



# KERNEX MICROSYSTEMS (INDIA) LTD.

(An ISO 9001:2015 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 - 501 510, Telangana, India.

KMIL/SE/Q1/20-21/48

To  
The Listing / Compliance Department  
Bombay Stock Exchange Limited  
Phiroze Jeejeebhoy Towers  
Dalal Street  
Mumbai – 400 001

**BSE Scrip Code: 532686**

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

**NSE Symbol: KERNEX**

Sir / Madam,

**Sub: Submission of Un-Audited Financial Results of the Company as per the provisions of SEBI (LODR) Regulations, 2015.**

Please find enclosed herewith the following documents in terms of Regulation 33 of SEBI (LODR) Regulations, 2015:

1. Un-Audited Standalone and Consolidated Financial Results of the Company for the first quarter ended 30<sup>th</sup> June, 2020.
2. Limited Review Report on Quarterly Standalone and Consolidated Financial Statements of the Company for the first quarter ended on 30<sup>th</sup> June, 2020 as required under Regulation 33 of SEBI (LODR) Regulations, 2015

This is for your information and necessary records.

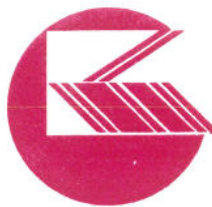
Yours faithfully

For KERNEX MICROSYSTEMS (INDIA) LIMITED

  
M B NARAYANA RAJU  
DIRECTOR  
DIN No.07993925



  
PRASADA RAO KALLURI  
COMPANY SECRETARY



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Hyderabad - 501 510. Telangana. India.

KERNEX MICROSYSTEMS (INDIA) LIMITED

## Statement of Unaudited STANDALONE financial results for the quarter ended 30-Jun-20

(All amounts in Indian Rupees, except share data and where otherwise stated)

Particulars	Quarter ended			Year ended
	30-Jun-20	31-Mar-20	30-Jun-19	31-Mar-20
	Unaudited	Audited	Unaudited	Audited
<b>Income</b>				
Revenue from operations	53,54,318	64,59,247	9,45,40,151	14,62,03,684
Other Income	20,06,110	1,40,82,635	21,08,672	18,26,14,025
<b>Total income</b>	<b>73,60,428</b>	<b>2,05,41,882</b>	<b>9,59,00,514</b>	<b>32,88,17,709</b>
<b>Expenses</b>				
Cost of materials consumed	11,08,946	80,62,444	5,98,35,408	8,81,65,720
Purchases of stock in trade	-	-	-	-
Changes in inventories of finished goods, work in progress and stock in trade	(10,64,000)	(16,00,540)	52,69,620	1,21,65,564
Employee benefit expense	1,12,87,220	1,17,45,377	1,02,39,900	4,40,47,051
Finance cost	17,68,371	14,60,042	49,72,437	1,27,71,581
Depreciation and amortization expense	38,24,040	41,16,688	44,34,120	1,73,08,015
Other expenses	77,18,383	2,96,53,788	2,07,56,465	7,40,91,617
<b>Total expenses</b>	<b>2,46,42,961</b>	<b>5,34,37,798</b>	<b>10,55,07,950</b>	<b>24,85,49,548</b>
<b>Profit/(loss) before extraordinary, exceptional items and tax</b>	<b>(1,72,82,533)</b>	<b>(3,28,95,916)</b>	<b>(95,98,436)</b>	<b>8,02,68,161</b>
<b>Exceptional items</b>				
<b>Profit/(loss) before tax</b>	<b>(1,72,82,533)</b>	<b>(3,28,95,916)</b>	<b>(88,59,128)</b>	<b>8,02,68,161</b>
Tax expense				
(i) Current tax	-	-	-	-
(ii) Previous years tax	-	-	-	-
(iii) Deferred tax	15,13,704	31,42,292	(11,70,812)	(3,39,256)
<b>Net profit/(loss) for the year</b>	<b>(1,87,96,237)</b>	<b>(3,60,38,208)</b>	<b>(76,88,316)</b>	<b>8,06,07,417</b>
<b>Other comprehensive income</b>				
Items that will not be reclassified to Statement of Profit and loss				
(i) Remeasurement gains/(losses) of the defined benefit plans		(27,053)	-	(27,053)
(ii) Income tax effect on the above				
<b>Total comprehensive income for the year</b>	<b>(1,87,96,237)</b>	<b>(3,60,65,261)</b>	<b>(76,88,316)</b>	<b>8,05,80,364</b>
<b>Earnings per equity share (EPS)</b>				
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
Basic and Diluted Earnings per share of Rs.10/- each (not annualised) Rs.	(1.50)	(2.88)	(0.62)	6.45



