



KERNEX MICROSYSTEMS (INDIA) LTD.

(An ISO 9001-2015 Certified Company)

Tel : +91 8414-667600
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Website : www.kemex.in



Registered Office :
"TECHNOPOLIS", Plot Nos : 38-41,
Hardware Technology Park,
TSIC Layout, Ravryal (V),
Hyderabad – 501 510. Telangana, India.

KMIL/SE/Q4/23-24/039

13th July 2024

To The Listing / Compliance Department BSE 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 – KurlaComplex, Bandra (E) Mumbai – 400 051 NSE Symbol: KERNEX
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Sir / Madam,

Ref: Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations')

Sub: Outcome of the Board Meeting.

Pursuant to Regulation 30 read with Part A of Schedule III, of the SEBI (LODR) Regulations, 2015, we hereby inform you that the Board of Directors of the Company at its Meeting held on 13th July 2024, had, *inter-alia* transacted the following items of the business:

- Approved the Audited Standalone and Consolidated Financial Results of the Company for the fourth quarter and financial year ended on 31st March, 2024.
- Approved the Audited Standalone and Consolidated Statement of Assets and Liabilities for the year ended 31st March, 2024 along with the Cash Flow Statements.
- Taken note of the Auditor's Report on Quarterly and Year to Date Standalone and Consolidated Financial Statements of the Company for the Financial Year ended on 31st March, 2024 as required under Regulation 33 of SEBI (LODR) Regulations, 2015.


The aforesaid Board Meeting commenced at 08:45 A.M. and concluded at 11:37 P.M.

Kindly take the above information on record and acknowledge.

Thanking you,

Yours faithfully,

For KERNEX MICROSYSTEMS (INDIA) LIMITED


M B NARAYANA RAJU
WHOLE-TIME DIRECTOR
DIN: 07993925





KERNEX MICROSYSTEMS (INDIA) LTD.

(An ISO 9001-2015 Certified Company)

Tel : +91 8414-667600
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KMIT/SE/Q4/23-24/040
Website : www.kernex.in



Registered Office :

"TECHNOPOLIS", Plot Nos : 38-41,
Hardware Technology Park,
TSIC Layout, Ravinhal (V),
Hyderabad – 501 510. Telangana, India.

To
The Listing / Compliance Department
BSE 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

Sir / Madam,

Sub: Submission of Audited Financial Results of the Company, Statement of Assets and Liabilities along with Cash Flow Statements for the period ended 31st March 2024 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. Audited Standalone and Consolidated Financial Results of the Company for the fourth quarter and financial year ended 31st March, 2024.
2. Audited Standalone and Consolidated Statement of Assets and Liabilities for the year ended 31st March, 2024 along with the Cash Flow Statements
3. Auditor's Report on Quarterly and Year to Date Standalone and Consolidated Financial Statements of the Company for the Financial Year ended on 31st March, 2024 as required under Regulation 33 of SEBI (LODR) Regulations, 2015

Further it is hereby inform you that in our letter dated 13.07.2024; we erroneously mentioned trading window will open on 15th July 2024. The trading window remains closed till 48 hours after the declaration of un-audited financial results of the Company for the first quarter ended on 30th June 2024

This is for your information and necessary records.

Yours faithfully

For **KERNEX MICROSYSTEMS (INDIA) LIMITED**


M B NARAYANA RAJU
WHOLE-TIME DIRECTOR
DIN: 07993925



KERNEX MICROSYSTEMS (INDIA) LIMITED
TECHNOPOLIS, Plot Nos. 38-41, Hardware Technology Park, TSIC Layout, Hyderabad, Telangana 501510
CIN: L30007TG1991PLC013211

STATEMENT OF CONSOLIDATED AUDITED FINANCIAL RESULTS FOR THE QUARTER AND YEAR ENDED MARCH 31, 2024

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

Particulars	Quarter Ended			Year Ended	Year Ended
	March 31,	December 31,	March 31,	March 31,	March 31,
	2024	2023	2023	2024	2023
	Audited	Unaudited	Audited	Audited	Audited
Income					
I. Revenue from operations	891.26	831.44	51.75	1,959.80	403.96
II. Other Income	8.24	49.76	-150.86	130.63	78.23
III. Total Income (I+II)	899.50	881.19	-99.11	2,090.43	482.18
Expenses					
IV. (a) Cost of materials consumed	1,441.52	2,440.25	18.71	5,044.58	415.07
(b) Changes in inventories of finished goods, work in progress and stock in trade	-4,241.16	-2,002.72	-129.05	-3,754.99	-132.88
(c) Project execution expenses	4,351.77	287.46	203.08	662.02	454.22
(d) Employee benefit expense	363.35	372.84	250.68	1,253.29	797.72
(e) Finance cost	51.56	125.32	-125.88	237.58	82.14
(f) Depreciation and amortization expense	53.20	325.77	135.63	497.00	238.71
(g) Other expenses	498.22	248.90	368.12	1,183.38	581.60
(h) Amount transferred to capital expenditure	-287.15	-65.62		-352.77	-
Total expenses (IV)	2,231.32	1,732.20	721.30	4,770.10	2,436.57
V. Profit/(loss) before exceptional items and tax (III-IV)	-1,331.82	-851.01	-820.41	-2,679.67	-1,954.39
VI. Exceptional items	-	-	-	-	-
VII. Profit/(loss) before tax	-1,331.82	-851.01	-820.41	-2,679.67	-1,954.39
VIII. Tax expense					
(a) Current tax	-	-	-	-	-
(b) Deferred tax	-64.73	5.44	17.50	-8.69	47.65
Total tax expense/credit(net)	-64.73	5.44	17.50	-8.69	47.65
IX. Profit/ (loss) for the period/ year (VII-VIII)	-1,267.09	-856.45	-837.90	-2,670.98	-2,002.03
Attributable to:					
(a) Shareholders of the Company	-1,262.07	-849.72	-824.42	-2,641.20	-1,981.53
(b) Non-controlling interest	-5.03	-6.72	-13.48	-29.79	-20.51
X. Other comprehensive income/(loss)					
(A)(i) Items that will not be reclassified to Statement of Profit and loss	0.81	-	-0.88	0.81	-0.88
(ii) Income tax effect on the above	-0.21	-	-	(0.21)	-
(B)(i) Items that will be reclassified to Statement of Profit or loss	-1.74	97.31	-24.13	95.10	38.96
(ii) Income tax relating to items that will be reclassified to Statement of Profit or loss					
Total other comprehensive Income/(loss), net of taxes	(1.14)	97.31	(25.01)	95.70	38.08
XI. Total comprehensive loss for the period/year, net of taxes (IX+X)	-1,268.24	-759.14	-862.91	-2,575.29	-1,963.95
Attributable to:					
(a) Shareholders of the Company	-1,263.21	-752.42	-849.43	-2,545.50	-1,943.44
(b) Non-controlling interest	-5.03	-6.72	-13.48	-29.79	-20.51
XII. Paid up Equity Share Capital (Face value of Rs.10/- each)	1,675.94	1,675.94	1,545.94	1,675.94	1,545.94
XIII. Reserves excluding reevaluation reserve				8,985.27	6,668.53
XIV. Earnings per equity share (EPS)					
Basic EPS - Face Value of Rs.10/- each	-7.53	-5.54	-4.91	-16.61	-14.67
Attributed EPS - Face Value of Rs.10/- each	-7.53	-5.54	-4.91	-16.61	-14.67
	Not annualised				

