52,293
TOTAL		76,31,45,072	48,16,18,704

Schedules annexed to and forming part of the Balance Sheet as at 31st March 2010

PARTICULARS		31.03.2010 Amount	31.03.2009 Amount
Schedule - 4			
Unsecured Loans			
Sales tax Deferred Liability		4,66,300	13,98,900
{Due within one year Rs.4,66,300 (Previous Year Rs.13,98,900)}			
From Global Trade Finance Ltd		-	25,37,62,699
{Due within one year Rs.Nil (Previous Year Rs25,37,62,699)}			
Loan from Directors		25,54,35,000	-
TOTAL		25,59,01,300	25,51,61,599
Schedule - 6			
Investments			
(Long Term, Un-quoted, Trade, at cost)			
Investments in Subsidiary Companies:			
2,12,850(Previous Year 2,12,850) Shares of Rs. 10/- each fully paid up in		14,57,18,000	14,57,18,000
M/s.Eaicom India Pvt Ltd			
2,30,700(Previous Year 2,30,700) Shares of CAD 10/- each fully paid up in		8,80,09,300	8,80,09,300
M/s. Kavveri Technologies Inc (Refer Notes to Accounts-4 of Schedule - 20)			
909,600(Previous Year 5,10,000) Shares of Rs. 10/- each fully paid up in		18,51,00,000	51,00,000
M/s. Kavveri Telecom Infrastructure Limited			
1(Previous year Nil) in M/s Kavveri Telecoms Product UK Ltd		Nil	Nil
TOTAL		41,88,27,300	23,88,27,300
Schedule - 7			
Inventories			
(At lower of cost and market value)			
Raw Materials		18,27,11,404	2,39,81,669
Semi Finished Goods and Work in Progress		4,89,61,535	35,76,035
Traded Goods		3,06,00,001	-
Finished Goods		5,99,86,600	5,14,19,476
TOTAL		32,22,59,540	7,89,77,180

Schedule 5

Fixed Assets		Gross Block				Depreciation				Net Block	
Sl. No.	Particulars	As at 01.04.2009	Additions during the year*	Deletions/ Adjustment 31.03.2010	As at 31.03.2010	As at 01.04.2009	For the year	Deletions/ Adjustment	As at 31.03.2010	As at 31.03.2010	As at 31.03.2009
1	Land - Free Hold	5,62,500	-	-	5,62,500	-	-	-	-	5,62,500	5,62,500
2	Buildings	16,31,14,957	64,55,545	64,09,876	16,31,60,626	32,58,566	56,01,579	-	88,60,145	15,43,00,481	15,98,56,391
3	Plant and Machinery	11,62,32,809	11,55,80,314	-	23,18,13,123	2,23,05,987	68,12,187	-	2,91,18,174	20,26,94,949	9,39,26,822
4	Furnitures and Fixtures	70,37,597	14,04,405	-	84,42,002	34,94,293	4,80,983	-	39,75,276	44,66,726	35,43,304
5	Computers	1,84,95,398	35,70,133	-	2,20,65,531	45,56,775	32,25,079	-	77,81,854	1,42,83,677	1,39,38,623
6	Computer Software	-	1,56,24,900	-	1,56,24,900	-	14,08,536	-	14,08,536	1,42,16,364	-
7	Vehicles	42,97,985	56,37,651	-	99,35,636	25,85,749	8,74,921	-	34,60,670	64,74,966	17,12,236
9	Intangible Assets (Technical Knowhow)	4,14,61,241	20,32,393	-	4,34,93,634	41,46,124	43,49,363	-	84,95,487	3,49,98,146	3,73,15,117
10	Temporary Structures	-	53,73,197	-	53,73,197	-	10,74,639	-	10,74,639	42,98,558	-
Total		35,12,02,487	15,56,78,538	64,09,876	50,04,71,149	4,03,47,494	2,38,27,287	-	6,41,74,781	43,62,96,367	31,08,54,993
Previous Year Figure		14,58,34,104	20,53,68,383	-	35,12,02,487	2,71,56,378	1,31,91,116	-	4,03,47,494	31,08,54,993	11,86,77,726

Kavveri Telecom Products Limited

Schedules annexed to and forming part of the Balance Sheet as at 31st March 2010

PARTICULARS		31.03.2010 Amount	31.03.2009 Amount
Schedule - 8			
Sundry Debtors (Unsecured, considered good)			
Debt Outstanding for period exceeding six months		12,29,69,993	5,45,64,078
Other Debts		98,73,64,862	51,96,07,663
TOTAL		1,11,03,34,855	57,41,71,741
Schedule - 9			
Cash and Bank Balance			
Cash in Hand		76,971	22,417
Bank Balance with Scheduled Banks :			
in Current Account		5,01,48,876	4,86,17,708
Margin Money and Fixed Deposit		4,24,58,504	7,69,49,000
Unclaimed Dividend Account		10,95,189	21,71,280
TOTAL		9,37,79,540	12,77,60,405
Schedule - 10			
Loans and Advances (Unsecured, considered good)			
Advances to Subsidiary Companies		16,99,01,519	20,81,38,079
Advances Recoverable in cash or in kind or for value to be received		19,65,65,843	4,24,07,893
Deposits		92,48,446	99,86,581
Balances with Customs, Excise Authorities		87,88,523	2,71,74,855
TOTAL		38,45,04,331	28,77,07,408
Schedule - 11			
Current Liabilities			
Sundry Creditors:			
Dues to Micro, Small and Medium Enterprises		-	-
{Note 23 of Schedule - 20}			
Due to Others		29,46,86,616	32,91,11,386
Advance from Customers		25,27,181	5,47,459
Other Liabilities		3,07,25,573	2,82,01,933
Unclaimed Dividends {Refer Note no. 27 of Schedule 20}		10,95,189	21,71,280
TOTAL		32,90,34,559	36,00,32,058

Schedules annexed to and forming part of the Balance Sheet as at 31st March 2010

PARTICULARS		31.03.2010 Amount `	31.03.2009 Amount `
Schedule - 12			
Provisions for			
Proposed Dividend		2,01,37,960	1,00,60,800
Corporate Dividend Tax		33,44,663	17,09,833
Leave Encashment		37,71,447	36,55,932
Gratuity		32,08,642	26,04,562
Warranty		45,79,27,489	-
Income Tax (Net of payments of Advance Tax Rs. 29,418,091)		8,90,11,227	15,62,676
Fringe Benefit Tax (Net of payments of Advance Tax Rs 379,352)		1,70,648	3,50,000
TOTAL		57,75,72,076	1,99,43,803

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

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

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

C. Shivakumar Reddy
Managing Director

R.H.Kasturi
Director

B.Anand
Partner
Membership No. 29146

K.Madhvesh
Company Secretary

Place : Bangalore
Date : 15.05.2010

Kavveri Telecom Products Limited

Schedules annexed to and forming part of the Profit and Loss Account
for the year ended 31st March 2010

PARTICULARS		31.03.2010 Amount	31.03.2009 Amount
Schedule - 13			
Other Income			
Interest Received (Gross)		1,92,30,680	2,18,34,916
Exchange Fluctuation Gain (Net)		44,36,336	-
Liabilities no longer payable written back		10,29,724	3,56,151
Miscellaneous Income		24,11,909	50,58,015
TOTAL		2,71,08,649	2,72,49,082
Tax deducted at Source on Interest Income			
Rs. 815,979(Previous year Rs.4,64,649)			
Schedule - 14			
Increase/(Decrease) in Inventory			
Opening Stock of Finished Goods		5,14,19,476	4,64,03,775
Closing Stock of Finished Goods		5,99,86,600	5,14,19,476
	a)	85,67,124	50,15,701
Opening Stock of Semi-Finished Goods		35,76,035	34,21,181
Closing Stock of Semi-Finished Goods and work in Progress		4,89,61,535	35,76,035
	b)	4,53,85,500	1,54,854
Opening Stock of Trading Goods		-	-
Closing Stock of Trading Goods		3,06,00,001	-
	c)	3,06,00,001	
Increase/(Decrease) in Inventory		8,45,52,625	51,70,555
Schedule - 15			
Operating Expenses			
a. Raw Materials Consumed			
Opening Stock of Raw Materials		2,39,81,669	2,08,37,416
Add: Purchases during the year		42,92,42,311	1,29,08,95,025
TOTAL		45,32,23,980	1,31,17,32,441
Less: Closing Stock		18,27,11,404	2,39,81,669
Material Consumed	A	27,05,12,576	1,28,77,50,772

Schedules annexed to and forming part of the Profit and Loss Account
for the year ended 31st March 2010

PARTICULARS		31.03.2010 Amount	31.03.2009 Amount
b.Others			
Consumables		6,11,001	12,27,727
Packing Materials		20,77,685	22,75,615
Job work and handling charges		1,41,84,614	99,97,044
Power Charges		15,32,135	6,26,859
Freight Inwards		57,64,106	81,82,152
Warranty Charges		45,79,27,489	-
TOTAL	B	48,20,97,030	2,23,09,397
c. Purchase of Traded Goods	C	51,48,00,000	-
TOTAL	A+B+C	1,26,74,09,606	1,31,00,60,169

Kavveri Telecom Products Limited

Schedules annexed to and forming part of the Profit and Loss Account
for the year ended 31st March 2010

