



# 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/SE/Q2/19-20/108

12<sup>th</sup> October'19.

To The Listing / Compliance Department Bombay Stock Exchange 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
<b>BSE Scrip Code: 532686</b>	<b>NSE Symbol: KERNEX</b>

Sir / Madam,

**Sub: Submission of Un-Audited Financial Results of the Company, Statement of Assets and Liabilities 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:

- Approved the Un-Audited Standalone and Consolidated Financial Results of the Company for the second quarter and half year ended 30<sup>th</sup> September, 2019 alongwith cash flow statement,
- Approved the Audited Standalone and Consolidated Statement of Assets and Liabilities for the half year ended 30<sup>th</sup> September, 2019,
- Taken note of the Auditor's Report on Quarterly and Half Year ended Standalone and Consolidated Financial Statements of the Company for the period ended 30<sup>th</sup> September, 2019 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*  
M B Narayana Raju  
Whole-Time Director  
DIN: 07993925



*Prasada Rao Kalluri*  
Prasada Rao Kalluri  
Company Secretary



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Hyderabad - 500 005. Telangana. India.

KERNEX MICROSYSTEMS (INDIA) LIMITED

Unaudited STANDALONE Statement of financial results for the quarter and half year ended 30th Sep, 2019

Particulars	Quarter ended			Half year ended		Year ended
	30-Sep-19	30-Jun-19	30-Sep-18	30-Sep-19	30-Sep-18	31-Mar-19
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
Revenue from operations	33,666,928	94,540,151	28,546,553	128,207,079	34,944,958	74,737,993
Other Income	8,225,664	1,369,364	6,997,743	9,595,028	8,077,890	12,954,375
<b>Total income</b>	<b>41,892,592</b>	<b>95,909,514</b>	<b>35,544,296</b>	<b>137,802,107</b>	<b>43,022,848</b>	<b>87,692,367</b>
<b>Expenses</b>						
Cost of materials consumed	19,012,274	59,835,408	13,653,311	78,847,682	14,081,044	52,367,740
Purchases of stock in trade	-	-	-	-	-	1,225,000
Changes in inventories of finished goods, work in progress and stock in trade	6,141,772	5,269,620	4,181,267	11,411,392	3,138,215	(9,025,913)
Employee benefit expense	10,589,266	10,239,900	12,191,805	20,829,166	23,742,131	45,002,812
Finance cost	3,999,154	4,972,437	7,010,018	8,971,591	12,556,742	22,878,222
Depreciation and amortization expense	4,311,437	4,434,120	5,079,160	8,745,557	10,053,834	21,032,846
Other expenses	12,156,792	20,756,465	13,346,512	32,913,257	31,298,165	96,472,518
<b>Total expenses</b>	<b>56,210,695</b>	<b>105,507,950</b>	<b>55,462,073</b>	<b>161,718,645</b>	<b>94,870,131</b>	<b>229,953,225</b>
<b>Profit/(loss) before extraordinary, exceptional items and tax</b>	<b>(14,318,103)</b>	<b>(9,598,436)</b>	<b>(19,917,777)</b>	<b>(23,916,538)</b>	<b>(51,847,283)</b>	<b>(142,260,857)</b>
Extraordinary items	-	-	-	-	-	-
Exceptional items	-	739,308	(25,392,888)	739,308	(25,392,888)	(66,924,776)
<b>Profit/(loss) before tax</b>	<b>(14,318,103)</b>	<b>(8,859,128)</b>	<b>(45,310,665)</b>	<b>(23,177,230)</b>	<b>(77,240,171)</b>	<b>(209,185,634)</b>
Tax expense						
(i) Current tax	-	-	-	-	-	-
(ii) Previous years tax						2,919,699
(ii) Deferred tax	(1,154,836)	(1,170,812)	(777,438)	(2,325,648)	(1,437,812)	(5,378,641)
<b>Net profit/(loss) for the period/year</b>	<b>(13,163,267)</b>	<b>(7,688,316)</b>	<b>(44,533,227)</b>	<b>(20,851,582)</b>	<b>(75,802,359)</b>	<b>(206,726,691)</b>
<b>Other comprehensive income</b>						
A (i) Items that will not be reclassified to Statement of Profit and loss	-	-	-	-	-	(152,330)
(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						-
<b>Total comprehensive Income</b>	<b>(13,163,267)</b>	<b>(7,688,316)</b>	<b>(44,533,227)</b>	<b>(20,851,582)</b>	<b>(75,802,359)</b>	<b>(206,879,021)</b>
<b>Earnings per equity share (EPS)</b>						
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.	(1.05)	(0.62)	(3.56)	(1.67)	(6.06)	(16.54)



