



# KERNEX MICROSYSTEMS (INDIA) LTD.

(An ISO 9001:2015 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 - 501 510. Telangana. India.

KMIL/SE/Q4/19-20/024

30<sup>th</sup> July'20.

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
BSE Scrip Code: 532686	NSE Symbol: KERNEX

Sir / Madam,

**Sub: Submission of 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:

1. Audited Standalone and Consolidated Financial Results of the Company for the fourth quarter and financial year ended 31<sup>st</sup> March, 2020 along with the Cash Flow Statements.
2. Standalone and Consolidated Statement of Assets and Liabilities for the year ended 31<sup>st</sup> March, 2020
3. Auditor's Report on Quarterly and Year to Date Standalone and Consolidated Financial Statements of the Company for the Financial Year ended on 31<sup>st</sup> March, 2020 as required under Regulation 33 of SEBI (LODR) Regulations, 2015
4. Statement of Impact on Audit Qualification pursuant to SEBI Circular No.CIR/CFD/CMD/56/2016 dated 27<sup>th</sup> May, 2016.

This is for your information and necessary records.

Yours faithfully

For KERNEX MICROSYSTEMS (INDIA) LIMITED

  
M B NARAYANA RAJU  
DIRECTOR  
DIN No.07993925

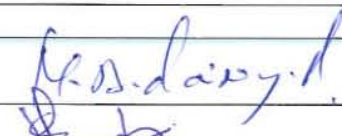
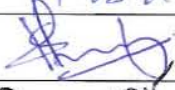
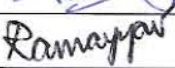


  
PRASADA RAO KALLURI  
COMPANY SECRETARY



**ANNEXURE – I**

**Statement of Impact of Audit Qualifications (for audit report with modified opinion) submitted along with Annual Audited Financial Results – (Standalone Financials)**

(Rs In Lakhs)

<b>I</b>	<b>S No</b>	<b>Particulars</b>	<b>Audited Figures (as reported before adjusting for qualifications)</b>	<b>Audited Figures (as reported after adjusting for qualifications)</b>
	1	Turnover/Total Income	3,288.44	3,288.44
	2	Total Expenditure	2,482.37	3,082.37
	3	Net Profit/(Loss)	806.07	206.07
	4	Earnings Per Share	6.45	1.65
	5	Total Assets	8,438.76	7,838.76
	6	Total Liabilities	8,438.76	7,838.76
	7	Net Worth	6,962.46	6,362.46
	8	Any other financial item(s) (as felt appropriate by the management)	-	-
<b>II</b>	<b>Audit Qualification (each audit qualification separately):</b>			
	a. <b>Details of Audit Qualification:</b>			
	i) Recoverability of Other Financial Assets under Non-current Assets in absence of Confirmations			
	b. <b>Type of Audit Qualification:</b> Qualified Opinion			
	c. <b>Frequency of qualification:</b>			
	i) Recoverability of Other Financial Assets under Non-current Assets in absence of Confirmations – appeared second time.			
	d. For Audit Qualification(s) where the impact is quantified by the Auditor, Management's views: The Company is confident of recovering these amounts.			
	e. For Audit Qualification(s) where the impact is not quantified by the Auditor:			
	i) Management's estimation on the impact of audit qualification:			
	ii) If Management is unable to estimate the impact, reasons for the same:			
	iii) Auditors' Comments on (i) or (ii) above:			
<b>III</b>	<b>Signatories:</b>			
	• Whole Time Director			
	• Chief Executive Officer			
	• Chief Finance Officer			
	• Audit Committee Chairman			
	• Statutory Auditor			
	<b>Place:</b> Hyderabad			
	<b>Date:</b> 30-July-2020			



# KERNEX MICROSYSTEMS (INDIA) LTD.

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Maheswaram (M), R.R. (Dist.),  
Hyderabad - 501 510. Telangana. India.

