

KERNEX MICROSYSTEMS (INDIA) LTD
AS AT
AUG 31 ,2005

AS AT
March 31, 2005

SCHEDULE A
SHARE CAPITAL

AUTHORISED CAPITAL

1,50,00,000 Equity Shares ofRs.10/- each	150,000,000	-
(Previous year1,00,00,000 Equity Shares ofRs.10/- each)		100,000,000

ISSUED SUBSCRIBED AND PAID UP CAPITAL

7,402,879 EQUITY SHARES OF RS.10/- each		
(Of the above shares , 43,85,845 number of Eq.shares of Rs.10 each were allotted by way of bonus shares by capitalising free reserves of the Company)	74,028,790	74,028,790
	74,028,790	74,028,790

SCHEDULE B
RESERVES AND SURPLUS

Securities Premium

As at the commencement of the year	58,939,182	48,714,732
Add : received during the year		
Less: Utilised for Sweat Equity Issue	-	10,224,450
	58,939,182	58,939,182

General Reserve

At the commencement of the year	17,813,631	12,813,631
Add:Transfer from the profit & Loss account	-	5,000,000
	17,813,631	17,813,631
Balance in Profit & Loss A/c	157,594,291	95,437,481

	234,347,104	172,190,294
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SCHEDULE C

SECURED LOANS

Cash Credit from SBH	10,874,308	21,532,563
Loan against Deposits	30,386,969	-
	41,261,277	21,532,563

SCHEDULE D

UNSECURED LOANS

NIL	-	NIL
	-	-

SCHEDULE F

INVESTMENTS(At Cost)

Long Term, Trade (Unquoted)		
35,80,000 equity shares of US\$0.02 and	11,830,950	11,830,950
17,99,240 equity shares of Us\$0.10 in		
Avant-Garde Infosystems inc.USA (Fully Paid)		
100% subsidiary	11,830,950	11,830,950

KERNEX MICROSYSTEMS (INDIA) LTD

	AS AT 31-Aug-05	AS AT March 31, 2005
<u>SCHEDULE G</u>		
INVENTORIES (As certified by Management)		
Work in progress	15,847,728	23,016,780
Closing Stock of Components	14,872,698	31,097,733
	30,720,426	54,114,513
<u>SCHEDULE H</u>		
Sundry Debtors		
(Unsecured and considered good)		
Outstanding for a period exceeding six months	74,236,508	18,808,560
Other Debts	128,152,325	90,047,240
	202,388,833	108,855,800
<u>SCHEDULE I</u>		
<u>CASH AND BANK BALANCES</u>		
Cash in Hand	764,693	312,312
Cash at Bank :		
in current Account with scheduled Banks	2,976	1,636,555
in Fixed Deposits	84,260,000	89,260,000
	85,027,669	91,208,867
<u>SCHEDULE J</u>		
LOANS AND ADVANCES		
(Considered good, recoverable in cash or in kind or for value to be received)		
Advances given	7,832,970	4,214,535
Deposits - Government	549,577	1,119,966
Deposit - Others	4,847,809	3,587,043
Advance for Expenses	14,813,466	4,722,236
Advance Tax/TDS	56,372,641	24,093,375
Loan to Avant-Garde InfoSystemens inc. (USA 100% WOS)	13,839,270	13,182,870
	98,255,732	50,920,025

KERNEX MICROSYSTEMS (INDIA) LTD

AS AT
31-Aug-05 AS AT
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SCHEDULE K

CURRENT LIABILITIES AND PROVISIONS

(A)CURRENT LIABILITIES

Creditors for Supplies- SSI	438,174	555,550
- Others	12,161,514	13,253,089
Creditors for Expenses	19,206,003	10,979,998
Taxes and other duties payable	2,369,866	4,402,430
Advance Recd from Customers	30,049,657	25,176,185
	64,225,214	54,367,252

(B)PROVISIONS

Provision for taxation	81,618,809	58,590,771
Provision for F.B.T.	200,000	
provision for dividend	-	7,402,879
provision for dividend Tax	-	967,464
Provision for gratuity	1,757,035	1,757,035
Product warranty costs	12,479,071	10,744,243
	96,054,915	79,462,392

SCHEDULE L

Miscellaneous expenditure to the extent
not written off or adjusted
Preliminary expenses

LESS: Written off	-	-
	-	-

SCHEDULE M

SALES AND SERVICES

(A) Sales Exports	NIL	NIL
	-	-
(B) Sales Domestic	59,793,572	434,867,326
Service Income	138,505,080	89,950,442
	198,298,652	524,817,768

SCHEDULE N

OTHER INCOME

Notice salary received from employees	205,740	1,040,647
Interest Received : Banks	2,053,028	4,599,648
Others	-	662,716
Rental Income	-	170,004
	2,258,768	6,473,015

SCHEDULE O**Cost of Sales & Services**

Consumption of rawmaterials and bought-out items		
Opening Stock of raw materials	31,097,733	11,445,969
Add : Purchases	5,098,651	135,176,117
Less: Closing Stock	14,872,698	31,097,733
Material consumed	21,323,686	115,524,353
Accessories purchased	10,745,879	65,503,831
Taxes & Duties Paid	6,662,883	52,878,371
Direct Expenses For Project Execution	22,911,751	30,828,513
	61,644,199	264,735,068
Add: Opening Work in progress	23,016,780	21,545,439
Less: Closing work in progress	15,847,728	23,016,780
Net Cost of Sales & Services	68,813,251	263,263,727

SCHEDULE P**PERSONNEL EXPENSES**

Salaries and Other Benefits	14,140,013	33,000,568
Contribution to PF & Other funds	973,705	1,971,361
Consultancy Charges	241,223	247,520
Staff Welfare	1,392,097	2,850,427
	16,747,038	38,069,876

SCHEDULE Q**OPERATING, ADMINISTRATIVE AND SELLING EXPENSES**

Rent	665,500	1,901,458
Rates and Taxes	340,371	790,146
Printing & Stationery	314,381	650,689
Directors Remuneration	1,820,000	4,560,000
Communication Expenses	784,817	2,005,458
Repairs and Maintenance :		
Garden Maintanance	55,026	144,279
Generator Maintance Charges	-	48,335
Computer Consumables	47,702	218,906
Vehicle Maintenance Expenses	149,572	334,741
Reapirs&Maint Bldgs	68,861	3,397,235
Repairs and Maintenance-general	412,648	660,159
Office Maintenance Expenses	295,090	952,050
Electricity Charges	889,895	1,997,031
Product Warranties costs	1,734,828	7,144,792
Consultancy Fees	65,500	349,626
Sundry Balances Written off	-	88,934
Security Charges	1,744,790	1,706,553
Books and Periodicals	21,233	212,762
Travelling & Conveyance Expenses	1,583,240	1,491,138
Insurance on Fixed Assets	110,256	305,349
Business Promotion	321,513	404,602
General Expenses	442,970	85,075
Bank Charges	256,462	1,198,830
Audit Fees	100,000	490,390
Sales Tax Paid	1,854,159	15,922,824
Service Tax paid	8,318,021	3,778,899
Entry Tax Paid	-	857,185
Works Contract Tax paid	-	986,522
Freight on Sales	191,233	6,163,751
Insurance on Acds	1,137,601	3,732,860
	23,725,668	62,580,579

SCHEDULE R

FINANCE CHARGES

Interest on term Loan	-	2,936,710
Interest on Working Capital	1,270,175	2,751,902
Bank Commission & Other Financial Charges	811,825	2,336,509
Foreign Exchange Fluctuation	-	693,889
	2,082,000	8,719,010