Notes to the Consolidated Financial statements

1. The above statement of Audited Standalone Financial Results of Kernex Micro Systems (India) Limited ("the company") which have been prepared in accordance with the Indian Accounting Standards ("Ind AS") prescribed under section 133 of the companies act, 2013 ("the act") read with relevant rules issued thereunder, other accounting generally accepted in India and guidelines issued by the Securities Exchange Board of India ("SEBI") were reviewed and recommended by the Audit Committee are considered and approved by the Board of Directors their meeting held on July 13, 2024. These results are as per Regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended.

2. The Company Operates on one reportable Segment i.e Safety Systems for Railways and hence segment reporting as per Ind AS-108 is not applicable.

3. The company's assessment of recoverability and impairment of the following financial assets has been included by the auditors under "Emphasis of matter". The Management is of the view that these assets are good and recoverable and consequently no provision beyond what is carried in the books is required.

a. Trade receivables from customers Rs 503.14 lakhs (Including related party of Rs. 234.75 lakhs), (Previous year Rs 414.57 lakhs) net of Expected credit loss (ECL) provision.

b. Minimum alternative tax credit (MAT) Credit receivable is Rs 122.56 Lakhs. (Previous year Rs 122.56 lakhs). Recoverability of MAT credit would depend upon company ability to earn taxable profits in future before expiry of the timelimit prescribed for carryforward of MAT credit.

c. Margin money deposits with banks of Rs.1511.06 Lakhs (Previous year Rs 1721.38 lakhs) secured for customer guarantees of Rs 2212.08 Lakhs (Previous Year 2796.70 Lakhs) and under arbitration/negotiation.

4. The figures for the quarter ended 31 St March 2024 and 2023 represent the differences between the audited figures in respect of full financial year and the published figures for the nine months ended December 31,2023 and December 31,2022, respectively.

5. The Results for the quarter ended 31 St March , 2024 are also available on websites of BSE Limited, National Stock Exchange Limited and on the company's website.

6. Figures for previous periods have been regrouped/rearranged, wherever considered necessary, in line with the current period presentation.

7. The consolidated results of the company is including the results of 100% wholly owned subsidiary namely Avant- Garde Infosystems Inc, USA and Joint Venture firm TICAS JV(80% share is owned by Kernex Microsystems(India) limited.

8. Depreciation and amortization expense for the year includes the amount of Rs 263 lakhs pertaining to software development of our 100% whollyowned subsidiary Avant-Garde Infosystems Inc, USA . Amortization of full value of asset provided for,

Hyderabad
Date: 13.07.2024

M. S. S. S.

KERNEX MICROSYSTEMS (INDIA) LIMITED
TECHNOPOLIS, Plot Nos. 38-41, Hardware Technology Park, TSIIC Layout, Hyderabad, Telangana 501510
CIN: L30007TG1991PLC013211

Statement of Consolidated Audited Assets and Liabilities as at 31 March 2024

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

Particulars	Note No	As at March 31,	As at March 31,
		2024	2023
		Audited	Audited
I ASSETS			
(1) NON-CURRENT ASSETS			
(a) Property, Plant and Equipment	2	2368.15	2372.95
(b) Intangible assets	2.1	.84	.35
(c) Intangible assets Under Development	2.2	231.39	260.26
(d) Financial assets			
(i) Trade Receivables	3	580.08	914.70
(ii) Investments	4	-	-
(iii) Other financial assets	5	252.55	214.77
(e) Loans and Advances	6.1	-	-
(f) Income tax Assets	7.1	258.74	263.60
		3691.75	4026.63
(2) CURRENT ASSETS			
(a) Inventories	8	7169.56	1405.67
(b) Financial assets			
(i) Trade receivables	3.1	36.32	.00
(ii) Cash and cash equivalents	9	390.83	1529.41
(iii) Bank balances other than (ii) above	10	1532.34	1721.38
(iv) Other financial assets	11	24.45	10.69
(c) Other Current assets	6	2871.31	1452.17
(d) Income Tax Assets	7.1	155.15	14.23
		12179.96	6133.54
TOTAL ASSETS		15871.71	10160.17
II EQUITY AND LIABILITIES			
EQUITY			
(a) Equity Share Capital	12	1675.94	1545.94
(b) Other equity	13	8985.27	6668.53
Equity attributable to owners of Kernex Micro Systems (India) Limited		10661.21	8214.47
Non-controlling interests		-41.25	-11.46
		10619.97	8203.01
Liabilities			
Non-current liabilities			
(a) Financial liabilities			
Long term Borrowings	14	18.52	33.81
(b) Provisions	15	1.35	18.18
(c) Deferred tax liabilities (Net)	28	114.96	123.45
Total Non-current liabilities		134.84	175.44
CURRENT LIABILITIES			
(a) Financial liabilities			
(i) Short Term Borrowings	16	2780.64	1036.35
(ii) Trade Payables			
(a) Total outstanding Dues of micro enterprises and small enterprises	17	67.85	.10
(b) Total outstanding Dues of other than micro enterprises and small enterprises	17.1	1558.48	33.17
(iii) Other financial liabilities	18	589.27	520.56
(b) Other current liabilities	19	120.66	174.42
(b) Provisions		-	17.12
		5116.90	1781.72
TOTAL EQUITY AND LIABILITIES		15871.71	10160.17

