

KERNEX MICROSYSTEMS (INDIA) LTD.

(An ISO 9001-2015 Certified Company)

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

KMIL/SE/Q3/24-25/127

13th February 2025

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 period ended 31st December 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 third quarter and nine months ended 31st December, 2024.
2. Limited review Report on Quarterly and nine months ended Standalone and Consolidated Financial Statements of the Company for the period ended 31st December, 2024 as required under Regulation 33 of SEBI (LODR) Regulations, 2015.

The aforesaid Board Meeting commenced at 09:10 A.M. and concluded at 10:55 A.M.

This is for your information and necessary records.

Yours faithfully

For **KERNEX MICROSYSTEMS (INDIA) LIMITED**

M. B. Narayana Raju
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 UN-AUDITED FINANCIAL RESULTS FOR THE QUARTER AND 9 MONTHS ENDED, DECEMBER 31, 2024

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

Particulars	Quarter Ended			Nine Months		Year Ended
	December 31,	September 30,	December 31,	December 31,	December 31,	March 31,
	2024	2024	2023	2024	2023	2024
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
Income						
I. Revenue from operations	3,680.80	4,121.94	831.44	10,670.43	1,068.54	1,959.80
II. Other Income	32.93	25.88	49.76	82.44	122.39	130.63
III. Total Income (I+II)	3,713.73	4,147.82	881.19	10,752.87	1,190.93	2,090.43
IV. Expenses						
(a) Cost of materials consumed	2,159.38	2,833.69	2,440.25	6,676.13	3,603.06	5,044.58
(b) Changes in inventories of finished goods, work in progress and stock in trade	-672.72	-757.86	-2,002.72	-1,562.61	-3,689.75	-3,754.99
(c) Project execution expenses	754.47	467.76	287.46	1,615.67	486.17	662.02
(d) Employee benefit expense	512.66	381.44	307.23	1,252.93	824.32	1,253.29
(e) Finance cost	121.90	305.98	125.32	530.70	186.02	288.97
(f) Depreciation and amortization expense	61.86	65.08	325.77	189.86	443.80	497.00
(g) Other expenses	130.68	231.11	248.90	544.11	685.16	1,132.00
(h) Amount transferred to capital expenditure	-61.67	-59.36	-	-224.41	-	-352.77
Total expenses (IV)	3,006.57	3,467.85	1,732.20	9,022.38	2,538.78	4,770.10
V. Profit/(loss) before exceptional items and tax (III-IV)	707.16	679.97	-851.01	1,730.49	-1,347.85	-2,679.67
VI. Exceptional items	-	-	-	-	-	-
VII. Profit/(loss) before tax	707.16	679.97	-851.01	1,730.49	-1,347.85	-2,679.67
VIII. Tax expense						
(a) Current tax	-	-	-	-	-	-
(b) Deferred tax	-6.35	-1.50	5.44	-21.35	56.04	-8.69
Total tax expense/credit(net)	-6.35	-1.50	5.44	-21.35	56.04	-8.69
IX. Profit/(loss) for the period/year (VII-VIII)	713.51	681.47	-856.45	1,751.85	-1,403.89	-2,670.98
Attributable to:						
(a) Shareholders of the Company	718.37	684.77	-849.72	1,765.10	-1,379.13	-2,641.20
(b) Non-controlling interest	-4.86	-3.30	-6.72	-13.25	-24.76	-29.79
X. Other comprehensive income/(loss)						
(A)(i) Items that will not be reclassified to	-	-	-	-	-	0.81
(ii) Income tax effect on the above	-	-	-	-	-	-0.21
(B)(i) Items that will be reclassified to	2.41	0	97.31	2.34	96.84	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	2.41	-	97.31	2.34	96.84	95.70
XI. Total comprehensive Income/(loss) for the period/year, net of taxes (IX+X)	715.93	681.47	-759.14	1,754.19	-1,307.05	-2,575.28
Attributable to:						
(a) Shareholders of the Company	720.79	684.77	-752.42	1,767.44	-1,282.30	-2,545.50
(b) Non-controlling interest	-4.86	-3.30	-6.72	-13.25	-24.76	-29.79
XII. Paid up Equity Share Capital (Face value of Rs.10/-)	1,675.94	1,675.94	1,675.94	1,675.94	1,675.94	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	4.29	4.09	-5.44	10.53	-8.83	-16.61
Diluted EPS - Face Value of Rs.10/- each	4.29	4.09	-5.44	10.53	-8.83	-16.61
	Not annualised					Annualised



Notes to the Consolidated Financial statements

1. 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 principles 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 February 13, 2025. 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 Consolidated financial results and issued a modified report thereon.

