



KERNEX MICROSYSTEMS (INDIA) LTD.

(An ISO 9001 : 2008 Certified Company)

CIN : L30007TG1991PLC013211

Tel : +91 90300 17501
+91 90300 17502
e-mail : kernex@kernex.in
website : www.kernex.in



Registered Office :

'TECHNOPOLIS', Plot No. 38(Part) to 41,
Hardware Technology Park,
TSIIC Layout, Imarath Kanch, Raviryal (V),
Maheswaram (M), R.R. (Dist.),
Hyderabad - 500 005. Telangana. India.
10th February '18.

KMIL/SE/Q3/2017-2018

To The Listing / Compliance Department Bombay Stock Exchange Limited Phiroze Jeejeebhoy Towers Dalal Street Mumbai – 400 001	To The Listing / Compliance Department National Stock Exchange of India Ltd Plot No.C/1, G Block,Exchange Plaza Bandra – Kurla Complex, Bandra (E) Mumbai – 400 051
BSE Scrip Code: 532686	NSE Symbol: KERNEX

Sub:- Outcome of Board Meeting.

Sir / Madam,

At the meeting held today the Board *inter alia*:

- Approved the Statement of Un-audited Financial Results (Standalone) of the Company for the Third Quarter (Q-3) ended 31st December 2017, duly reviewed by the Audit Committee of the Company;
- In accordance with Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 [Listing Regulations], the Statement of Un-audited Financial Results (Standalone) of the Company for the Third Quarter (Q-3) ended 31st December 2017 together with the Limited Review Certificate of the Statutory Auditors are enclosed herewith.
- Appointment of CA T.V.S.N.Raju as Non-Executive Independent Director

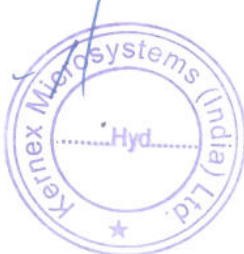
The meeting of the Board of Directors commenced at 04.00 P.M. IST and ended on 06.15 PM.

Kindly take the above information on record and acknowledge.

Thanking you,
Yours faithfully

For **KERNEX MICROSYSTEMS (INDIA) LIMITED**

M. B. Narayana Raju
M B NARAYANA RAJU
DIRECTOR





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KERNEX MICROSYSTEMS (INDIA) LIMITED Statement of Unaudited Standalone Financial Results for the Quarter and Nine Months Ended 31st December 2017

S.No	Particulars	Quarter ended			9 Months ended	
		31.12.2017	30.09.2017	31.12.2016	31.12.2017	31.12.2016
		Unaudited	Unaudited	Unaudited	Unaudited	Unaudited
1	Revenue from operations	3,27,11,800	1,88,26,993	1,86,17,384	8,37,61,462	4,01,46,103
2	Other Income	18,59,538	21,54,468	49,19,000	52,51,196	83,32,167
	Total income (1+2)	3,45,71,338	2,09,81,460	2,35,36,384	8,90,12,658	4,84,78,270
3	Expenses					
	Cost of materials consumed	87,10,910	12,75,042	3,43,72,688	1,13,48,856	4,51,38,103
	Purchases of stock in trade	-	-	-	-	-
	Changes in inventories of finished goods, Stock in trade and work in progress	-	-	1,03,86,662	-	1,53,61,412
	Employee benefit expense	1,18,56,537	1,19,48,649	1,31,52,701	3,61,93,157	4,05,67,151
	Finance cost	67,34,686	52,29,448	1,01,96,269	2,72,04,941	2,85,52,249
	Depreciation and amortization expense	57,20,189	55,69,836	62,25,767	1,68,65,516	1,95,18,115
	Other expenses	2,85,69,997	2,68,71,581	4,19,89,183	7,73,83,477	7,07,21,587
	Total expenses	6,15,92,320	5,08,94,555	11,63,23,270	16,89,95,947	21,98,58,617
4	Profit/(loss) before extraordinary items and tax (1+2-3)	(2,70,20,982)	(2,99,13,095)	(9,27,86,886)	(7,99,83,290)	(17,13,80,347)
5	Extraordinary items	-	-	22,74,97,584	-	22,74,97,584
6	Profit/(loss) before tax (4+5)	(2,70,20,982)	(2,99,13,095)	13,47,10,698	(7,99,83,290)	5,61,17,237
7	Tax expense					
(i)	Current tax	-	-	-	-	-
(ii)	Deferred tax	(9,51,693)	(10,21,652)	5,27,98,322	(27,80,486)	5,32,34,933
8	Net profit/(loss) for the period/year(6-7)	(2,60,69,289)	(2,88,91,443)	8,19,12,376	(7,72,02,804)	28,82,304
9	Other comprehensive income					
A (i)	Items that will not be reclassified to profit or loss	-	-	-	-	-
(ii)	Income tax relating to items that will not be reclassified to profit or loss	-	-	-	-	-
B (i)	Items that will be reclassified to profit or loss	-	-	-	-	-
(ii)	Income tax relating to items that will be reclassified to profit or loss	-	-	-	-	-
	Total other comprehensive Income	-	-	-	-	-
10	Total comprehensive Income (8+9)	(2,60,69,289)	(2,88,91,443)	8,19,12,376	(7,72,02,804)	28,82,304
11	Paid up Equity Share Capital (Face value of Rs.10/- each per equity share)	12,49,96,550	12,49,96,550	12,49,96,550	12,49,96,550	12,49,96,550
12	Earnings per equity share (EPS) Basic and Diluted Earnings per share of Rs.10/- each (not annualised) Rs.	(2.09)	(2.31)	6.55	(6.18)	0.23