M. S. C.



KERNEX MICROSYSTEMS (INDIA) LIMITED

TECHNOPOLIS, Plot Nos. 38-41, Hardware Technology Park, TSIIC Layout, Hyderabad, Telangana 501510

CIN: L30007TG1991PLC013211

Consolidated Statement of Cash Flows for the year ended 31 March, 2024

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

Particulars	March 31, 2024	March 31, 2023
I CASHFLOW FROM OPERATING ACTIVITIES		
Profit / (loss) before tax	-2679.67	-1954.39
Add/(less): Adjustments for		
Depreciation and amortisation	497.00	238.71
Foreign currency translation (gain)/ loss	179.46	159.57
Provision for obsolete stock/ Others	8.99	-
Sundry balances written off/ Bade debts Written off	18.43	-
Provision for doubtful debts/advances/written off	267.62	26.68
Provision for Gratuity	-	15.32
Liabilities no longer required written Back	-	-11.04
(Profit) on disposal of property, plant and equipment	-1.90	-
Finance costs	237.58	82.14
Operating Profit before changes in working capital	-1472.50	-1443.01
Changes in assets and liabilities		
(Increase)/ Decrease in Trade receivables	12.26	163.68
(Increase) in Inventories	-5772.88	-507.10
(Increase)/Decrease in Other Financial Assets- Non Current	-37.78	-201.34
(Increase) in Income tax assets-Non Current and Current	-136.05	-16.85
(Increase) in Other Financial assets- Current	-13.76	193.86
(Increase) in Other Current assets	-1419.14	-1057.13
Increase in other Non Current Assets	-	-
Decrease/(Increase) in Margin Money towards Bank Guarantees with bank	189.04	-456.46
Increase/(Decrease) in Trade payables	1505.99	-141.61
(Decrease) in Provisions	-33.95	-
(Decrease) in Other Financial and Other current liabilities	15.76	-132.94
Net cash generated/(used in) operating activities (A)	-7163.03	-3598.91
II. CASH FLOW FROM INVESTING ACTIVITIES.		
Proceeds from disposal of property, plant and equipment	22.13	-
Payment for Purchase of Property, Plant & Equipment and capital work in Progress	-248.49	-62.72
Incase in Capital work in Progress	-231.39	-
Payment for Intangible Assets	-1.45	-
Net cash (used) in investing activities (B)	-459.21	-62.72
III. CASH FLOW FROM FINANCING ACTIVITIES.		
Proceeds from issuance of equity share capital	130.00	4917.48
Proceeds from Securities Premium	5109.00	.00
Promoters loan converted into Equity	-	414.50
Expenses incurred on Increase of Share Capital	-246.76	-
Increase in Bank Borrowings through Cash Credit Limit	1589.52	267.58
(Repayment)/ Increase in Vehicle Loan	-13.74	47.55
(Repayment) of Term Loan	-17.79	-17.77
(Repayment) of Promoters Loan and Inter Corporate Deposit (ICD) including conversion to Equity	171.02	-623.54
Repayment of Loan by Subsidiary	-	-591.55
Increase in credit line to subsidiary by bank	-	182.52
Finance costs	-237.58	-82.14
Net cash flow from financing activities (C)	6483.67	4514.64
Net increase/(Decrease) in cash and cash equivalents (A+B+C)	-1138.58	853.01
Cash and Cash Equivalents at the beginning of the year	1529.41	676.40
Less: Bank deposits with less than 12 months maturity		
Cash and cash equivalents at the end of the year	390.83	1529.41
Bank Balances as per Balance Sheet	390.83	1529.41





Independent Auditor's Report on the Consolidated annual Financial Results of the Company Pursuant to the Regulation 33 of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 as amended.

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

Report on the Statement of Consolidated annual Financial Results for the year ended
31st March 2024

Opinion

We have audited the accompanying statement of consolidated annual financial results of **KERNEX MICROSYSTEMS (INDIA) LIMITED** ("the Holding Company) its subsidiary entity and Joint venture for the year ended 31st March 2024 ("the statement"), being submitted by the Holding Company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 ("the Regulation") as amended.

In our opinion and to the best of our information and according to the explanations given to us, the Statement

- a) Includes the results of the following entities

(a) Holding Company:	Kernex Microsystems (India) Limited
(b) Wholly Owned Subsidiary	Avant-Garde Infosystems Inc, USA (unaudited)
(c) Controlled entity (Joint Venture)	Kernex TCAS JV (With 80% share to the Company) (audited by other auditors)

- b) Is presented in accordance with the requirements of Regulation 33 of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 ("the Regulation") as amended and
- c) gives a true and fair view in conformity with the recognition and measurement principles laid down in the applicable accounting standards prescribed under Section 133 of the Companies Act, 2013 read with Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India, of the net loss including other comprehensive income and other financial information of the Company for the quarter and year ended 31st March 2024.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Results section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules there under, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence obtained by us and other auditors in terms of their reports



referred to in "Other Matter" paragraph below is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to Note 3 to the Statement which describes that the company has assessed the recoverability and impairment of the following financial assets:

- (a) Trade Receivables from customers Rs. 503.14 lakhs (including a related party of Rs. 234.75 (PY Rs. 414.57 lakhs) net of ECL provision.
- (b) MAT credit receivable of Rs. 122.56 lakhs (PY Rs. 122.56 lakhs)
- (c) Margin money deposits with banks of Rs. 1511.06 lakhs (PY Rs. 1721.38 lakhs) secured for customer guarantees of Rs. 2212.08 lakhs (PY 2796.70 lakhs) and under arbitration / negotiation.

