



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/Q2/21-22/57

13th November '21

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
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Sir / Madam,

Sub: Submission of Un-Audited Financial Results alongwith Statement of Assets and Liabilities and Cash Flow Statements 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 alongwith Statement of Assets and Liabilities and Cash Flow Statements of the Company for the second quarter and half year ended on 30th September, 2021.
2. Limited Review Report on Quarterly Standalone and Consolidated Financial Statements of the Company for the second quarter ended on 30th September, 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



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KERNEX MICROSYSTEMS (INDIA) LIMITED

Unaudited STANDALONE Statement of financial results for the quarter and half year ended 30th Sep, 2021

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

Particulars	Quarter ended			Half Year Ended		Year ended
	30-Sep-21	30-Jun-21	30-Sep-20	30-Sep-21	30-Sep-20	31-Mar-21
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
Income						
Revenue from operations	2,80,23,382	1,45,38,230	82,81,282	4,25,61,612	1,36,35,600	15,57,55,071
Other Income	20,12,430	22,43,800	33,18,879	42,56,230	53,24,989	1,83,40,110
Total income	3,00,35,812	1,67,82,030	1,16,00,161	4,68,17,841	1,89,60,589	17,40,95,182
Expenses						
Cost of materials consumed	16,80,251	1,59,47,423	62,08,430	1,76,27,674	73,17,376	9,36,67,842
Purchases of stock in trade	-	-	-	-	-	-
Changes in inventories of finished goods, work in progress and stock in trade	1,65,29,263	(87,81,039)	(2,65,27,651)	77,48,224	(2,75,91,651)	(5,32,54,663)
Employee benefit expense	1,42,46,171	1,40,56,240	1,14,60,993	2,83,02,411	2,27,48,213	4,88,89,642
Finance cost	84,94,214	52,02,090	20,54,664	1,36,96,305	38,23,035	91,44,097
Depreciation and amortization expense	31,57,467	39,17,979	38,68,916	70,75,446	76,92,956	1,55,45,723
Other expenses	1,27,49,677	1,86,50,115	1,06,79,382	3,13,99,791	1,83,97,765	5,58,57,149
Total expenses	5,68,57,043	4,89,92,808	77,44,734	10,58,49,851	3,23,87,695	16,98,49,789
Profit/(loss) before extraordinary, exceptional items and tax	(2,68,21,231)	(3,22,10,779)	38,55,427	(5,90,32,010)	(1,34,27,106)	42,45,393
Exceptional items						
Profit/(loss) before tax	(2,68,21,231)	(3,22,10,779)	38,55,427	(5,90,32,010)	(1,34,27,106)	42,45,393
Tax expense						
(i) Current tax	-	-	-	-	-	-
(ii) Previous years tax	-	-	-	-	-	-
(iii) Deferred tax	8,80,855	5,45,496	2,62,288	14,26,351	17,75,992	5,27,387
Net profit/(loss) for the year	(2,77,02,086)	(3,27,56,275)	35,93,139	(6,04,58,361)	(1,52,03,098)	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						
Total comprehensive Income for the year	(2,77,02,086)	(3,27,56,275)	35,93,139	(6,04,58,361)	(1,52,03,098)	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.	(2.22)	(2.62)	0.29	(4.84)	(1.22)	0.30



M. D. Lakshmi





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 13th November'2021. 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 30th September'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 **13th November 2021**