**Notes:-**

1. The above un-audited Standalone Financial Results were reviewed and recommended by the Audit Committee and taken on record by the Board of Directors in their meeting held on 12<sup>th</sup> October' 2019. The Statutory Auditor of the Company has carried out a Limited Review on the above results in terms of Regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as modified by Circular No. CIR/CFD/CMD1/44/2019 dated March 29, 2019.
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 un-audited financial 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 and other Accounting Principles generally accepted in India.
4. Figures for the previous periods have been regrouped/rearranged, wherever considered necessary.

Place **Hyderabad**

Date **12<sup>th</sup> October 2019**

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**





**KERNEX MICROSYSTEMS (INDIA) LIMITED**  
**Unaudited STANDALONE Statement of Assets and Liabilities as at 30th Sep, 2019**

Particulars	Amt in Rs	
	As at 30-Sep-19 Unaudited	As at 31-Mar-19 Audited
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, Plant and Equipment	417,972,189	426,469,900
Capital work-in-progress		
Intangible assets	112,974	145,278
Financial assets		
Investments	21,574,348	11,830,950
Other financial assets	61,825,126	61,729,006
Deffered tax assets (net)	-	-
Other Non-current assets	20,892,566	20,630,650
<b>Total non-current assets</b>	<b>522,377,203</b>	<b>520,805,784</b>
<b>Current assets</b>		
Inventories	13,540,444	24,949,999
Financial assets		
Trade receivables	170,791,302	152,388,587
Cash and cash equivalents	1,564,373	4,971,138
Other bank balances	123,739,206	69,179,462
Other financial assets	1,022,731	2,546,352
Other current assets	88,334,199	56,828,863
<b>Total current assets</b>	<b>398,992,255</b>	<b>310,864,400</b>
<b>TOTAL ASSETS</b>	<b>921,369,459</b>	<b>831,670,188</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Equity Share capital	124,996,550	124,996,550
Other equity	474,661,537	490,682,192
<b>Total Equity</b>	<b>599,658,087</b>	<b>615,678,742</b>
<b>Liabilities</b>		
<b>Non-current liabilities</b>		
Financial liabilities		
Borrowings	468,418	193,681
Provisions	-	-
Deferred tax liabilities	1,555,132	3,880,780
Other Non-current liabilities	87,018,851	18,851
<b>Total Non-current liabilities</b>	<b>89,042,401</b>	<b>4,093,312</b>
<b>Current liabilities</b>		
Financial liabilities		
Borrowings	165,053,586	133,790,753
Trade Payables	42,854,201	54,383,092
Other financial liabilities	401,041	1,036,988
Other current liabilities	24,360,143	22,687,300
Provisions		
<b>Total current liabilities</b>	<b>232,668,971</b>	<b>211,898,134</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>921,369,459</b>	<b>831,670,188</b>

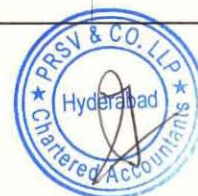
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**KERNEX MICROSYSTEMS (INDIA) LIMITED**