Such assessments are based on current facts and circumstances and may not necessarily reflect future uncertainties and events and the final recoverable amounts may vary for the reasons mentioned therein. Our conclusion on the statement is not modified in respect of these matters.

Our opinion on the statement is not modified in respect of the above matter.

Responsibilities of Management for the Consolidated Financial Results

The statement, which is the responsibility of the Company's Management and approved by the Board of Directors, has been compiled from the related consolidated financial statements which has been prepared in accordance with the applicable accounting standards prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued there under and other accounting principles generally accepted in India and in compliance with Regulation 33 if the Listing Regulations. The respective Board of Directors of the companies included in the group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Statement that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the Statement by the Directors of the Holding Company, as aforesaid.

In preparing the Statement, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the respective Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group are also responsible for overseeing the financial reporting process of the Group.



We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The consolidated annual financial results dealt with by this report have been prepared for the express purpose of filing with Bombay Stock Exchange and National Stock Exchange.

Other Matter

1. The consolidated financial results include the Un-audited financial statements / information of one wholly owned subsidiary whose standalone financial information / statements reflect total assets of Rs. 388.09 Lakhs as at 31-3-2024 and total revenues of Rs. 509.14 lakhs, total net loss after tax of Rs. 493.47 lakhs and total comprehensive loss of Rs. 398.37 lakh for the year ended on that date. These financial statements / information have not been audited by us. These financial statements / 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 Subsidiary is based solely on such un-audited financial statement / information.
2. We did not audit the financial statements / financial information of one Joint Venture included in the consolidated financial results whose standalone financial statements / financial information reflect total assets of Rs. 414.20 Lakh as at 31-3-2024 and total revenues of Rs. Nil lakhs, total net Loss after tax of Rs. 145.51 lakhs and total comprehensive loss of Rs. 145.51 lakh for the year ended on that date. These financial statements / information have been by audited by other Auditors whose reports have been furnished to us and our opinion in so far as it relates to the amounts and disclosures included in respect of this Joint venture is based solely on the report of such other Auditors and the procedures performed by us as stated in paragraph 3 above.
3. The Statement includes the results for the quarter ended March 31, 2024 being the balancing figure between the audited figures in respect of the full financial year and the published unaudited year to date figures up to the third quarter of the current financial year prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 "Interim Financial Reporting" which were subject to limited review by us.



Auditor's Responsibilities for the Audit of the Consolidated Financial Results

Our objectives are to obtain reasonable assurance about whether the statement as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the statement.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- a) Identify and assess the risks of material misstatement of the statement, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- d) Obtain sufficient appropriate audit evidence regarding the financial results/financial information of the entities within the Group of which we are the independent auditors and whose financial information we have audited, to express an opinion on the Statement. We are responsible for the direction, supervision, and performance of the audit of the financial information of such entities included in the Statement, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.
- e) Evaluate the overall presentation, structure and content of the statement, including the disclosures, and whether the statement represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance of the Holding Company and such other entities included in the Statement of which we are independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



4. The Statement includes results for the quarter ended March 31, 2023, being the balancing figures between the audited figures for the financial year ended March 31, 2023 and the published unaudited year to date figures up to the third quarter ended December 31, 2022, prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 "Interim Financial Reporting" which were subject to limited review by us.

Our opinion on the statement is not modified in respect of these other matters.

For PRSV & Co. LLP
Chartered Accountants
Firm's Registration No. S200016

Raja Praturi
Partner
Membership No. 620615



UDIN: 24020615BKCQYK4718
Place: Hyderabad
Date: 13th July 2024



KERNEX MICROSYSTEMS (INDIA) LTD.

(An ISO 9001-2015 Certified Company)

Tel : +91 8414-667600
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Website : www.kemex.in



Registered Office :
"TECHNOPOLIS", Plot Nos : 38-41,
Hardware Technology Park,
TSIIC Layout, Raviryal (V),
Hyderabad – 501 510. Telangana, India

KMIL/SE/Q4/23-24/41

13th July 2024

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 – KurlaComplex, Bandra (E) Mumbai – 400 051 NSE Symbol: KERNEX
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Sir / Madam,

Sub: Declaration Pursuant to Regulation 33(3)(d) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for Unmodified Opinion.

DECLARATION FOR UNMODIFIED OPINION

I, M. B Narayana Raju, Whole Time Director of M/s. Kernex Microsystems (India) Limited having its Registered office at Plot No.38-41, Hardware Park,TSIIC Layout Survey no.1/1. Kanchalmarat, Raviryal (Village), Maheswaram Mandal, Ranga Reddy (Dist.) Hyderabad - 501 510, hereby declare that the Statutory Auditors of the company i.e.M/s. PRSV & Co., LLP, Chartered Accountants, represented by its Partner Mr. Raja Praturi, holding Membership No. 020615, have issued an Audit Report with Unmodified Opinion on Audited Consolidated Financial Results for the Quarter and Year Ended 31st March, 2024.

This Declaration is issued in compliance with Regulation 33(3)(d) of the SEBI (LODR) Regulations,2015 as amended vide its circular no CIR/CFD/CMD/56/2016 dated 27 May, 2016.

