

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,
TSIC Layout, Raviryal (V),
Hyderabad - 501 510. Telangana, India.

KMIL/SE/OC/21-22/81

12th February'22

| | |
|--|---|
| 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 – Kurla Complex, Bandra (E) Mumbai – 400 051 NSE Symbol: KERNEX |
|--|---|

Sir / Madam,

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


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

1. Un-Audited Standalone and Consolidated Financial Results of the Company for the third quarter and nine months ended on 31st December, 2021.
2. Limited Review Report on Quarterly Standalone and Consolidated Financial Statements of the Company for the second quarter ended on 31st December, 2021 as required under Regulation 33 of SEBI (LODR) Regulations, 2015.

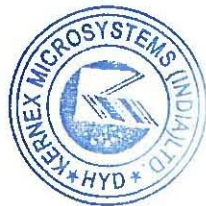
This is for your information and necessary records.

Yours faithfully

For Kernex Microsystems (India) Limited


M B Narayana Raju
Whole-Time Director
DIN: 07993925


Prasada Rao Kalluri
Company Secretary





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, India.

KERNEX MICROSYSTEMS (INDIA) LIMITED

Unaudited STANDALONE Statement of financial results for the quarter and period ended 31st Dec, 2021

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

| Particulars | Quarter ended | | | 9 months ended | | Year ended |
|---|----------------------|----------------------|--------------------|----------------------|----------------------|---------------------|
| | 31-Dec-21 | 30-Sep-21 | 31-Dec-20 | 31-Dec-21 | 31-Dec-20 | 31-Mar-21 |
| | Unaudited | Unaudited | Unaudited | Unaudited | Unaudited | Audited |
| Income | | | | | | |
| Revenue from operations | 33,83,882 | 2,80,23,382 | 2,68,63,065 | 4,59,45,493 | 4,04,98,665 | 15,57,55,071 |
| Other income | 1,01,46,888 | 22,26,572 | 18,39,737 | 1,46,17,260 | 71,64,726 | 1,83,40,110 |
| Total income | 1,35,30,770 | 3,02,49,954 | 2,87,02,802 | 6,05,62,753 | 4,76,63,391 | 17,40,95,182 |
| Expenses | | | | | | |
| Cost of materials consumed | 20,78,707 | 16,80,251 | 1,94,90,808 | 1,97,06,381 | 2,68,08,184 | 9,36,67,842 |
| Purchases of stock in trade | - | - | - | - | - | - |
| Changes in inventories of finished goods, work in progress and stock in trade | (5,78,201) | 1,65,29,263 | (2,78,77,875) | 71,70,023 | (5,54,69,526) | (5,32,54,663) |
| Employee benefit expense | 1,44,94,319 | 1,42,46,171 | 1,25,64,267 | 4,27,96,730 | 3,53,12,480 | 4,88,89,642 |
| Finance cost | 48,83,918 | 84,94,214 | 42,11,953 | 1,85,80,223 | 80,34,988 | 91,44,097 |
| Depreciation and amortization expense | 44,80,713 | 31,57,467 | 39,56,914 | 1,15,56,159 | 1,16,49,870 | 1,55,45,723 |
| Other expenses | 88,85,366 | 1,29,63,819 | 1,29,43,426 | 4,04,99,299 | 3,13,41,191 | 5,58,57,149 |
| Total expenses | 3,42,44,821 | 5,70,71,185 | 2,52,89,493 | 14,03,08,815 | 5,76,77,187 | 16,98,49,789 |
| Profit/(loss) before extraordinary, exceptional items and tax | (2,07,14,052) | (2,68,21,231) | 34,13,309 | (7,97,46,061) | (1,00,13,796) | 42,45,393 |
| Exceptional Items | | | | | | |
| Profit/(loss) before tax | (2,07,14,052) | (2,68,21,231) | 34,13,309 | (7,97,46,061) | (1,00,13,796) | 42,45,393 |
| Tax expense | | | | | | |
| (i) Current tax | - | - | - | - | - | - |
| (ii) Previous years tax | - | - | - | - | - | - |
| (iii) Deferred tax | 11,08,949 | 8,80,855 | -22,51,751 | 25,35,300 | -4,75,759 | 5,27,387 |
| Net profit/(loss) for the year | (2,18,23,001) | (2,77,02,086) | 56,65,060 | (8,22,81,361) | (95,38,037) | 37,18,006 |
| Other comprehensive income | | | | | | |
| Items that will not be reclassified to Statement of Profit and loss | | | | | | |
| (i) Remeasurement gains/(losses) of the defined benefit plans | | | | | | 3,93,895 |
| (ii) Income tax effect on the above | | | | 0 | | |
| Total comprehensive Income for the year | (2,18,23,001) | (2,77,02,086) | 56,65,060 | (8,22,81,361) | (95,38,037) | 41,11,901 |
| Earnings per equity share (EPS) | | | | | | |
| Paid up Equity Share Capital (Face value of Rs.10/- each per equity share) | 12,49,96,550 | 12,49,96,550 | 12,49,96,550 | 12,49,96,550 | 12,49,96,550 | 12,49,96,550 |
| Basic and Diluted Earnings per share of Rs.10/- each (not annualised) Rs. | (1.75) | (2.22) | 0.45 | (6.58) | (0.76) | 0.30 |