M. B. Narayana Raju

M.B.NarayanaRaju
Whole Time Director
DIN - 07993925





KERNEX MICROSYSTEMS (INDIA) LIMITED

Unaudited STANDALONE Statement of Assets and Liabilities as at 30th Sep, 2021

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

Particulars	As at 30-Sep-21	As at 31-Mar-21
ASSETS		
Non-current assets		
Property, Plant and Equipment	30,88,04,744	31,53,57,854
Capital work-in-progress		
Intangible assets	17,665	1,74,851
Financial assets		
Investments	8,03,77,825	8,03,77,825
Other financial assets	8,75,74,001	8,70,73,020
Other Non-current assets	2,49,06,789	2,44,84,328
Total non-current assets	50,17,51,024	50,74,67,878
Current assets		
Inventories	7,14,39,840	8,34,65,956
Financial assets		
Trade receivables	12,16,40,007	12,81,13,329
Cash and cash equivalents	38,37,117	4,18,47,952
Other bank balances	12,65,48,995	12,55,45,734
Other financial assets	89,292	32,22,713
Other current assets	8,12,39,698	7,85,84,033
Total current assets	40,17,04,948	46,07,79,716
TOTAL ASSETS	90,65,45,972	96,82,47,594
EQUITY AND LIABILITIES		
Equity		
Equity Share capital	12,49,96,550	12,49,96,550
Other equity	51,76,78,136	57,57,64,608
Total Equity	64,26,74,686	70,07,61,158
Liabilities		
Non-current liabilities		
Financial liabilities		
Borrowings		
Deferred tax liabilities	54,95,262	40,68,911
Other Non-current liabilities	2,99,27,656	2,99,27,656
Total Non-current liabilities	3,54,22,913	3,39,96,567
Current liabilities		
Financial liabilities		
Borrowings	12,16,50,627	13,81,35,572
Trade Payables	2,06,02,982	3,40,03,523
Other financial liabilities	2,45,541	2,45,541
Other current liabilities	7,58,13,218	6,11,05,232
Total current liabilities	22,84,48,369	23,34,89,869
TOTAL EQUITY AND LIABILITIES	90,65,45,973	96,82,47,594



M. D. Dhanraj





KERNEX MICROSYSTEMS (INDIA) LIMITED

Unaudited STANDALONE Statement of Cash Flows for the half year ended 30th Sep, 2021

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

Particulars	30-Sep-21	31-Mar-21
Cash flows from operating activities		
Profit / (loss) before tax	(5,90,32,010)	42,45,393
Adjustments to reconcile net loss to net cash provided by operating activities		
Depreciation and amortisation	70,75,446	1,55,45,723
Foreign currency translation gain / (loss)	20,87,697	10,39,866
Written off / provision for obsolete stock		
Sundry balances written off	-	7,94,731
Provision for doubtful advances	2,14,142	9,37,351
Provision for expected credit loss	-	-
Provision for slow/non moving stocks	-	-
Liabilities no longer required written off	-	(32,04,772)
(Profit) on disposal of property, plant and equipment	-	(15,51,620)
Finance costs	1,36,96,305	91,44,097
Interest income	(43,40,772)	(1,33,24,475)
Changes in assets and liabilities		
Trade receivables	64,73,322	5,86,886
Inventories	1,20,26,116	(7,06,44,133)
Other assets	(4,45,686)	(5,52,51,059)
Trade payables	(33,10,541)	2,84,34,753
Other liabilities	(16,60,910)	9,28,74,125
Net cash flow from operating activities	A	91,26,866
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	-	34,63,568
Purchase of property, plant and equipment	(4,35,150)	(69,53,606)
Investment in 100% WOS	-	-
Investment in JV	-	2,93,43,398
Interest income	43,40,772	1,33,24,475
Net cash flow used in investing activities	B	3,91,77,833
Cash flow from financing activities		
Repayment of long term borrowings	-	-
Finance costs	(1,36,96,305)	(91,44,097)
Net cash flow (used in)/from financing activities	C	(91,44,097)
Net increase in cash and cash equivalents (A+B+C)	A+B+C	3,91,60,602
Cash and bank balances at the beginning of the year	16,73,93,686	12,82,33,085
Cash and cash equivalents at the end of the year	13,03,86,112	16,73,93,686



M. D. Dainyath





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, 2021 and the Standalone Unaudited Balance Sheet and Cash Flow Statement as at September 30, 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. 6.00 crores which is outstanding for more than 4 year 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. In the absence of sufficient appropriate evidence, we are unable to comment upon the carrying value of the aforesaid receivable as at 30 September 2021 or any adjustment/impairment required to and the consequent impact if any, on the financial results. 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

A handwritten signature in blue ink, appearing to read 'Y. Venkateswarlu'.