M. N. Srinivasan
Kernex Microsystems (India) Ltd.
Hyd.



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Notes:

1. The above Unaudited Financial Results were reviewed by the Audit Committee and taken on record by the Board of Directors in their meeting held on 10/02/2018. The Statutory Auditors have carried out a limited review of the above Financial Results.
2. Number of Investor complaints left unresolved at the beginning of the quarter Nil, received during the quarter- Nil Disposed off during the quarter Nil and pending - Nil.
3. The Company operates in one reportable segment i.e. Safety systems for Railways and hence segment reporting as per Ind AS-108 is not applicable.
4. The Company adopted Indian Accounting Standards ("Ind AS") from April 1, 2017 with transition date of April 1, 2016 and accordingly this financials results have been prepared in accordance with recognition and measurement principles laid down in the Ind AS 34, Interim Financial Reporting prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued there under and other accounting principles generally accepted in India.
5. The Ind AS compliant financial results for the quarter and Nine months ended 31st December 2016 have not been subject to limited review or Audit. However, the management has exercised necessary due diligence to ensure that such financial results provide a true and fair view of its affairs.
6. The company has opted to avail the relaxation provided by SEBI with respect to the requirements for submission of Ind AS compliant financial results for the previous year ended March 31, 2017, accordingly the figures for the financial results for the previous year ended March 31, 2017 have not been presented.
7. As per Regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 the company has opted to publish quarterly unaudited standalone results and to publish consolidated results at the year end.
8. The reconciliation of net profit or loss reported in accordance with Indian GAAP to total comprehensive Income in accordance with Ind-AS is given below :

(In Lakhs)

Description	Quarter ended 31 st Dec, 16 (Unaudited)	Nine months ended 31 st Dec, 16 (Unaudited)
Net Profit / (Loss) as per previous GAAP (Indian GAAP)	843.95	104.80
IND AS adjustments : Add / (Less)		
Less: Expected Credit Loss on Trade Receivables	(24.83)	(75.98)
Net Profit / (Loss) as per Ind AS	819.12	28.82

This reconciliation statement has been provided in accordance with circular CIR/CFD/FAC/62/2016 issued by SEBI dated 5th Jul, 2016 on account of implementation of Ind-AS by listed companies.

9. In view of dispute with Konkan Railway Corporation Limited (KRCL), the company has filed arbitration in respect of dues amounting to Rs.16.79 crores and has been following up on the case. The company has not made any provision in the books of accounts which may dilute the chances of recovery of these receivables. Provision in the books of accounts will be provided at the time of finalization of matters.
10. Post the applicability of Goods and Service Tax (GST) with effect from July 1, 2017, Revenue from Operations is disclosed net of GST. Accordingly, the revenue from operations for the quarter and nine months ended December 31, 2017 are not comparable with the previous periods presented in the results.
11. Figures for the previous Periods have been regrouped/rearranged, wherever considered necessary.

Place Hyderabad

Date 10/02/2018

By order of the Board of Directors
For KERNEX MICROSYSTEMS (INDIA) LTD



M.B.NARAYANA RAJU
DIRECTOR



INDEPENDENT AUDITOR'S REVIEW REPORT ON REVIEW OF INTERIM FINANCIAL RESULTS

**TO THE BOARD OF DIRECTORS OF
KERNEX MICROSYSTEMS (INDIA) LIMITED**

1. We have reviewed the accompanying Statement of Standalone Unaudited Financial Results of **KERNEX MICROSYSTEMS (INDIA) LIMITED** for the quarter and nine months ended 31 December 2017 ("the statement"), being submitted by the company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 as modified by Circular No.CIR/CFD/FAC/62/2016 dated July 5, 2016.

This Statement, which is the responsibility of the Company's Management and approved by the Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in the Indian Accounting Standard 34 "Interim Financial Reporting" ("Ind AS 34"), prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued there under and other accounting principles generally accepted in India. Our responsibility is to issue a report on the Statement based on our review.

As stated in Note 5 of the statement, we have not performed a review of the figures relating to the corresponding quarter and nine months ended December 31, 2016, including the reconciliation of the net profit for the quarter and nine months ended December 31, 2016 between the previous GAAP and the Indian Accounting Standards ("Ind AS").

2. We conducted our review of the statement in accordance with the Standards on Review Engagements (SRE) 2410 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity', issued by the Institute of Chartered Accountants of India. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the statement is free from material misstatement. A review is Limited primarily to inquiries of the Company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and, accordingly we do not express an audit opinion.
3. Based on our review conducted as stated above, nothing has come to our attention that causes us to believe that the accompanying statement, prepared in accordance with the aforesaid Indian Accounting Standards prescribed under section 133 of the Companies Act, 2013 read with rule 7 of the Companies (Accounts) Rules, 2014 and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI




(Listing Obligation and Disclosure Requirements) Regulations, 2015, as modified by Circular No. CIR/CFD/FAC/62/2016 dated July 5, 2016, including the manner in which it is to be disclosed, or that it contains any material misstatements.

4. We draw your attention that the statement which indicates the preparation of financial results of the company on going concern basis for reasons stated therein. The appropriateness of assumption of going concern is dependent upon revival of market and consequently the Company's ability to generate sustainable cash flows in future to meet its obligations.

Our report is not modified in respect of this matter.

For **PRSV & Co.LLP**
Chartered Accountants
Firm Registration No:S-200016


Y. Venkateswarlu
Partner
Membership No: 222068

Place: Hyderabad
Date: 10/02/2018