*K. N. Davar*





**Notes:**

1. The above unaudited financial results were reviewed by Audit Committee and approved by the Board of Directors of the company in their respective meetings held on 02<sup>nd</sup> September'2020 respectively. The Statutory auditors have carried a limited review of financial results.
2. The Standalone Financial Results have been prepared in accordance with Indian Accounting Standards prescribed under section 133 of the Companies Act 2013 ("the Act") read with the relevant rules issued there under ("INDAS") and other accounting principles generally accepted in India and the guidelines issued by SEBI .
3. The Company operates with Single segment for Railways hence Segment information not furnished as per the Ind AS 108 'Operating Segments' notified under the Companies (Indian Accounting Standards) Rules, 2015 read with Accounting Standard (AS) 17 "Segment Reporting" notified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014
4. The results for the quarter ended 30<sup>th</sup> June'2020 were also available at the website of the company ([www.kernex.in](http://www.kernex.in)) and at the websites of the Stock Exchanges where the equity shares of the company are listed: BSE Limited ([www.bseindia.com](http://www.bseindia.com)) and National Stock Exchange of India Limited ([www.nseindia.com](http://www.nseindia.com)).
5. Figures for the previous period have been regrouped/ reclassified where ever necessary to conform to the current period's presentation.

Place **Hyderabad**

Date **02<sup>nd</sup> September 2020**

By order of the Board of Directors  
For **Kernex Microsystems (India) Limited**

**M.B.NarayanaRaju**  
**Whole Time Director**  
**DIN - 07993925**





**Independent Auditor's Review Report on the Quarterly Unaudited Standalone and Year to Date Financial Results of the Company Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.**

**To The Board of Directors of  
KERNEX MICROSYSTEMS (INDIA) LIMITED**

1. We have reviewed the accompanying Statement of unaudited standalone financial results of **KERNEX MICROSYSTEMS (INDIA) LIMITED** for the quarter ended June 30, 2020 (the "statement"), being submitted by the Company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 ('the Regulation') as amended, read with SEBI Circular No.CIR/CFD/CMD1/44/2019 dated March 29, 2020 ('the Circular').
2. This Statement, which 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, read with the circular is the responsibility of the Company's Management and has been approved by the Board of Directors of the Company. Our responsibility is to issue a report on the Statement based on our review.
3. 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 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.

**Basis for Qualified Conclusion**

Other financial assets amounting to Rs. 6.00 crores which is outstanding for more than 3 year has been subject to balance confirmation from the respective party/(s). According to the information and explanations given to us, the amount is recoverable and the company is taking steps obtaining balance confirmation. In the absence of sufficient appropriate evidence, we are unable to comment upon the carrying value of the aforesaid receivable as at 30 June 2020 or any adjustment/impairment required to and the consequent impact if any, on the financial results. Our audit opinion on the financial statements for the year ended 31 March 2020 was also qualified in this regard.

4. Based on our review conducted as stated above, except for the effects/possible effects of qualifications as described in the previous paragraph, 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 the Regulation, read with the Circular, including the manner in which it is to be disclosed, or that it contains any material misstatements.

5. 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: S200016

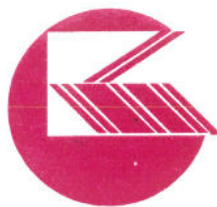
**Y.Venkateswarlu**  
Partner  
Membership No: 222068



Place: Hyderabad  
Date: September 02, 2020

UDIN : 20222068AAAA CF 6038





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Hyderabad - 501 510. Telangana. India.

