



KERNEX MICROSYSTEMS (INDIA) LTD.

(An ISO 9001 : 2008 Certified Company)

CIN : L30007TG1991PLC013211

Tel : +91 90300 17501
+91 90300 17502
e-mail : kernex@kernex.in
website : www.kernex.in



Registered Office :
'TECHNOPOLIS', Plot No. 38(Part) to 41,
Hardware Technology Park,
TSIIC Layout, Imarath Kanch, Raviryal (V),
Maheswaram (M), R.R. (Dist.),
Hyderabad - 500 005. Telangana. India.

KMIL:OC:Q3:2018-19:175

27th January'19.

To The Listing / Compliance Department Bombay Stock Exchange Limited Phiroze Jeejeebhoy Towers Dalal Street Mumbai – 400 001 BSE Scrip Code: 532686	To The Listing / Compliance Department National Stock Exchange of India Ltd Plot No.C/1, G Block,Exchange Plaza Bandra – Kurla Complex, Bandra (E) Mumbai – 400 051 NSE Symbol: KERNEX
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Sub: Outcome of Board Meeting held on 27.01.2019.

Ref: Regulation 33 read with Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015;

With reference to the subjected cited above, please find enclosed herewith the following documents in terms of Regulation 33 of SEBI (LODR) Regulations, 2015:


1. Un-Audited financial statements of the Company for the Third Quarter ended on 31st December, 2018.
2. Certified copy of Limited Review Report on the Un-Audited financial statements for the Third Quarter ended on 31st December, 2018 by the Statutory Auditors.

The meeting of the Board of Directors commenced at 04.00 P. M. and ended on 10:20 P. M.

Kindly take the above information on record and acknowledge.

Thanking you,

Yours faithfully,
For KERNEX MICROSYSTEMS (INDIA) LIMITED


Badari Narayana Raju Manthena
Whole Time Director
DIN: 07993925


Prasada Rao Kalluri
Company Secretary





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Unaudited financial results for the quarter and nine months ended 31st Dec 2018

Amount in Rs.

Particulars	Quarter ended			9 months ended		Year ended
	31-Dec-18	30-Sep-18	31-Dec-17	31-Dec-18	31-Dec-17	31-Mar-18
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
Revenue from operations	8,309,968	28,546,553	32,711,800	43,254,926	83,761,462	135,055,787
Other Income	1,297,206	6,997,743	1,859,538	11,171,819	5,251,195	7,185,671
Total income	9,607,174	35,544,296	34,571,338	54,426,745	89,012,657	140,241,458
Expenses						
Cost of materials consumed	7,794,375	13,653,311	3,635,505	21,875,419	6,273,451	6,596,350
Purchases of stock in trade	1,225,000		5,075,405	1,225,000	5,075,405	13,964,371
Changes in inventories of finished goods, work in progress and stock in trade	(7,574,029)	4,181,267	-	(4,435,814)	-	1,264,633
Employee benefit expense	10,435,199	12,191,805	11,856,537	34,177,330	36,193,157	48,597,456
Finance cost	6,472,032	7,010,018	5,570,144	19,028,774	15,824,118	21,457,420
Depreciation and amortization expense	5,065,430	5,079,160	5,720,189	15,119,264	16,865,516	22,462,207
Other expenses	148,799,026	13,739,399	29,934,539	182,286,800	88,764,300	175,769,784
Total expenses	172,217,033	55,854,960	61,592,320	269,276,773	168,995,947	290,112,221
Profit/(loss) before extraordinary, exceptional items and tax	(162,609,858)	(20,310,664)	(27,020,982)	(214,850,028)	(79,983,291)	(149,870,763)
Extraordinary items	-	-	-	-	-	-
Exceptional items	96,357,058	(25,000,001)	-	69,357,057	-	-
Profit/(loss) before tax	(68,252,800)	(45,310,665)	(27,020,982)	(145,492,971)	(79,983,291)	(149,870,763)
Tax expense						
(i) Current tax	-	-	-	-	-	-
(ii) Previous years tax	2,919,699	-	-	2,919,699	-	-
(iii) Deferred tax	(773,868)	(777,438)	(951,693)	(2,211,680)	(2,780,486)	(5,641,149)
Net profit/(loss) for the period/year	(70,398,631)	(44,533,227)	(26,069,289)	(146,200,989)	(77,202,805)	(144,229,614)
Other comprehensive income						
A (i) Items that will not be reclassified to Statement of Profit and loss	-	-	-	-	-	(729,848)
(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	-	-	-	-	-	-
(ii) Income tax relating to items that will be reclassified to Statement of Profit and loss	-	-	-	-	-	-
Total comprehensive income	(70,398,631)	(44,533,227)	(26,069,289)	(146,200,989)	(77,202,805)	(144,959,462)
Earnings per equity share (EPS)						
Paid up Equity Share Capital						
(Face value of Rs.10/- each per equity share)	124,996,550	124,996,550	124,996,550	124,996,550	124,996,550	124,996,550
Basic and Diluted Earnings per share of Rs.10/- each (not annualised) Rs.	(5.63)	(3.56)	(2.09)	(11.70)	(6.18)	(11.54)





