



KERNEX MICROSYSTEMS (INDIA) LTD.

(An ISO 9001-2015 Certified Company)

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Website : www.kernex.in



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

KMIL/SE/UFR/24-25/079

14th November 2024

| | |
|---|---|
| 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 Un-Audited Financial Results of the Company for the quarter ended 30th September 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. Approved the Un-Audited Standalone and Consolidated Financial Results along with Statement of Assets and Liabilities and Cash Flow Statements of the Company for the second quarter and half year ended 30th September 2024.
2. Took note of the Limited Review Report on Un-Audited Standalone and Consolidated Financial results of the Company for the second quarter and half year ended 30th September, 2024 as required under Regulation 33 of SEBI (LODR) Regulations, 2015

The aforesaid Board Meeting commenced at 10:30 A.M. and concluded at 04:15 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) LIMITED
TECHNOPOLIS, Plot Nos. 38-41, Hardware Technology Park, TSIC Layout, Hyderabad, Telangana 501510
CIN: L30007TG1991PLC013211

Consolidated Financial results for the Quarter and Half year ended September 30, 2024

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

| Particulars | Quarter Ended | | | Half Year Ended | | Year Ended |
|--|-----------------|-----------------|-----------------------|------------------|-----------------|-------------------|
| | 30-Sep-24 | 30-Jun-24 | 30-Sep-23 | 30-Sep-24 | 30-Sep-23 | 31-Mar-24 |
| | Unaudited | Unaudited | Unaudited | Unaudited | Unaudited | Audited |
| Income | | | | | | |
| I. Revenue from operations | 4,121.94 | 2,867.69 | 140.83 | 6,989.63 | 237.10 | 1,959.80 |
| II. Other Income | 25.88 | 23.63 | 26.00 | 49.51 | 72.64 | 130.63 |
| III. Total Income (I+II) | 4,147.82 | 2,891.33 | 166.83 | 7,039.14 | 309.74 | 2,090.43 |
| IV. Expenses | | | | | | |
| (a) Cost of materials consumed | 2,833.69 | 1,683.06 | 558.51 | 4,516.75 | 1,162.82 | 5,044.58 |
| (b) Changes in inventories of finished goods, work in progress and stock in trade | -757.86 | -132.03 | -700.24 | -889.89 | -1,687.03 | -3,754.99 |
| (c) Project execution expenses | 467.76 | 393.44 | - | 861.20 | - | 662.02 |
| (d) Employee benefit expense | 381.44 | 358.83 | 272.01 | 740.27 | 517.09 | 1,253.29 |
| (e) Finance cost | 305.98 | 102.81 | 39.66 | 408.79 | 60.71 | 288.97 |
| (f) Depreciation and amortization expense | 65.08 | 62.92 | 55.71 | 128.00 | 118.04 | 497.00 |
| (g) Other expenses | 231.11 | 182.31 | 351.65 | 413.42 | 634.97 | 1,132.00 |
| (h) Amount transferred to capital expenditure | -59.36 | -103.38 | - | -162.74 | - | -352.77 |
| Total expenses (IV) | 3,467.85 | 2,547.96 | 577.30 | 6,015.81 | 806.58 | 4,770.10 |
| V. Profit/(loss) before exceptional items and tax (III-IV) | 679.97 | 343.37 | -410.47 | 1,023.34 | -496.84 | -2,679.67 |
| VI. Exceptional items | | | | | | |
| VII. Profit/(loss) before tax | 679.97 | 343.37 | -410.47 | 1,023.34 | -496.84 | -2,679.67 |
| VIII. Tax expense | | | | | | |
| (a) Current tax | | | | | | |
| (b) Deferred tax | -1.50 | -13.50 | 43.04 | -15.00 | 50.60 | -8.69 |
| Total tax expense/credit(net) | -1.50 | -13.50 | 43.04 | -15.00 | 50.60 | -8.69 |
| IX. Profit/ (loss) for the period/ year (VII-VIII) | 681.47 | 356.86 | -453.51 | 1,038.33 | -547.44 | -2,670.98 |
| Attributable to: | | | | | | |
| (a) Shareholders of the Company | 684.77 | 361.95 | -441.08 | 1,046.73 | -529.41 | -2,641.20 |
| (b) Non-controlling interest | -3.30 | -5.09 | -12.43 | -8.39 | -18.03 | -29.79 |
| X. Other comprehensive income/(loss) | | | | | | |
| (A)(i) Items that will not be reclassified to Statement of Profit and | - | - | - | - | - | 0.81 |
| (ii) Income tax effect on the above | - | - | - | - | - | -0.21 |
| (B)(i) Items that will be reclassified to Statement of Profit or loss | - | -0.07 | 13.94 | -0.07 | -0.47 | 95.10 |
| (ii) Income tax relating to items that will be reclassified to Statement of Profit or loss | - | - | - | - | - | - |
| Total other comprehensive Income/(loss), net of taxes | - | (0.07) | 13.94 | (0.07) | (0.47) | 95.70 |
| XI. Total comprehensive loss for the period/year, net of taxes (IX+X) | 681.47 | 356.79 | -439.56 | 1,038.27 | -547.91 | -2,575.28 |
| Attributable to: | | | | | | |
| (a) Shareholders of the Company | 684.77 | 361.89 | -427.13 | 1,046.66 | -529.88 | -2,545.50 |
| (b) Non-controlling interest | -3.30 | -5.09 | -12.43 | -8.39 | -18.03 | -29.79 |
| 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 | 1,675.94 |
| XIII. Reserves excluding reevaluation reserve | | | | 10,019.90 | 7,673.64 | 8,985.27 |
| XIV. Earnings per equity share (EPS) | | | | | | |
| Basic EPS - Face Value of Rs.10/- each | 4.09 | 2.16 | -2.78 | 6.25 | -3.43 | -16.61 |
| Diluted EPS - Face Value of Rs.10/- each | 4.09 | 2.16 | -2.78 | 6.25 | -3.43 | -16.61 |
| | | | Not annualised | | | 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 November 14, 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(Non Current) from customers Rs 362.20 lakhs (PY Rs 580.07 lakhs) includes Complek computer systems pvt limited (Related party of Rs 216.96 Lakhs(PY 418.38 Lakhs) net of Expected credit loss (ECL) provision.