KERNEX MICROSYSTEMS (INDIA) LIMITED

Audited STANDALONE Statement of financial results for the quarter and year ended 31st Mar, 2020

Amt in Rs

Particulars	Quarter ended			Year ended	
	31-Mar-20	31-Dec-19	31-Mar-19	31-Mar-20	31-Mar-19
	Audited	Unaudited	Audited	Audited	Audited
Revenue from operations	64,59,247	1,15,37,358	3,14,83,066	14,62,03,684	7,47,37,993
Other Income	1,41,09,688	15,81,97,054	35,79,278	18,26,41,078	20,72,81,075
<b>Total income</b>	<b>2,05,68,935</b>	<b>16,97,34,411</b>	<b>3,50,62,344</b>	<b>32,88,44,762</b>	<b>28,20,19,067</b>
<b>Expenses</b>					
Cost of materials consumed	80,62,444	12,55,595	3,04,92,321	8,81,65,720	5,23,67,740
Purchases of stock in trade	-	-	-	-	12,25,000
Changes in inventories of finished goods, work in progress and stock in trade	(16,00,540)	23,54,712	(45,90,099)	1,21,65,564	(90,25,913)
Employee benefit expense	1,17,45,377	1,14,72,508	1,08,25,482	4,40,47,051	4,50,02,812
Finance cost	14,60,042	23,39,948	38,49,448	1,27,71,581	2,28,78,222
Depreciation and amortization expense	41,16,688	44,45,770	59,13,582	1,73,08,015	2,10,32,846
Other expenses	2,96,80,841	1,15,24,572	39,22,889	7,41,18,670	9,64,72,518
<b>Total expenses</b>	<b>5,34,64,851</b>	<b>3,33,93,104</b>	<b>5,04,13,622</b>	<b>24,85,76,601</b>	<b>22,99,53,225</b>
<b>Profit/(loss) before extraordinary, exceptional items and tax</b>	<b>(3,28,95,916)</b>	<b>13,63,41,307</b>	<b>(1,53,51,278)</b>	<b>8,02,68,161</b>	<b>5,20,65,843</b>
<b>Extraordinary items</b>	-	-	-	-	-
<b>Exceptional items</b>	-	-	(4,83,41,384)	-	(26,12,51,476)
<b>Profit/(loss) before tax</b>	<b>(3,28,95,916)</b>	<b>13,63,41,307</b>	<b>(6,36,92,663)</b>	<b>8,02,68,161</b>	<b>(20,91,85,634)</b>
<b>Tax expense</b>					
(i) Current tax	-	-	-	-	-
(ii) Previous years tax	-	-	-	-	29,19,699
(ii) Deferred tax	31,42,292	(11,55,900)	(31,66,961)	(3,39,256)	(53,78,641)
<b>Net profit/(loss) for the period/year</b>	<b>(3,60,38,208)</b>	<b>13,74,97,207</b>	<b>(6,05,25,702)</b>	<b>8,06,07,417</b>	<b>(20,67,26,691)</b>
<b>Other comprehensive income</b>					
A (i) Items that will not be reclassified to Statement of Profit and loss	(27,053)	-	(1,52,330)	(27,053)	(1,52,330)
(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>(3,60,65,261)</b>	<b>13,74,97,207</b>	<b>(6,06,78,032)</b>	<b>8,05,80,364</b>	<b>(20,68,79,021)</b>
<b>Earnings per equity share (EPS)</b>					
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
Basic and Diluted Earnings per share of Rs.10/- each (not annualised) Rs.	(2.88)	11.00	(4.84)	6.45	(16.54)

M. D. Laxmy





**Notes:-**

1. The above 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 30<sup>th</sup> Jul, 2020. These results are as per 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 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 **30<sup>th</sup> July, 2020**

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



*M. Badari Narayana Raju*  
**M. Badari Narayana Raju**  
**Whole Time Director**  
**DIN - 07993925**