Yours faithfully

For KERNEX MICROSYSTEMS (INDIA) LIMITED

M B NARAYANA RAJU
WHOLE-TIME DIRECTOR
DIN: 07993925



KERNEX MICROSYSTEMS (INDIA) LIMITED						
TECHNOPOLIS, Plot Nos. 38-41 Hardware Technology Park, TSIC Layout, Hyderabad, Telangana 501510						
CIN: L30007TG1991PLC013211						
STATEMENT OF STANDALONE AUDITED FINANCIAL RESULTS FOR THE QUARTER AND YEAR ENDED MARCH 31, 2024						
(All amounts in Indian Rupees in Lakhs, except share data and where otherwise stated)						
Particulars	Quarter Ended			Year Ended	Year Ended	
	March 31,	December 31,	March 31,	March 31,	March 31,	
	2024 Audited	2023 Unaudited	2023 Audited	2024 Audited	2023 Audited	
Income						
I.	Revenue from operations	894.01	857.14	43.30	1,929.83	200.36
II.	Other Income	28.13	67.63	28.13	201.66	130.62
III.	Total Income (I+II)	922.13	924.76	71.43	2,131.49	330.99
IV. Expenses						
(a)	Cost of materials consumed	1,490.26	2,330.12	12.70	5,012.56	254.16
(b)	Changes in inventories of finished goods, work in progress and stock in trade	-170.72	-1,897.23	-129.05	-3,754.99	-112.88
(c)	Project execution expenses	175.85	271.74	150.39	591.80	350.49
(d)	Employee benefit expense	351.42	363.49	238.68	1,205.13	749.72
(e)	Finance cost	46.67	121.69	29.64	223.86	191.85
(f)	Depreciation and amortization expense	53.39	62.65	135.61	234.04	238.62
(g)	Other expenses	504.60	82.97	358.00	1,021.06	597.10
(h)	Amount transferred to capital expenditure	-287.15	-65.62	-	-352.77	-
	Total expenses (IV)	2,164.32	1,269.81	795.99	4,180.70	2,269.06
V.	Profit/(loss) before exceptional items and tax (III-IV)	-1,242.19	-345.05	-724.56	-2,049.21	-1,938.07
VI.	Exceptional items	-	-	-	-	-
VII.	Profit/(loss) before tax	-1,242.19	-345.05	-724.56	-2,049.21	-1,938.07
VIII.	Tax expense					
(a)	Current tax					
(b)	Deferred tax	-64.73	5.44	17.50	-8.69	47.65
	Total tax expense/credit(net)	-64.73	5.44	17.50	-8.69	47.65
IX.	Profit/(loss) for the period/year (VII-VIII)	-1,177.46	-350.49	-742.06	-2,040.53	-1,985.72
X.	Other comprehensive income/(loss)					
(A)(i)	Items that will not be reclassified to Statement of Profit and loss	0.81		-0.88	0.81	-0.88
(ii)	Income tax effect on the above	(0.20)			(0.20)	
(B)(i)	Items that will be reclassified to Statement of Profit or loss					
(ii)	Income tax relating to items that will be reclassified to Statement of Profit or loss					
	Total other comprehensive Income/(loss), net of taxes	0.61	-	(0.88)	0.61	(0.88)
XI.	Total comprehensive loss for the period/year (IX+X)	-1,176.85	-350.49	-742.94	-2,039.92	-1,986.60
XII.	Paid up Equity Share Capital (Face value of Rs.10/- each)	1,675.94	1,675.94	1,545.94	1,675.94	1,545.94
XIII.	Reserves excluding revaluation reserve				10,505.45	7,683.12
XIV.	Earnings per equity share (EPS)					
	Basic EPS - Face Value of Rs.10/- each	₹ (7.03)	(2.24)	(4.91)	(12.83)	(14.67)
	Diluted EPS - Face Value of Rs.10/- each	₹ (7.03)	(2.24)	(4.91)	(12.83)	(14.67)
				Not annualised		

M. D. Ch.



Notes:

1. The above statement of Audited Standalone Financial Results of Kermex Micro Systems (India) Limited ("the company") which have been prepared in accordance with the Indian Accounting Standards ("Ind AS") prescribed under section 133 of the companies act, 2013 ("the act") read with relevant rules issued thereunder, other accounting generally accepted in India and guidelines issued by the Securities Exchange Board of India ("SEBI") were reviewed and recommended by the Audit Committee; are considered and approved by the Board of Directors in their meeting held on July 13, 2024. These results are as per Regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended.
2. The Company Operates on one reportable Segment, i.e. Safety Systems for Railways and hence segment reporting as per Ind AS-108 is not applicable.
3. The auditors of the company qualified their report that impairment to an extent of Rs 1440.43 lakhs has not been provided in the standalone financial statements as required under IND AS 36 (Impairment of assets) towards
 - (a) complete erosion of net worth of Avant-Garde Infosystems, Inc i.e. AGI (100% wholly owned foreign subsidiary imported in sourcing of electronic components) and thus investment made in that company of Rs 1275.97 lakhs amounts impaired fully.
 - (b) Non provision for accumulated losses for share of TCAS JV for an amount of Rs 164.46 Lakhs. (TCAS-JV is a Joint Venture in which company has 80% share of profits/losses engaged in execution of railway projects, by way of impairment of investment of Rs 8 lakhs and Rs 156.46 lakhs from loan and advances and receivables. The company management is of opinion that the 100% subsidiary (AGI) being a cost centre provides synergy in securing procurement efficiency and therefore its impairment cannot be assessed independent at the present. IND AS-36 stipulates that one of the criteria for assessing impairment can be determined by assessing whether the carrying amount of the net assets of the company exceed the market capitalisation. Considering this factor, the company's market capitalisation is far higher and no impairment is required on this account. In so far as the losses in TCAS JV, the management is confident that it is temporary and the ongoing project in the JV would eventually result in net surplus.
4. The company's assessment of recoverability and impairment of the following financial assets has been included by the auditors under "Emphasis of matter". The Management is of the view that these assets are good and recoverable and consequently no provision beyond what is carried in the books is required.
 - a. Trade receivables from customers Rs 532.46 lakhs (Including related party of Rs.323.77 (Previous year Rs 512.12 lakhs) net of Expected credit loss (ECL) provision.
 - b. Minimum alternative tax credit (MAT) Credit receivable is Rs 122.56 Lakhs. (Previous year Rs 122.56 lakhs). Recoverability of MAT credit would depend upon company ability to earn taxable profits in future before expiry of the timelimit prescribed for carryforward of MAT credit.
 - c. Margin money deposits with banks of Rs.1492.04 Lakhs (Previous year Rs 1702.34 lakhs) secured for customer guarantees under arbitration/negotiation
5. The figures for the quarter ended 31 St March 2024 and 2023 represent the differences between the audited figures in respect of full financial year and the published figures for the nine months ended December 31, 2023 and December 31, 2022, respectively.
6. The Results for the quarter ended 31 St March , 2024 are also available on websites of BSE Limited, National Stock Exchange Limited and on the company's website.
7. Figures for previous periods have been regrouped/rearranged, wherever considered necessary , inline with the current period presentation.