**Unaudited STANDALONE Statement of Cash Flows for the half year ended 30th Sep, 2019**

Particulars	30-Sep-19	31-Mar-19
<b>Cash flows from operating activities</b>		
Profit / (Loss) before tax	(14,318,103)	(209,185,634)
<b>Adjustments to reconcile net loss to net cash provided by operating activities</b>		
Depreciation and amortisation	8,745,557	21,032,840
Foreign Currency translation gain / (loss)	(1,059,565)	(5,121,724)
Written off / Provision for obsolete stock	-	44,364,135
Sundry balances written off	-	2,409,930
Provision for Doubtful Advances	-	5,996,062
Provision for expected credit loss	-	200,584,298
Provision for slow/non moving stocks	-	24,880,166
Liabilities no longer required written off	(6,012,681)	(2,215,467)
(Profit) / Loss on sale of Fixed assets	-	(194,326,700)
Court settlements	-	25,000,001
Finance costs	3,999,154	22,878,222
Interest income	(2,148,182)	(4,740,022)
Other non operating income	(64,801)	(678,333)
<b>Changes in assets and liabilities</b>		
Trade receivables	(18,402,715)	12,289,437
Inventories	11,409,555	(8,604,012)
Other assets	(37,039,100)	(16,189,116)
Trade payables	(11,528,891)	(5,953,584)
Other liabilities	119,299,728	(138,077,229)
<b>Net cash flow from operating activities (A)</b>	<b>52,879,955</b>	<b>(225,656,729)</b>
<b>Cash flows from investing activities</b>		
Sale of Fixed Assets	-	282,662,500
Purchase of property, plant and equipment	(215,542)	(538,108)
Court settlements	-	(25,000,001)
Interest income	2,148,182	4,740,022
<b>Net cash flow used in investing activities (B)</b>	<b>1,932,640</b>	<b>261,864,413</b>
<b>Cash flow from financing activities</b>		
Proceeds from issuance of equity share capital	-	-
Other non-current liabilities	274,737	(396,931)
Other non operating income	64,801	678,333
Finance costs	(3,999,154)	(22,878,222)
<b>Net cash flow (used in)/from financing activities (C)</b>	<b>(3,659,616)</b>	<b>(22,596,821)</b>
<b>Net increase in cash and cash equivalents (A+B+C)</b>	<b>51,152,979</b>	<b>13,610,864</b>
Cash and Bank Balances at the beginning of the year	74,150,600	60,539,736
<b>Cash and cash equivalents at the end of the year</b>	<b>125,303,579</b>	<b>74,150,600</b>





**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 half year ended September 30, 2019 and the Standalone Unaudited Balance Sheet as at September 30, 2019 (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.
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: October 12, 2019

UDIN: 19222068AAAAB04063



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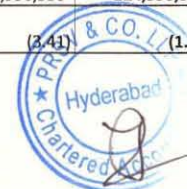


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Hyderabad - 500 005. Telangana. India.

KERNEX MICROSYSTEMS (INDIA) LIMITED

Unaudited CONSOLIDATED Statement of financial results for the quarter and Half year ended 30th Sep, 2019

Particulars	Quarter ended			Half year ended		Year ended
	30-Sep-19	30-Jun-19	30-Sep-18	30-Sep-19	30-Sep-18	31-Mar-19
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
Revenue from operations	33,666,928	97,148,563	31,174,092	130,815,491	31,174,092	81,361,446
Other Income	8,225,667	1,369,366	6,997,757	9,595,033	6,997,769	12,954,423
<b>Total income</b>	<b>41,892,594</b>	<b>98,517,928</b>	<b>38,171,849</b>	<b>140,410,524</b>	<b>38,171,861</b>	<b>94,315,870</b>
<b>Expenses</b>						
Cost of materials consumed	19,818,374	61,497,836	13,874,201	81,316,209	13,874,201	54,949,168
Purchases of stock in trade	-	-	-	-	-	1,225,000
Changes in inventories of finished goods, work in progress and stock in trade	6,141,772	5,269,620	4,181,267	11,411,392	3,138,215	(9,025,913)
Employee benefit expense	10,589,266	10,689,173	12,646,670	21,278,439	13,079,700	49,169,232
Finance cost	3,999,154	4,972,437	7,010,018	8,971,591	12,556,742	22,903,429
Depreciation and amortization expense	4,313,443	4,436,102	5,081,159	8,749,546	5,083,069	21,032,846
Other expenses	12,207,200	20,908,332	13,358,815	33,115,532	13,487,808	338,537,561
<b>Total expenses</b>	<b>57,069,209</b>	<b>107,773,500</b>	<b>56,152,129</b>	<b>164,842,709</b>	<b>61,219,735</b>	<b>478,791,322</b>
Share of Profit/(loss) of Joint venture	(49,934)	-	-	(49,934)	0	-
<b>Profit/(loss) before extraordinary, exceptional items and tax</b>	<b>(15,226,549)</b>	<b>(9,255,572)</b>	<b>(17,980,280)</b>	<b>(24,432,185)</b>	<b>(49,909,785)</b>	<b>(384,475,453)</b>
<b>Extraordinary items</b>	-	-	-	-	-	-
<b>Exceptional items</b>	-	739,308	(25,392,888)	739,308	(25,392,888)	169,326,699
<b>Profit/(loss) before tax</b>	<b>(15,226,549)</b>	<b>(8,516,264)</b>	<b>(43,373,168)</b>	<b>(23,692,877)</b>	<b>(75,302,673)</b>	<b>(215,148,754)</b>
Tax expense						
(i) Current tax	-	-	-	-	-	-
(ii) Previous years tax						2,919,699
(ii) Deferred tax	(1,154,836)	(1,170,812)	(777,438)	(2,325,648)	(1,437,812)	(5,378,641)
<b>Net profit/(loss) for the period/year</b>	<b>(14,071,713)</b>	<b>(7,345,452)</b>	<b>(42,595,730)</b>	<b>(21,367,229)</b>	<b>(73,864,861)</b>	<b>(212,689,811)</b>
<b>Other comprehensive income</b>						
A (i) Items that will not be reclassified to Statement of Profit and loss	-	-	-	-	-	(152,330)
(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						-
<b>Total comprehensive Income</b>	<b>(14,071,713)</b>	<b>(7,345,452)</b>	<b>(42,595,730)</b>	<b>(21,367,229)</b>	<b>(73,864,861)</b>	<b>(212,842,141)</b>
<b>Earnings per equity share (EPS)</b>						
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.	(1.13)	(0.59)	(3.41)	(1.71)	(5.91)	(17.02)