KERNEX MICROSYSTEMS (INDIA) LIMITED

Statement of Unaudited CONSOLIDATED financial results for the quarter ended 30-Jun-20

Particulars	Quarter ended			Year ended
	30-Jun-20	31-Mar-20	30-Jun-19	31-Mar-20
	Unaudited	Audited	Unaudited	Audited
Revenue from operations	53,54,318	64,59,247	9,71,48,563	14,88,12,096
Other Income	20,06,116	1,43,24,584	13,69,366	18,21,17,397
<b>Total income</b>	<b>73,60,434</b>	<b>2,07,83,831</b>	<b>9,85,17,928</b>	<b>33,09,29,493</b>
<b>Expenses</b>				
Cost of materials consumed	11,08,946	80,62,444	6,14,97,836	9,06,34,248
Purchases of stock in trade	-	-	-	-
Changes in inventories of finished goods, work in progress and stock in trade	(10,64,000)	(16,00,540)	52,69,620	1,21,65,564
Employee benefit expense	1,12,87,220	1,17,48,544	1,06,89,173	4,44,99,491
Finance cost	36,57,892	4,69,91,092	49,72,437	5,83,02,631
Depreciation and amortization expense	38,32,689	41,18,837	44,36,102	1,73,16,185
Other expenses	77,54,148	2,96,64,780	2,09,08,332	7,47,04,694
<b>Total expenses</b>	<b>2,65,76,895</b>	<b>9,89,85,156</b>	<b>10,77,73,500</b>	<b>29,76,22,812</b>
<b>Profit/(loss) before extraordinary, exceptional items and tax</b>	<b>(1,92,16,461)</b>	<b>(7,82,01,326)</b>	<b>(92,55,572)</b>	<b>3,33,06,681</b>
<b>Extraordinary items</b>	-	-	-	-
<b>Exceptional items</b>	-	-	7,39,308	7,39,308
<b>Profit/(loss) before tax</b>	<b>(1,92,16,461)</b>	<b>(7,82,01,326)</b>	<b>(85,16,264)</b>	<b>3,40,45,989</b>
Tax expense	-	-	-	-
(i) Current tax	-	-	-	-
(ii) Previous years tax	-	-	-	-
(ii) Deferred tax	15,13,704	31,42,292	(11,70,812)	(3,39,256)
<b>Net profit/(loss) for the period/year</b>	<b>(2,07,30,165)</b>	<b>(8,13,43,618)</b>	<b>(73,45,452)</b>	<b>3,43,85,245</b>
<b>Other comprehensive income</b>				
A (i) Items that will not be reclassified to Statement of Profit and loss	-	-27,053	-	(27,053)
(ii) Income tax relating to items that will not be reclassified to Statement of Profit and loss	-	-	-	-
B (i) Items that will be reclassified to Statement of Profit and loss	7,514	-1,34,791	-	(1,34,791)
(ii) Income tax relating to items that will be reclassified to Statement of Profit and loss	-	-	-	-
<b>Total comprehensive Income</b>	<b>(2,07,22,651)</b>	<b>(8,15,05,462)</b>	<b>(73,45,452)</b>	<b>3,42,23,401</b>
<b>Attributable to</b>				
Shareholders of the Company	(2,07,22,651)	(8,15,35,886)	-	3,41,92,977
Non controlling interest	-	30,424	-	30,424
<b>Earnings per equity share (EPS)</b>				
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
Basic and Diluted Earnings per share of Rs.10/- each (not annualised) Rs.	(1.66)	(6.51)	(0.59)	2.75



*N. B. Lakshmi*



**Notes:**

1. The above unaudited financial results were reviewed by Audit Committee and approved by the Board of Directors of the company in their respective meetings held on 02<sup>nd</sup> September'2020 respectively. The Statutory auditors have carried a limited review of financial results.
2. The Consolidated Financial Results have been prepared in accordance with Indian Accounting Standards prescribed under section 133 of the Companies Act 2013 ("the Act") read with the relevant rules issued there under ("INDAS") and other accounting principles generally accepted in India and the guidelines issued by SEBI .
3. The Company operates with Single segment, hence Segment information not furnished as per the Ind AS 108 'Operating Segments' notified under the Companies (Indian Accounting Standards) Rules, 2015 read with Accounting Standard (AS) 17 "Segment Reporting" notified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014
4. The results for the quarter ended 30<sup>th</sup> June'2020 were also available at the website of the company ([www.kernex.in](http://www.kernex.in)) and at the websites of the Stock Exchanges where the equity shares of the company are listed: BSE Limited ([www.bseindia.com](http://www.bseindia.com)) and National Stock Exchange of India Limited ([www.nseindia.com](http://www.nseindia.com)).
5. Figures for the previous period have been regrouped/ reclassified where ever necessary to conform to the current period's presentation.