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 required.

a. Trade receivables from customers Rs 383.53 lakhs (PY 580.08 Lakhs) Includes related party of Rs. 234.75 lakhs (Previous year Rs 320.00 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 time limit prescribed for carry forward of MAT credit.

c. margin money deposits with banks of Rs.1663.18 Lakhs (Previous year Rs 1532.34 lakhs) secured for customer guarantees of Rs 2323.34 Lakhs (Previous Year 2307.82. Lakhs) and under arbitration/negotiation.

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

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

6. 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 TCAS JV (80% share is owned by Kernex Microsystems(India) limited and VRCC KERNEX CE RVR JV (35% owned by Kernex Microsystems(India) limited.

7. Kernex has 35% share in VRCC KERN EX CE RVR JV, Cost of investment is Nil. Proportionate share of kernex in the net loss of VRCC KERNEX CE RVR JV for the nine months ending 31.12.2024 in excess of investment. Loss in excess of investment is not considered in consolidation in light of Para 38 and 39 of Ind AS 28 Investments in Associates and Joint Ventures. The Financial Results of the VRCC KERN EX CE RVR JV are not considered in the consolidated financial results. The same were subjected to limited review by the auditors of the VRCC KERN EX CE RVR JV.

**Place: Hyderabad
13 Th February 2025**

**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 Consolidated Quarterly and Year to Date Unaudited Financial Results of M/s 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 M/s KERNEX MICROSYSTEMS (INDIA) LIMITED

1. We have reviewed the accompanying statement of unaudited financial results of M/s KERNEX MICROSYSTEMS (INDIA) LIMITED ("the Parent"), its subsidiary entity and joint venture (the Parent, Subsidiaries and an Associate together referred to as a "Group") for the quarter ended 31st December 2024 and the year to date results for the period from 01st April 2024 to 31st December 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).



NSVR & ASSOCIATES LLP

House No.1-89/1/42, 2nd Floor, Plot No. 41 & 43, Sri Ram Nagar Colony, Kavuri Hills, Guttala Begumpet, Madhapur, Hyderabad, Telangana - 500081. | Ph: 040 - 23391164, E-mail: info@nsvr.in

The Statement 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(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)

Emphasis of Matter

We draw your attention to the company's assessment towards the recoverability of the following financial assets which are outstanding for long period of time:

- (a) Trade Receivables (Non-Current) from customers Rs. 383.53 lakhs (PY 580.08 lakhs).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. 1,663.18 lakhs (PY Rs. 1,532.34 lakhs) secured for customer guarantees of Rs. 2,323.34 lakhs (PY 2,307.82) 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. 48.48 lakhs and total net loss after tax of Rs. 66.27 Lakhs and total comprehensive loss of Rs. 66.27 Lakhs for the 9 Months ended 31st December 2024, total revenues Rs. 0.45 lakhs and total net loss after tax of Rs. 24.30 Lakhs and total comprehensive loss of Rs. 24.30 Lakhs for the Quarter ending 31st December 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.

Our conclusion on the Statement is modified in respect of the matters.



CHARTERED ACCOUNTANTS

We did not review the interim financial statements / financial information / financial results of **VRRC KERNEX CE RVRJV (Associate)** whose interim financial statements / financial information / financial results reflect total revenues of Rs.2,030.85 lakhs and total net loss after tax of Rs. 0.01Lakhs and total comprehensive loss of Rs. 0.01Lakhs for the 9 Months ended 31st December 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.

Our conclusion on the Statement is modified in respect of the matters.

The Consolidated unaudited financial results includes the interim financial results of **Avant-Garde Infosystems Inc (wholly owned subsidiary)** which have not been reviewed by us and their auditors, whose interim financial results reflect total revenues of Rs. 116.58 Lakhs, total net loss after tax of Rs. 22.66 Lakhs and total comprehensive loss of Rs. 25.05 lakhs for the 9 Months ended 31st December 2024, total revenues Rs. 116.51 lakhs and total net profit after tax of Rs. 23.31 Lakhs and total comprehensive income of Rs. 21.37 Lakhs for the Quarter ending 31st December 2024 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.

Our conclusion on the Statement is modified in respect of the matters.