b. Minium alternative tax credit (MAT) Credit receivable is Rs 122.56 Lakhs. (Previous year Rs 122.56 lakhs).

c. Margin money deposits with banks of Rs.1584.87 Lakhs (Previous year Rs 1532.33 lakhs) secured for customer guarantees of Rs 2212.81 Lakhs (Previous Year 2212.08 Lakhs) and under arbitration/negotiation.

4. Kernex has 35% share in VRCC KERNEX CE RVRJV. Cost of Investment is Nil. Proportionate Share of our company in net loss for the half year ending 30.09.2024 in excess of investment is Rs 83.91 lakhs. Loss in excess of Investment is not considered in consolidation.

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, inline with the current period presentation.

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

Place: Hyderabad
14 Th November 2024

By and on behalf of Board of Directors

For Kernex Microsystems (India) Limited

M. S. Raju

Badari Narayana Raju Manthana

Whole-Time Director

DIN-07993925



Statement of Consolidated Unaudited Assets and Liabilities as at 30 Sep 2024

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

| Particulars | As at | As at |
|--|------------------------|----------------------|
| | 30/Sep/24 UnAudited | 31/Mar/23 Audited |
| I ASSETS | | |
| (1) NON-CURRENT ASSETS | | |
| (a) Property, Plant and Equipment | 2305.39 | 2368.15 |
| (b) Capital Work in progress | 7.45 | .00 |
| (c) Intangible assets | .52 | .84 |
| (d) Intangible assets Under Development | 352.82 | 231.39 |
| (e) Financial assets | | |
| (i) Trade Receivables | 362.21 | 580.08 |
| (ii) Investments | - | - |
| (iii) Other financial assets | 209.24 | 252.55 |
| (f) Loans and Advances | - | - |
| (g) Income tax Assets | 546.93 | 258.74 |
| | 3784.55 | 3691.75 |
| (2) CURRENT ASSETS | | |
| (a) Inventories | 7670.07 | 7169.56 |
| (b) Financial assets | | |
| (i) Trade receivables | 2342.58 | 36.32 |
| (ii) Cash and cash equivalents | 829.77 | 390.83 |
| (iii) Bank balances other than (ii) above | 1584.87 | 1532.34 |
| (iv) Other financial assets | 30.55 | 24.45 |
| (c) Other Current assets | 2934.42 | 2871.31 |
| (d) Income Tax Assets | 9.66 | 155.15 |
| | 15401.92 | 12179.96 |
| TOTAL ASSETS | 19186.47 | 15871.71 |
| II EQUITY AND LIABILITIES | | |
| EQUITY | | |
| (a) Equity Share Capital | 1675.94 | 1675.94 |
| (b) Other equity | 10019.90 | 8985.27 |
| Equity attributable to owners of Kernex Micro Systems (India) Limited | 11695.84 | 10661.21 |
| Non-controlling interests | -49.64 | -41.25 |
| | 11646.20 | 10619.97 |
| Liabilities | | |
| Non-current liabilities | | |
| (a) Financial liabilities | | |
| Long term Borrowings | 10.23 | 18.52 |
| (b) Provisions | 55.98 | 1.35 |
| (c) Deferred tax liabilities (Net) | 99.97 | 114.96 |
| | 166.18 | 134.84 |
| CURRENT LIABILITIES | | |
| (a) Financial liabilities | | |
| (i) Short Term Borrowings | 3175.68 | 2780.64 |
| (ii) Trade Payables | | |
| (a) Total outstanding Dues of micro enterprises and small enterprises | 55.35 | 67.85 |
| (b) Total outstanding Dues of other than micro enterprises and small enterprises | 3015.33 | 1558.48 |
| (iii) Other financial liabilities | 943.09 | 589.27 |
| (b) Other current liabilities | 184.64 | 120.66 |
| (b) Provisions | - | - |
| | 7374.09 | 5116.90 |
| TOTAL EQUITY AND LIABILITIES | 19186.47 | 15871.71 |