Place: Hyderabad
Date: 13.07.2024

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

M B Narayana Raju
Whole Time Director
DIN-07993925.



KERNEX MICROSYSTEMS (INDIA) LIMITED
Statement of Assets and Liabilities as at March 31, 2024
TECHNOPOLIS, Plot Nos. 38-41 Hardware Technology Park, TSIIC Layout, Hyderabad, Telangana 501510
CIN: L30007TG1991PLC013211

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

	Particulars	March 31, 2024 Audited	March 31, 2023 Audited
I	ASSETS		
	(1) NON-CURRENT ASSETS		
	(a) Property, Plant and Equipment	2368.15	2372.95
	(b) Intangible assets	.84	.35
	(c) Intangible assets Under Development	231.39	-
	(d) Financial assets		
	(i) Trade Receivables	609.39	937.79
	(ii) Investments	1283.97	1283.97
	(iii) Other financial assets	50.71	12.92
	(e) Loans and Advances	489.70	396.73
	(f) Income tax Assets	258.74	263.60
		5292.89	5268.31
	(2) CURRENT ASSETS		
	(a) Inventories	7169.56	1405.67
	(b) Financial assets		
	(i) Trade receivables	36.32	.00
	(ii) Cash and cash equivalents	384.80	1511.26
	(iii) Bank balances other than (ii) above	1513.31	1702.35
	(iv) Other financial assets	24.27	10.51
	(c) Other Current assets	2711.10	1233.06
	(d) Income Tax Assets	154.97	14.23
		11994.34	5877.08
	Total Assets	17287.22	11145.39
II	EQUITY AND LIABILITIES		
	EQUITY		
	(a) Equity Share capital	1675.94	1545.94
	(b) Other equity	10505.45	7683.12
		12181.39	9229.07
	LIABILITIES		
	(1) NON-CURRENT LIABILITIES		
	(a) Financial liabilities		
	Long term Borrowings	18.52	33.81
	(b) Provisions	1.35	18.18
	(c) Deferred tax liabilities (Net)	114.96	123.45
		134.84	175.44
	(2) CURRENT LIABILITIES		
	(a) Financial liabilities		
	(i) Short Term Borrowings	2405.78	833.17
	(ii) Trade Payables		
	(a) Total outstanding Dues of micro enterprises and small enterprises	67.85	.10
	(b) Total outstanding Dues of other than micro enterprises and small enterprises	1910.80	317.23
	(iii) Other financial liabilities	476.29	404.62
	(b) Other current liabilities	110.28	185.75
		4970.99	1740.89
	Total Equity And Liabilities	17287.22	11145.39

M. S. D.

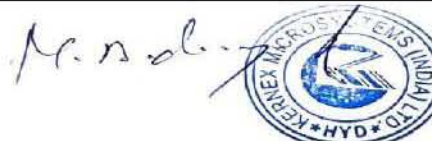


KERNEX MICROSYSTEMS (INDIA) LIMITED
TECHNOPOLIS, Plot Nos. 38-41 Hardware Technology Park, TSIC Layout, Hyderabad, Telangana 501510
CIN: L30007TG1991PLC013211

Statement of Cash Flows for the year ended March 31, 2024

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

Particulars	March 31, 2024	March 31, 2,023
	Audited	Audited
I CASHFLOWS FROM OPERATING ACTIVITIES		
Profit / (loss) before tax	-2049.21	-1938.07
Add/(less): Adjustments for		
Depreciation and amortisation	234.04	238.62
Foreign currency translation (gain)/ loss	87.06	144.70
Provision for obsolete stock/ Others	8.99	-
Sundry balances written off/ bad debts written off	18.43	-
Provision for doubtful debts/advances/written off	276.15	26.68
Provision for expected credit loss	-	-
Liabilities no longer required written back	-	-11.04
(Profit) on disposal of property, plant and equipment	-1.90	-
Finance costs	223.86	191.85
Interest income	-71.64	-53.00
Operating Profit/(Loss) before working capital changes	-1274.23	-1400.27
Changes in assets and liabilities		
(Increase)/ Decrease in Trade receivables	-2.49	193.35
(Increase) in Inventories	-5772.88	-507.10
(Increase)/Decrease in other financial assets- non current	-37.78	.51
(Increase) in Income tax assets-non current	-135.87	-17.64
(Increase) in other financial assets- current	-13.76	-7.81
(Increase) in other current assets	-1478.04	-971.23
Decrease/(Increase) in margin money towards bank guarantees with bank	189.04	-436.53
Increase/(Decrease) in Trade payables	1575.06	-119.80
(Decrease) in provisions	-16.83	14.43
(Decrease) in other Financial and other current liabilities	-3.80	-185.49
Net cash (used in) operating activities (A)	-6971.60	-3437.59
II. CASH FLOWS FROM INVESTING ACTIVITIES.		
Proceeds from disposal of property, plant and equipment	22.13	-
Payment for purchase of property, plant& equipment	-248.49	-62.72
Payment for intangible assets	-1.45	-
Increase in capital work in progress	-231.39	-
Investment in 100% wholly owned subsidiary (WOS)	-	-480.19
Investment in joint venture (JV)	-92.97	-
Interest income received	71.64	53.00
Net cash (used) in investing activities (B)	-480.55	-489.91
III. CASH FLOWS FROM FINANCING ACTIVITIES.		
Proceeds from issuance of equity share capital	130.00	4917.48
Proceeds from securities premium	5109.00	-
Promoters loan converted into equity	-	414.50
Expenses incurred on increase of share capital	-246.76	.00
Increase in bank borrowings through cash credit limit	1589.52	267.58
(Repayment)/ Increase in vehicle loan	-13.74	47.55
(Repayment) of term loan	-17.79	-17.77
(Repayment) of promoters loan and inter corporate deposit (ICD) including conversion to Equity	-.68	-625.15
Finance costs	-223.86	-191.85
Net cash flow from financing activities (C)	6325.70	4812.34
Net increase/(Decrease) in cash and cash equivalents (A+B+C)	-1126.46	884.84
Cash and Cash Equivalents at the beginning of the year	1511.26	626.41
Cash and cash equivalents at the end of the year	384.80	1511.26
Bank Balances as per Balance Sheet	384.80	1511.26