PARTICULARS	31.03.2010 Amount	31.03.2009 Amount
Schedule - 16		
Personnel Expenses		
Salaries, Wages & Bonus	3,59,49,306	2,79,67,831
Directors' Remuneration	3,52,72,240	1,70,18,368
Contribution to:		
Provident Fund and Other Funds	28,17,660	26,88,492
Gratuity and Leave encashment	9,48,214	27,96,293
Staff Welfare expenses	3,55,477	1,86,731
Amortization of Deferred stock Compensation Expenses	9,91,482	-
TOTAL	7,63,34,379	5,06,57,715
Schedule - 17		
Administrative, Selling & Other Expenses		
Rent	49,66,033	63,49,255
Research & Development Expenses	1,61,09,009	2,38,65,670
Travelling & Conveyance Expenses	63,83,281	93,32,419
Rebates and Discounts	8,99,63,095	-
Carriage Outwards	43,44,718	2,73,59,129
Auditor's Remuneration	9,17,200	4,79,840
Contract labor Charges	45,17,454	55,57,625
Professional Charges	69,61,374	52,76,888
Exchange Fluctuation Loss(Net)	-	3,56,48,449
Insurance	20,21,297	15,20,814
Rates & Taxes	24,49,451	50,72,706
Bad debts written off	24,97,968	3,84,52,826
Directors Sitting Fees	1,12,500	70,000
Installation Charges	3,95,13,561	52,50,682
Miscellaneous expenses	1,14,08,778	1,65,14,928
TOTAL	19,63,90,466	18,45,25,895

Schedules annexed to and forming part of the Profit and Loss Account
for the year ended 31st March 2010

PARTICULARS	31.03.2010 Amount	31.03.2009 Amount
Schedule - 18		
Financial Expenses		
Interest Paid on Fixed Loans	2,49,94,536	3,02,22,876
Interest Paid - Others	5,53,22,279	3,85,88,381
Bank charges	1,42,53,687	1,39,00,013
Discount and Factoring Charges	2,08,51,984	4,16,07,305
TOTAL	11,54,22,486	12,43,18,575

Signatures to Schedules 13 to 18

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

C. Shivakumar Reddy
Managing Director
R.H.Kasturi
Director

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

B.Anand
Partner
Membership No. 29146

K.Madhvesh
Company Secretary

Place : Bangalore
Date : 15.05.2010

STATEMENT ON SIGNIFICANT ACCOUNTING POLICIES

Schedule - 19

1. Basis of Preparation of Financial Statements:

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

2. Use of estimates:

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

3. Fixed Assets:

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

- The Company had acquired technical knowhow during earlier years and also during the year acquired technical knowhow at a cost of Rs. 2.032 Million. Such technical knowhow acquired is being used to upgrade and develop new products and for enhancement of features & functionalities of the products to be developed out of the same. This expenditure is considered under Fixed asset as Technical Knowhow.

- Software which are not integral part of the hardware are classified as Intangibles and is stated at cost less accumulated amortization. Software's are being amortized over the estimated useful life which is estimated as 3 Years.

- Temporary structures installed at the leased out premises is being written off over the tenure of the lease agreement.

4. Depreciation:

- Depreciation on Fixed Assets is provided using Straight-line method at the rates prescribed under Schedule XIV of the companies Act, 1956 on proportionate basis.

- Cost of Technical knowhow is being written off over a period of 10 years.

5. Impairment of Assets:

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

6. Leases:

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased term, are classified as operating leases. Operating lease payments are recognized as an

expense in the Profit and Loss Account on a straight-line basis over the lease term.

7. Inventory Valuation:

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

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

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

8. Investments:

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

9. Research and Development:

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

10. Revenue Recognition:

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

11. 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 Profit and Loss account. 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.

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

13. Employee Benefits:

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

plan are determined by actuarial valuation using the projected unit credit method, as of the balance sheet date.

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

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

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 113,895 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.

During the current year, the company under the Kavveri 2008 Plan has issued 80,400 options to eligible employees.

The date of grant, number of options granted, exercise price fixed by the committee for respective options and the market price of the shares of the Company on the date of grant is given below:

Date of grant	No. of options granted	Exercise price Rs.	Market Price in Rs. (As per Sebi Guidelines)
15.04.2009	12,800	10.00	36.05
08.05.2009	600	10.00	38.50
11.03.2010	67,000	10.00	81.90

Stock option activity under the Kavveri ESOS 2008 Plan is given under:

	Shares arising out of options	Range of exercise price	Weighted average exercise price
Outstanding at the beginning of the year	46,175	Rs. 10.00	Rs. 10.00
Grants during the year	80,400	Rs. 10.00	Rs. 10.00
Forfeited during the year	(12,680)	Rs. 10.00	Rs. 10.00
Outstanding at the end of the year	113,895	Rs. 10.00	Rs. 10.00

The Company has followed intrinsic method of accounting based on which a compensation expense of Rs.9.91 Lakhs (Previous year 5.36 Lakhs) has been recognized in the profit and loss account.

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. Contingent Liability:

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

NOTES TO ACCOUNTS

1. Amalgamation with Megasonic Telecoms Private Limited:

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

All the members of the erstwhile Megasonic Telecoms Private Limited were allotted as per the scheme of arrangement except to the extent of 2,37,350 equity shares, which could not be allotted in the absence of allotment details till the accounts for the year ended 31st March 2009. The consideration in respect of the unallotted shares to the extent of 2,37,350 shares were shown under "Share Capital Suspense" and the corresponding premium under "Securities Premium suspense", pending allotment in the earlier year accounts. However, the company has allotted such shares as stated above, to the respective members, after ascertaining the details during the year and as such, suspense account balances have been transferred to the Share Capital account and Securities Premium account respectively.

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

3. Secured Loans:

a) Term Loan and Corporate loan are secured by present future fixed assets of the company

b) Working Capital facilities are secured against the first charge on the entire and future current assets of the company.

c) The above loans are further collaterally secured by properties owned by relatives of directors and by pledge of 5 lakh shares of Kavveri Telecom Products Ltd owned by the promoter directors and by pledge of 29,200 shares of Kaveri Technologies Inc. (Canada)

being the 100% stake held by the Kavveri Telecom Products Ltd.

c) Cash credit account is secured by all stock/debtors and other current assets of the Company.

d) The letter of credit facilities and bank guarantee facilities are secured against the first charge on the entire present and future current assets of the company.

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

f) All the secured loans excepting Car loans have been personally guaranteed by two directors.

4. Investments

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

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

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

5. The figures as on 31st March 2009 have been regrouped/reclassified, wherever necessary, to conform with the current Period classification.

6. Contingent Liabilities not provided for –

Particulars	2010	2009
Estimated amount of Contracts remaining to be executed on Capital Account.	4,48,50,000	NIL
Claims against the Company not acknowledged as a debt	245,40,216	32,32,200
On account of Excise Matters	29,89,60,660	Nil
On account of Sales tax	63,22,513	Nil
Guarantees issued by bankers on behalf	47,934,939	4,49,09,466

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

Supplementary Statutory information

7. Information regarding Capacity, Stock, Production and Sale

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

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

c) Production, sales and stock:

ITEMS (Nos)	Opening (Nos)	Production (Nos)	Sale (Nos)	Closing
Antenna/Components/Accessoires	48,078 (6554)	979,643 (414,410)	732,722 (372,886)	294,999 (48,078)
Cables used in RF Line	14,299 (Nil)	724,802 (6,497,261) Mtrs	486,082 (6,482,962) Mtrs	253,019 (14,299)

d) Trading, sales and stock

ITEMS	Opening (Nos)	Purchase (Nos)	Sale (Nos)	Closing (Nos)
Antenna/Components/Accessoires	Nil (Nil)	53,300 (Nil)	52,100 (Nil)	1200 (Nil)
Cables used in RF Line	Nil (Nil)	780,000 (Nil)	780,000 (Nil)	Nil (Nil)
Solar Photo Power Supply	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)

(Figures in brackets indicate figures relating to previous year)

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

Particulars	2010		2009	
	Value (Rs.)	%	Value (Rs.)	%
Indigenous	110,943,749	40.83	96,526,589	7.49
Imported	159,568,827	58.94	1,191,224,183	92.42
Consumables	611,001	0.23	1,227,727	0.10
Total	271,123,577		1,288,978,499	

e) Value of Trading Sales Turnover:

ITEMS	Amount (Rs)
Antenna/Components/Accessoires	681,350,000
Cables used in RF Line	114,600,000

(There was no Trading Sales during the earlier year)

f) Details of Raw Material Consumed during the year

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

Consumption of Radio Frequency Cables:

Name of the item	Quantity purchased	Quantity consumed	Value of consumption (in Rs.)
RF Cables (Used in RF Line)	724,802 Mtrs (4,671,210 Mtrs)	486,082 Mtrs (4,671,210 Mtrs)	64,219,479 (714,695,130)

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

Particulars	2010	2009
Capital goods	26,671,532	13,778,421
Raw Materials	184,516,272	1,188,313,387

9 Expenditure incurred in Foreign Currency on foreign travel is Rs. 1,423,218 (4,454,160)

10. Earnings in Foreign Currency (In Rs)

Particulars	2010	2009
Export of Goods	4,853,338	28,346,752
Services provided	Nil	40,139,004

11. Managerial Remuneration:

Remuneration Paid/payable to Managerial personnel: (In Rs)

Name	Relationship	2010 Remuneration	Commission	Provident Fund	Salaries	2009 Remuneration	Commission	Provident Fund
C. Shiva Kumar Reddy	Managing Director	1,500,000	12,815,755	9,360	-	1,500,000	2,963,430	9,360
R. H Kasturi	Whole time Director	1,500,000	12,815,755	9,360	-	1,500,000	2,963,430	9,360
C. Uma Reddy	Erstwhile Director	500,000	2,518,890	3,120	445,500	1,500,000	2,963,430	9,360
L. Nicholas	Whole time Director	2,100,000	--	--	-	2,100,000	-	-
Other Non Executive Directors		--	1,500,000	-	-	--	1,500,000	--
Total		5,600,000	29,650,400	21,840	445,500	66,00,000	10,390,288	28,080

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

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

Particulars	2010	2009
Computation of net profit under Sec 309 (5) of the Companies Act, 1956		
Net Profit as per Profit and Loss account	442,119,106	155,407,941
Add:		
Book Depreciation	23,827,286	13,191,116
Sitting fees	112,500	70,000
Managerial Remuneration	35,272,240	17,018,368
Less:		
Depreciation as per Section 350	23,827,286	13,191,116
Net profit for Commission Calculation	477,503,845	172,496,309
Commission payable on the Net profit as given out in Note no.11	35,272,240	15,518,368
For Non Executive Directors 1% subject to a maximum of Rs.1,500,000	1,500,000	1,500,000

13. Auditors' Remuneration: (In Rs)

Particulars	31.03.2010	31.03.2009
Statutory Audit	425,000	390,000
For Tax audit purposes	90,000*	40,000
Other Services	361,000	40,000
Service Tax	41,200	-
Out of pocket Expenses (included under Miscellaneous Expenses)	13,480	9,840

*includes Fees towards Tax audit of earlier year.