**Notes:-**

1. The above un-audited Consolidated Financial Results were reviewed and recommended by the Audit Committee and taken on record by the Board of Directors in their meeting held on 12th October' 2019. The Statutory Auditor of the Company has carried out a Limited Review on the above results in terms of Regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as modified by Circular No. CIR/CFD/CMD1/44/2019 dated March 29, 2019.
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 un-audited financial 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 and other Accounting Principles generally accepted in India.
4. Quarterly Figures for the previous periods have been regrouped/rearranged, wherever considered necessary.

Place **Hyderabad**

Date **12<sup>th</sup> October 2019**

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

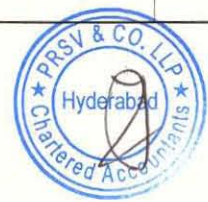






**KERNEX MICROSYSTEMS (INDIA) LIMITED**  
**Unaudited CONSOLIDATED Statement of Assets and Liabilities as at 30th Sep, 2019**

Particulars	As at 30-Sep-19 Unaudited	As at 31-Mar-19 Audited
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, Plant and Equipment	417,972,189	426,469,900
Capital work-in-progress		
Intangible assets	112,974	145,278
Financial assets		
Investments	9,693,464	
Other financial assets	61,825,126	61,729,006
Deffered tax assets (net)	-	
Other Non-current assets	20,892,566	20,630,650
<b>Total non-current assets</b>	<b>510,496,318</b>	<b>508,974,834</b>
<b>Current assets</b>		
Inventories	13,540,444	24,949,999
Financial assets		
Trade receivables	170,791,302	139,003,536
Cash and cash equivalents	1,883,549	5,538,942
Other bank balances	123,739,206	69,179,462
Other financial assets	1,022,731	2,546,352
Other current assets	111,256,529	91,287,467
<b>Total current assets</b>	<b>422,233,762</b>	<b>332,505,759</b>
<b>TOTAL ASSETS</b>	<b>932,730,081</b>	<b>841,480,596</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Equity Share capital	124,996,550	124,996,550
Other equity	413,274,646	431,665,196
<b>Total Equity</b>	<b>538,271,196</b>	<b>556,661,746</b>
<b>Liabilities</b>		
<b>Non-current liabilities</b>		
Financial liabilities		
Borrowings	468,418	193,681
Provisions	-	-
Deferred tax liabilities	1,555,132	3,880,780
Other Non-current liabilities	87,018,851	18,851
<b>Total Non-current liabilities</b>	<b>89,042,401</b>	<b>4,093,312</b>
<b>Current liabilities</b>		
Financial liabilities		
Borrowings	237,801,099	204,619,993
Trade Payables	42,854,201	52,381,257
Other financial liabilities	401,041	1,036,988
Other current liabilities	24,360,143	22,687,300
Provisions		
<b>Total current liabilities</b>	<b>305,416,485</b>	<b>280,725,539</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>932,730,081</b>	<b>841,480,597</b>

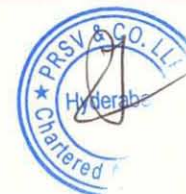
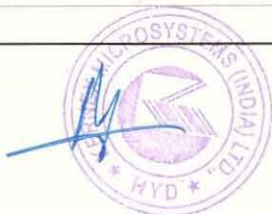