T.Vid.



M. N. Lakshay



Notes:

1. The above un-audited Standalone Financial Results were reviewed and recommended by the Audit Committee are considered and approved by the Board of Directors at their meeting held on 12th February'2022. These results are as per Regulation 33 of SEBI (listing Obligations and Disclosure Requirements) Regulations, 2015 as modified by Circular No.C1R/CFD/FAC/62/2016 dated 05th July'16.
2. The Company operates in one reportable segment i.e. Safety Systems for Railways and hence segment reporting as per Ind AS-108 is not applicable.
3. These financials results have been prepared in accordance with the Ind AS notified under Section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules 2015 as amended and other accounting principles generally accepted in India.
4. Figures for the previous periods have been regrouped/rearranged, wherever considered necessary, in line with the current period presentation.
5. The results for the quarter ended 31st December'2021 are also available on Bombay Stock Exchange website, National Stock Exchange website and on the Company's Website

Place **Hyderabad**

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

Date **12th February 2022**

T. V. S. R.



M. B. Narayana Raju
M.B.NarayanaRaju
Whole Time Director
DIN - 07993925



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

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

1. We have reviewed the accompanying Statement of unaudited standalone financial results of **KERNEX MICROSYSTEMS (INDIA) LIMITED** for the quarter and nine months ended December, 2021 (the "statement"), being submitted by the Company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 ('the Regulation') as amended, read with SEBI Circular No. CIR/CFD/CMD1/44/2019 dated March 29, 2019 ('the Circular').
2. This Statement, which has been prepared in accordance with the recognition and measurement principles laid down in the Indian Accounting Standard 34 "Interim Financial Reporting" ("Ind AS 34"), prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued there under and other accounting principles generally accepted in India, read with the circular is the responsibility of the Company's Management and has been approved by the Board of Directors of the Company. Our responsibility is to issue a report on the Statement based on our review.
3. We conducted our review of the statement in accordance with the Standards on Review Engagements (SRE) 2410 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity', issued by the Institute of Chartered Accountants of India. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the statement is free from material misstatement. A review is limited primarily to inquiries of Company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion

Other financial assets amounting to Rs. 600.00 Lacs which is outstanding for more than 4 years has been subject to balance confirmation from the respective party/(s). According to the information and explanations given to us, the amount is recoverable and the company is taking steps obtaining balance confirmation. However, the respective buyers vide their letter dated 23 December, 2021 expressed their inability to pay the entire amount of Rs. 600.00 Lacs as agreed vide MOU dated 31 March 2017 and requested the company to consider and reduce the consideration to Rs. 157.42 Lacs. In view of the probability of loss, the company has to make a provision for expected credit loss of Rs. 442.58 Lacs in respect of the receivable against sale of assets in the financial results under Ind AS 109 but the same was not provided in the financial results for the quarter ended 31 December 2021. Our audit opinion on the financial statements for the year ended 31 March 2021 was also qualified in this regard.





4. Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying statement, prepared in accordance with the aforesaid Indian Accounting Standards prescribed under section 133 of the Companies Act, 2013 read with rule 7 of the Companies (Accounts) Rules, 2014 and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of the Regulation, read with the Circular, including the manner in which it is to be disclosed, or that it contains any material misstatements.
5. We draw your attention that the statement which indicates the preparation of financial results of the Company on going concern basis for reasons stated therein. The appropriateness of assumption of going concern is dependent upon revival of market and consequently the Company's ability to generate sustainable cash flows in future to meet its obligations.

Our report is not modified in respect of this matter.

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



Y.Venkateswarlu
Partner
Membership No: 222068

Place: Hyderabad
Date: February 12, 2022

UDIN: 2222068ABNJAZ5059



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,
 TSIIIC Layout, Raviryal (V),
 Hyderabad - 501 510, Telangana, India.

KERNEX MICROSYSTEMS (INDIA) LIMITED

Unaudited CONSOLIDATED Statement of financial results for the quarter and period ended 31st Dec, 2021

| Particulars | Quarter ended | | | 9 months ended | | Year ended |
|---|----------------------|----------------------|--------------------|----------------------|----------------------|---------------------|
| | 31-Dec-21 | 30-Sep-21 | 31-Dec-20 | 31-Dec-20 | 31-Dec-20 | 31-Mar-21 |
| | Unaudited | Unaudited | Unaudited | Unaudited | Unaudited | Audited |
| Revenue from operations | 1,06,62,669 | 3,10,78,563 | 2,92,50,202 | 5,80,68,680 | 4,35,49,659 | 18,32,34,444 |
| Other Income | 1,01,70,047 | 22,55,341 | 18,39,739 | 1,38,75,959 | 70,72,967 | 1,25,86,271 |
| Total income | 2,08,32,716 | 3,33,33,904 | 3,10,89,941 | 7,19,44,639 | 5,06,22,625 | 19,58,20,715 |
| Expenses | | | | | | |
| Cost of materials consumed | 40,38,769.14 | 16,80,251.20 | 1,55,97,373 | 2,18,02,280 | 2,29,14,749 | 9,43,71,757 |
| Purchases of stock in trade | - | - | - | - | - | - |
| Changes in inventories of finished goods, work in progress and stock in trade | -5,78,201.00 | 1,65,29,263.00 | (2,78,77,875) | 71,70,023 | (5,54,69,526) | (5,32,54,663) |
| Employee benefit expense | 1,56,94,318.50 | 1,54,46,171.00 | 1,37,64,267 | 4,63,96,730 | 3,65,12,480 | 5,12,89,642 |
| Finance cost | 73,29,061.34 | 1,08,27,264.54 | 61,64,071 | 2,36,21,536 | 1,38,67,677 | 1,45,64,114 |
| Depreciation and amortization expense | 44,82,849.08 | 31,59,578.65 | 39,59,033 | 1,15,62,510 | 1,16,62,757 | 1,55,60,726 |
| Other expenses | 92,28,654.26 | 1,46,52,533.80 | 1,33,97,141 | 4,30,29,285 | 3,18,27,586 | 5,25,57,153 |
| Total expenses | 4,01,95,451 | 6,22,95,062 | 2,50,04,010 | 15,35,82,364 | 6,13,15,723 | 17,50,88,728 |
| Profit/(loss) before extraordinary, exceptional items and tax | (1,93,62,736) | (2,89,61,158) | 60,85,931 | (8,16,37,725) | (1,06,93,098) | 2,07,31,987 |
| Extraordinary items | - | - | - | - | - | - |
| Exceptional items | - | - | - | - | - | - |
| Profit/(loss) before tax | (1,93,62,736) | (2,89,61,158) | 60,85,931 | (8,16,37,725) | (1,06,93,098) | 2,07,31,987 |
| Tax expense | | | | | | |
| (i) Current tax | - | - | - | - | - | - |
| (ii) Previous years tax | - | - | - | - | - | - |
| (ii) Deferred tax | 11,08,949 | 8,80,855 | -22,51,751 | 25,35,300 | (4,75,759) | 5,27,387 |
| Net profit/(loss) for the period/year | (2,04,71,685) | (2,98,42,013) | 83,37,682 | (8,41,73,025) | (1,02,17,339) | 2,02,04,600 |
| Other comprehensive Income | | | | | | |
| A (i) Items that will not be reclassified to Statement of Profit and loss | - | - | - | - | - | 3,93,895 |
| (ii) Income tax relating to items that will not be reclassified to Statement of Profit and loss | - | - | - | - | - | - |
| B (i) Items that will be reclassified to Statement of Profit and loss | 23,60,857 | 23,60,857 | 90,13,637 | 70,42,904 | 1,80,67,751 | 2,68,78,185 |
| (ii) Income tax relating to items that will be reclassified to Statement of Profit and loss | - | - | - | - | - | - |
| Total comprehensive Income | (1,81,10,828) | (2,74,81,156) | 1,73,51,319 | (7,71,30,121) | 78,50,412 | 4,74,76,680 |
| Attributable to | | | | | | |
| Shareholders of the Company | (1,79,13,803) | (2,75,86,758) | 1,69,59,684 | (7,70,83,749) | 78,50,412 | 4,74,46,256 |
| Non controlling interest | (1,97,025) | 1,05,602 | 3,91,635 | (46,372) | - | 30,424 |
| Earnings per equity share (EPS) | | | | | | |
| Paid up Equity Share Capital (Face value of Rs.10/- each per equity share) | 12,49,96,550 | 12,49,96,550 | 12,49,96,550 | 12,49,96,550 | 12,49,96,550 | 12,49,96,550 |
| Basic and Diluted Earnings per share of Rs.10/- each (not annualised) Rs. | (1.64) | (2.39) | 0.67 | (6.73) | (0.82) | 1.62 |