Y. Venkateswarlu
Partner
Membership No: 222068



Place: Hyderabad
Date: November 13, 2021

UDIN: 21222068AAAAEJ4457



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KERNEX MICROSYSTEMS (INDIA) LIMITED

Unaudited CONSOLIDATED Statement of financial results for the quarter and half year ended 30th Sep, 2021

Particulars	Quarter ended			Half year ended		Year ended
	30-Sep-21	30-Jun-21	30-Sep-20	30-Sep-21	30-Sep-20	31-Mar-21
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
Revenue from operations	3,10,78,563	1,63,27,448	89,45,139	4,74,06,011	1,42,99,457	18,32,34,444
Other Income	20,41,199	14,50,571	32,27,111	34,91,770	52,33,227	1,25,86,271
Total income	3,31,19,762	1,77,78,019	1,21,72,251	5,08,97,781	1,95,32,685	19,58,20,715
Expenses						
Cost of materials consumed	16,80,251.20	1,60,83,260	62,08,430	1,77,63,511	73,17,376	9,43,71,757
Purchases of stock in trade	-	-	-	-	-	-
Changes in inventories of finished goods, work in progress and stock in trade	1,65,29,263.00	(87,81,039)	(2,65,27,651)	77,48,224	(2,75,91,651)	(5,32,54,663)
Employee benefit expense	1,54,46,171.00	1,52,56,240	1,14,60,993	3,07,02,411	2,27,48,213	5,12,89,642
Finance cost	1,08,27,264.54	54,65,210	40,45,715	1,62,92,475	77,03,607	1,45,64,114
Depreciation and amortization expense	31,59,578.65	39,20,082	38,71,035	70,79,661	77,03,724	1,55,60,726
Other expenses	1,44,38,391.80	1,91,48,097	1,06,76,296	3,35,86,489	1,84,30,444	5,25,57,153
Total expenses	6,20,80,920	5,10,91,850	97,34,818	11,31,72,770	3,63,11,713	17,50,88,728
Profit/(loss) before extraordinary, exceptional items and tax	(2,89,61,158)	(3,33,13,831)	24,37,433	(6,22,74,989)	(1,67,79,029)	2,07,31,987
Extraordinary items				-	-	-
Exceptional items				-	-	-
Profit/(loss) before tax	(2,89,61,158)	(3,33,13,831)	24,37,433	(6,22,74,989)	(1,67,79,029)	2,07,31,987
Tax expense						
(i) Current tax				-	-	-
(ii) Previous years tax				-	-	-
(ii) Deferred tax	8,80,855	5,45,496	2,52,288	14,26,351	17,75,992	5,27,387
Net profit/(loss) for the period/year	(2,98,42,013)	(3,38,59,327)	21,75,145	(6,37,01,340)	(1,85,55,021)	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	23,21,190	90,46,600	46,82,047	90,54,114	2,68,78,185
(ii) Income tax relating to items that will be reclassified to Statement of Profit and loss						-
Total comprehensive Income	(2,74,81,156)	(3,15,38,137)	1,12,21,745	(5,90,19,293)	(95,00,907)	4,74,76,680
Attributable to						
Shareholders of the Company	(2,75,86,758)	(3,15,83,187)	1,10,99,562	(5,91,69,946)	1,10,99,562	4,74,46,256
Non controlling interest	1,05,602	45,050	1,22,183	1,50,653	1,22,183	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.	(2.39)	(2.71)	0.17	(5.10)	(1.48)	1.62



M. D. Dhanraj





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 13th November'2021. 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 30th September'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 **13th November 2021**



