

AUDITED FINANCIAL RESULTS FOR THE YEAR ENDED MARCH 31, 2008

(Rs. In lacs except for share data)

PARTICULARS	AUDITED				
	STAND ALONE		CONSOLIDATED		
	Year ended 31.03.2008	Year ended 31.03.2007	Year ended 31.03.2008	Year ended 31.03.2007	
1	Gross Sales / Income from Operations	2,280.08	2,518.63	2,294.62	2,520.02
	Less : Excise Duty & Service Tax	249.45	252.58	249.45	239.94
	Net Sales / Income from Operations	2,030.63	2,266.05	2,045.17	2,280.08
2	Other Income	457.29	689.14	439.29	691.45
3	Total Income	2,487.92	2,955.19	2,484.46	2,971.53
4	Total Expenditure				
	a.(Increase) / decrease in stock - in - trade	(246.13)	(540.60)	(246.13)	(540.60)
	b.Cost of sales and services	499.15	952.74	499.15	952.74
	c.Staff cost	673.67	625.16	673.67	625.16
	d.Depreciation	253.58	209.84	255.23	209.84
	e.R & D Expenditure	216.30	89.57	216.30	89.57
	f.Other Expenditure	351.65	381.27	366.18	395.07
	Total	1,748.22	1,717.98	1,764.40	1,731.78
5	Interest	100.49	171.46	100.62	171.54
6	Exceptional Items	-	-	-	-
7	Profit (+)/Loss(-) before tax (3-4-5-6)	639.21	1,065.75	619.44	1,068.21
8	Prior Period Income	39.19	-	-	-
9	Provision for Taxation				
	- Current Tax	291.59	317.00	291.59	317.00
	- Deferred Tax	(57.24)	98.37	(57.24)	98.37
	- Fringe Benefit Tax	9.08	9.54	9.08	9.54
	- Earlier Year tax	0.21	3.35	0.21	3.35
10	Net Profit (7+8-9)	434.76	637.49	375.80	639.95
11	Extra ordinary Items	-	-	-	-
12	Net Profit (10- 11)	434.76	637.49	375.80	639.95
13	Paid up Equity Share Capital (Face Value of Rs.10/- per share)	1,249.97	1,136.33	1,249.97	1,136.33
14	Reserves excluding revaluation reserves	11,648.08	11,473.19	11,561.37	11,441.57
15	Earnings per share (not annualised)- Basic	3.48	5.61	3.01	5.63
	- Diluted	-	-	-	-
16	Aggregate of Non-Promoter Shareholding				
	a. Number of Shares	5,316,368	4,675,329	5,316,368	4,675,329
	b. Percentage of Shareholding (%)	45.27	41.14	45.27	41.14

Notes:

- The above financial results were reviewed by the Audit Committee and taken on record by the Board of directors in their meeting held on June 27, 2008
- The Board has recommended a dividend @ 10% on equity share of Rs 10 each for the year ended March 31,2008 subject to the approval of the shareholders at the ensuing Annual General Meeting
- Number of Investor complaints left unresolved at the beginning of the year – Nil, received during the year – 45, Disposed off during the year – 45 and pending – Nil
- The Company operates in one reportable segment i.e. Safety systems for Railways and in one geographical segment i.e. with in India and as such segment reporting as per AS-17 is not applicable.
- The Company, pursuant to the share holders approval obtained in the 14th Annual General meeting, has redrawn its plans to carry on the expansion programme, wherever required, as against plans mentioned in the prospectus dated December 6, 2005 in regard to scheduled time of completion, estimated amount and quantity.

The total amount spent out of the IPO proceeds up to March 31, 2008 is Rs 4237.95 lacs as against the projected deployment of Rs 6384.60 lacs. The balance issue proceeds are placed with the Monitoring Agency.
- As already reported, the Phase-1 of development of ACD systems has been completed and pilot project commissioned. The Railways have accepted the ACD system for deployment in all the Railways. Essential procedures and administrative formalities in this regard are being completed and hence the delay in receiving orders. The Company now expects release of orders from Railways in the near future.
- Figures for the previous periods have been regrouped/rearranged, wherever considered necessary.

By order of the Board of Directors
For Kernex Microsystems (India) Ltd
sd/-

Place: Hyderabad
Date : June 27, 2008

COL.L.V.RAJU (RETD.)
MANAGING DIRECTOR