



KERNEX MICROSYSTEMS (INDIA) LTD.

(An ISO 9001-2015 Certified Company)

Tel : +91 8414-667600
Fax : +91 8414-667695
email : kernex@kernex.in
Website : www.kernex.in



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

KMIL/SE/Q1/24-25/044

31st 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 31st July 2024, had, *inter-alia* transacted the following items of the business:

- Approved the Un-Audited Standalone and Consolidated Financial Results of the Company for the first quarter ended on 30th June 2024.
- Took note of the Limited Review Report on Standalone and Consolidated Financial results of the Company for the quarter ended on 30th June 2024 as required under Regulation 33 of SEBI (LODR) Regulations, 2015.

The aforesaid Board Meeting commenced at 4:10 P.M. and concluded at 08:55 P.M.

Kindly take the above information on record and acknowledge.

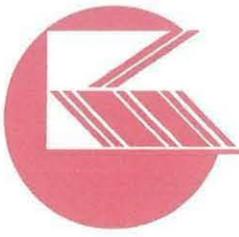
Thanking you,

Yours faithfully,

For KERNEX MICROSYSTEMS (INDIA) LIMITED

M B NARAYANA RAJU
WHOLE-TIME DIRECTOR
DIN: 07993925





KERNEX MICROSYSTEMS (INDIA) LTD.

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

KMIL/SE/Q1/24-25/45

31st July 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: KERNE

Sir / Madam,

Sub: Submission of Un-Audited Standalone and Consolidated Financial Results of the Company, for the quarter ended on 30th June 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. Un-Audited Standalone and Consolidated Financial Results of the Company for the first quarter ended 30th June 2024.
2. Limited Review Report on Standalone and Consolidated Financial results of the Company for the first quarter ended on 30th June, 2024 as required under Regulation 33 of SEBI (LODR) Regulations, 2015

This is for your information and necessary records.

Yours faithfully

For **KERNEX MICROSYSTEMS (INDIA) LIMITED**

M B NARAYANA RAJU
WHOLE-TIME DIRECTOR
DIN: 07993925



KERNEX MICROSYSTEMS (INDIA) LIMITED
TECHNOPOLIS, Plot Nos. 38-41, Hardware Technology Park, TSIC Layout, Hyderabad, Telangana 501510
CIN: L30007TG199IPLC013211
STATEMENT OF CONSOLIDATED UNAUDITED FINANCIAL RESULTS FOR THE QUARTER ENDED JUNE 30, 2024

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

Particulars	Quarter Ended			
	June 30		March 31,	
	2024	2024	2023	2024
	Unaudited	Audited	Unaudited	Audited
Income				
I. Revenue from operations	2,867.69	891.26	96.27	1,959.80
II. Other Income	23.63	8.24	46.64	130.63
III. Total Income (I+II)	2,891.33	899.50	142.91	2,090.43
IV. Expenses				
(a) Cost of materials consumed	1,683.06	1,441.52	604.30	5,044.58
(b) Changes in inventories of finished goods, work in progress and stock in trade	-132.03	-65.24	-986.79	-3,754.99
(c) Project execution expenses	393.44	175.85	110.60	662.02
(d) Employee benefit expense	358.83	363.35	245.08	1,253.29
(e) Finance cost	102.81	51.56	21.05	237.58
(f) Depreciation and amortization expense	62.92	53.20	62.33	497.00
(g) Other expenses	182.31	498.22	172.71	1,183.38
(h) Amount transferred to capital expenditure	-103.38	-287.15	-	-352.77
Total expenses (IV)	2,547.96	2,231.32	229.28	4,770.10
V. Profit/(loss) before exceptional items and tax (III-IV)	343.37	-1,331.82	-86.37	-2,679.67
VI. Exceptional items	-	-	-	-
VII. Profit/(loss) before tax	343.37	-1,331.82	-86.37	-2,679.67
VIII. Tax expense				
(a) Current tax	-	-	-	-
(b) Deferred tax	-13.495	-64.73	7.56	-8.69
Total tax expense/credit(net)	-13.50	-64.73	7.56	-8.69
IX. Profit/(loss) for the period/ year (VII-VIII)	356.86	-1,267.09	-93.93	-2,670.98
Attributable to:				
(a) Shareholders of the Company	361.95	-1,262.07	-88.33	-2,641.20
(b) Non-controlling interest	-5.09	-5.03	-5.60	-29.79
X. Other comprehensive income/(loss)				
(A)(i) Items that will not be reclassified to Statement of Profit and loss	-	0.81	-	0.81
(ii) Income tax effect on the above	-	-0.21	-	(0.21)
(B)(i) Items that will be reclassified to Statement of Profit or loss	-0.07	-1.74	-14.42	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)	(1.14)	(14.42)	95.70
XI. Total comprehensive loss for the period/year, net of taxes (IX+X)	356.79	-1,268.24	-108.35	-2,575.29
Attributable to:				
(a) Shareholders of the Company	361.89	-1,263.21	-102.75	-2,545.50
(b) Non-controlling interest	-5.09	-5.03	-5.60	-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
XIII. Reserves excluding revaluation reserve	-	-	-	8,985.27
XIV. Earnings per equity share (EPS)				
Basic EPS - Face Value of Rs.10/- each	2.16	-7.53	-0.66	-16.61
Diluted EPS - Face Value of Rs.10/- each	2.16	-7.53	-0.66	-16.61
		Not annualised		