14. Segment Results

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

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

NAME OF THE COMPANY	PERCENTAGE OF HOLDING As at 31.03.2010	PERCENTAGE OF HOLDING As at 31.03.2009
EAICOM INDIA PRIVATE LTD	100%	100%
KAVVERI TELECOM INFRASTRUCTURE LIMITED	51%	51%
KAVVERI TELECOM PRODUCTS UK LIMITED	100%	-
KAVVERI TECHNOLOGIES INC	100%	100%
Subsidiaries having Indirect holding		
TILTEK ANTENNA INC	100%	100%
TRACKCOM SYSTEMS INTERNATIONAL INC	67%	-
DCI DIGITAL COMMUNICATIONS INC	100%	100%
SPOTWAVE WIRELESS LTD	100%	100%
KAVVERI REALTY 5 INC	100%	100%

16. Deferred Tax Liability and Asset are attributable to the following: (In Rs)

Particulars	2010 (Rs)	2009 (Rs)
Deferred Tax Liability:		
Attributable to Depreciation	(91,676,000)	50,329,000
Less: Deferred Tax Asset		
Attributable to Expenses allowable when paid	(2,373,000)	(943,000)
Net Deferred Tax Liability	89,303,000	49,386,000

17. Research & Development Expenditure includes: (In Rs)

Particulars	31.03.2010 (Rs)	31.03.2009 (Rs)	31.03.2008 (Rs)	31.03.2007 (Rs)	31.03.2006 (Rs)
Salaries & Wages	7,075,503	6,305,467	3,004,030	3,207,980	3,189,618
Cost of Materials and services (Included under material purchase)	4,866,939	6,424,060	3,062,876	29,126,979	9,128,417
Overhead	9,033,506	17,560,203	7,700,511	7,990,024	9,448,278
Capital Expenditure	123,310,737	42,349,738			
Total	20,975,948	30,289,730	13,767,417	40,324,983	21,732,313

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

19. Pursuant to Accounting Standard AS-28- Impairment of assets issued by the Institute of Chartered Accountants of India, the Company assessed its fixed assets for impairment as at 31st March 2010 and concluded that there has been no significant impaired fixed asset that needs to be recognized in the books of account.

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

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

(In Rs.)

Particulars	2010	2009
Obligations at Period beginning	2,604,562	1,625,800
Service Cost	716,174	-
Interest Cost	216,594	-
Actuarial (Gain)/Loss	(1,158,223)	-
Past Service Cost	829,535	-
Benefits paid		-
Obligations at Period end	3,208,642	2,604,562

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

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

a) List of Related Parties:

Key Management Personnel	Direct Subsidiaries	Indirect Subsidiaries	Other Associates
Mr. C. Shivakumar Reddy	Eaicom India Private Limited	DCI Digital Communications Inc	-
Ms. C. Uma Reddy	Kavveri Technologies Inc.	Spotwave Wireless Ltd	-
Mrs. R . H Kasturi	Kavveri Telecom Infrastructure Limited	Kavveri Realty Inc.	
	Kavveri Telecom Products UK Limited	Trackcom Systems International Inc	-
		Til-Tek Antenna Inc.	-

b) Transactions with Related Parties as identified by the management

(In Rs.)

Particulars	Subsidiary Companies		Key Management Personnel		Total	
	2010	2009	2010	2009	2010	2009
Purchase of Goods	7,643	1,515,756	-	-	7,643	1,515,756
Sale of Goods	22,499,154	194,387,408	-	20,686	22,499,154	194,408,094
Receiving /(Rendering) of Services	43,620,120	(33,782,615)	-	-	43,620,120	(33,782,615)
Reimbursement of Expenses	2,009,471	5,391,657	19,478	842,101	2,028,949	6,233,758
Remuneration Paid	-	-	35,272,240	17,018,368	29,650,400	17,018,368
Rent paid	-	-	4,40,0,000	4,800,000	4,40,0,000	4,800,000
Equity	418,827,300	238,827,300	-	-	418,827,300	238,827,300
Loans given	4,297,250	127,700,252	255,435,000	-	335,068,079	127,700,252
Loans repaid	50,155,500	-	-	-	-	-
Balance Receivables	235,277,518	418,232,145	-	-	235,277,518	418,232,145
Balance Payables	1,953,521	-	291,268,824	10,779,159	1,953,521	10,779,159

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

(In Rs)

Particulars	2010		2009	
	Closing Balance	Maximum amount due	Closing Balance	Maximum amount due
(Included under Loans and advances)				
Kavveri Technologies –Inc	111,218,525	122,249,422	122,249,422	122,249,422
Til-tek Antenna Inc	4,936,100	4,936,100	4,524,159	4,524,159
Kavveri Technologies UK Ltd	3,101,521	3,101,521		
Eaicom India Private Limited	50,630,481	50,630,481	-	-
(Included under Sundry Debtors)				
DCI Digital Communication Inc	551,289	551,289	536,398	536,398
Eaicom India Private Limited	-	-	49,006,484	13,128,811
Kavveri Telecom Infrastructure Limited	-	161,649,166	161,649,166	171,062,641
Kavveri Technologies –Inc	191,881	176,990	176,990	176,990
Til-Tek Antenna Inc	28,032,026	28,032,026	27,259,749	27,259,749
Spotwave Wirless Ltd	36,600,802	36,600,802	20,471,761	26,457,822
Kavveri Realty 5 Inc.	14,891	14,891	-	-

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

i. Principal amount remaining unpaid as on 31th March 2010	Rs. –
ii. Interest due thereon as on 31th March 2010	Rs. –
iii. Interest Paid by the company in terms of Section 16 of Micro, Small and Medium Enterprises Development Act, 2006 along with the amount of the payment made to the supplier beyond the appointed day during the year ended	Rs. –
iv. Interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the quarter) but without adding the interest specified under Micro, Small and Medium Enterprises Development Act, 2006.	Rs. –
v. Interest accrued and remaining unpaid as at the year ended	Rs. –
vi. Further interest remaining due and payable even in the succeeding years until such date when the interest dues as above are actually paid to the Small Enterprise.	Rs. –

24. Foreign currency exposure that are not hedged by derivative or forward contracts as on 31st March 2010 amounts to Rs.269,573,011 (Rs. 20,656,421)

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

26. The amount of borrowing cost capitalized as fixed asset as per the requirements of AS 16 during the year Rs. Nil(Previous year Rs.1,205,890/-)

27. Unclaimed Dividend:

The unclaimed dividend of Rs 1,095,189 represents those relating to the years 2003 to 2009 and since the number of years of these unclaimed dividends has not exceeded 7 years as at the end of this year no amounts have been transferred to Investors protection fund during the year.

28. Unexpired Warranty Charges (In Rs.)

Particulars	Opening Balance	Additions	Reversal	Closing Balance
Warranty Charges	Nil	457,927,489	Nil	457,927,489

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

Particulars	2010	2009
Net profit for the year	311,466,667	113,416,235
Shares		
Total number of equity shares outstanding at the end of the year	10,060,800	10,060,800
Weighted average number of equity shares outstanding during the year-Basic	10,060,800	10,060,800
Add: Weighted average number of equity shares arising out of outstanding stock options(net of the stock options Forfeited)that have dilutive effect on the EPS	50,420	13,604
Weighted average number of equity shares outstanding during the year-Diluted	10,111,220	10,074,404
Earnings per share of par value –Basic(Rs.)	30.96	11.27
Earnings per share of par value-Diluted(Rs.)	30.80	11.26

30. Operating Lease obligations:

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

The disclosures relating to the leases undertaken are given under:

(In Rs.)

Particulars	2010	2009
Lease rent recognized in the Profit and Loss Account	5,866,033	7,249,255
Minimum lease payments outstanding in respect of these areas under:	332,064	617,100
Not later than one year	47,82,000	7,249,255
Later than one year and not later than 5 years	191,28,000	19,200,000

31. Dividend has been provided on 10,068,980 shares, which includes 8,180 shares which have been allotted to the eligible employees under the Kavveri ESOS 2008 Scheme, subsequent to the date of the balance sheet, but before the adoption of accounts.