For **NSVR & Associates LLP**

Chartered Accountants

FRN: 008801S/S200060

V. Gangadhara Rao



V. Gangadhara Rao. N

Partner

Membership No: 230675

UDIN:25219486BMIRUB1504

Place: Hyderabad

Date: 13-02-2025

KERNEX MICROSYSTEMS (INDIA) LIMITED						
Registered Office: TECHNOPSIS, Plot Nos. 38-41 Hardware Technology Park, TSIIIC Layout, Hyderabad, Telangana 501510						
CIN: L30007TG1991PLC013211						
Standalone Un-Audited Financial results for the Quarter and Nine Months ended December 31, 2024						
(All amounts in Indian Rupees in Lakhs, except share data and where otherwise stated)						
Particulars	Quarter Ended			Nine Months Ended		Year Ended
	31-Dec-24 Unaudited	30-Sep-24 Unaudited	31-Dec-23 Unaudited	31-Dec-24 Unaudited	31-Dec-23 Unaudited	31-Mar-24 Audited
Income						
I. Revenue from operations	3,679.77	4,115.97	857.14	10,663.43	1,035.83	1,929.83
II. Other income	50.13	48.51	67.63	144.27	173.53	201.66
III. Total Income (I+II)	3,729.91	4,164.47	924.76	10,807.71	1,209.36	2,131.49
IV. Expenses						
(a) Cost of materials consumed	2,119.12	2,873.90	2,330.12	6,675.07	3,522.31	5,012.56
(b) Changes in inventories of finished goods, work in progress and stock in trade	-672.72	-757.86	-1,897.23	-1,562.61	-3,584.26	-3,754.99
(c) Project execution expenses	903.69	427.53	271.74	1,724.66	415.95	591.80
(d) Employee benefit expense	497.39	361.88	297.87	1,206.10	788.09	1,205.13
(e) Finance cost	120.96	299.56	121.69	518.72	177.19	223.86
(f) Depreciation and amortization expense	61.99	64.95	62.65	189.86	180.65	234.04
(g) Other expenses	53.11	230.87	82.97	460.89	516.46	1,021.06
(h) Amount transferred to capital expenditure	-61.66	-59.36	-	-224.41	-	-352.77
Total expenses (IV)	3,021.89	3,441.46	1,269.81	8,988.29	2,016.39	4,180.70
V. Profit/(loss) before exceptional items and tax (III-IV)	708.02	723.01	-345.05	1,819.42	-807.03	-2,049.21
VI. Exceptional items	-	-	-	-	-	-
VII. Profit/(loss) before tax (V-VI)	708.02	723.01	-345.05	1,819.42	-807.03	-2,049.21
VIII. Tax expense						
(a) Current tax	-	-	-	-	-	-
(b) Deferred tax	-6.36	-1.50	5.44	-21.35	56.04	-8.69
Total tax expense/credit(net)	-6.36	-1.50	5.44	-21.35	56.04	-8.69
IX. Profit/(loss) for the period/year (VII-VIII)	714.37	724.51	-350.49	1,840.78	-863.07	-2,040.52
X. Other comprehensive income/(loss)						
(A)(i) Items that will not be reclassified to	-	-	-	-	-	0.81
(ii) Income tax relating to items that will not be reclassified to Statement of	-	-	-	-	-	-0.20
(B)(i) Items that will be reclassified to	-	-	-	-	-	-
(ii) Income tax relating to items that will be reclassified to Statement of Profit	-	-	-	-	-	-
Total other comprehensive Income/(loss), net of taxes	-	-	-	-	-	0.61
XI. Total comprehensive loss for the period/year (IX+X)	714.37	724.51	-350.49	1,840.78	-863.07	-2,039.92
XII. Paid up Equity Share Capital (Face value of Rs.10/-	1,675.94	1,675.94	1,675.94	1,675.94	1,675.94	1,675.94
XIII. Reserves excluding reevaluation reserve				12,380.26		10,505.45
XIV. Earnings per equity share (EPS)						
Basic EPS - Face Value of Rs.10/- each ₹	4.26	4.32	-2.24	10.98	-5.52	-12.83
Diluted EPS - Face Value of Rs.10/- each ₹	4.26	4.32	-2.24	10.98	-5.52	-12.83
			Not Annualised			Annualised



Notes to the Standalone financial statements

1. The above statement of Unaudited Standalone Financial Results of Kernex Microsystems (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 principles 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 February 13, 2025. 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 a qualified report thereon.

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 in respect of provision for impairment of Rs 1543.97 Lakhs has not been provided in the standalone financial statements as required under IND AS 36(Impairment of assets) towards

- (a) Diminishing of carrying value of the total amount of investment made in Avant-Garde Infosystems, Inc i.e .AGI (100% wholly owned foreign subsidiary) of Rs 1275.97 Lakhs consequent to complete erosion of net worth of Avant-Garde Infosystems, Inc.
- b) Non provision for accumulated losses for the share of TCAS JV for an amount of Rs 268.00 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 260.00 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 provision required.

a. Trade receivables(Non Current) from customers Rs 380.97 lakhs(PY 609.39 Lakhs) Includes a related party of Rs.234.75 Lakhs(Previous year Rs 320.00 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).

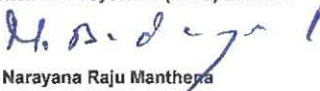
c. Margin money deposits with banks of Rs.1637.70 Lakhs (Previous year Rs 1513.31 Lakhs) secured for customer guarantees of Rs 2177.23 lakhs (Previous Year Rs 2161.71 Lakhs) under arbitration/negotiation.