Notes to the Consolidated Financial statements

- The above statement of Unaudited Consolidated 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 31, 2024. These results are as per Regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended.
- 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 as they did not receive the unaudited financial results of VRRK KERNEX CB RVRJV (hereafter referred as "JV") as of date of report. Management is of opinion that JV started operations now and would be considered for consolidation from next quarter onwards.
- 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.
 - Trade receivables from customers Rs 1594.83 lakhs(Including related party of Rs. 231.43 lakhs), (Previous year Rs 503.14 lakhs) net of Expected credit loss (ECL) provision.
 - Minimum alternative tax credit (MAT) Credit receivable is Rs 122.56 Lakhs.(Previous year Rs 122.56 lakhs).
 - Margin money deposits with banks of Rs.1527.63 Lakhs (Previous year Rs 1511.06 lakhs) secured for customer guarantees of Rs 2282.81 Lakhs (Previous Year 2212.08 Lakhs) and under arbitration/negotiation.
- The Results for the quarter ended June 30, 2024 are also available on websites of BSE Limited, 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.
- 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.

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

M. B. Narayana Raju

M B Narayana Raju
Whole Time Director
DIN-07993925



Place: Hyderabad
Date: 13-07-24



Independent Auditor's Review Report on the Consolidated Unaudited Quarterly Financial Results of the KERNEX MICROSYSTEMS (INDIA) LIMITED Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended

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

We have reviewed the accompanying Statement of Consolidated Financial Results of **KERNEX MICROSYSTEMS (INDIA) LIMITED** (the "Parent"), its subsidiary entity and Joint venture (the Parent, subsidiary and joint venture (Jointly controlled entity) together referred to as the "Group") for the quarter (three months) ended 30th June 2024 (the "Statement"), being submitted by the Parent pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.

This Statement, which is the responsibility of Parent's Management and has been approved by the Board of Directors of the Company has been prepared in accordance with the recognition and measurement principles laid down in the Indian Accounting Standard 34 "Interim Financial Reporting" ("Ind AS 34"), prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued there under and other accounting principles generally accepted in India. Our responsibility is to express a conclusion on the statement based on our review.

We conducted our review of the statement in accordance with the Standards on Review Engagements (SRE) 2410 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity, issued by the Institute of Chartered Accountants of India. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

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

The Statement includes the results of the following entities

(a) <u>Holding Company</u>	Kernex Microsystems (India) Limited
(b) <u>Wholly Owned Subsidiary</u>	Avant-Garde Infosystems Inc, USA (unaudited)
(c) <u>Controlled entity (Joint Venture)</u>	Kernex TCAS JV (With 80% share to the Company) (Unaudited by other 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. VRRK 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 June 2024. 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 (Note 3)



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 in paragraph 3 above and based on the consideration of the review reports of other auditors referred to in paragraph 6 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 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. 1,594.83 lakhs (including a related party of Rs. 231.43 (PY Rs. 503.14 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. 1,527.63 lakhs (PY Rs. 1,511.06 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.

Our audit opinion on the consolidated financial statements for the year ended 31 March 2024 was also included the above matter of Emphasis.

Other matter

We did not review the interim financial statements / financial information / financial results one Jointly controlled entity whose interim financial statements / financial information / financial results reflect total revenues of Rs. Nil and total net loss after tax of Rs. 25.47 Lakhs and total comprehensive loss of Rs. 25.47 Lakhs for the quarter ended 30th June 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 these subsidiaries 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 one wholly owned subsidiary which have not been reviewed by their auditors, whose interim financial results reflect total revenue of Rs. Nil, total net loss after tax of Rs. 19.56 Lakhs and total comprehensive income of Rs. 77.61 Lakhs for the quarter ended 30th June 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 PRSV & Co. LLP

Chartered Accountants

Firm's Registration No. S200016


Y. Venkateswarlu

Partner

Membership No. 222068



Place: Hyderabad

Date: 31st July 2024

UDIN: 24222068BKAVRY6249

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

Statement of Standalone Unaudited financial results for the Quarter ended Jun 30, 2024