Place: Hyderabad
14th November 2024

By and on behalf of Board of Directors
For Kernex Microsystems (India) Limited

M.A. 07-11
Badari Narayana Raju Manthena
Whole-Time Director
DIN-07993925



KERNEX MICROSYSTEMS (INDIA) LIMITED

Consolidated Statement of Cash Flows for the year ended 30 September 2024

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

| Particulars | September 30, 2024 | March 31, 2024 |
|---|--------------------|-----------------|
| I CASHFLOW FROM OPERATING ACTIVITIES | | |
| Profit / (loss) before tax | 1023.34 | -2679.67 |
| Add/(less) :Adjustments to reconcile net profit/(loss) to net cash provided by operating activities | | |
| Depreciation and amortisation | 128.00 | 497.00 |
| Foreign currency translation (gain)/ loss | - | 179.46 |
| 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 |
| (Profit) on disposal of property, plant and equipment | - | -1.90 |
| Finance costs | 408.79 | 237.58 |
| Operating Profit before changes in working capital | 1560.13 | -1472.50 |
| Changes in assets and liabilities | | |
| (Increase)/ Decrease in Trade receivables | -2088.46 | 12.26 |
| (Increase) in Inventories | -500.50 | -5772.88 |
| (Increase)/Decrease in Other Financial Assets- Non Current | 43.32 | -37.78 |
| (Increase) in Income tax assets-Non Current and Current | -142.71 | -136.05 |
| (Increase) in Other Financial assets- Current | -6.10 | -13.76 |
| (Increase) in Other Current assets | -63.11 | -1419.14 |
| (Increase)/Decrease/ in Margin Money towards Bank Guarantees with bank | -52.53 | 189.04 |
| Increase in Trade payables | 1440.71 | 1505.99 |
| Increase/(Decrease) in Provisions | 54.63 | -33.95 |
| Increase in Other Financial and Other current liabilities | 409.41 | 15.76 |
| Net cash generated/(used in) operating activities (A) | 654.77 | -7163.03 |
| 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 | -64.92 | -248.49 |
| Incase in Capital work in Progress | -7.45 | -231.39 |
| Payment for Intangible Assets | -121.43 | -1.45 |
| Net cash (used) in investing activities (B) | -193.79 | -459.21 |
| III. CASH FLOW FROM FINANCING ACTIVITIES. | | |
| Proceeds from issuance of equity share capital | - | 130.00 |
| Proceeds from Securities Premium | - | 5109.00 |
| Expenses incurred on Increase of Share Capital | - | -246.76 |
| Increase in Bank Borrowings through Cash Credit Limit | 399.49 | 1751.62 |
| (Repayment)/ Increase in Vehicle Loan | -7.45 | -13.74 |
| (Repayment) of Term Loan | -5.29 | -17.79 |
| (Repayment) of Promoters Loan and Inter Corporate Deposit (ICD) including conversion to Equity | - | 8.92 |
| Finance costs | -408.79 | -237.58 |
| Net cash flow from financing activities (C) | -22.05 | 6483.67 |
| Net increase/(Decrease) in cash and cash equivalents (A+B+C) | 438.94 | -1138.58 |
| Cash and Cash Equivalents at the beginning of the year | 390.83 | 1529.41 |
| Less: Bank deposits with less than 12 months maturity | - | - |
| Cash and cash equivalents at the end of the year | 829.77 | 390.83 |
| Bank Balances as per Balance Sheet | 829.77 | 390.83 |

| Components of Cash and Cash Equivalents | | |
|---|---------------|---------------|
| Cash on Hand | .35 | .79 |
| Bank balances in Current Accounts | 829.42 | 390.04 |
| Fixed Deposits<3 Months Maturity | - | - |
| Total | 829.77 | 390.83 |

