



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,
TSIC Layout, Imarath Kanch, Raviryal (V),
Maheswaram (M), R.R. (Dist.),
Hyderabad - 500 005. Telangana. India.

KMIL/SE/Q2/2017-2018

20th November'17.

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

Sub:- Outcome of Board Meeting.

Sir / Madam,

At the meeting held today the Board *inter alia*:

- i. Approved the Statement of Un-audited Financial Results (Standalone) and Statement of Assets and Liabilities (Standalone) of the Company for the Second Quarter (Q-2) and Half Year (H-1) ended 30th September 2017, duly reviewed by the Audit Committee of the Company;
- ii. In accordance with Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 [Listing Regulations], the Statement of Unaudited Financial Results (Standalone) and Statement of Assets and Liabilities (Standalone) of the Company for the Second Quarter (Q-2) and Half Year (H-1) ended 30th September 2017 together with the Limited Review Certificate of the Statutory Auditors are enclosed herewith.
- ii. Appointment of Sri.M B Narayana Raju as Whole Time Director
- iii. Appointment of Ms.Sree Lakshmi Manthena as Woman Director

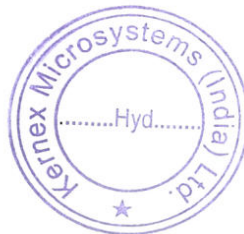
The meeting of the Board of Directors commenced at 11.00 A.M. IST and ended on 17.00 hrs IST.

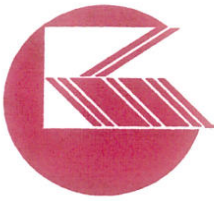
Kindly take the above information on record and acknowledge.

Thanking you,
Yours faithfully

For **KERNEX MICROSYSTEMS (INDIA) LIMITED**

Ramayya
RAMAYYA VUTUKURI
CFO





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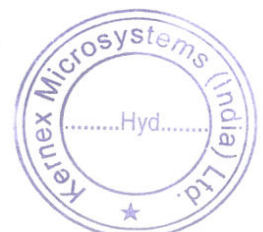
KERNEX MICROSYSTEMS (INDIA) LIMITED

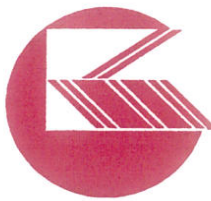
Statement of Unaudited Standalone Financial Results for the Quarter and Half year Ended 30 September 2017

All amounts in Indian Rupees

S.No	Particulars	Quarter ended			Half year ended	
		30.09.17	30.06.17	30.09.16	30.09.17	30.09.16
		Unaudited	Unaudited	Unaudited	Unaudited	Unaudited
1	Revenue from operations	1,88,26,993	3,22,22,669	51,12,013	5,10,49,662	2,15,28,719
2	Other Income	21,54,468	12,37,190	24,52,283	33,91,658	48,22,442
	Total income (1+2)	2,09,81,460	3,34,59,859	75,64,296	5,44,41,319	2,63,51,161
3	Expenses					
	Cost of materials consumed	12,75,042	13,62,904	96,89,624	26,37,946	1,07,65,415
	Purchases of stock in trade	-	-	-	-	-
	Changes in inventories of finished goods, Stock in trade and work in progress	-	-	-	-	49,74,750
	Employee benefit expense	1,19,48,649	1,23,87,971	1,55,11,354	2,43,36,620	2,74,14,450
	Finance cost	52,29,448	1,52,40,807	84,75,178	2,04,70,254	1,97,65,344
	Depreciation and amortization expense	55,69,836	55,75,491	66,05,768	1,11,45,327	1,32,92,348
	Other expenses	2,68,71,581	2,19,41,899	1,45,75,233	4,88,13,480	2,87,32,405
	Total expenses	5,08,94,555	5,65,09,072	5,48,57,157	10,74,03,627	10,49,44,712
4	Profit/(loss) before tax (1+2-3)	(2,99,13,095)	(2,30,49,213)	(4,72,92,861)	(5,29,62,308)	(7,85,93,551)
5	Tax expense					
	(i) Current tax	0	0	0	-	-
	(ii) Deferred tax	(10,21,652)	(8,07,141)	4,36,611	(18,28,793)	4,36,611
6	Net profit/(loss) for the period/year(4-5)	(2,88,91,443)	(2,22,42,072)	(4,77,29,472)	(5,11,33,515)	(7,90,30,162)
7	Other comprehensive income					
	A (i) Items that will not be reclassified to profit or loss	-	-	-	-	-
	(ii) Income tax relating to items that will not be reclassified to profit or loss	-	-	-	-	-
	B (i) Items that will be reclassified to profit or loss	-	-	-	-	-
	(ii) Income tax relating to items that will be reclassified to profit or loss	-	-	-	-	-
	Total other comprehensive Income	-	-	-	-	-
8	Total comprehensive Income (6+7)	(2,88,91,443)	(2,22,42,072)	(4,77,29,472)	(5,11,33,515)	(7,90,30,162)
9	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
10	Earnings per equity share (EPS)					
	Basic and Diluted Earnings per share of Rs.10/- each (not annualised) Rs.	-2.31	-1.78	-3.82	-4.09	-6.32

Ramayari





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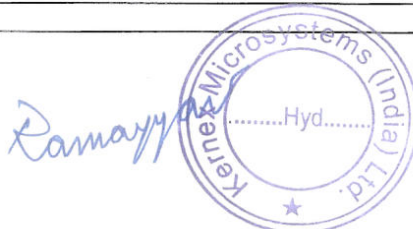