**KERNEX MICROSYSTEMS (INDIA) LIMITED**  
Audited STANDALONE Statement of Assets and Liabilities as at 31st Mar, 2020

Particulars	Amt in Rs	
	As at 31-Mar-20 Audited	As at 31-Mar-19 Audited
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, Plant and Equipment	32,57,32,414	42,64,69,900
Capital work-in-progress	2,50,634	-
Intangible assets	3,04,354	1,45,278
Financial assets		
Investments	10,97,21,223	1,18,30,950
Other financial assets	9,05,77,078	6,17,29,006
Deffered tax assets (net)	-	-
Other Non-current assets	2,34,82,947	2,06,30,650
<b>Total non-current assets</b>	<b>55,00,68,650</b>	<b>52,08,05,784</b>
<b>Current assets</b>		
Inventories	1,28,21,823	2,49,49,999
Financial assets	-	-
Trade receivables	12,87,00,215	15,23,88,587
Cash and cash equivalents	46,01,955	49,71,138
Other bank balances	12,36,31,130	6,91,79,462
Other financial assets	16,76,266	25,46,352
Other current assets	2,23,76,743	5,68,28,863
<b>Total current assets</b>	<b>29,38,08,131</b>	<b>31,08,64,404</b>
<b>TOTAL ASSETS</b>	<b>84,38,76,781</b>	<b>83,16,70,188</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Equity Share capital	12,49,96,550	12,49,96,550
Other equity	57,12,50,355	49,06,82,192
<b>Total Equity</b>	<b>69,62,46,905</b>	<b>61,56,78,742</b>
<b>Liabilities</b>		
<b>Non-current liabilities</b>		
Financial liabilities		
Borrowings	-	1,93,681
Provisions	-	-
Deferred tax liabilities	35,41,524	38,80,780
Other Non-current liabilities	2,99,46,507	18,851
<b>Total Non-current liabilities</b>	<b>3,34,88,031</b>	<b>40,93,312</b>
<b>Current liabilities</b>		
Financial liabilities		
Borrowings	5,47,00,055	13,37,90,753
Trade Payables	55,68,771	23,94,675
Other financial liabilities	4,39,222	10,36,988
Other current liabilities	5,34,33,797	7,46,75,718
Provisions	-	-
<b>Total current liabilities</b>	<b>11,41,41,845</b>	<b>21,18,98,134</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>84,38,76,781</b>	<b>83,16,70,188</b>

*M. D. Davay*





**KERNEX MICROSYSTEMS (INDIA) LIMITED**  
**Audited STANDALONE Statement of Cash Flows for the year ended 31st Mar, 20**

Particulars	31-Mar-20	31-Mar-19
<b>Cash flows from operating activities</b>		
Profit / (Loss) before tax	8,02,68,161	(20,91,85,634)
<b>Adjustments to reconcile net loss to net cash provided by operating activities</b>		
Depreciation and amortisation	1,73,08,015	2,10,32,840
Foreign Currency translation gain / (loss)	7,93,674	(51,21,724)
Written off / Provision for obsolete stock	-	4,43,64,135
Sundry balances written off	-	24,09,930
Provision for Doubtful Advances	34,89,533	59,96,062
Provision for expected credit loss	7,39,308	20,05,84,298
Provision for slow/non moving stocks	-	2,48,80,166
Liabilities no longer required written off	(79,06,972)	(22,15,467)
(Profit) / Loss on sale of Fixed assets	(15,41,41,629)	(19,43,26,700)
Expenses for sale of land		
Finance costs	1,27,71,581	2,28,78,222
Interest income	(78,81,374)	(47,40,022)
Other non operating income	(2,54,398)	(6,78,333)
<b>Changes in assets and liabilities</b>		
Trade receivables	2,36,34,006	1,22,89,437
Inventories	1,21,28,176	(86,04,012)
Other assets	71,11,370	(1,61,89,116)
Trade payables	31,74,096	(59,53,584)
Other liabilities	(7,15,92,693)	(13,80,77,229)
<b>Net cash flow from operating activities (A)</b>	<b>(8,03,59,145)</b>	<b>(22,56,56,729)</b>
<b>Cash flows from investing activities</b>		
Sale of Fixed Assets	23,82,89,375	28,26,62,500
Purchase of property, plant and equipment	(11,27,982)	(5,38,108)
Investments in 100% WOS	(6,77,46,875)	-
Investments in JV	(3,01,43,398)	-
Expenses for sale of land	-	-
Interest income	78,81,374	47,40,022
<b>Net cash flow used in investing activities (B)</b>	<b>14,71,52,494</b>	<b>26,18,64,413</b>
<b>Cash flow from financing activities</b>		
Proceeds from issuance of equity share capital	-	-
Other non-current liabilities	(1,93,681)	(3,96,931)
Other non operating income	2,54,398	6,78,333
Finance costs	(1,27,71,581)	(2,28,78,222)
<b>Net cash flow (used in)/from financing activities (C)</b>	<b>(1,27,10,864)</b>	<b>(2,25,96,821)</b>
<b>Net increase in cash and cash equivalents (A+B+C)</b>	<b>5,40,82,485</b>	<b>1,36,10,864</b>
Cash and Bank Balances at the beginning of the year	7,41,50,600	6,05,39,736
<b>Cash and cash equivalents at the end of the year</b>	<b>12,82,33,085</b>	<b>7,41,50,600</b>

M. S. D. S. S. S.





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

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

**Report on the Audit of the Standalone Financial Results**

**Qualified Opinion**

We have audited the accompanying Statement of Audited Standalone Financial Results of KERNEX MICRO SYSTEMS (INDIA) LIMITED ("the Company") for the quarter and year ended 31<sup>st</sup> March 2020 ("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').