FOR AND BEHALF OF THE BOARD OF DIRECTORS

Place: Hyderabad
14th November 2024


BADARI NARAYANA RAJU MANTHENA
 Whole Time Director
 DIN 07993925





Independent Auditor's Review Report on Consolidated Quarterly and Year to Date Unaudited Financial Results of KERNEX MICROSYSTEMS (INDIA) LIMITED pursuant to Regulation 33 of the SEBI (Listing and 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 financial results of **KERNEX MICROSYSTEMS (INDIA) LIMITED** ("the Parent"), its subsidiaries and Associate (the Parent, Subsidiaries and Associate together referred to as a "Group" for the quarter ended 30th September 2024 and the year to date results for the period from 01st April 2024 to 30th September 2024 ('the Statement') attached herewith, being submitted by the Parent Company pursuant to the requirements of Regulation 33 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ('the Regulations').
2. This Statement, which is the responsibility of the Parent's Management and has been approved by the Company's Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 'Interim Financial Reporting', prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder ('Ind AS 34') and other recognized accounting principles generally accepted in India and is in compliance with the Regulations. Our responsibility is to express a conclusion on the Statement based on our review.
3. We conducted our review of the Statement in accordance with the Standards on Review Engagement (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 financial results are free from material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provide less assurance than an audit. We have not performed an audit. Accordingly we do not express an audit opinion.

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

The Statement includes the results of the following entities



| | |
|--------------------------------------|---|
| (a) Holding Company | Kernex Microsystems (India) Limited |
| (b) Wholly Owned Subsidiary | Avant-Grade Infosystems Inc,USA (unaudited) |
| (c) Controlled Entity (Subsidiary) | Kernex TCAS JV (With 80% share to the company) (Unaudited by the auditors) |
| (d) Associate | VRRC KERNEX CE RVRJV(with 35% share to the company) (unaudited by the auditors) |

Basis for Qualified Conclusion

- a) The Company has entered into a Joint venture agreement dated 06th January 2024 to irrevocably constitute a Joint venture in the name of M/s. VRRC KERNEX CE RVRJV. The Company has not made any investment in the Joint venture as of the date of this report. We were informed that the Joint venture has started the operations but did not receive the unaudited financial results of the Joint Venture for the quarter ended 30 September in the absence of the financial results of Joint ventures made available to use, we are unable to determine the effects of the failure to consolidate the Joint venture on these consolidated financial results.

Qualified Conclusion

Based on our review conducted as stated above, except for the effects / possible effects of qualifications as described in the previous paragraphs and procedures. performed as stated above and based on the consideration of the review reports of other auditors referred to in 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 (IND AS,) prescribed under section 133 of the Companies Act, 2013 read with relevant rules issued thereunder and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of the Regulation including the manner in which it is to be disclosed, or that it contains any material misstatements.

Emphasis of Matter

We draw attention to Note 4.7 & 10 to the Statement which describes that the company has assessed the recoverability of the following financial assets:

- (a) Trade Receivables (Non Current) from customers Rs. 362.20 (PY 580.07 lakhs) lakhs includes Comptek Computer System Private Limited (Related party) of Rs. 216.96 lakhs (PY 418.38 lakhs) net of ECL provision. The said receivable is outstanding for more than 3 years
- (b) MAT credit receivable of Rs. 122.56 lakhs (PY 122.56 lakhs)
- (c) Margin money deposits with banks of Rs. 1,584.87 lakhs (PY Rs. 1,532.33 lakhs) secured for customer guarantees of Rs. 2,282.81 lakhs (PY 2,212.08 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 conclusion on the statement is not modified in respect of the above matter.

Other matter

We did not review the interim financial statements / financial information / financial results of TCAS JV (controlled entity subsidiary) whose interim financial statements / financial information / financial results reflect total revenues of Rs. 48.63 lakhs and total net loss after tax of Rs. 41.97 Lakhs and total comprehensive loss of Rs. 41.97 Lakhs for the half year ended 30th September 2024, as considered in the consolidated unaudited financial results. These interim financial statements / financial information / financial results 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 this joint venture is based solely on the reports of the other auditors and the procedures performed by us as stated above.

The Consolidated unaudited financial results includes the interim financial results of **Avant-Grade Infosystems Inc** (wholly owned subsidiary) which have not been reviewed by us and their auditors, whose interim financial results reflect total revenue of Rs. Nil, total net loss after tax of Rs. 46.09 Lakhs and total comprehensive loss of Rs. 46.52 lakhs for the half year ended 30th September 2024 as considered in the consolidated unaudited financial results. According to the information and explanations given to us by the Management, these interim financial statements / financial information / financial results are not material to the Group.