T.K.S.



M. S. Daisy



Notes:

1. The above un-audited Consolidated Financial Results were reviewed and recommended by the Audit Committee are considered and approved by the Board of Directors at their meeting held on 12th February'2022. These results are as per Regulation 33 of SEBI (listing Obligations and Disclosure Requirements) Regulations, 2015 as modified by Circular No.C1R/CFD/FAC/62/2016 dated 05th July'16.
2. The Company operates in one reportable segment i.e. Safety Systems for Railways and hence segment reporting as per Ind AS-108 is not applicable.
3. These financials results have been prepared in accordance with the Ind AS notified under Section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules 2015 as amended and other accounting principles generally accepted in India.
4. Figures for the previous periods have been regrouped/rearranged, wherever considered necessary, in line with the current period presentation.
5. The results for the quarter ended 31st December'2021 are also available on Bombay Stock Exchange website, National Stock Exchange website and on the Company's Website

Place **Hyderabad**

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

Date **12th February 2022**

T. V. S. D.



M. B. Narayana Raju
M. B. Narayana Raju
Whole Time Director
DIN - 07993925



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

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

1. We have reviewed the accompanying Statement of Consolidated unaudited financial results of **KERNEX MICROSYSTEMS (INDIA) LIMITED** ("the Parent")its Subsidiaries and Joint Ventures (the Parent, Subsidiaries and its Joint Ventures together referred to as "the Group") for the quarter and nine months December 31, 2021(the "statement"),being submitted by the Parent pursuant to the requirements of Regulation 33 of the SEBI(Listing Obligation and Disclosure Requirements) Regulations, 2015 ('the Regulation') as amended, read with SEBI Circular No.CIR/CFD/CMD1/44/2019 dated March 29, 2019 ('the Circular').
2. This Statement, which has been prepared in accordance with the recognition and measurement principles laid down in the Indian Accounting Standard 34 "Interim Financial Reporting" ("Ind AS 34"), prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued there under and other accounting principles generally accepted in India, read with the circular is the responsibility of the Parent's Management and has been approved by the Board of Directors of the Company. Our responsibility is to issue a report on the Statement based on our review.
3. We conducted our review of the statement in accordance with the Standards on Review Engagements (SRE) 2410 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity', issued by the Institute of Chartered Accountants of India. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