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matter described in the Basis for Qualified Opinion Section of our report, the statement

- a) Is presented in accordance with the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as modified by Circular No. CIR/CFD/FAC/62/2016 dated July, 5, 2016; and
- b) Gives a true and fair view in conformity with the applicable accounting standards and other accounting principles generally accepted in India of the standalone net profit and other comprehensive income and other financial information of the Company for the quarter and year ended 31<sup>st</sup> March, 2020.

**Basis for Qualified Opinion**

*As detailed in note 7 to the financial results, other financial assets amounting to Rs. 6.00 crores which has been outstanding for more than 3 years has been subject to balance confirmation from the respective party/(s). According to the information and explanations given to us, the company is taking steps for 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 31<sup>st</sup> March 2020 or any adjustments//impairment required to and the consequent impact if any, on the financial results.*

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Results section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules there under, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



### **Responsibilities of Management for the Standalone Financial Results**

The statement, which is the responsibility of the Company's Management and approved by the Board of Directors, has been compiled from the related standalone financial statements which has been prepared in accordance with the applicable accounting standards prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued there under and other accounting principles generally accepted in India and in compliance with Regulation 33 of the Listing Regulations. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Statements, Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of Directors are also responsible for overseeing the company's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Standalone Financial Results**

Our objectives are to obtain reasonable assurance about whether the Statement as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Statement..

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- a) Identify and assess the risks of material misstatement of the Statement, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.





- d) Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial results or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- e) Evaluate the overall presentation, structure and content of the Statement, including the disclosures, and whether the Statement represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

**Other Matter**

The Statement includes the results for the Quarter ended 31<sup>st</sup> March 2020 being the balancing figure between audited figures in respect of the full financial year and the published year to date figures up to the third quarter of the current financial year which were subject to limited review by us, as required under the Listing Regulations.

**For PRSV & Co. LLP**

Chartered Accountants

Firm's Registration No. S200016



**Y. Venkateswarlu**

Partner

Membership No. 222068



Place: **Hyderabad**

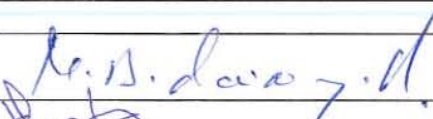

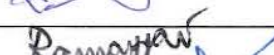
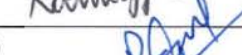
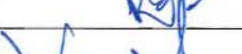
Date: **30<sup>th</sup> Jul, 2020**

**UDIN: 20222068AAAACA8705**

**ANNEXURE – I**

**Statement of Impact of Audit Qualifications (for audit report with modified opinion) submitted along with Annual Audited Financial Results – (Consolidated Financials)**

(Rs In Lakhs)

I	S No	Particulars	Audited Figures (as reported before adjusting for qualifications)	Audited Figures (as reported after adjusting for qualifications)
	1	Turnover/Total Income	3,309.56	3,309.56
	2	Total Expenditure	2,973.10	2,373.10
	3	Net Profit/(Loss)	343.85	(256.15)
	4	Earnings Per Share	2.75	(2.05)
	5	Total Assets	7,891.70	7,291.70
	6	Total Liabilities	7,891.70	7,291.70
	7	Net Worth	5,897.70	5,297.70
	8	Any other financial item(s) (as felt appropriate by the management)	-	-
II	<b>Audit Qualification (each audit qualification separately):</b>			
	<b>a. Details of Audit Qualification:</b>			
	i) Recoverability of Other Financial Assets under Non-current Assets in absence of Confirmations			
	ii) <b>Type of Audit Qualification:</b> Qualified Opinion			
	<b>b) Frequency of qualification:</b>			
	i) Recoverability of Other Financial Assets under Non-current Assets in absence of Confirmations – appeared second time.			
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	iv) Management's estimation on the impact of audit qualification:			
	v) If Management is unable to estimate the impact, reasons for the same:			
	vi) Auditors' Comments on (i) or (ii) above:			
III	<b>Signatories:</b>			
	• Whole Time Director			
	• Chief Executive Officer			
	• Chief Finance Officer			
	• Audit Committee Chairman			
	• Statutory Auditor			
	Place: Hyderabad			
	Date: 30-July-2020			