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

Signatures Accounting Policies and Notes to accounts

For and on behalf of the Board of Directors of

As per our report of even date

Kavveri Telecom Products Limited

For S.Janardhan and Associates
Chartered Accountants

C. Shivakumar Reddy
Managing Director

R.H.Kasturi
Director

B.Anand
Partner

K.Madhvesh
Company Secretary

Membership No. 29146

Place : Bangalore

Date : 15.05.2010

PARTICULARS	Current year		Previous year	
	Amount	Amount	Amount	Amount
A) Cashflows from Operating Activities				
Net Profit as per Profit & Loss Account	44,21,19,105		15,54,07,941	
ADJUSTMENTS FOR:				
Depreciation	2,38,27,287		131,91,116	
Interest and Financial Charges	11,54,22,486		12,43,18,575	
Interest received - considered separately	(1,92,30,680)		(2,18,34,916)	
Unrealized foreign exchange fluctuation	(44,36,336)		(1,59,02,911)	
Provision for Warranty	45,79,27,489		Nil	
Amortization of Deferred stock				
Compensation Expenses	9,91,482		Nil	
Provision for bad and doubtful debts	24,97,968		Nil	
Prior period incomes	(536340)		Nil	
Non cash Items	7,19,595		3,88,83,977	
Cash Flows Before Working Capital Changes	1,01,93,02,055		29,40,63,782	
Adjustments For Working Capital Changes:				
Change in Inventories	(24,32,82,360)		(83,14,808)	
Change in Sundry Debtors	(53,86,61,082)		(11,27,26,801)	
Change in Loans & Advances	(9,67,96,923)		2,94,86,727	
Change in Current Liabilities	(2,60,24,822)		13,97,46,217	
		11,45,36,869		34,22,55,117
LESS: Direct Taxes paid	29,29,899		(2,41,00,000)	
Net Cashflow From Operating Activities		11,16,06,969		36,63,55,117
B) Cashflows from Investing Activities				
Acquisition of Fixed Assets	(15,56,78,538)		(22,85,85,126)	
Increase Capital work in progress	93,77,197		(51,74,047)	
Investment in subsidiary	(18,00,00,000)		(51,00,000)	
Sale of Assets	64,09,876		-	
Interest received	1,92,30,680		2,18,34,916	
Net Cashflows from Investing Activities		(30,06,60,785)		(21,70,24,257)
C) Cashflows from Financing Activities				
Availment/(Repayment) of Secured Loans	28,15,26,367		(8,19,22,506)	
Proceeds from Unsecured Loans	7,39,701		1,96,83,687	
Interest paid	(11,54,22,486)		(12,43,18,576)	
Corporate Dividend tax paid	(17,09,833)		(17,09,833)	
Dividend paid	(1,00,60,800)		(1,00,60,800)	
Net Cashflows from Financing Activities		15,50,72,950		(19,83,28,028)
Net Increase/(Decrease) in Cash or				
Cash Equivalents		(3,39,80,866)		(4,89,97,168)
Add: Opening Cash or Cash Equivalents		12,77,60,405		17,67,57,573
Closing Cash or Cash Equivalents		9,37,79,540		12,77,60,405

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

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

C. Shivakumar Reddy
Managing Director

R.H.Kasturi
Director

B.Anand
Partner

Membership No. 29146

K.Madhvesh
Company Secretary

Place : Bangalore
Date : 15.05.2010

Explanatory notes to Cash Flow Statement

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



Auditor's Report On Consolidated Accounts

We have examined the attached Consolidated Balance Sheet of M/s. Kavveri Telecom Products Limited and its Subsidiary as at March 31, 2010, the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year then ended.

These financial statements are the responsibility of the Kavveri Telecom Products Limited management. Our responsibility is to express an opinion on these financial statements based on our Audit.

We conducted our audit in accordance with the generally accepted auditing standards in India. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework and are free of material misstatements. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements. We believe that our audit provides a reasonable basis for our opinion.

We did not audit the financial statements of Subsidiary Companies, whose financial statements reflect total assets of Rs.14, 690.87 Lakhs/- as at March 31, 2010 and total revenues of Rs 4,324.44.Lakhs /- for the year then ended. These financial statements have been audited by other Auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included in respect of the Subsidiary Companies, is based solely on the report of the other Auditors.

We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard (AS) 21, Consolidated Financial Statements, prescribed by the Company's (Accounting Standards) Rules 2006 and on the basis of the separate audited financial statements of M/s. Kavveri Telecom Products Limited and its Subsidiary Companies, included in the Consolidated Financial Statements.

On the basis of the information and explanation given to us and on the consideration of the separate audit reports on individual audited financial statements of M/s Kavveri Telecom Products Limited and its aforesaid Subsidiary Companies, we are of the opinion that:

- a. the Consolidated Balance Sheet gives a true and fair view of the consolidated state of affairs of M/s. Kavveri Telecom Products Limited and its Subsidiary as at March 31, 2010
- b. the Consolidated Profit and Loss Account gives a true and fair view of the consolidated results of operations of M/s. Kavveri Telecom Products Limited and its Subsidiary Companies for the year then ended and
- c. the Consolidated Cash Flow Statement gives a true and fair view of the consolidated cash flows of M/s. Kavveri Telecom Products Limited and its Subsidiary Companies for the year then ended.

For S. Janardhan & Associates
Chartered Accountants

B Anand
Partner

Membership No.29146

Bangalore
15.05.2010

Kavveri Telecom Products Limited - Consolidated

Consolidated Balance Sheet as at 31st March 2010

PARTICULARS	SCH Nos		31.03.2010	31.03.2009
			Amount	Amount
Sources of Funds				
Shareholders' Funds				
Share Capital	1		10,06,08,000	10,06,08,000
Reserves and Surplus	2		98,31,66,781	34,66,50,939
Minority Interest			43,34,973	49,00,000
Total	A		1,08,81,09,754	45,21,58,939
Loans Funds				
Secured Loans	3		95,04,84,575	48,16,18,704
Unsecured Loans	4		77,92,13,850	25,62,68,168
Total		B	1,72,96,98,425	73,78,86,872
Deferred Tax Liability(Net)		C	8,94,86,000	4,93,86,000
		A+B+C	2,90,72,94,179	1,23,94,31,812
Application of Funds				
Fixed Assets				
Gross Block	5		83,23,81,897	46,08,11,485
Less: Depreciation			12,99,57,134	6,17,24,201
Net Block			70,24,24,763	39,90,87,284
Capital Work in Progress			38,39,18,518	15,49,69,136
Total		D	1,08,63,43,281	55,40,56,419
Goodwill	6	E	41,15,92,890	20,93,49,515
Investments		F	Nil	Nil
Current Assets, Loans And Advances				
a. Inventories	7		39,74,22,614	16,79,07,745
b. Sundry Debtors	8		1,11,62,00,397	52,24,02,605
c. Cash and Bank Balances	9		11,92,61,920	14,36,29,718
d. Loans and Advances	10		75,17,54,049	14,53,39,561
		F	2,38,46,38,980	97,92,79,629

PARTICULARS	SCH Nos		31.03.2010	31.03.2009
			Amount	Amount
Less: Current Liabilities And Provisions				
a. Current liabilities	11		40,90,91,903	49,07,64,122
b. Provisions	12		57,75,72,076	2,27,20,445
Total		G	98,66,63,979	51,34,84,567
Net Current Assets		H=F-G	1,39,79,75,001	46,57,95,062
Miscellaneous Expenditure	13	I	1,13,83,007	1,02,30,815
Total		D+E+H+I	2,90,72,94,179	1,23,94,31,812

Schedules 1 to 13 and Notes on Accounts form an integral part of this Consolidated Balance Sheet

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

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

C. Shivakumar Reddy
Managing Director

R.H.Kasturi
Director

B.Anand
Partner
Membership No. 29146

K.Madhvesh
Company Secretary

Place : Bangalore
Date : 15.05.2010

Kaveri Telecom Products Limited - Consolidated

Consolidated Profit and Loss account for the year ended 31st March, 2010

PARTICULARS	SCH Nos		Current Year 31.03.2010	Previous Year 31.03.2009
Income				
Gross Sales			2,46,60,98,966	2,11,97,32,426
Less: Excise Duty			9,53,04,420	22,16,13,580
			2,37,07,94,546	1,89,81,18,846
Other Income	14		6,35,00,645	4,63,50,593
Increase/(Decrease) in Inventory	15		7,29,23,414	1,37,88,786
Total		A	2,50,72,18,605	1,95,82,58,225
Expenditure				
Operating Expenses	16		1,49,15,59,323	1,24,23,69,797
Personnel Expenses	17		18,19,88,969	16,26,90,796
Administrative, Selling and Other Expenses	18		25,82,55,279	27,89,69,284
Interest and Financial Expenses	19		12,72,26,020	12,51,07,126
Depreciation	5		5,97,44,983	2,28,59,091
Total		B	2,11,87,74,574	1,83,19,96,093
Profit before Tax and Minority interest		A-B	38,84,44,031	12,62,62,132
(Add):				
Transferred to Deferred Revenue Expenditure			Nil	61,12,147
Less:				
Provision for Income Tax			9,05,61,619	2,71,93,000
Provision for Deferred Tax			4,01,00,000	1,42,48,706
Provision for Fringe Benefit Tax			Nil	5,50,000
Profit after Tax			25,77,82,412	9,03,82,573
Add/(Less)Income Tax relating to earlier years			(9,098)	2,82,649
Add/(Less) Expenses relating to earlier years			(5,74,468)	-
Profit after Tax before Minority interest			25,71,98,846	9,06,65,222
Less: Share of Minority Interest loss			(44,00,327)	Nil
Profit for the year			26,15,99,173	9,06,65,222
Add:				
Balance surplus brought forward from Previous Year			24,09,46,055	16,20,51,466
Amount Available for Appropriations			50,25,45,228	25,27,16,688
Transferred to General Reserve			2,33,60,000	Nil
Proposed final Dividend			2,01,37,960	1,00,60,800
Dividend tax on the same			33,44,663	17,09,833
Surplus Carried Forward to Balance Sheet			45,57,02,605	24,09,46,055
Earnings Per Share - Basic			25.56	9.01
Earnings Per Share - Diluted			25.44	9.00