Independent Auditor's Report on the Standalone annual Financial Results of the Company Pursuant to the Regulation 33 of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 as amended

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

Report on the Statement of Standalone annual Financial Results for the year ended 31st March 2024

Qualified Opinion

We have audited the accompanying Statement of Standalone annual Financial Results of **KERNEX MICROSYSTEMS (INDIA) LIMITED** ("the Company") for the year ended 31st March 2024 ("The Statement"), attached herewith, being submitted by the Company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("the Regulation") as amended.

In our opinion and to the best of our information and according to the explanations given to us, the statement:

- a) Is presented in accordance with the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended; and
- b) **Except for the effects of the matter described in the Basis for Qualified Opinion paragraph as below**, gives a true and fair view in conformity with the recognition and measurement principles laid down in the applicable accounting standards prescribed under Section 133 of the Companies Act, 2013 read with Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India, of the net loss including other comprehensive income and other financial information of the Company for the quarter and year ended 31st March 2024.

Basis for Qualified Opinion

- (a) The Company has a 100% subsidiary namely Avant Garde International Inc in USA which is presently supporting the business of the company by identifying the sources, negotiating for and procuring electronic components from outside India. The subsidiary in the past, was involved in the trading of goods.



As per the latest unaudited financials of the subsidiary available as on 31-03-2024, the net worth of the subsidiary has eroded substantially to an extent of USD 1.917 million against an investment of USD 1.821 million, the equivalent Indian Rupees being 1450.81 lakhs per prevailing exchange rate. As a result the carrying amount of the investment by the Company in the equity of subsidiary at Rs. 1275.97 lakhs (at Cost) (Note 4) stands impaired fully. Ind AS 36, requires the company to provide for impairment in the value of investments which are accounted at Cost by providing for the amount of impairment in the Profit & Loss Account.

- (b) The Company besides making an investment of Rs. 8 lakhs in TCAS JV – a joint venture partnership formed to execute a railway safety project, in which the Company has 80% share in the profits and losses; has further exposure by way of long term advances of Rs. 489.70 lakhs and a trade receivable of Rs. 97.54 lakhs (ECL provided of Rs. 8.53 lakhs). The TCAS JV has accumulated losses Rs. 216.23 lakhs as on 31-03-2024 and the share of Company in these losses works to Rs. 172.99 lakhs. In our view, the company is required to make a provision for impairment loss towards its investment, loan and trade receivables to the tune of Rs. 164.46 lakhs to account for the share of accumulated losses in the Joint venture in its stand-alone financial statements.

Since the Company has not impaired the cost of investments, the advance granted to joint venture and trade receivable to an extent of Rs. 1440.43 lakhs (Rs. 1275.97 lakhs on account of AGI & Rs. 164.46 lakhs on account of TCAS JV) in its books, the Loss for the year and other Comprehensive Income are understated by the said amount. The Other Equity in the balance sheet is overstated by Rs. 1440.43 lakhs. Our conclusion on the statement is qualified in respect of the above matters.

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Results section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to Note 4 to the Statement which describes that the company has assessed the recoverability and impairment of the following financial assets:

- (a) Trade Receivables from customers Rs. 532.46 lakhs (including a related party of Rs. 323.77 (PY Rs. 512.12 lakhs) net of ECL provision.
- (b) MAT credit receivable of Rs. 122.56 lakhs (PY Rs. 122.56 lakhs)
- (c) Margin money deposits with banks of Rs. 1492.03 lakhs (PY Rs. 1702.34 lakhs) secured for customer guarantees of Rs. 2090.97 lakhs (PY 2620.99 lakhs) and under arbitration / negotiation.



Such assessments are based on current facts and circumstances and may not necessarily reflect future uncertainties and events and the final recoverable amounts may vary for the reasons mentioned therein. Our opinion on the statement is not modified in respect of these matters.

Responsibilities of Management for the Standalone Financial Results

The statement, which is the responsibility of the Company's Management and approved by the Board of Directors, has been compiled from the related standalone financial statements which has been prepared in accordance with the applicable accounting standards prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued there under and other accounting principles generally accepted in India and in compliance with Regulation 33 of the Listing Regulations. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Statements, Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of Directors are also responsible for overseeing the company's financial reporting process.

