

Notes:

1. The above un-audited financial results were reviewed by the Audit Committee and taken on record by the Board of directors in their meeting held on 14.10.2010.
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 as such segment reporting as per AS-17 is not applicable.
4. The Company, pursuant to the share holders approval obtained in the 14th Annual General meeting, has redrawn its plans to carry on the expansion program, 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 30<sup>th</sup> September 2010 is Rs. 8826.89 Lakhs as against the projected deployment of Rs 9901.11 Lakhs. The balance issue proceeds are placed with the Monitoring Agency.

5. Auditors have carried out limited review of the financial results for the quarter ended 30<sup>th</sup> September 2010 as required under clause 41 of the listing agreement.
6. Preliminary and preparatory works have been completed during the quarter and maintenance work is in progress in respect of the operation and comprehensive maintenance contract awarded to the company for the ACD networking systems supplied to the NF Railways. Further orders worth Rs.5.26 Crores have been received from Konkan Railways for repairs and restoration work of ACD System in NF Railways.

Factory acceptance tests having been completed for the automatic level crossing gates to be supplied to the Egyptian national railways (ENR), 41 Lx Control Systems complete with components have been supplied to ENR during the quarter. Balance 40 Lx Control Systems are expected to be supplied by December 2010. Further, additional orders for 55 Lx Control Systems have been received from ENR on 22.09.2010.

Konkan Railways have ordered trials on ACD on Railway Electrified and multiline corridor as a prelude for deployment of ACD systems for the three southern railway zones. The trials have been completed and the findings are under evaluation.

7. Figures for the previous Periods have been regrouped/rearranged, wherever considered necessary.

**By order of the Board of Directors  
FOR KERNEX MICROSYSTEMS (INDIA) LTD.,**

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

**Place: Hyderabad  
Date: 14.10.2010**