Significant Accounting Policies-Schedule 20

Notes on Accounts-Schedule-21

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

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

C. Shivakumar Reddy
Managing Director

R.H.Kasturi
Director

K.Madhwesh
Company Secretary

Place : Bangalore
Date : 15.05.2010

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

B.Anand
Partner
Membership No. 29146

Kavveri Telecom Products Limited - Consolidated

Schedules annexed to and forming part of Consolidated Balance Sheet as at 31st March, 2010

PARTICULARS		31.03.2010 Amount	31.03.2009 Amount
Schedule - 1			
Share Capital			
Authorised:			
2,00,00,000 Equity Shares of Rs. 10/- each		20,00,00,000	20,00,00,000
Issued, Subscribed And Paid Up:			
10,060,800 (9,823,450) Equity Shares of Rs 10/- each fully paid up		10,06,08,000	9,82,34,500
Share Capital Suspense Account (Refer Note 1 of Schedule 20)		Nil	23,73,500
TOTAL		10,06,08,000	10,06,08,000
Schedule - 2			
Reserves And Surplus			
Capital Reserve		73,25,779	73,25,779
Securities Premium			
Opening Balance	8,45,57,700		
Add: Additions during the year	37,03,22,150		
Add: Transfer from Securities Premium Suspense Account	42,72,300	45,91,52,150	8,45,57,700
Securities Premium Suspense Account			
Opening Balance	42,72,300		
Less: Transfer to Securities Premium Account (Refer Note No. 01 of Schedule 20)	42,72,300	Nil	42,72,300
(All the above reserves had arisen on account of scheme of amalgamation)			
Employee Stock option outstanding	95,25,598		
Less:- Deferred stock compensation cost	79,97,776	15,27,822	Nil
General Reserve			
Opening Balance	88,78,719		
Add: Transfer during the year	2,33,60,000	3,22,38,719	88,78,719
Translation Reserve		2,72,19,706	6,70,386
Profit and Loss Account		45,57,02,605	24,09,46,055
TOTAL		98,31,66,781	34,66,50,939
Schedule - 3			
Secured Loans			
(Refer Note no.06 of Schedule No. 20 for details of securities offered against such loans)			
From Banks			
Term Loan Account		15,78,95,067	12,13,47,781
Cash Credit Account		58,31,76,385	28,85,30,744
Corporate Loan Account		20,56,47,337	7,10,87,886
Car Loan Account		37,65,787	6,52,293
TOTAL		95,04,84,575	48,16,18,704

Schedules annexed to and forming part of Consolidated Balance Sheet as at 31st March, 2010

PARTICULARS		31.03.2010 Amount `	31.03.2009 Amount `
Schedule - 4			
Unsecured Loans			
Sales tax Deferred Liability		4,66,300	13,98,900
Loans from Directors		59,94,77,550	11,06,570
Interoperate Loans		17,92,70,000	Nil
Global Trade Finance Ltd		Nil	25,37,62,698
TOTAL		77,92,13,850	25,62,68,168
Schedule - 6			
Goodwill		41,15,92,890	17,21,55,201
TOTAL		41,15,92,890	17,21,55,201
Schedule - 7			
Inventories (At lower of Cost and market value)			
Raw Materials		22,35,62,571	8,17,28,597
Semi Finished Goods		4,99,57,564	47,73,351
Traded Goods		3,06,00,000	Nil
Finished Goods		9,33,02,479	8,14,05,796
TOTAL		39,74,22,614	16,79,07,745
Schedule - 8			
Sundry Debtors (Unsecured, considered good)			
Debt Outstanding for period exceeding six months		11,86,09,787	2,99,23,515
Other Debts	99,81,77,166		49,63,05,074
Less: Provision for Doubtful Debts	5,86,556	99,75,90,610	38,25,985
TOTAL		1,11,62,00,397	52,24,02,605

Schedule 5

Fixed Assets		Gross Block					Depreciation					Net Block		
Sl. No.	Particulars	As at 01.04.2009	Additions during the year	Adjustments/(Deletions)	Foreign Currency Exchange Adjustments	As at 31.03.2010	As at 01.04.2009	For the year	Adjustments/(Deletions)	Foreign Currency Exchange Adjustments	As at 31.03.2010	As at 31.03.2010	As at 31.03.2009	
1	Land - Free Hold	2,62,56,397	-	-	2,25,941	2,64,82,338	-	-	-	-	-	2,64,82,338	2,62,56,397	
2	Buildings	19,19,15,774	69,48,993	(64,09,876)	26,81,394	19,51,36,285	37,11,818	98,28,957	-	46,149	1,35,86,924	18,15,49,360	18,82,03,955	
3	Plant & Machinery	15,92,42,073	32,05,63,675	-	(3,26,67,991)	44,71,37,757	3,89,31,268	2,88,67,056	-	(93,06,444)	5,84,91,880	38,86,45,877	2,03,10,804	
4	Furnitures & Fixtures	88,21,968	1,64,02,200	-	3,64,63,857	6,16,88,025	41,11,994	92,67,741	-	1,77,62,102	3,11,41,837	3,05,46,188	47,09,974	
5	Computers	2,20,94,498	66,49,501	-	3,62,950	2,91,06,949	67,73,575	45,98,749	-	14,85,553	1,28,57,877	1,62,49,071	1,53,20,923	
6	Vehicles	60,94,565	56,37,651	(19,63,844)	15,97,062	1,13,65,434	37,00,295	12,97,016	-	(15,36,639)	34,60,671	79,04,763	23,94,270	
7	Intangible Assets (Technical Knowhow)	4,63,86,210	20,32,393	-	(25,78,393)	4,58,40,210	44,95,250	44,76,927	-	37,231	90,09,409	3,68,30,801	4,18,90,959	
8	Computer software	-	1,56,24,900	-	-	1,56,24,900	-	14,08,536	-	-	14,08,536	1,42,16,364	-	
	Total	46,08,11,485	37,38,59,313	(83,73,720)	60,84,819	83,23,81,897	6,17,24,201	5,97,44,981	-	84,87,952	12,99,57,134	70,24,24,763	89,90,87,282	
	Previous Year Figure	21,32,97,759	24,76,20,273	(31,46,562)	30,40,015	46,08,11,485	3,87,21,038	2,28,59,091	-	4,51,320	6,17,24,201	39,90,87,284	17,45,76,721	

Kavveri Telecom Products Limited

Schedules annexed to and forming part of Consolidated Balance Sheet as at 31st March, 2010

PARTICULARS		31.03.2010 Amount ,	31.03.2009 Amount ,
Schedule - 9			
Cash and Bank Balance			
Cash and Cheques on Hand		1,11,591	3,73,005
Bank Balance with Scheduled Banks : in Current Account		7,55,96,636	6,41,36,432
Margin Money & Fixed Deposit		4,24,58,504	7,69,49,001
Unclaimed Dividend Account		10,95,189	21,71,280
TOTAL		11,92,61,920	14,36,29,718
Schedule - 10			
Loans and Advances (Unsecured, considered good)			
a. Advances Recoverable in cash or in kind or for value to be received		64,53,31,810	8,33,99,840
b. Deposits		1,50,31,238	1,03,82,303
c. Balances with Customs, Excise Authorities and Vat		9,05,82,423	4,87,80,776
d. Balances with the Income Tax Department		8,08,578	27,76,642
TOTAL		75,17,54,049	14,53,39,561
Schedule - 11			
Current Liabilities			
Sundry Creditors			
Dues to Micro, Small and Medium Enterprises		-	
Due to Others		33,17,81,286	45,18,58,762
Advance from Customers		26,02,387	5,76,250
Other Liabilities		7,36,13,041	3,61,57,830
Unclaimed Dividends {Note 15 of Schedule 21}		10,95,189	21,71,280
TOTAL		40,90,91,903	49,07,64,122

Schedules annexed to and forming part of Consolidated Balance Sheet as at 31st March, 2010

PARTICULARS		31.03.2010 Amount	31.03.2009 Amount
Schedule - 12			
Provisions for			
Income Tax (Net of payments)		8,90,11,227	43,39,318
Fringe Benefit Tax (Net of payments)		1,70,648	3,50,000
Warranty		45,79,27,489	Nil
Gratuity		32,08,642	26,04,562
Leave Encashment		37,71,447	36,55,932
Proposed Dividend		2,01,37,960	1,00,60,800
Dividend Tax		33,44,663	17,09,833
TOTAL		57,75,72,076	2,27,20,445
Schedule - 13			
Miscellaneous Expenditure (to the extent not written off or adjusted)			
Preliminary Expenses		52,70,859	41,18,668
Deferred Revenue Expenditure		61,12,148	61,12,147
TOTAL		1,13,83,007	1,02,30,815

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

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

C. Shivakumar Reddy
Managing Director
R.H.Kasturi
Director

K.Madhvesh
Company Secretary
Place : Bangalore
Date : 15.05.2010

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

B.Anand
Partner
Membership No. 29146

Kavveri Telecom Products Limited - Consolidated

Schedules annexed to and forming part of Consolidated Profit and Loss account for the year ended 31st March 2010

PARTICULARS		31.03.2010 Amount	31.03.2009 Amount
Schedule - 14			
Other Income			
Interest Received (Gross)		1,42,02,529	75,84,282
Service Income		1,03,38,972	Nil
Miscellaneous Income		3,33,31,517	2,93,08,423
Exchange Fluctuation Gain (Net)		45,97,425	83,09,965
Provision no longer required written back		10,30,202	11,47,922
TOTAL		6,35,00,645	4,63,50,593
Schedule - 15			
Increase/(Decrease) in Inventory			
Opening Stock of Finished Goods		8,64,15,580	7,28,75,679
Closing Stock of Finished Goods		8,36,61,816	8,64,15,580
	a)	(27,53,764)	1,35,39,901
Opening Stock of Semi-Finished Goods		47,73,364	45,24,479
Closing Stock of Semi-Finished Goods		4,98,50,741	47,73,364
	b)	4,50,77,377	2,48,885
Opening Stock Of Trading Goods		-	
Closing Sock Of Trading Goods		3,06,00,001	
	c)		
Increase/(Decrease) in Inventory		7,29,23,414	1,37,88,786
Schedule - 16			
Operating Expenses			
a. Raw Materials Consumed			
Opening Stock of Raw Materials		7,68,91,412	4,30,60,642
Add: Purchases during the year		58,88,82,735	1,23,41,27,172
TOTAL		66,57,74,147	1,27,71,87,814
Less: Closing Stock		22,98,70,149	7,68,91,412
Material Consumed	A	43,59,03,998	1,20,02,96,402