5. The Results for the quarter and Nine months ended December 31, 2024 are also available on websites of BSE Limited, the 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
13 Th February 2025

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


Badari Narayana Raju Manthepa
Whole-Time Director
DIN-07993925



Independent Auditor's Review Report on Standalone Quarterly and Year to Date Unaudited Financial Results of M/s 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 M/s **KERNEX MICROSYSTEMS (INDIA) LIMITED**

1. We have reviewed the accompanying statement of standalone unaudited financial results of M/s **KERNEX MICROSYSTEMS (INDIA) LIMITED** ("the Company") for the Quarter (3 Months) ended 31st December, 2024 and the year to date results for the period from 01st April, 2024 to 31st December, 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 ('the regulations').
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 31st December 2024, the accumulated loss of the company for the period ended 31st December 2024 is USD 1.944 million which is exceeding the cost of investment made USD 1.822 million, the equivalent Indian Rupees being Rs. 1,558.81 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) (Refer Note 3 of the Standalone Unaudited Financial Results for the Quarter ended 31-12-2024) 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. 538.26 lakhs (ECL provided of Rs. 12.50 lakhs) net of ECL provision. As per the latest unaudited financials of TCAS JV as on 31st December 2024, the JV has total assets of Rs 342.89 lakhs and outside liabilities (other than the advance taken from the company) is Rs. 64.63 lakhs. The net assets available amounting to Rs 278.26 lakhs are not sufficient to recover the advance given to JV which is Rs. 538.26 lakhs net of ECL provision as on 31st December 2024. Accordingly in our opinion the same investments and the advance are subject to impairment in standalone financial statements to the extent of Rs 268.00 lakhs (Includes investment Rs. 8 Lakhs).

Since the Company has not impaired the cost of investments and the advance granted to joint venture to an extent of Rs. 1,543.97 lakhs (Rs. 1,275.97 lakhs on account of AGI & Rs. 268.00 lakhs on account of TCAS JV) in its books, the profit for the nine months and other Comprehensive Income are overstated by the said amount. The Other Equity in the balance sheet is overstated by Rs. 1,543.97 lakhs. Our conclusion on the standalone financial statements is qualified in respect of the above matter.

Emphasis of Matter

We draw your attention to the company's assessment towards the recoverability of the following financial assets which are outstanding for long period of time:

- (a) Trade Receivables (Non-Current) from customers Rs. 380.97 lakhs (PY 609.39 lakhs). The said receivable is outstanding for more than 3 years.
- (b) MAT credit receivable of Rs. 122.56 lakhs (PY 122.56 lakhs).
- (e) Margin money deposits with banks of Rs. 1,637.70 (PY 1,513.31 lakhs) lakhs secured for customer guarantees of Rs. 2,177.23 (PY 2,161.71 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 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 NSVR & Associates LLP

Chartered Accountants

FRN: 008801S/S200060

V. G. Rao



V. Gangadhara Rao. N

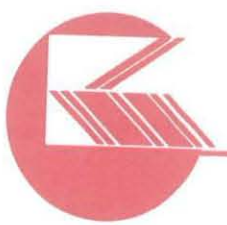
Partner

Membership No: 219486

UDIN: 25219486BMIRUA7307

Place: Hyderabad

Date: 13-02-2025



KERNEX MICROSYSTEMS (INDIA) LTD.

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Hyderabad – 501 510. Telangana, India.

B. STATEMENT ON DEVIATION OR VARIATION FOR PROCEEDS OF PUBLIC ISSUE, RIGHTS ISSUE, PREFERENTIAL ISSUE, QUALIFIED INSTITUTIONS PLACEMENT ETC:-
Not Applicable

C. FORMAT FOR DISCLOSING OUTSTANDING DEFAULT ON LOANS AND DEBT SECURITIES:

S. No.	Particulars	In INR Crore
1.	Loans / revolving facilities like cash credit from banks / financial institutions	
A	Total amount outstanding as on date	0
B	Of the total amount outstanding, amount of default as on date	0
2.	Unlisted debt securities i.e. NCDs and NCRPS	
A	Total amount outstanding as on date	0
B	Of the total amount outstanding, amount of default as on date	0
3.	Total financial indebtedness of the listed entity including short term and long-term debt	0

D. FORMAT FOR DISCLOSURE OF RELATED PARTY TRANSACTIONS (applicable only for half-yearly filings i.e., 2nd and 4th quarter) : Not Applicable

E. STATEMENT ON IMPACT OF AUDIT QUALIFICATIONS (FOR AUDIT REPORT WITH MODIFIED OPINION) SUBMITTED ALONG-WITH ANNUAL AUDITED FINANCIAL RESULTS (Standalone and Consolidated separately) (applicable only for Annual Filing i.e., 4th quarter): Not Applicable