For NSVR & Associates LLP

Chartered Accountants

FRN: 008801S/S200060

V. Gangadhara Rao. N

V. Gangadhara Rao. N

Partner

Membership No: 230675

UDIN:24219486BKFB EY4644



Place: Hyderabad

Date: 14/11/2024

KERNEX MICROSYSTEMS (INDIA) LIMITED

Registered Office: TECHNOLIS, Plot Nos. 38-41 Hardware Technology Park, TSIC Layout, Hyderabad, Telangana 501510

CIN: L30007TG1991PLC013211

Standalone Financial results for the Quarter and Half year ended September 30, 2024

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

| Particulars | Quarter Ended | | | Half year Ended | | Year Ended |
|--|-----------------|-----------------|-----------------------|------------------|-----------------|-------------------|
| | 30-Sep-24 | 30-Jun-24 | 30-Sep-23 | 30-Sep-24 | 30-Sep-23 | 31-Mar-24 |
| | Unaudited | Unaudited | Unaudited | Unaudited | Unaudited | Audited |
| Income | | | | | | |
| I Revenue from operations | 4,115.97 | 2,867.69 | 82.42 | 6,983.66 | 178.69 | 1,929.83 |
| II Other Income | 48.51 | 45.64 | 41.62 | 94.14 | 105.91 | 201.66 |
| III Total Income (I+II) | 4,164.47 | 2,913.33 | 124.03 | 7,077.80 | 284.60 | 2,131.49 |
| IV Expenses | | | | | | |
| (a) Cost of materials consumed | 2,873.90 | 1,682.05 | 553.97 | 4,555.95 | 1,192.18 | 5,012.56 |
| (b) Changes in inventories of finished goods, work in progress and stock in trade | -757.86 | -132.03 | -700.24 | -889.89 | -1,687.03 | -3,754.99 |
| (c) Project execution expenses | 427.53 | 393.44 | 93.41 | 820.97 | 187.33 | 591.80 |
| (d) Employee benefit expense | 361.88 | 346.83 | 257.14 | 708.71 | 490.22 | 1,205.13 |
| (e) Finance cost | 299.56 | 98.19 | 35.46 | 397.76 | 55.51 | 223.86 |
| (f) Depreciation and amortization expense | 64.95 | 62.92 | 55.69 | 127.87 | 117.99 | 234.04 |
| (g) Other expenses | 230.87 | 176.90 | 211.77 | 407.77 | 390.37 | 1,021.06 |
| (h) Amount transferred to capital expenditure | -59.36 | -103.38 | - | -162.74 | - | -352.77 |
| Total expenses (IV) | 3,441.46 | 2,524.93 | 507.20 | 5,966.40 | 746.57 | 4,180.70 |
| V Profit/(loss) before exceptional items and tax (III-IV) | 723.01 | 388.40 | -383.17 | 1,111.41 | -461.97 | -2,049.21 |
| VI Exceptional items | - | - | - | - | - | - |
| VII Profit/(loss) before tax (V-VI) | 723.01 | 388.40 | -383.17 | 1,111.41 | -461.97 | -2,049.21 |
| VIII Tax expense | | | | | | |
| (a) Current tax | - | - | - | - | - | - |
| (b) Deferred tax | -1.50 | -13.50 | 43.04 | -15.00 | 50.60 | -8.69 |
| Total tax expense/credit(net) | -1.50 | -13.50 | 43.04 | -15.00 | 50.60 | -8.69 |
| IX Profit/(loss) for the period/year (VII-VIII) | 724.51 | 401.89 | -426.20 | 1,126.40 | -512.57 | -2,040.52 |
| X Other comprehensive income/(loss) | | | | | | |
| (A)(i) Items that will not be reclassified to Statement of Profit | - | - | - | - | - | 0.81 |
| (ii) Income tax relating to items that will not be reclassified to Statement of Profit or loss | - | - | - | - | - | -0.20 |
| (B)(i) Items that will be reclassified to Statement of Profit or | - | - | - | - | - | - |
| (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 |
| XI Total comprehensive loss for the period/year (IX+X) | 724.51 | 401.89 | -426.20 | 1,126.40 | -512.57 | -2,039.92 |
| 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 | 1,675.94 |
| XIII Reserves excluding revaluation reserve | | | | 11,628.61 | | 10,505.45 |
| XIV Earnings per equity share (EPS) | | | | | | |
| Basic EPS - Face Value of Rs.10/- each- ₹ | 4.32 | 2.40 | -2.76 | 6.72 | -3.32 | -12.83 |
| Diluted EPS - Face Value of Rs.10/- each ₹ | 4.32 | 2.40 | -2.76 | 6.72 | -3.32 | -12.83 |
| | | | Not Annualised | | | Annualised |