Auditor's Responsibilities for the Audit of the Standalone Financial Results

Our objectives are to obtain reasonable assurance about whether the Statement as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Statement.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- a) Identify and assess the risks of material misstatement of the Statement, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



- b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion through a separate report on the complete set of the stand-alone Financial Statements on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures in the Financial Statements made by the Management and the Board of Directors.
- d) Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial results or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- e) Evaluate the overall presentation, structure and content of the Statement, including the disclosures, and whether the Statement represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The standalone annual financial results dealt with by this report have been prepared for the express purpose of filing with Bombay Stock Exchange and National Stock Exchange.

Other Matters

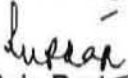
1. The Statement includes the results for the quarter ended March 31, 2024 being the balancing figure between the audited figures in respect of the full financial year and the published unaudited year to date figures up to the third quarter of the current financial year prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 "Interim Financial Reporting" which were subject to limited review by us.



2. The Statement includes results for the quarter ended March 31, 2023, being the balancing figures between the audited figures for the financial year ended March 31, 2023 and the published unaudited year to date figures up to the third quarter ended December 31, 2022, prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 "Interim Financial Reporting" which were subject to limited review by us.

Our opinion on the statement is not modified in respect of these Other matters.

For PRSV & Co. LLP
Chartered Accountants
Firm's Registration No. S200016


Raja Praturi
Partner
Membership No. 020616



UDIN: 24020615BKCQYJ4896

Place: Hyderabad

Date: 13th July 2024.


ANNEXURE – I

**Statement of Impact of Audit Qualifications (for audit report with modified opinion)
submitted along with Annual Audited Financial Results – (Standalone Financials)**

(Rs In Lakhs)

I	S No	Particulars	Audited Figures (as reported before adjusting for qualifications)	Audited Figures (as reported after adjusting for qualifications)
	1	Total Income	2,131.49	2,131.49
	2	Total Expenditure	4,180.70	5,621.13
	3	Net Profit/(Loss)	-2,049.21	-3,489.64
	4	Earnings Per Share	-12.83	-21.94
	5	Total Assets	17,287.22	15,846.79
	6	Total Liabilities	5,105.83	5,105.83
	7	Net Worth	12,181.39	10,740.96
	8	Any other financial item(s) (as felt appropriate by the management)	NA	NA
II	<u>Audit Qualification (each audit qualification separately):</u>			
	Note 3. In the statement of Audited Standalone Financial results is as follows.			
	(a) The Company has a 100% subsidiary namely Avant Garde International Inc in USA which is presently supporting the business of the company by identifying the sources, negotiating for and procuring electronic components from outside India. The subsidiary in the past, was involved in the trading of goods.			
	As per the latest unaudited financials of the subsidiary available as on 31-03-2024, the net worth of the subsidiary has eroded substantially to an extent of USD 1.917 million against an investment of USD 1.821 million, the equivalent Indian Rupees being 1450.81 lakhs per prevailing exchange rate. As a result the carrying amount of the investment by the Company in the equity of subsidiary at Rs. 1275.97 lakhs (at Cost) (Note 4) stands impaired fully. Ind AS 36, requires the company to provide for impairment in the value of investments which are accounted at Cost by providing for the amount of impairment in the Profit & Loss Account.			
	(b) The Company besides making an investment of Rs. 8 lakhs in TCAS JV – a joint venture partnership formed to execute a railway safety project, in which the Company has 80% share in the profits and losses; has further exposure by way of long term advances of Rs. 489.70 lakhs and a trade receivable of Rs. 97.54 lakhs (ECL provided of Rs. 8.53 lakhs). The TCAS JV has accumulated losses Rs. 216.23 lakhs as on 31-03-2024 and			

	<p>the share of Company in these losses works to Rs. 172.99 lakhs. In our view, the company is required to make a provision for impairment loss towards its investment, loan and trade receivables to the tune of Rs. 164.46 lakhs to account for the share of accumulated losses in the Joint venture in its stand-alone financial statements.</p> <p>Since the Company has not impaired the, the advance granted to joint venture and trade receivable to an extent of Rs 164.46 lakhs in its books, the Loss for the year and other Comprehensive Income are understated by the said amount. The Other Equity in the balance sheet is overstated by Rs. 164.46 lakhs. Our conclusion on the statement is qualified in respect of the above matters.</p>
	<p>a. Type of Audit Qualification: Qualified Opinion</p>
	<p>b. Frequency of qualification:</p>
	<p>i) Included in the audit report for the quarter and year ended 31st March 2024</p>
	<p>c. For Audit Qualification(s) where the impact is quantified by the Auditor, Management's views:</p> <p>1) The company management is of opinion that the 100% subsidiary (AGI) being a cost centre provides synergy in securing procurement efficiency and therefore it's impairment cannot be assessed independent of the parent. IND AS-36 stipulates that one of the criteria for assessing impairment can be determined by assessing whether the carrying amount of the net assets of the company exceed the market capitalisation. Considering this factor, the company's market capitalisation is far higher and no impairment is required on this account.</p> <p>2) In so far as the losses in TCAS JV, the management is confident that it is temporary and the ongoing project in the JV would eventually result in net profit.</p>
	<p>d. For Audit Qualification(s) where the impact is not quantified by the Auditor:</p>
	<p>i) Management's estimation on the impact of audit qualification:</p>
	<p>ii) If Management is unable to estimate the impact, reasons for the same:</p>
	<p>iii) Auditors' Comments on (i) or (ii) above:</p>
	<p>Not Applicable.</p>

III	Signatories:
	<ul style="list-style-type: none"> • Whole Time Director <p style="text-align: right;"><i>M. S. D. - 7 - 11</i></p>
	<ul style="list-style-type: none"> • Chief Finance Officer <p style="text-align: right;"><i>[Signature]</i></p>
	<ul style="list-style-type: none"> • Audit Committee Chairman <p style="text-align: right;"><i>[Signature]</i></p>
	<ul style="list-style-type: none"> • Statutory Auditor <p style="text-align: right;"><i>[Signature]</i></p>
	
Place: Hyderabad	
Date: 13- Jul-2024	