

Set up with an initial investment of a modest Rs 10,000 by C. Shivakumar Reddy in 1991, Kavveri Telecom has grown to become a Rs 2 billion company with operations spread across India, Europe and the US.

The Bengaluru-based company manufactures antennas and radio frequency (RF) products for the wireless space, primarily catering to the telecom industry and defence forces. The company's customer list includes original equipment manufacturers like Ericsson, Nokia Siemens Networks, Alcatel-Lucent, Huawei and ZTE, and mobile operators like Vodafone Essar, Bharti airtel, Idea Cellular, Bharat Sanchar Nigam Limited, Reliance Communications and Spice Telecom.

Besides manufacturing, the company also provides a wide portfolio of telecom solutions. In 2008, Kavveri Telecom announced the launch of its new subsidiary dedicated to in-building coverage solution projects and services. The subsidiary, Kavveri Telecom Infrastructure Limited (KTIL), has since won several contracts from telecom operators in India. The latest is a 10-year contract for infrastructure rollout on a build-own-operate-lease basis with an Indian telecom operator. The contract was signed in December 2010.

### **Going the inorganic way**

The company has also been expanding globally. In the past four years, it has acquired four different RF products and antenna manufacturing companies.

In January 2007, it acquired Canadian company DCI Digital Communications, which specialises in RF interference products, in an all-cash deal worth Canadian \$1.8 million. Earlier, in April 2006, it had purchased Til-Tek Antennae, Inc., a manufacturer of base station antennas for GSM, CDMA, Wi-Fi and Wi-Max applications for Canadian \$2.5 million. Both acquisitions were made through Kavveri Technologies, Kavveri's wholly owned subsidiary in Canada.

In 2008, it acquired another company, Spotwave Wireless Limited. The Canadian firm designs,

develops and manufactures intelligent repeaters for in-building solutions for GSM, 3G and long term evolution (LTE) technologies.

In July 2009, Kavveri Telecom, through its wholly owned subsidiary Kavveri Technologies, acquired a 67 per cent stake in Montreal-based Trackcom Systems International (TSI). With this acquisition, Kavveri now has access to a portfolio of RF products and antennas of up to 40 GHz for space, defence as well as telecom applications. The company intends to acquire the remaining stake of TSI in the next four-five years.

### **Manufacturing**

Kavveri Telecom has three manufacturing units in and around Bengaluru with a combined capacity to manufacture about 200,000 antennas and 15,000 RF products (such as filters, combiners, splitters, feeder cables and repeaters) a month.

In light of its global expansion plans, the company invested about Rs 150 million in 2008 to set up a semi-automatic integrated manufacturing facility at Jigani, about 25 km from Bengaluru. The company moved its manufacturing unit from a 16,000 square foot facility to a ten times bigger complex in 2009. A third of the new facility has been devoted to contract manufacturing for its global clientele. "The cost of manufacturing is quite steep in North America and Europe, while in India, we can do the same at 30-40 per cent lower costs," says Reddy.

### **Recent developments**

Kavveri Telecom has recently forayed into the 4G technology space by launching a first-of-its-kind product – a linearly polarised CPE antenna – in the North American market. This product has been designed and developed by Kavveri's Indian research and development department to meet the needs of telecom operators in the North American LTE market, at an investment of Rs 35 million. "After the North American markets, Kavveri Telecom is planning to take this product to Europe, the Middle East and Africa," says Reddy.

Besides telecom, Kavveri's other growth frontiers include the space and defence sectors. Its

presence in these sectors has not been big but it intends to increase its footprint as it expects these to witness hyper growth in the next seven-eight years.

In October 2010, Kavveri tied up with the Valcom Manufacturing Group of Canada, one of the leading manufacturers of wireless defence products. This tie-up will enable the company to provide high technology products to the Indian defence industry.

Financially, Kavveri is on a strong wicket. Its consolidated revenues stood at Rs 3.15 billion as of March 31, 2011, rising 29 per cent from the previous year's Rs 2.43 billion. The profit after tax (PAT) also increased in 2010-11, to Rs 395 million from Rs 257 million a year ago.

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