Notes:-

1. The above Financial Results were reviewed and recommended by the Audit Committee and taken on record by the Board of Directors in their meeting held on 27th January' 2019. The Statutory Auditor of the Company has carried out a Limited Review of the above results in terms of Regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as modified by Circular No.CIR/CFD/FAC/62/2016 dated 05th Jul 16.
2. Number of Investor complaints left unresolved at the beginning of the quarter Nil, received during the quarter Nil disposed off during the quarter Nil and pending Nil.
3. 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.
4. These results have been prepared in accordance with the Indian Accounting Standards ("Ind AS") notified under Section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules 2015 as amended.
5. As per Regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 the company has opted to publish quarterly unaudited standalone results and to publish consolidated results at the year end.
6. An amount of Rs 15.08 crores receivable from Konkan Railway Corporation Limited (KRCL) is under arbitration. The company has not made any provision in the books of accounts which may dilute the chances of recovery of these receivables. Provision in the books of accounts will be provided at the time of finalization of matters.

Further the Company has failed in the conciliation proceedings against KRCL for an amount of Rs 5.18 cores and a provision is made during the current quarter.
7. As approved by the Board, obsolete stock amounting to Rs. 5.82 Crores has been written off in the books of accounts. Further a provision amounting to Rs 3.57 crores has been made towards slow/non moving stocks during the current quarter.
8. Exceptional items represents profit on sale of land during the quarter ended 31st December, 2018 and compensation paid to the party in connection with cancellation of agreement for sale of land during the quarter ended 30 September 2018.
9. Post the applicability of Goods and Service Tax (GST) with effect from 01st July 2017, Revenue from Operations is disclosed net of GST. Accordingly, the revenue from operations for 9 months ended 31st December 2018 and year ended 31st March 2018 are not comparable with those of the previous periods presented in the results.
10. Ind AS, 115 Revenue from Contracts with Customers, mandatory for reporting periods beginning on or after 1 April 2018, replaces existing revenue recognition requirements. The application of Ind AS 115 did not have any material impact on recognition and measurement of revenue and related items in the financial results of the Company.
11. Figures for the previous periods have been regrouped/rearranged, wherever considered necessary.

Place **Hyderabad**

Date **27th January 2019**

By order of the Board of Directors
For **KERNEX MICROSYSTEMS (INDIA) LTD**



M. B. Narayana Raju
M.B.NARAYANA RAJU
WHOLE TIME DIRECTOR
DIN - 07993925





**INDEPENDENT AUDITOR'S REVIEW REPORT ON REVIEW OF INTERIM FINANCIAL RESULTS
TO THE BOARD OF DIRECTORS OF
KERNEX MICROSYSTEMS (INDIA) LIMITED**

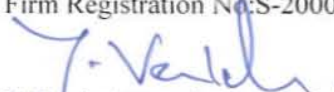
1. We have reviewed the accompanying Statement of Standalone Unaudited Financial Results of **KERNEX MICROSYSTEMS (INDIA) LIMITED** for the quarter and nine months ended 31 December 2018 ("the statement"), being submitted by the company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 as modified by Circular No.CIR/CFD/FAC/62/2016 dated July 5, 2016.

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 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 issue a report on the Statement based on our review.

2. 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 the 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.
3. Based on our review conducted as stated 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 Regulation 33 of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015, as modified by Circular No. CIR/CFD/FAC/62/2016 dated July 5, 2016, including the manner in which it is to be disclosed, or that it contains any material misstatements.
4. 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:S-200016


Y. Venkateswarlu
Partner
Membership No: 222068



Place: **Hyderabad**
Date: **27 January 2019**