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

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





Holding Company

Kernex Microsystems (India) Limited

Wholly owned subsidiary

Avant-Garde Infosystems Inc

Controlled entity (Joint Venture)

Kernex TCAS JV

Basis for Qualified Conclusion

Other financial assets amounting to Rs. 600.00 Lacs which is outstanding for more than 4 years has been subject to balance confirmation from the respective party/(s). According to the information and explanations given to us, the amount is recoverable and the company is taking steps obtaining balance confirmation. However, the respective buyers vide their letter dated 23December, 2021 expressed their inability to pay the entire amount of Rs. 600.00 Lacs as agreed vide MOU dated 31 March 2017 and requested the company to consider and reduce the sale consideration to Rs. 157.42 Lacs. In view of the probability of loss, the company has to make a provision for expected credit loss allowance of Rs. 442.58 Lacs in respect of the receivable against sale of assets in the financial results under Ind AS 109, but the same was not provided in the financial results for the quarter ended 31 December 2021. Our audit opinion on the financial statements for the year ended 31 March 2021 was also qualified in this regard.

5. Based on our review conducted 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 7 and 8 below, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the recognition and measurement principles laid down in the aforesaid Indian Accounting Standards prescribed under section 133 of the Companies Act, 2013 read with rule 7 of the Companies (Accounts) Rules, 2014 and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of the Regulation, read with the Circular, including the manner in which it is to be disclosed, or that it contains any material misstatements.
6. The accompanying statement includes the unaudited interim financial results and other financial information of 1 wholly owned subsidiary whose unaudited interim financial results include total revenues of Rs. 69,61,730.75 and total net profit after tax of Rs. 23,36,439.30 and other comprehensive income of Rs. Nil and total comprehensive income of Rs. 23,36,439.30 for the quarter ended 31 December, 2021 as considered in the consolidated unaudited financial results. These interim financial results and other financial information of wholly owned subsidiary have been reviewed by other auditors whose reports have been furnished to us by the management and our conclusion on the statement, in so far as it relates to the amounts and disclosures included in respect of the subsidiary, is based solely on the reports of the other auditors and procedures performed by us as stated in paragraph 3 above. Our conclusion on the Statement is not modified in respect of the above matter.





7. The accompanying statement includes the unaudited interim financial results and other financial information of 1 Joint Venture whose unaudited interim financial results include total revenues of Rs. 32,48,374.81 and net loss after tax of Rs. 9,85,123.12 and other comprehensive income of Rs. Nil and total comprehensive income/(Loss) of Rs. (9,85,123.12) for the quarter ended 31 December 2021 as considered in the consolidated financial statements. These interim financial results and other financial information are unaudited and have been furnished to us by the management and our opinion on the Statement, in so far as it relates to the amounts and disclosures included in respect of this Joint Venture, is based solely on that unaudited financial statement/financial information furnished by the Management.
8. The wholly owned subsidiary is located outside India i.e USA whose financial results and other financial information have been compiled by a CPA in accordance with accounting principles generally accepted in USA. The Holding Company's management has converted the financial results of wholly owned subsidiary located in USA from accounting principles generally accepted in USA to accounting principles generally accepted in India. Our opinion in so far as it relates to the balances and affairs of such subsidiary located in USA is based on the report of the Certified Public Accountant and conversion adjustments prepared by the management of the Holding Company.
9. We draw your attention that the statement which indicates the preparation of financial results of the Company on going concern basis for reasons stated therein. The appropriateness of assumption of going concern is dependent upon revival of market and consequently the Company's ability to generate sustainable cash flows in future to meet its obligations. Our conclusion on the Statement is not modified in respect of the above matter.

For PRSV & Co. LLP

Chartered Accountants

Firm Registration No: S200016

Y. Venkateswarlu

Partner

Membership No: 222068



Place: Hyderabad

Date: February 12, 2022

UDIN: 22222068ABNLKM5047