## KERNEX MICROSYSTEMS (INDIA) LIMITED

## Unaudited CONSOLIDATED Statement of Cash Flows for the half year ended 31st Sep, 2019

Particulars	30-Sep-19	31-Mar-19
<b>Cash flows from operating activities</b>		
Profit / (Loss) before tax	(15,226,549)	(215,757,664)
<b>Adjustments to reconcile net loss to net cash provided by operating activities</b>		
Depreciation and amortisation	8,745,557	21,032,840
Foreign Currency translation reserve	(1,059,565)	5,198,602
Written off / Provision for obsolete stock	-	44,364,135
Sundry balances written off	-	2,409,930
Provision for Doubtful Advances	-	5,996,062
Provision for expected credit loss	-	200,584,298
Provision for slow/non moving stocks	-	24,880,166
Liabilities no longer required written off	(6,012,681)	(2,215,467)
(Profit) / Loss on sale of Fixed assets	-	(194,326,700)
Court settlements	-	25,000,001
Finance costs	3,999,154	22,903,429
Interest income	(2,148,182)	(4,740,071)
Other non operating income	(64,801)	(678,333)
<b>Changes in assets and liabilities</b>		
Trade receivables	(31,787,766)	12,197,232
Inventories	11,409,555	(8,604,012)
Other assets	(26,914,341)	(18,076,780)
Trade payables	(9,527,056)	(12,935,162)
Other liabilities	121,218,002	(133,721,389)
<b>Net cash flow from operating activities (A)</b>	<b>52,631,327</b>	<b>(226,488,882)</b>
<b>Cash flows from investing activities</b>		
Sale of Fixed Assets	-	282,662,500
Purchase of property, plant and equipment	(215,542)	(538,108)
Court settlements	-	(25,000,001)
Interest received	2,148,182	4,740,071
<b>Net cash flow used in investing activities (B)</b>	<b>1,932,640</b>	<b>261,864,462</b>
<b>Cash flow from financing activities</b>		
Proceeds from issuance of equity share capital	-	-
Other non-current liabilities	274,737	(396,931)
Other non operating income	64,801	678,333
Finance costs	(3,999,154)	(22,903,429)
<b>Net cash flow (used in)/from financing activities (C)</b>	<b>(3,659,616)</b>	<b>(22,622,028)</b>
<b>Net increase in cash and cash equivalents (A+B+C)</b>	<b>50,904,351</b>	<b>12,753,553</b>
Cash and Bank Balances at the beginning of the year	74,718,404	61,964,852
<b>Cash and cash equivalents at the end of the year</b>	<b>125,622,755</b>	<b>74,718,404</b>





**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") and its subsidiaries (the Parent and its together referred to as "the Group") for the quarter and half year ended September 30, 2019 and the Consolidated Unaudited Balance Sheet as at September 30, 2019 and its share of the net profit after tax and total comprehensive loss of its joint ventures for the quarter and half year ended September 30, 2019 (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 entities as mentioned in Annexure 1.
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



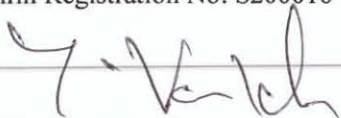
in terms of the Regulation, read with the Circular, including the manner in which it is to be disclosed, or that it contains any material misstatements.

6. Since subsidiary is following Cash basis of accounting, no provision is made towards interest of Rs 83.82 lakhs on unsecured loan for the quarter ended September 30, 2019. The loss of the subsidiary is short reported by Rs 83.82 lakhs for the quarter ended September 30, 2019.
7. We did not review the interim financial results and other financial information of 1 wholly owned subsidiary, included in the consolidated unaudited financial results, whose interim financial results and other financial information reflects total revenues of Rs.2.8, and total net profit after tax of Rs. 8,58,511/-, and total comprehensive income of Rs. Nil, for the quarter ended September 30, 2019 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.
8. The consolidated unaudited financial results also includes the Group's share of net profit/(loss) after tax of Rs. 49,934/- and total comprehensive income/(loss) of Rs. Nil, for the quarter ended September 30, 2019, as considered in the consolidated unaudited financial results, in respect of 1 Joint venture, based on their interim financial results and financial information which have not been reviewed by their auditors. These financials have been approved by the management and furnished to us. According to the information and explanation given to us by the Management, these interim financial results are not material to the Group. Our conclusion on the Statement is not modified in respect of the above matter.
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

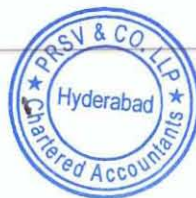
Firm Registration No: S200016



**Y.Venkateswarlu**

Partner

Membership No: 222068



Place: Hyderabad

Date: October 12, 2019

UDIN: 19222068AAAA04063