Place **Hyderabad**

Date **02<sup>nd</sup> September 2020**

By order of the Board of Directors  
For **Kernex Microsystems (India) Limited**

**M.B.NarayanaRaju**  
**Whole Time Director**  
DIN - 07993925







**Independent Auditor's Review Report on the Quarterly Unaudited Consolidated and Year to Date Financial Results of the Company Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.**

**To The Board of Directors of  
KERNEX MICROSYSTEMS (INDIA) LIMITED**

1. We have reviewed the accompanying Statement of Consolidated unaudited financial results of **KERNEX MICROSYSTEMS (INDIA) LIMITED** ("the Parent") and its subsidiaries (the Parent and its subsidiaries together referred to as "the Group") and its share of the net profit after tax and total comprehensive loss of its joint ventures for the quarter ended June 30, 2020 (the "statement"), being submitted by the Parent pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 ("the Regulation") as amended, read with SEBI Circular No.CIR/CFD/CMD1/44/2020 dated March 29, 2019 ("the Circular").
2. This Statement, which 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, read with the circular is the responsibility of the Parent's Management and has been approved by the Board of Directors of the Company. Our responsibility is to issue a report on the Statement based on our review.
3. 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. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We also performed procedures in accordance with the circular issued by the SEBI under Regulation 33 (8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, to the extent applicable.





4. The Statement includes the results of the following entities.

**Holding Company**

Kernex Microsystems (India) Limited

**Wholly owned subsidiary**

Avant-Garde Infosystems Inc

**Jointly controlled entity**

Kernex TCAS JV

**Basis for Qualified Conclusion**

Other financial assets amounting to Rs. 6.00 crores which is outstanding for more than 3 year has been subject to balance confirmation from the respective party/(s). According to the information and explanations given to us, the amount is recoverable and the company is taking steps obtaining balance confirmation. In the absence of sufficient appropriate evidence, we are unable to comment upon the carrying value of the aforesaid receivable as at 30 June 2020 or any adjustment/impairment required to and the consequent impact if any, on the financial results. Our audit opinion on the financial statements for the year ended 31 March 2020 was also qualified in this regard.

5. Based on our review conducted and procedures performed as stated in paragraph 3 above, except for the effects/possible effects of qualifications as described in the previous paragraph and based on the consideration of the review reports of other auditors referred to in paragraph 6,7 and 8 below, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the recognition and measurement principles laid down in 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 the Regulation, read with the Circular, including the manner in which it is to be disclosed, or that it contains any material misstatements.
6. The accompanying statement includes the unaudited interim financial results and other financial information of 1 wholly owned subsidiary whose unaudited interim financial results include total revenues of Rs.6.00 and total net loss after tax of Rs. 19, 26,415/- and total comprehensive income of Rs. Nil, for the quarter ended June 30, 2020 as considered in the consolidated unaudited financial results. These interim financial results and other financial information of wholly owned subsidiary have been reviewed by other auditors whose reports have been furnished to us by the management and our conclusion on the statement, in so far as it relates to the amounts and disclosures included in respect of the subsidiary, is based solely on the reports of the other auditors and procedures performed by us as stated in paragraph 3 above. Our conclusion on the Statement is not modified in respect of the above matter.



7. The accompanying statement includes the unaudited interim financial results and other financial information of 1 Joint Venture whose unaudited interim financial results include total revenues of Rs. Nil and total loss after tax of Rs. Nil and other comprehensive income of Rs. Nil for the quarter ended 30 June 2020 as considered in the consolidated financial statements. These interim financial results and other financial information are unaudited and have been furnished to us by the management and our opinion on the Statement, in so far as it relates to the amounts and disclosures included in respect of this Joint Venture, is based solely on those unaudited financial statement/financial information furnished by the Management.
8. The wholly owned subsidiary is located outside India i.e USA whose financial results and other financial information have been compiled by a CPA in accordance with accounting principles generally accepted in USA. The Holding Company's management has converted the financial results of wholly owned subsidiary located in USA from accounting principles generally accepted in USA to accounting principles generally accepted in India. Our opinion in so far as it relates to the balances and affairs of such subsidiary located in USA is based on the report of the Certified Public Accountant and conversion adjustments prepared by the management of the Holding Company.
9. 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 conclusion on the Statement is not modified in respect of the above matter.

**For PRSV & Co.LLP**  
Chartered Accountants  
Firm Registration No: S200016

**Y.Venkateswarlu**  
Partner

Membership No: 222068



Place: Hyderabad  
Date: September 02, 2020

UDIN : 20222068AAAA C 61387