Schedules annexed to and forming part of Consolidated Profit and Loss account for the year ended 31st March 2010

PARTICULARS		31.03.2010 Amount	31.03.2009 Amount
b.Others			
Consumables		6,11,001	21,45,136
Packing Materials		20,77,685	23,61,460
Job work Charges		5,31,14,698	1,20,20,318
Power Charges		15,32,135	6,26,859
Freight		90,66,937	1,50,58,882
Warranty Charges		45,79,27,489	Nil
Other Manufacturing Expenses		1,65,25,382	98,60,741
TOTAL	B	54,08,55,327	4,20,73,395
c. Purchase of Traded Goods	C	51,48,00,000	Nil
TOTAL	A+B+C	1,49,15,59,325	1,24,23,69,797

Kavveri Telecom Products Limited

Schedules Annexed to and forming part of Consolidated Profit and loss account for the year ended 31st March, 2010

PARTICULARS	31.03.2010 Amount	31.03.2009 Amount
Schedule - 17		
Personnel Expenses		
Salaries, Wages & Bonus	13,96,50,149	13,50,23,077
Directors' Remuneration	3,52,72,240	1,70,18,368
Contribution to: Provident Fund and Other Funds	28,17,660	31,09,718
Gratuity & Leave encashment	9,48,214	27,96,293
Staff Welfare expenses	23,09,223	47,43,339
Amortization of Deferred Stock Compensation Expenses	9,91,482	Nil
TOTAL	18,19,88,968	16,26,90,796
Schedule - 18		
Administrative, Selling & Other Expenses		
Rent	2,07,31,777	1,35,74,283
Research & Development Expenses	3,78,62,015	3,46,23,385
Travelling & Conveyance Expenses	2,13,92,158	2,04,36,202
Rebates and Discounts	8,99,63,095	Nil
Carriage Outwards	70,30,011	3,00,62,734
Audit Fees	11,04,412	5,40,000
Repairs and Maintenance		
- Building	13,74,629	4,12,662
- Machinery	11,07,316	16,49,263
- Others	69,47,928	37,25,357
Brokerage and Commission	17,80,135	50,14,972
Exchange Fluctuation Loss(Net)	1,18,83,056	3,62,51,876
Insurance	37,36,275	25,37,282
Rates & Taxes	44,26,728	85,71,488
Provision for doubtful debts and Bad debts written off	25,01,396	4,14,62,073
Directors Sitting Fees	1,12,500	70,000
Loss on Sale of Assets	7,33,664	14,55,981
Preliminary Expenses written off	5,316	2,19,544
Miscellaneous expenses	4,55,62,867	7,83,62,182
TOTAL	25,82,55,277	27,89,69,284

Schedules annexed to and forming part of Consolidated
Profit and Loss account for the year ended 31st March 2010

PARTICULARS	31.03.2010 Amount	31.03.2009 Amount
Schedule - 19		
Financial Expenses		
Interest Paid on Fixed Loans	2,49,94,536	3,02,22,876
Interest Paid - Others	6,61,99,369	3,86,20,316
Bank charges	1,48,94,084	1,46,56,629
Discount and Factoring Charges	2,11,38,031	4,16,07,305
TOTAL	12,72,26,020	12,51,07,126

Notes on Accounts – 20

Signatures to Schedules 14 to 20

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

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

C. Shivakumar Reddy
Managing Director

R.H.Kasturi
Director

B.Anand
Partner

Membership No. 29146

K.Madhvesh
Company Secretary

Place : Bangalore
Date : 15.05.2010

AUDITOR'S REPORT ON CONSOLIDATED ACCOUNTS

We have examined the attached Consolidated Balance Sheet of M/s. Kavveri Telecom Products Limited and its Subsidiary as at March 31, 2010, the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year then ended.

These financial statements are the responsibility of the Kavveri Telecom Products Limited management. Our responsibility is to express an opinion on these financial statements based on our Audit.

We conducted our audit in accordance with the generally accepted auditing standards in India. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework and are free of material misstatements. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements. We believe that our audit provides a reasonable basis for our opinion.

We did not audit the financial statements of Subsidiary Companies, whose financial statements reflect total assets of Rs.14, 690.87 Lakhs/- as at March 31, 2010 and total revenues of Rs 4,324.44.Lakhs /- for the year then ended. These financial statements have been audited by other Auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included in respect of the Subsidiary Companies, is based solely on the report of the other Auditors.

We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard (AS) 21, Consolidated Financial Statements, prescribed by the Company's (Accounting Standards) Rules 2006 and on the basis of the separate audited financial statements of M/s. Kavveri Telecom Products Limited and its Subsidiary Companies, included in the Consolidated Financial Statements.

On the basis of the information and explanation given to us and on the consideration of the separate audit reports on individual audited financial statements of M/s. Kavveri Telecom Products Limited and its aforesaid Subsidiary Companies, we are of the opinion that:

- a. the Consolidated Balance Sheet gives a true and fair view of the consolidated state of affairs of M/s. Kavveri Telecom Products Limited and its Subsidiary as at March 31, 2010
- b. the Consolidated Profit and Loss Account gives a true and fair view of the consolidated results of operations of M/s. Kavveri Telecom Products Limited and its Subsidiary Companies for the year then ended and
- c. the Consolidated Cash Flow Statement gives a true and fair view of the consolidated cash flows of M/s. Kavveri Telecom Products Limited and its Subsidiary Companies for the year then ended.

For S. Janardhan & Associates
Chartered Accountants

B. Anand
Partner
Membership No. : 29146

Bangalore
15.05.2010

STATEMENT ON SIGNIFICANT ACCOUNTING POLICIES

Schedule – 19

1. Basis of Preparation of Financial Statements:

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

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

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

2. Use of estimates:

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

3. Fixed Assets:

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

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

- The technology is being upgraded and developed in the Research and Development department for its use in the developing of new products and for enhancement of features & functionalities of the products to be developed out of the same. This expenditure is considered under fixed asset as Technical Knowhow.

- Software which are not integral part of the hardware are classified as Intangibles and is stated at cost less accumulated amortization. Software's are being amortized over the estimated useful life which is estimated as 3 Years.

- Temporary structures installed at the leased out premises is being written off over the tenure of the lease agreement

4. Depreciation:

- Depreciation on Fixed Assets is provided using Straight-line method at the rates prescribed under Schedule XIV of the companies Act, 1956 on proportionate basis.

- Cost of Technical knowhow is being written off over a period of 10 years.

5 Impairment of Assets:

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

6 Leases:

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

7. Inventory Valuation:

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

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

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

8. Investments:

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

9. Research and Development:

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

10. Revenue Recognition:

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

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

- Export benefits are accounted on accrual basis.

11 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 Profit and Loss account. 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.

12 Exchange Fluctuation:

- Income and expense in foreign currencies are converted at exchange rates prevailing on the date of the transaction. Foreign currency monetary assets and liabilities other than net investments in non-integral foreign operations are translated at the exchange rate prevailing on the balance sheet date. Exchange difference arising on a monetary item that, in substance, forms part of an enterprise's net investments in a non-integral foreign operation are accumulated in foreign currency translation reserve

- For the purpose of consolidation, income and expenses are translated at average rates and the assets and liabilities are stated at closing rate. The net impact of such change is accumulated under foreign currency translation reserve.

13. Employee Benefits:

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

- Gratuity: A defined benefit retirement plan ("the Gratuity Plan") is provided to all employees. In accordance with the Payment of Gratuity Act, 1972, the Gratuity Plan provides a lumpsum amount to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of employment. Liabilities with regard to the Gratuity plan are determined by actuarial valuation using the projected unit credit method, as of the balance sheet date.
- Expenses on ex-gratia payment to employees, a defined contribution plan, are accounted as and when accepted by the management.
- Provision in respect of Leave encashment is made, based on actuarial valuation.

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. Miscellaneous Expenditure:

Preliminary Expenses are being amortized over a period of 10 years

16. Taxes:

- Tax expense comprises of current, deferred and fringe benefit 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 is not calculated on the accounts of subsidiary companies except for Kavveri Telecoms Infrastructure Limited hence deferred Tax of Subsidiaries are not considered for consolidation
- Deferred Tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

17. 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.

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 or ESOP 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. 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 113,895 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.

During the current year, the company under the Kavveri 2008 Plan has issued 80,400 options to eligible employees.

The date of grant, number of options granted, exercise price fixed by the committee for respective options and the market price of the shares of the Company on the date of grant is given below

Date of grant	No. of options granted	Exercise price Rs.	Market Price in Rs. (As per Sebi Guidelines)
15.04.2009	12,800	10.00	36.05
08.05.2009	600	10.00	38.50
11.03.2010	67,000	10.00	81.90

Stock option activity under the Kavveri ESOS 2008 Plan is given under:

	Shares arising out of options	Range of exercise price	Weighted average exercise price
Outstanding at the beginning of the year	46,175	Rs. 10.00	Rs. 10.00
Grants during the year	80,400	Rs. 10.00	Rs. 10.00
Forfeited during the year	(12,680)	Rs. 10.00	Rs. 10.00
Outstanding at the end of the year	113,895	Rs. 10.00	Rs. 10.00

The Company has followed intrinsic method of accounting based on which a compensation expense of Rs.9.91 Lakhs (Previous year 5.36 Lakhs) has been recognized in the profit and loss account.