Notes to the Standalone financial statements

- The above statement of Unaudited 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 in their meeting held on November 14, 2024. These results are as per Regulation 33 of SEBI(Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended. The statutory Auditors have carried out a limited review on the Unaudited standalone financial results and issued qualified report thereon.
- 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.
- The auditors of the company qualified their report that impairment of Rs 1526.16Lakhs has not been provided in the standalone financial statements as required under IND AS36(Impairment of assets) towards
 - 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.
 - Non provision for Impairment agansit Loan given to TCAS JV (a Joint Venture in which company has 80% share of profits/losses engaged in execution of railway projects) . The impairment is required towards non recoverability to the extent of Rs 250.19 Lakhs out of the total advance of Rs 508.17 Lakhs due to the insufficiency of net assest avaibale.(To the extent of Rs 270.48 Lakhs only) for recovery of said advance.
The company management is of opinion that the 100% subsidiary (AGI) being a cost center provides synergy in securing procurement efficiency and therefore it's 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 TCAS JV would eventually result in net surplus.
- 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 required.
 - Trade receivables (Non current) from customers Rs 359.72 lakhs (PY Rs 609.39 lakhs) Including a related party of Rs.216.96 Lakhs (PY 418.38Lakhs) net of Expected credit loss (ECL) provision.
 - Minium alternative tax credit (MAT) Credit receivable is Rs 122.56 Lakhs(PY 122.26 Lakhs).
 - Margin money deposits with banks of Rs.1561.54 lakhs (PY 1508.60 Lakhs) secured for customer guarantees of Rs 2161.71 lakhs (PY 2090.97 Lakhs) under arbitration/negotiation
- The Results for the quarter and Half year ended September 30 , 2024 are also available on websites of BSE Limited, the National Stock Exchange Limited and on the company's website.
- Figures for previous periods have been regrouped/rearranged, wherever considered necessary , inline with the current period presentation.

Place: Hyderabad
14 Th November 2024

By and on behalf of Board of Directors
For Kernex Microsystems (India) Limited

Badari Narayana Raju Manthena
Badari Narayana Raju Manthena
Whole-Time Director
DIN-07993925



KERNEX MICROSYSTEMS (INDIA) LIMITED

Registered Office: TECHNOLIS, Plot Nos. 38-41 Hardware Technology Park, TSIC Layout, Hyderabad, Telangana 501510

CIN: L30007TG1991PLC013211

Standalone Statement of Assets and Liabilities as at September 30, 2024

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

| Particulars | As at | As at |
|--|-----------------|-----------------|
| | 30-Sep-24 | 31-Mar-24 |
| | Unaudited | Audited |
| I ASSETS | | |
| (1) NON-CURRENT ASSETS | | |
| (a) Property, Plant and Equipment | 2305.39 | 2368.15 |
| (b) Capital work-in-progress | 7.45 | .00 |
| (c) Other Intangible assets | .52 | .84 |
| (d) Intangible assets under development | 352.82 | 231.39 |
| (f) Financial assets | | |
| (i) Trade Receivables | 359.73 | 609.39 |
| (ii) Investments | 1283.97 | 1283.97 |
| (iii) Other financial assets | 19.90 | 50.71 |
| (e) Loans and Advances | 508.17 | 489.70 |
| (f) Income Tax Assets | 258.74 | 258.74 |
| | 5096.67 | 5292.89 |
| (2) CURRENT ASSETS | | |
| (a) Inventories | 7670.07 | 7169.56 |
| (b) Financial assets | | |
| (i) Trade receivables | 2393.79 | 36.32 |
| (ii) Cash and Cash Equivalents | 820.17 | 384.80 |
| (iii) Bank Balances other than (ii)above | 1561.54 | 1513.31 |
| (iv) Other financial assets | 30.38 | 24.27 |
| (c) Other Current assets | 2767.64 | 2711.10 |
| (d) Income Tax Assets | 297.86 | 154.97 |
| | 15541.44 | 11994.34 |
| TOTAL ASSETS | 20638.11 | 17287.22 |
| II EQUITY AND LIABILITIES | | |
| (1) Equity | | |
| (a) Equity Share capital | 1675.94 | 1675.94 |
| (b) Other equity | 11628.61 | 10505.45 |
| | 13304.55 | 12181.39 |
| (2) Liabilities | | |
| (1) Non-current liabilities | | |
| (a) Financial liabilities | | |
| Long term Borrowings | 10.23 | 18.52 |
| (b) Provisions | 55.98 | 1.35 |
| (c) Deferred tax liabilities(Net) | 99.97 | 114.96 |
| | 166.18 | 134.84 |
| (2) Current liabilities | | |
| (a) Financial liabilities | | |
| (i) Short Term Borrowings | 3063.67 | 2405.78 |
| (ii) Trade Payables | | |
| (A) Dues of small enterprises and micro enterprises | 55.35 | 67.85 |
| (B) Dues of creditors other than small enterprises and micro | 3077.59 | 1910.80 |
| (iii) Other financial liabilities | 786.12 | 476.29 |
| (b) Other current liabilities | 184.65 | 110.28 |
| | 7167.38 | 4970.99 |
| TOTAL EQUITY AND LIABILITIES | 20638.11 | 17287.22 |