# KERNEX MICROSYSTEMS (INDIA) LTD.

(An ISO 9001:2015 Certified Company)

CIN: L30007TG1991PLC013211

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Audited CONSOLIDATED Statement of financial results for the quarter and year ended 31st Mar, 2020



## Registered Office :

'TECHNOPOLIS', Plot No. 38(Part) to 41,  
Hardware Technology Park,  
TSIIC Layout, Imarath Kanch, Raviryal (V),  
Maheswaram (M), R.R. (Dist.),  
Hyderabad - 501 510. Telangana, India.

Particulars	Quarter ended			Year ended	
	31-Mar-20	31-Dec-19	31-Mar-19	31-Mar-20	31-Mar-19
	Audited	Unaudited	Audited	Audited	Audited
Revenue from operations	64,59,247	1,15,37,358	3,14,83,066	14,88,12,096	8,13,61,446
Other Income	1,43,51,637	15,81,97,781	35,79,278	18,21,44,450	20,72,81,123
<b>Total income</b>	<b>2,08,10,884</b>	<b>16,97,35,138</b>	<b>3,50,62,344</b>	<b>33,09,56,546</b>	<b>28,86,42,570</b>
<b>Expenses</b>					
Cost of materials consumed	80,62,444	12,55,595	3,04,92,321	9,06,34,248	5,49,49,168
Purchases of stock in trade	-	-	-	-	12,25,000
Changes in inventories of finished goods, work in progress and stock in trade	(16,00,540)	23,54,712	(45,90,099)	1,21,65,564	(90,25,913)
Employee benefit expense	1,17,48,544	1,14,72,508	1,08,25,482	4,44,99,491	4,91,69,232
Finance cost	4,69,91,092	23,39,948	38,49,448	5,83,02,631	2,29,03,429
Depreciation and amortization expense	41,18,837	44,47,802	59,13,582	1,73,16,185	2,10,32,846
Other expenses	2,96,91,833	1,19,24,382	39,22,889	7,47,31,747	14,42,10,861
<b>Total expenses</b>	<b>9,90,12,209</b>	<b>3,37,94,947</b>	<b>5,04,13,622</b>	<b>29,76,49,865</b>	<b>28,44,64,622</b>
<b>Profit/(loss) before extraordinary, exceptional items and tax</b>	<b>(7,82,01,326)</b>	<b>13,59,40,192</b>	<b>(1,53,51,278)</b>	<b>3,33,06,681</b>	<b>41,77,947</b>
Extraordinary items	-	-	-	-	-
Exceptional items	-	-	(4,77,32,474)	7,39,308	(21,99,35,611)
<b>Profit/(loss) before tax</b>	<b>(7,82,01,326)</b>	<b>13,59,40,192</b>	<b>(6,30,83,753)</b>	<b>3,40,45,989</b>	<b>(21,57,57,664)</b>
Tax expense					
(i) Current tax	-	-	-	-	-
(ii) Previous years tax	-	-	-	-	29,19,699
(ii) Deferred tax	31,42,292	(11,55,900)	(31,66,961)	(3,39,256)	(53,78,641)
<b>Net profit/(loss) for the period/year</b>	<b>(8,13,43,618)</b>	<b>13,70,96,092</b>	<b>(5,99,16,792)</b>	<b>3,43,85,245</b>	<b>(21,32,98,721)</b>
<b>Other comprehensive income</b>					
A (i) Items that will not be reclassified to Statement of Profit and loss	-27,053	-	(1,52,330)	(27,053)	(1,52,330)
(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	-1,34,791	-	-	(1,34,791)	-
(ii) Income tax relating to items that will be reclassified to Statement of Profit and loss	-	-	-	-	-
<b>Total comprehensive Income</b>	<b>(8,15,05,462)</b>	<b>13,70,96,092</b>	<b>(6,00,69,122)</b>	<b>3,42,23,401</b>	<b>(21,34,51,051)</b>
Attributable to					
Shareholders of the Company	(8,15,35,886)			3,41,92,977	
Non controlling interest	30,424			30,424	
<b>Earnings per equity share (EPS)</b>					
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
Basic and Diluted Earnings per share of Rs.10/- each (not annualised) Rs.	(6.51)	10.97	(4.79)	2.75	(17.06)