M. B. Narayana Raju

M.B.NarayanaRaju
Whole Time Director
DIN - 07993925





KERNEX MICROSYSTEMS (INDIA) LIMITED

Unaudited CONSOLIDATED Statement of Assets and Liabilities as at 30th Sep, 2021

Particulars	As at 30-Sep-21 Unaudited	As at 31-Mar-21 Audited
ASSETS		
Non-current assets		
Property, Plant and Equipment	30,88,04,744	31,53,57,854
Intangible assets	87,665	1,74,851
Financial assets		
Other financial assets	8,75,74,001	8,70,73,020
Other Non-current assets	2,49,46,631	2,46,08,044
Total non-current assets	42,14,13,041	42,72,13,769
Current assets		
Inventories	7,14,39,840	8,34,65,956
Financial assets		
Trade receivables	11,33,37,196	11,98,07,328
Cash and cash equivalents	57,47,807	4,84,50,957
Other bank balances	12,83,65,615	12,85,73,734
Other financial assets	2,02,73,892	2,34,07,313
Other current assets	9,59,21,906	9,20,56,069
Total current assets	43,50,86,256	49,57,61,357
TOTAL ASSETS	85,64,99,297	92,29,75,126
EQUITY AND LIABILITIES		
Equity		
Equity Share capital	12,49,96,550	12,49,96,550
Other equity	41,74,44,335	50,15,27,234
Equity attributable to Shareholders of the Company	54,24,40,885	62,65,23,784
Non-controlling interests	11,85,721	10,35,068
Total Equity	54,36,26,606	62,75,58,853
Liabilities		
Non-current liabilities		
Deferred tax liabilities	54,95,262	40,68,911
Other Non-current liabilities	2,99,27,656	2,99,27,656
Total Non-current liabilities	3,54,22,918	3,39,96,567
Current liabilities		
Financial liabilities		
Borrowings	18,24,28,971	20,24,63,000
Trade Payables	1,41,55,089	1,13,59,152
Other financial liabilities	2,45,541	2,45,541
Other current liabilities	8,06,20,172	4,73,52,013
Provisions		
Total current liabilities	27,74,49,773	26,14,19,706
TOTAL EQUITY AND LIABILITIES	85,64,99,297	92,29,75,126



M. D. Dainyath



KERNEX MICROSYSTEMS (INDIA) LIMITED**Unaudited CONSOLIDATED Statement of Cash Flows for the half year ended 30th Sep, 2021**

Particulars	30-Sep-21	31-Mar-21
Cash flows from operating activities		
Profit / (Loss) before tax	(6,37,01,340)	2,07,31,987
Adjustments to reconcile net loss to net cash provided by operating activities		
Depreciation and amortisation	70,75,446	1,55,45,723
Foreign Currency translation reserve	20,87,697	10,39,866
Sundry balances written off	-	2,94,731
Provision for Doubtful Advances	2,14,142	9,37,351
Liabilities no longer required written off	-	(32,04,772)
(Profit) / Loss on sale of Fixed assets	-	(15,51,620)
Finance costs	1,62,92,475	1,45,64,114
Interest income	(43,40,772)	(1,33,24,475)
Changes in assets and liabilities		
Trade receivables	64,70,132	23,04,83,415
Inventories	1,20,26,116	1,20,08,992
Other assets	(15,71,984)	(5,47,83,506)
Trade payables	27,95,937	57,90,382
Other liabilities	(78,72,265)	(19,57,77,838)
Net cash flow from operating activities (A)	(3,05,24,416)	3,27,54,350
Cash flows from investing activities		
Sale of Fixed Assets	-	34,63,568
Purchase of property, plant and equipment	(4,35,150)	(69,53,608)
Interest received	43,40,772	1,33,24,475
Net cash flow used in investing activities (B)	39,05,622	98,34,435
Cash flow from financing activities		
Finance costs	(1,62,92,475)	(1,45,64,114)
Net cash flow (used in)/from financing activities (C)	(1,62,92,475)	(1,45,64,114)
Net increase in cash and cash equivalents (A+B+C)	(4,29,11,269)	2,80,24,671
Cash and Bank Balances at the beginning of the year	17,70,24,691	14,90,00,020
Cash and cash equivalents at the end of the year	13,41,13,422	17,70,24,691



M. D. Dainyach





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 half year ended September 30, 2021 and the Consolidated Unaudited Balance Sheet and Cash Flow Statement as at September 30, 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. 6.00 crores which is outstanding for more than 4year 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. In the absence of sufficient appropriate evidence, we are unable to comment upon the carrying value of the aforesaid receivable as at 30 September 2021 or any adjustment/impairment required to and the consequent impact if any, on the financial results. 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.2.22 and total net loss after tax of Rs.1,16,037 and total comprehensive income of Rs. Nil, for the quarter ended September 30, 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. Nil and total profit after tax of Rs. 4,22,409/- and other comprehensive income of Rs. Nil for the quarter ended 30 September 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 those 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



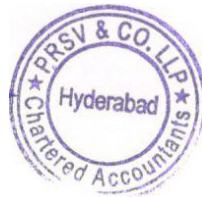
such subsidiary located in USA is based on the report of the Certified Public Accountant and conversion adjustments prepared by the management of the Holding Company.

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

A handwritten signature in blue ink, appearing to read 'Y. Venkateswarlu', is written over a light blue grid background.

Y.Venkateswarlu
Partner
Membership No: 222068



Place: Hyderabad
Date: November 13, 2021

UDIN: 1222068AAAAEK9425