Hyderabad
14 Th November 2024



By and on behalf of Board of Directors
For Kernex Microsystems (India) Limited

Badari Narayana Raju Manthana
Badari Narayana Raju Manthana
Whole-Time Director
DIN-07993925

KERNEX MICROSYSTEMS (INDIA) LIMITED
Statement of Cash Flows for the Half year ended September 30, 2024

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

| Particulars | September 30, 2024 | March 31, 2024 |
|---|--------------------|-----------------|
| | Unaudited | Audited |
| I CASHFLOWS FROM OPERATING ACTIVITIES | | |
| Profit / (loss) before tax | 1111.41 | -2049.21 |
| Add/(less) :Adjustments to reconcile net profit/(loss) to net cash provided by operating activities | | |
| Depreciation and amortisation | 127.87 | 234.04 |
| Foreign currency translation gain / (loss) | -3.25 | 87.06 |
| Written off / provision for obsolete stock | 100.06 | 8.99 |
| Sundry balances written off | - | 18.43 |
| Provision for doubtful debts/advances/written off | - | 276.15 |
| (Profit) on disposal of property, plant and equipment | - | -1.90 |
| Finance costs | 397.76 | 223.86 |
| Interest income | -48.16 | -71.64 |
| Operating Profit/(Loss) before working capital changes | 1695.68 | -1274.23 |
| Changes in assets and liabilities | | |
| (Increase) in trade receivables | -2107.80 | -2.49 |
| (Increase) in Inventories | -600.57 | -5772.88 |
| Decrease/(Increase) in other financial assets- non current | 30.81 | -37.78 |
| Decrease/(Increase) in income tax assets-non current | -142.89 | -135.87 |
| (Increase) in other financial assets- current | -6.10 | -13.76 |
| (Increase) in Other current assets | -56.54 | -1478.04 |
| (Increase)/Decrease in margin money towards bank guarantees with bank | -48.23 | 189.04 |
| Increase/(Decrease) in trade payables | 1154.30 | 1575.06 |
| Increase (Decrease) in provisions | 54.63 | -16.83 |
| Increase/(Decrease) in other financial liabilities | 309.83 | 71.67 |
| Increase/(Decrease) in other current liabilities | 64.04 | -75.47 |
| Net cash (used in) operating activities (A) | 347.17 | -6971.60 |
| II. CASH FLOWS FROM INVESTING ACTIVITIES. | | |
| Proceeds from disposal of property, plant and equipment | - | 22.13 |
| Payment for Purchase of property, plant and equipment | -65.10 | -248.49 |
| Incase in capital work in progress | -128.23 | -231.39 |
| Investment in 100% WOS | - | - |
| Loans and advances to joint venture (JV) | -18.47 | -92.97 |
| Payment for Intangible Assets | - | -1.45 |
| (Increase)/Decrease in Investments | - | - |
| Interest income | 48.16 | 71.64 |
| Net cash flow used in investing activities (B) | -163.65 | -480.55 |
| Cash flow from financing activities | | |
| Proceeds from issuance of equity share capital | - | 130.00 |
| Proceeds from securities premium | - | 5109.00 |
| Promoters loan converted into equity | - | - |
| Increase in Bank Barrowings through cash credit | 311.78 | 1589.52 |
| Expenses incurred on Increase of Share Capital | - | -246.76 |
| (Repayment)/ Increase in vehicle loan | -7.45 | -13.74 |
| (Repayment) of term loan | -5.29 | -17.79 |
| Reciepts /(Repayment) of promoters loan and inter corporate deposit (ICD) including conversion to Equity | 350.57 | -68 |
| Finance costs | -397.76 | -223.86 |
| (Repayment)/ Receipt of borrowings | - | - |
| Net cash flow from financing activities (C) | 251.85 | 6325.70 |
| Net increase in cash and cash equivalents (A+B+C) | 435.36 | -1126.46 |
| Cash and bank balances at the beginning of the year | 384.80 | 1511.26 |
| Cash and cash equivalents at the end of the year | 820.17 | 384.80 |