M. D. Lakshmi





**Notes:-**

1. The above 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 30<sup>th</sup> Jul, 2020. These results are as per 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 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. The Consolidated financial results includes the results of
  - a. Avant-Garde Infosystems Inc, USA, Wholly Owned Subsidiary of the Company and
  - b. Kernex TCAS JV, Joint venture where the control being exercised by the Company
5. The financial results of the WOS and other financial information have been compiled by a CPA on Cash Basis in accordance with accounting principles generally accepted in USA. The Company's management has converted the financial results of WOS from cash basis to accrual basis in accordance with the accounting principles generally accepted in India by incorporating amounts approved by the Board.
6. Figures for the previous periods have been regrouped/rearranged, wherever considered necessary.

Place **Hyderabad**

Date **30<sup>th</sup> Jul, 2020**

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



*M. Badari Narayana Raju*  
**M Badari Narayana Raju**  
Whole Time Director  
DIN - 07993925



**KERNEX MICROSYSTEMS (INDIA) LIMITED**  
**Audited CONSOLIDATED Statement of Assets and Liabilities as at 31st Mar, 2020**

Particulars	Amt in Rs	
	As at 31-Mar-20 Audited	As at 31-Mar-19 Audited
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, Plant and Equipment	32,57,32,414	42,64,69,900
Capital work-in-progress	2,50,634	
Intangible assets	3,04,354	1,45,278
Financial assets		
Investments		
Other financial assets	9,05,77,078	6,17,29,006
Deffered tax assets (net)	-	
Other Non-current assets	2,35,14,079	2,06,30,650
<b>Total non-current assets</b>	<b>44,03,78,559</b>	<b>50,89,74,834</b>
<b>Current assets</b>		
Inventories	1,28,21,823	2,49,49,999
Financial assets		
Trade receivables	12,87,00,215	13,90,03,536
Cash and cash equivalents	49,66,814	55,38,942
Other bank balances	14,40,33,206	6,91,79,462
Other financial assets	16,76,266	25,46,352
Other current assets	5,65,93,517	9,12,87,467
<b>Total current assets</b>	<b>34,87,91,840</b>	<b>33,25,05,759</b>
<b>TOTAL ASSETS</b>	<b>78,91,70,402</b>	<b>84,14,80,596</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Equity Share capital	12,49,96,550	12,49,96,550
Other equity	46,47,43,318	43,16,65,196
<b>Equity attributable to Shareholders of the Company</b>	<b>58,97,39,868</b>	<b>55,66,61,746</b>
Non-controlling interests	30,424	
<b>Total Equity</b>	<b>58,97,70,292</b>	<b>55,66,61,746</b>
<b>Liabilities</b>		
<b>Non-current liabilities</b>		
Financial liabilities		
Borrowings	-	1,93,681
Provisions	-	-
Deferred tax liabilities	35,41,524	38,80,780
Other Non-current liabilities	2,99,46,507	18,851
<b>Total Non-current liabilities</b>	<b>3,34,88,031</b>	<b>40,93,312</b>
<b>Current liabilities</b>		
Financial liabilities		
Borrowings	10,64,70,286	20,46,19,993
Trade Payables	55,68,771	23,94,675
Other financial liabilities	4,39,222	10,36,988
Other current liabilities	5,34,33,797	7,26,73,883
Provisions	-	-
<b>Total current liabilities</b>	<b>16,59,12,076</b>	<b>28,07,25,539</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>78,91,70,399</b>	<b>84,14,80,597</b>

M. B. D. S. S. S.







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

**TO**

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

**Report on the Audit of the Consolidated Financial Results**

**Qualified Opinion**

We have audited the accompanying statement of audited consolidated financial results of KERNEX MICROSYSTEMS (INDIA) LIMITED ("the Holding Company) its subsidiary entity and Joint venture for the quarter and year ended 31<sup>st</sup> March, 2020 ("the statement"), being submitted by the Holding 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').

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matter described in the Basis for Qualified Opinion Section of our report and based on the consideration of the reports of the other auditor on separate audited financial results/financial information of the subsidiary and joint venture, the Statement

- a) includes the results of (i) Avant-Garde Infosystems Inc, USA, Wholly owned Subsidiary and (ii) Kernex TCAS JV, Joint venture with control being exercised by the Company
- b) is presented in accordance with 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'); and
- c) gives a true and fair view in conformity with the applicable accounting standards and other accounting principles generally accepted in India of the consolidated net profit and other comprehensive income and other financial information of the Company for the quarter and year ended 31<sup>st</sup> March, 2020.