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.

NOTES TO ACCOUNTS

1. Amalgamation with Megasonic Telecoms Private Limited:

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

All the members of the erstwhile Megasonic Telecoms Private Limited were allotted as per the scheme of arrangement except to the extent of 2,37,350 equity shares, which could not be allotted in the absence of allotment details till the accounts for the year ended 31st March 2009. The consideration in respect of the unallotted shares to the extent of 2,37,350 shares were shown under "Share Capital Suspense" and the corresponding premium under "Securities Premium suspense", pending allotment in the earlier year accounts. However, the company has allotted such shares as stated above, to the respective members, after ascertaining the details during the year and as such, suspense account balances have been transferred to the Share Capital account and Securities Premium account respectively

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

3. Subsidiary Companies

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

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

c) The Company incorporated a 100% subsidiary in

the name of KAVVERI TELECOM PRODUCTS UK Limited at UK during the financial year 2009-10 with no initial cost of investment.

4. Goodwill arising on account of investment during the year in M/s Kavveri Telecoms Infrastructure Ltd and M/s Trackcom Systems International Inc amounts to Rs.192,898,543/-

5. The figures of previous year have been regrouped/reclassified, where necessary, to confirm with the current year's classification.

6. Secured Loans:

a) Term Loan and Corporate loan are secured by present future fixed assets of the company

b) Working Capital facilities are secured against the first charge on the entire and future current assets of the company.

c) The above loans are further collaterally secured by properties owned by relatives of the directors and by pledge of 5 lakh shares of Kavveri Telecom Products Ltd owned by the promoter directors and by pledge of 29,200 shares of Kavveri Technologies Inc. (Canada) being the 100% stake held by the Kavveri Telecom Products Ltd.

d) Cash credit account is secured by all stock/debtors and other current assets of the Company.

e) The letter of credit facilities and bank guarantee facilities are secured against the first charge on the entire present and future current assets of the company.

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

g) All the secured loans excepting Car loans have been personally guaranteed by two directors

h) The Term loan availed by Kavveri Telecoms Infrastructure Limited is collaterally secured by land held by Eicom India Private Ltd

i) The loan availed by Tiltek Antenna Inc is secured by the corporate guarantee of M/s Kavveri Technologies Inc. and is further secured by land owned by M/s Kavveri Realty Inc.

8. Contingent Liabilities not provided for –

Particulars	2010	2009
Estimated amount of Contracts remaining to be executed on Capital Account.	4,48,50,000	NIL
Claims against the Company not acknowledged as a debt	245,40,216	32,32,200
On account of Income tax	10,060,0000	10,060,0000
On account of Excise Matters	29,89,60,660	Nil
On account of Sales tax	63,22,513	Nil
Guarantees issued by bankers on behalf	47,934,939	4,49,09,466

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

9. Managerial Remuneration

Remuneration Paid/payable to key management personnel:

(In Rs)

Name	Relationship	2010 Remuneration	Commission	Provident Fund	2009 Remuneration	Commission	Provident Fund
C. Shiva Kumar Reddy	Managing Director	1,500,000	12,815,755	9,360	1,500,000	2,963,430	9,360
R. H Kasturi	Whole time Director	1,500,000	12,815,755	9,360	1,500,000	2,963,430	9,360
C. Uma Reddy	Erstwhile Director	500,000	2,518,890	3,120	1,500,000	2,963,430	9,360
L. Nicholas	Whole time Director	2,100,000	--	--	2,100,000	--	--
Other Non Executive Directors		--	1,500,000	--	--	1,500,000	--
Total		5,600,000	29,650,400	21,840	66,00,000	10,390,288	28,080

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

10. Segment Results

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

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

NAME OF THE COMPANY	PERCENTAGE OF HOLDING As at 31.03.2010	PERCENTAGE OF HOLDING As at 31.03.2009
EAIKOM INDIA PRIVATE LTD	100%	100%
KAVVERI TELECOM INFRASTRUCTURE LIMITED	51%	51%
KAVVERI TELECOM PRODUCTS UK Limited	100%	--
KAVVERI TECHNOLOGIES INC	100%	100%
Subsidiaries having Indirect holding		
TIL TEK ANTENNA INC	100%	100%
TRACKCOM SYSTEMS INTERNATIONAL INC	67%	--
DCI DIGITAL COMMUNICATIONS INC	100%	100%
SPOTWAVE WIRELESS LTD	100%	100%
KAVVERI REALTY INC	100%	100%

12. Deferred Tax Liability and Asset are attributable to the following: (In Rs)

Particulars	Year Ending 31.03.2010	Year Ending 31.03.2009
Deferred Tax Liability: Attributable to Depreciation	92,179,000	50,329,000
Less: Deferred Tax Asset Attributable to Expenses allowable when paid	(2,693,000.00)	(943000)
Net Deferred Tax Liability	89,486,000.00	49,386,000

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

- Pursuant to Accounting Standard AS-28- Impairment of assets issued by the Institute of Chartered Accountants of India, the Company assessed its fixed assets for impairment as at 31st March 2010 and concluded that there has been no significant impaired fixed asset that needs to be recognized in the books of account.
- The employees' Gratuity Fund Scheme is a defined benefit Plan. The present value of the obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligation for Leave encashment is recognized in the same manner as gratuity.

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

- List of Related Parties:

Key Management Personnel
Mr. C. Shivakumar Reddy
Ms. C. Uma Reddy
Mrs. R. H Kasturi

- Transactions with Related Parties: (In Rs)

Particulars	Key Management Personnel		Total	
	2010	2009	2010	2009
Purchase of Goods	-	-	-	-
Sale of Goods	20,686	-	20,686	-
Reimbursement of Expenses	19,478	842,101	19,478	842,101
Directors Remuneration Paid	35,272,240	17,018,368	29,650,400	17,018,368
Salaries	445,500	-	445,500	-
Rent paid	3,747,583	4,800,000	3,747,583	4,800,000
Loans accepted	255,435,000	-	255,435,000	-
Balance Receivables	-	-	-	-
Balance Payables	291,268,824	10,779,159	1,953,521	10,779,159

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

16. Unclaimed Dividend:

The unclaimed dividend of Rs 1,095,189 represents those relating to the years 2003 to 2009 and since the number of years of these unclaimed dividends has not exceeded 7 years as at the end of this year no amounts have been transferred to Investors protection fund during the year.

17. Unexpired Warranty Charges (In Rs)

Particulars	Opening Balance	Additions	Reversal	Closing Balance
Warranty Charges	Nil	457,927,489	Nil	457,927,489

18. The following reflects the income and share data used in the computation of Basic and diluted earnings per share (In Rs)

Particulars	Year Ending 31.03.2010	Year Ending 31.03.2009
Net profit for the year	257,198,846	90,665,222
Shares		
Total number of equity shares outstanding at the end of the year	10,060,800	10,060,800
Weighted average number of equity shares outstanding during the year-Basic	10,060,800	10,060,800
Add: Weighted average number of equity shares arising out of outstanding stock options(net of the stock options Forfeited)that have dilutive effect on the EPS	50,420	13,604
Weighted average number of equity shares outstanding during the year-Diluted	10,111,220	10,074,404
Earnings per share of par value –Basic(Rs.)	25.56	9.01
Earnings per share of par value-Diluted(Rs.)	24.44	9.00

18. 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: (In Rs)

Particulars	Year Ending 31.03.2010	Year Ending 31.03.2009
Lease rent recognized in the Profit and Loss Account	5,866,033	7,249,255
Minimum lease payments outstanding in respect of these areas under:	332,064	617,100
Not later than one year	47,82,000	7,249,255
Later than one year and not later than 5 years	191,28,000	19,200,000

19. Dividend has been provided on 10,068,980 shares, which includes 8,180 shares which have been allotted to the eligible employees under the Kavveri ESOS 2008 Scheme, subsequent to the date of the balance sheet, but before the adoption of accounts
20. The Provision for income tax has been calculated taking into consideration investments in Capital expenditure made under Research and development eligible for a weighted deduction of 150% under section 35(2AB) of the Income Tax Act 1961.