Cash & Cash Equivalents comprise:

| | | |
|--|---------------|---------------|
| Cash in Hand | - | 0.77 |
| Balance with Banks in Current A/c | 820.17 | 384.03 |
| Fixed Deposits<3 Months Maturity | - | - |
| Total Cash & Cash Equivalents : | 820.17 | 384.80 |

Hyderabad
14 Th November 2024



By and on behalf of Board of Directors
For Kernex Microsystems (India) Limited

Badari Narayana Raju Manthana
Badari Narayana Raju Manthana
Whole Time Director
DIN 07993925



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

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

1. We have reviewed the accompanying statement of standalone unaudited financial results of **KERNEX MICROSYSYTEM (INDIA) LIMITED** ('the Company') for the quarter ended 30th September 2024 and the year to date results for the period from 01st April 2024 to 30th September 2024 ('the Statement') attached herewith, being submitted by the Company pursuant to the requirements of Regulation 33 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.
2. This Statement, which is the responsibility of the Company's Management and has been approved by the Company's Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 'Interim Financial Reporting', prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder ('Ind AS 34') and other recognized accounting principles generally accepted in India and is in compliance with the Regulations. Our responsibility is to express a conclusion on the Statement based on our review.
3. We conducted our review of the Statement in accordance with the Standards on Review Engagement (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 financial results are free from material misstatement. A review is limited primarily to inquiries of company personnel and analytical and other review procedures applied to financial data and thus provide less assurance than an audit conducted in accordance with Standards on Auditing 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.

Basis for Qualified Conclusion

- a) The Company has a 100% subsidiary namely Avant-Garde Infosystems 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.



- b) As per the latest unaudited financials of the subsidiary available as on 30-09-2024, the accumulated loss of the company for the period ended 30th September 2024 is USD 1.972 million which is exceeding the cost of investment made USD 1.821 million, the equivalent Indian Rupees being Rs. 1,525.81 lakhs per prevailing exchange rate. As a result, the carrying amount of the investment by the Company in the equity of subsidiary at Rs. 1,275.97 lakhs (at Cost) (Note 4) stands impaired fully. Ind AS 36, requires the Company to provide for impairment against the value of investments and by charging the amount of impairment to the Profit & Loss Account.
- c) The Company besides making an investment of Rs. 8.00 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. The Company has also provided the long term advance of Rs. 508.17 lakhs (ECL provided of Rs. 12.50 lakhs) net of ECL provision. As per the latest unaudited financials of TCAS JV as on 30th September 2024, the JV has total assets of Rs 451.50 lakhs and outside liabilities (other than the advance taken from the company) is Rs. 181.02 lakhs. The net assets available Rs 270.48 lakhs is not sufficient to recover the advance given to JV which is Rs. 508.17 lakhs net of ECL provision as on 30th September 2024. Accordingly in our opinion the same advance is subject to impairment in standalone financial statements to the extent of Rs 250.19 lakhs.

Since the Company has not impaired the cost of investments, the advance granted to TCAS JV and to an extent of Rs. 1,526.16 lakhs (Rs. 1,275.97 lakhs on account of AGI & Rs. 250.19 lakhs on account of TCAS JV) in its books, the profit for the six months and other Comprehensive Income are overstated by the said amount. The Other Equity in the balance sheet is overstated by Rs. 1,525.98 lakhs. Our conclusion on the standalone financial statements is qualified in respect of the above matter.

Emphasis of Matter

We draw attention to Note 3.7 and 10 to the Statement which describes that the company has assessed the recoverability of the following financial assets:

- (a) Trade Receivables (Non Current) from customers Rs. 359.72 (PY 609.39 lakhs) lakhs includes Comptek Computer System Private Limited (related party) of Rs. 216.96 lakhs (PY 418.38 lakhs) net of ECL provision. The said receivable is outstanding for more than 3 years.
- (b) MAT credit receivable of Rs. 122.56 lakhs (PY 122.56 lakhs).
- (c) Margin money deposits with banks of Rs. 1,561.54 (PY 1,508.60 lakhs) lakhs secured for customer guarantees of Rs. 2,161.71 (PY 2090.97 lakhs) lakhs and under arbitration / negotiation.

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

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



Qualified Conclusion

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 (IND AS) prescribed under section 133 of the Companies Act, 2013 as amended, read with relevant rules issued there under and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of the Regulations, including the manner in which it is to be disclosed, or that it contains any material misstatements.

For NSVR & Associates LLP

Chartered Accountants
FRN: 008801S/S200060

V. g. dhaw

V. Gangadhara Rao. N

Partner

Membership No: 219486

UDIN: 24219486BKFBEX6991



Place: Hyderabad

Date: 14/11/2024