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

Particulars	Quarter Ended			Year Ended
	June 30,	March 31,	June 30,	March 31,
	2024 Unaudited	2024 Audited	2023 Unaudited	2024 Audited
Income				
I. Revenue from operations	2,867.69	894.01	96.27	1,929.83
II. Other Income	45.64	28.13	64.29	201.66
III. Total Income (I+II)	2,913.33	922.13	160.56	2,131.49
IV. Expenses				
(a) Cost of materials consumed	1,682.05	1,490.26	638.21	5,012.56
(b) Changes in inventories of finished goods, work in progress and stock in trade	-132.03	-170.72	-986.79	-3,754.99
(c) Project execution expenses	393.44	175.85	100.32	591.80
(d) Employee benefit expense	346.83	351.42	233.08	1,205.13
(e) Finance cost	98.19	46.67	20.05	223.86
(f) Depreciation and amortization expense	62.92	53.39	62.31	234.04
(g) Other expenses	176.90	504.60	172.20	1,021.06
(h) Amount transferred to capital expenditure	-103.38	-287.16	-	-352.77
Total expenses (IV)	2,524.93	2,164.32	239.37	4,180.70
V. Profit/(loss) before exceptional items and tax (III-IV)	388.40	-1,242.19	-78.81	-2,049.21
VI. Exceptional items				
VII. Profit/(loss) before tax	388.40	-1,242.19	-78.81	-2,049.21
VIII. Tax expense				
(a) Current tax				
(b) Deferred tax	-13.50	-64.73	-7.56	-8.69
Total tax expense/credit(net)	-13.50	-64.73	-7.56	-8.69
IX. Profit/(loss) for the period/year (VII-VIII)	401.89	-1,177.46	-86.37	-2,040.52
X. Other comprehensive income/(loss)				
(A)(i) Items that will not be reclassified to Statement of Profit and loss	-	0.81	-	0.81
(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	-	0.61
XI. Total comprehensive loss for the period/year (IX+X)	401.89	-1,176.85	86.37	-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
XIII. Reserves excluding revaluation reserve				10,505.45
XIV. Earnings per equity share (EPS)				
Basic EPS - Face Value of Rs.10/- each	₹ 2.40	(7.03)	(0.06)	(12.83)
Diluted EPS - Face Value of Rs.10/- each	₹ 2.40	(7.03)	(0.06)	(12.83)
		Not annualised		

Notes to the Standalone financial statements

1. 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 July 31, 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 of Rs 1460.80 Lakhs has not been provided in the standalone financial statements as required under IND AS36(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 184.83 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 176.83 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 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.

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

a. Trade receivables from customers Rs 1682.59 lakhs (Including a related party of Rs.319.18 (Previous year Rs 532.46 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).

c. Margin money deposits with banks of Rs.1508.60 Lakhs (Previous year Rs 1492.03 lakhs) secured for customer guarantees of Rs 2161.71 lakhs (Previous Year Rs 2090.97 Lakhs) under arbitration/negotiation

5. The Results for the quarter ended June 30, 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.

Place: Hyderabad
Date: 31.07.2024

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


M B Narayana Raju
Whole Time Director
DIN-07993925





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

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

We have reviewed the accompanying statement of standalone unaudited financial results of **KERNEX MICROSYSTEMS (INDIA) LIMITED**, ("the Company") for the quarter (three months) ended 30th June 2024 ("Statement"), being submitted by the company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.

This Statement, which is the responsibility of the Company's management and approved by the Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 ("Ind AS 34") "Interim Financial Reporting" prescribed under Section 133 of the Companies Act, 2013 as amended, read with relevant rules issued there under and other recognized accounting principles generally accepted in India and in compliance with the regulations. Our responsibility is to express a conclusion on the Statement based on our review.

We conducted our review of the statement in accordance with the Standards on Review Engagements (SRE) 2410 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity', issued by the Institute of Chartered Accountants of India. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the statement is free from material misstatement. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

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.

As per the latest unaudited financials of the subsidiary available as on 30-06-2024, the net worth of the subsidiary has eroded substantially to an extent of USD 1.941 million against an investment of USD 1.821 million, the equivalent Indian Rupees being 1520.12 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 3) 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. 8.00 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; has further exposure by way of long term advances of Rs. 500.01 lakhs and a trade receivable of Rs. 97.54 lakhs (ECL provided of Rs. 8.53 lakhs). The TCAS JV has accumulated losses Rs. 241.70 lakhs as on 30-06-2024 and the share of Company in these losses works to Rs. 193.36 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. 184.83 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. 1,460.80 lakhs (Rs. 1,275.97 lakhs on account of AGI & Rs. 184.83 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. 1,460.80 lakhs. Our conclusion on the statement is qualified in respect of the above matters.

Our audit opinion on the standalone financial statements for the year ended 31 March 2024 was also qualified on the above matters.

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. 1,682.59 lakhs (including a related party of Rs. 319.18 (PY Rs. 532.46 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. 1,508.60 lakhs (PY Rs. 1,492.03 lakhs) secured for customer guarantees of Rs. 2,161.71 lakhs (PY 2,090.97 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.

Our audit opinion on the standalone financial statements for the year ended 31 March 2024 was also included the above matter of Emphasis.

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


Y. Venkateswarlu
Partner
Membership No. 222068



Place: Hyderabad
Date: 31st July 2024.

UDIN: 24222068BKAVRX7379