**Basis for Qualified Opinion**

*As detailed in note 7 to the financial results, other financial assets amounting to Rs. 6.00 crores which has been outstanding for more than 3 years has been subject to balance confirmation from the respective party/(s). According to the information and explanations given to us, the company is taking steps for 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 31<sup>st</sup> March 2020 or any adjustments//impairment required to and the consequent impact if any, on the financial results.*



We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Results section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules there under, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence obtained by us and other auditors in terms of their reports referred to in "Other Matter" paragraph below is sufficient and appropriate to provide a basis for our opinion.

### **Responsibilities of Management for the Consolidated Financial Statements**

The statement, which is the responsibility of the Company's Management and approved by the Board of Directors, has been compiled from the related consolidated financial statements which has been prepared in accordance with the applicable accounting standards prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued there under and other accounting principles generally accepted in India and in compliance with Regulation 33 of the Listing Regulations. The respective Board of Directors of the companies included in the group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Statement that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the Statement by the Directors of the Holding Company, as aforesaid.

In preparing the Statement, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the respective Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group are also responsible for overseeing the financial reporting process of the Group.

### **Auditor's Responsibilities for the Audit of the Consolidated Financial Results**

Our objectives are to obtain reasonable assurance about whether the statement as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the statement.





As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- a) Identify and assess the risks of material misstatement of the statement, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- d) Perform procedures in accordance with the circular issued by SEBI under regulation 33(8) of the Listing Regulations to the extent applicable.
- e) Obtain sufficient appropriate audit evidence regarding the financial results/financial information of the entities within the Group of which we are the independent auditors and whose financial information we have audited, to express an opinion on the Statement. We are responsible for the direction, supervision, and performance of the audit of the financial information of such entities included in the Statement, which has been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.
- f) Evaluate the overall presentation, structure and content of the statement, including the disclosures, and whether the statement represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance of the Holding Company and such other entities included in the Statement of which we are independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

#### **Other Matter**

We did not audit the financial statements/financial information of wholly owned subsidiary included in the consolidated financial results, whose unaudited financial statements/financial information reflects



total assets of Rs. 2,47,19,322.42 as at 31<sup>st</sup> March 2020, total revenues of Rs. 308.43 and Rs. 26,08,411.91 for the quarter and year ended 31<sup>st</sup> March 2020 respectively and total loss after tax and other comprehensive income of Rs. 4,55,92,321.18 and Rs. 465,09,083.38 respectively as considered in the consolidated financial results. These financial statements/financial information are unaudited and compiled by Certified Public Accountant (“CPA”) in USA whose report has 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 subsidiary, is based solely on the reports of the other auditors.

The wholly owned subsidiary is located outside India whose financial results and other financial information have been compiled by a CPA in accordance with accounting principles generally accepted in that country. The Holding Company’s management has converted the financial results of wholly owned subsidiary located outside India from accounting principles generally accepted in that country to accounting principles generally accepted in India. Our opinion in so far as it relates to the balances and affairs of such subsidiary located outside India is based on the report of the Certified Public Accountant and conversion adjustments prepared by the management of the Holding Company.

We did not audit the financial statements/financial information of Joint Venture included in the consolidated financial results, whose unaudited financial statements/financial information reflects total assets of Rs. 1,52,120.12 as at 31<sup>st</sup> March 2020, total revenues of Rs 2,41,640.00 and Rs. 2,41,640.00 for the quarter and year ended 31<sup>st</sup> March 2020 respectively and total profit after tax and other comprehensive income of Rs. 2,02,054.12 and Rs. 1,52,120.12 respectively as considered in the consolidated financial results. These financial statements/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.

The Statement includes the results for the Quarter ended 31<sup>st</sup> March 2020 being the balancing figure between audited figures in respect of the full financial year and the published year to date figures up to the third quarter of the current financial year which were subject to limited review by us, as required under the Listing Regulations.

**For PRSV & Co. LLP**  
Chartered Accountants  
Firm’s Registration No. S200016

  
**Y. Venkateswarlu**  
Partner  
Membership No. 222068



Place: **Hyderabad**  
Date: **30<sup>th</sup> Jul, 2020**

**UDIN: 20222068AAAACB1388**