Signatures to Schedules Accounting Policies and Notes to accounts

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

C. Shivakumar Reddy
Managing Director

R.H.Kasturi
Director

K.Madhvesh
Company Secretary

Place : Bangalore
Date : 15.05.2010

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

B.Anand
Partner
Membership No. 29146

Kavveri Telecom Products Limited

Consolidated Cashflow Statement for the year Ended 31st March 2010

PARTICULARS	Current year		Previous year	
	Amount	Amount	Amount	Amount
A) Cashflows from Operating Activities				
Net Profit as per Profit & Loss Account	38,84,44,031		12,62,62,132	
ADJUSTMENTS FOR:				
Depreciation	5,97,44,983		2,28,59,091	
Interest & financial Charges	12,72,26,020		12,51,07,126	
Interest received - considered separately	(1,42,02,529)		(75,84,282)	
Prior period incomes/(expenses)	(5,74,468)		2,82,649	
Provision for bad and doubtful debts	25,01,396		4,14,62,073	
Provision for Warranty	45,79,27,489		0	
Amortization of Deferred Stock Compensation Expenses	9,91,482		0	
preliminary exp written off	5,316		2,19,544	
Other non Cash items	2,52,09,715		(3,59,39,033)	
Deferred Revenue Expenses	0		61,12,147	
Cash Flows Before Working Capital Changes	1,04,72,73,435		27,87,81,447	
Adjustments For Working Capital Changes:				
Change in Inventories	(22,95,14,869)		(3,25,24,910)	
Change in Sundry Debtors	(59,62,99,188)		3,27,71,621	
Change in Loans & Advances	(61,37,00,119)		(4,15,73,991)	
Change in Current Liabilities	(8,00,59,788)		23,48,08,679	
	(47,23,00,530)		47,22,62,846	
LESS: Taxes Paid - Income Tax	(60,78,160)		(2,71,93,000)	
Fringe Benefit Tax			(5,50,000)	
Net Cashflow from Operating Activities		(47,83,78,689)		44,45,19,846
B) Cashflows from Investing Activities				
Acquisition of Fixed Assets	(37,38,59,313)		(24,76,20,273)	
Increase Capital work in progress	(22,89,49,382)		(14,01,62,214)	
Sale of Asset	83,73,720		16,90,582	
Translation adjustments	24,03,133		(26,95,242)	
Goodwill	(19,28,98,543)		38,65,220	
Preliminary exp	(11,57,508)		(67,89,946)	
Interest received	1,42,02,529		75,84,282	
Net Cashflows from Investing Activities		(77,18,85,364)		(38,41,27,591)

PARTICULARS	Current year		Previous year	
	Amount	Amount	Amount	Amount
C) Cashflows from Financing Activities				
Increase in investment from minority shareholders	38,35,297		49,00,000	
Increase in Securities Premium	37,03,22,150		Nil	
Change in Secured Loans	46,88,65,871		(8,19,22,506)	
Change in Unsecured Loans	52,29,45,682		1,96,83,685	
Interest paid	(12,72,26,020)		(12,51,07,126)	
Corporate Dividend tax paid	(17,09,833)		(17,09,833)	
Dividend paid	(1,11,36,891)		(1,00,60,800)	
Net Cashflows from Financing Activities		1,22,58,96,256		(19,42,16,580)
Net Increase/(decrease) in Cash or Cash Equivalents		(2,43,67,798)		(13,38,24,325)
Add: Opening Cash or Cash Equivalents		14,36,29,718		27,74,54,043
Closing Cash or Cash Equivalents		11,92,61,920		14,36,29,718

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

C. Shivakumar Reddy
Managing Director
R.H.Kasturi
Director

K.Madhvesh
Company Secretary

Place : Bangalore
Date : 15.05.2010

Explanatory notes to Cash Flow Statement

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

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

B.Anand
Partner
Membership No. 29146

KAVVERI TELECOM PRODUCTS UK LIMITED

BALANCE SHEET AS ON 31ST MARCH 2010

Sources of Funds :	GBP	INR
Capital Account		
<i>SHARE CAPITAL</i>	1.00	68.26
Loans (Liability)		
<i>Kaveri Telecom Products Ltd</i>	49730.54	3394368.75
Profit & Loss A/c		
<i>Opening Balance</i>		
<i>Current Period</i>		
Total	49731.54	3394437.00
Application of Funds :		
<i>Current Assets</i>		
Stock-in-Hand		
Cash-in-hand		
Bank Accounts	1804.54	123169.27
<i>Less :Current Liabilities</i>		
Sundry Creditors	-47927.00	-3271267.74
Working Capital	49731.54	3394437.00
Total	49731.54	3394437.00

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT
1956 RELATING TO SUBSIDIARY COMPANIES

PARTICULARS	KAVERI TELECOM INFRASTRUCTURE LTD	KAVVERI TECHNOLOGIES INC	TIL TEK ANTENNA INC	DCI DIGITAL COMMUNICATION INC	SPOTWAVE WIRELESS INC	KAVERI REALTY 5 INC	TRACKCOM SYSTEMS INTERNATIONAL INC	EACOM INDIA PRIVATE LIMITED	KAVVERI TELECOM PRODUCTS UK LIMITED
FINANCIAL YEAR OF THE SUBSIDIARY ENDED ON	31.03.2010	31.03.2010	31.03.2010	31.03.2010	31.03.2010	31.03.2010	31.03.2010	31.03.2010	31.03.2010
HOLDING COMPANY'S INTEREST IN THE SUBSIDIARY AS AT	9096000 EQUITY SHARES	230700 SHARES OF	120 EQUITY SHARES OF	1000 EQUITY SHARES OF CAD 1/- EACH	120 EQUITY SHARES OF	120 EQUITY SHARES OF	67 EQUITY SHARES OF	212850 EQUITY SHARES	1 EQUITY SHARE OF £ 1/-
31.03.2009	OF RS.10/- EACH	CAD 10/- EACH	CAD 1/- EACH		USD 1/- EACH	CAD 1/- EACH	USD 1/- EACH	OF RS.10/- EACH	
EXTENT OF HOLDING	51%	100%	100%	100%	100%	100%	67%	100%	100%
NET AGREGATE AMOUNT OF SUBSIDIARY COMPANY'S PROFIT /(LOSSES) DEALT WITH THE HOLDING COMPANY'S ACCOUNTS:									
FOR THE AFORESAID FINANCIAL YEAR ENDED 31.03.2009	Nil	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
FOR THE PREVIOUS YEARS SINCE THEY BECAME THE COMPANY'S SUBSIDIARIES	Nil	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
NET AGREGATE AMOUNT OF SUBSIDIARY COMPANY'S PROFIT / (LOSSES) NOT DEALT WITH THE HOLDING COMPANY'S ACCOUNTS:									
FOR THE AFORESAID FINANCIAL ENDED 31.03.2010	(22,75,938)	(16037950)	24297192	579217	(16938408)	(5040885)	(9954900)	(489257)	Nil
FOR THE PREVIOUS FINANCIAL YEAR ENDED 31.03.2009	(61,12,148)	(10356002)	(17514905)	(2261374)	(6805543)	NIL	-	(1213009)	Nil
CHANGE OF INTEREST OF THE COMPANY IN THE SUBSIDIARY BETWEEN THE END OF FINANCIAL YEAR OF THE SUBSIDIARY COMPANY AND THAT OF HOLDING COMPANY	Nil	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL

NOTE: As the financial year of the subsidiary company coincides with the financial year of the Holding company, section 212(5) of the act is not applicable

KAVVERI TELECOM PRODUCTS LIMITED

BALANCE SHEET ABSTRACT AND COMPANY'S BUSINESS PROFILE PART IV - SCHEDULE VI OF THE COMPANIES ACT, 1956

I REGISTRATION DETAILS

Registration Number

0 0 0 0 0 0

State Code

0 8

Balance Sheet Date

3 1 0 3 2 0 0 9

II CAPITAL RAISED DURING THE YEAR (Amount in Lakhs)

Public Issue

0 0 0

Rights Issue

0 0 0

Bonus Issue

0 0 0

Private Placements

0 0 0

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

Total Liabilities

1 2 5 7 4 . 6 3

Total Assets

1 2 5 7 4 . 6 3

A. SOURCE OF FUNDS :

Paid up Share Capital

1 0 0 6 . 0 8

Reserves and Surplus

3 7 0 6 . 8 8

Secured Loans

4 8 1 6 . 1 8

Unsecured Loans

2 5 5 1 . 6 1

B. APPLICATION OF FUNDS:

Net Fixed Assets

0 3 2 9 9 . 9 5

Investments

0 2 3 8 8 . 2 7

Net Current Assets

1 0 7 1 3 . 9 3

Miscellaneous Expenditure

N I L

Accumulated Losses

N I L

IV PERFORMANCE OF COMPANY (Amount in Lakhs)

Turnover

1	8	3	8	1	.	6	1
---	---	---	---	---	---	---	---

Total Expenditure

1	6	8	2	7	.	5	3
---	---	---	---	---	---	---	---

Profit Before Tax

	1	5	5	4	.	0	7
--	---	---	---	---	---	---	---

✓	x
+	-

Profit After Tax

	1	1	3	4	.	1	6
--	---	---	---	---	---	---	---

Earnings Per Share (In Rs.)

			1	1	.	2	7
--	--	--	---	---	---	---	---

Dividend Rate (In %)

					.	0	0
--	--	--	--	--	---	---	---

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

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

Item Code No. (ITC CODE)

					N	I	L
--	--	--	--	--	---	---	---

Product Description

					N	I	L
--	--	--	--	--	---	---	---

C. Shivakumar Reddy
Managing Director

C. Uma Reddy
Director

For S. Janardhan & Associates
Chartered Accountants

Company Secretary

(B. Anand)
Partner

Place : Bangalore
Date : 16.06.2009

KAVVERI TELECOM PRODUCTS LIMITED

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

ATTENDANCE SLIP

I _____ (name) the member of the company under the folio number _____ holding _____ equity shares in the company, hereby:

record my presence at the Fifteenth Annual General Meeting of the Company held on 30.09.2010 at plot no 31 to 36, 1st main, 2nd Stage, Arekere Mico layout, Bannerghatta road, Bangalore – 560 076.

OR

appoint _____ (name of proxy) as my proxy to vote for me on my behalf at the Fifteenth Annual General Meeting of the Company to be held on 30.09.2010 at plot no 31 to 36, 1st main, 2nd Stage, Arekere Mico layout, Bannerghatta road, Bangalore – 560 076. Rs. 1/- Revenue Stamp

Signed this _____ day of _____ 2010

Signature(s) of Member(s) _____

Note: Please fill this attendance slip and hand it over at the entrance of the Hall / deliver the proxy form 48 hours before the EGM

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Rs. 1/-
Revenue
Stamp



Corporate Office:
Kaveri Industrial Complex, 1st main, 2nd stage,
Arakere Mico Layout, Banerghatta road, Bangalore - 560 076
Tel: +91 80 4121 5999 / 4121 5963 | Fax: +91 20 4121 5966
Email: mktg@kaveritelecoms.com