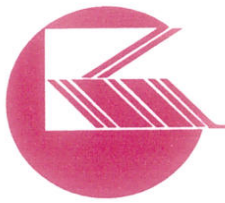
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KERNEX MICROSYSTEMS (INDIA) LIMITED Statement of Assets and Liabilities as at 30th September 2017

All amounts in Indian Rupees

S.No.	Particulars	As at 30.09.17
A	ASSETS	
1	Non-current assets	
	Property, Plant and Equipment	54,59,23,984
	Other Intangible assets	10,82,118
	Financial assets	
	i. Investments	1,18,30,950
	ii. Other financial assets	6,29,94,944
	Other non current assets	5,94,76,847
	Total non-current assets	68,13,08,843
2	Current assets	
	Inventories	9,54,74,948
	Financial assets	
	i. Trade receivables	35,02,90,743
	ii. Cash and cash equivalents	1,60,53,917
	iii. Bank balances other than above	4,85,36,242
	iv. Loans	
	v. Other financial assets	27,71,298
	Other current assets	6,50,13,196
	Total current assets	57,81,40,344
	TOTAL ASSETS	1,25,94,49,187
B	EQUITY AND LIABILITIES	
1	Equity	
	i. Equity Share Capital	12,49,96,550
	ii. Other Equity	79,20,09,695
	Total Equity	91,70,06,245
2	Liabilities	
	Non-current liabilities	
	Financial liabilities	
	i. Borrowings	9,65,525
	Deferred tax liabilities	1,30,71,778
	Other non-current liabilities	5,31,99,999
	Total Non-current liabilities	6,72,37,302
3	Current liabilities	
	Financial liabilities	
	i. Borrowings	18,50,27,430
	ii. Trade Payables	4,24,68,180
	iii. Other financial liabilities	6,87,193
	Other current liabilities	4,70,22,837
	Total current liabilities	27,52,05,640
	TOTAL EQUITY AND LIABILITIES	1,25,94,49,187





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Notes:

- The above Unaudited Financial Results were reviewed by the Audit Committee and taken on record by the Board of Directors in their meeting held on 20/11/2017. The Statutory Auditors have carried out a limited review of the above Financial Results.
- Number of Investor complaints left unresolved at the beginning of the quarter Nil, received during the quarter- 1 Disposed off during the quarter- 1 and pending - Nil.
- The Company operates in one reportable segment i.e. Safety systems for Railways and hence segment reporting as per AS-17 is not applicable.
- The Company adopted Indian Accounting Standards ("Ind AS") from April 1, 2017 with transition date of April 1, 2016 and accordingly this financials results have been prepared in accordance with recognition and measurement principles laid down in the Ind AS 34, Interim Financial Reporting prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued there under and other accounting principles generally accepted in India.
- The Ind AS compliant financial results for the quarter and half year ended 30th Sep 2016 have not been subject to limited review or Audit. However, the management has exercised necessary due diligence to ensure that such financial results provide a true and fair view of its affairs.
- The company has opted to avail the relaxation provided by SEBI with respect to the requirements for submission of Ind AS compliant financial results for the previous year ended March 31, 2017 and balance sheet as at March 31, 2017 accordingly the figures for the financial results for the previous year ended March 31, 2017 and balance sheet as at March 31, 2017 have not been presented.
- As per Regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 the company has opted to publish quarterly unaudited standalone results and to publish consolidated results at the year end.
- The reconciliation of net profit or loss reported in accordance with Indian GAAP to total comprehensive Income in accordance with Ind-AS is given below :

(In Lakhs)

Description	Quarter ended 30 th Sep, 16 (Unaudited)	Half Year ended 30 th Sep, 16 (Unaudited)
Net Profit / (Loss) as per previous GAAP (Indian GAAP)	(459.19)	(739.15)
IND AS adjustments : Add / (Less)		
Reversal of effect of fair valuation of financial asset at amortized cost recognized in Q1	7.98	-
Reversal of expected credit loss on Trade Receivables provided in Q1	26.07	51.16
Net Profit / (Loss) as per Ind AS	(477.29)	(790.30)

This reconciliation statement has been provided in accordance with circular CIR/CFD/FAC/62/2016 issued by SEBI dated 5th Jul, 2016 on account of implementation of Ind-AS by listed companies.

- As approved by the Board, a suitable provision has been provided for the obsolete stock of Radio modems purchased for ACD project.
- In view of dispute with Konkan Railway Corporation Limited (KRCL), the company has filed arbitration in respect of dues amounting to Rs.16.79 crores and has been following up on the case. The company has not made any provision in the books of accounts which may dilute the chances of recovery of these receivables. Provision in the books of accounts will be provided at the time of finalisation of matters.
- Post the applicability of Goods and Service Tax (GST) with effect from July 1, 2017, Revenue from Operations is disclosed net of GST. Accordingly, the revenue from operations for the quarter and six months ended September 30, 2017 are not comparable with the previous periods presented in the results.
- Figures for the previous Periods have been regrouped/rearranged, wherever considered necessary.

Place Hyderabad
Date 20/11/2017

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

Ramayya

RAMAYYA VUTUKURI
Chief Financial Officer





INDEPENDENT AUDITOR'S REVIEW REPORT ON REVIEW OF INTERIM FINANCIAL RESULTS

**TO THE BOARD OF DIRECTORS OF
KERNEX MICROSYSTEMS (INDIA) LIMITED**

1. We have reviewed the accompanying Statement of Standalone Unaudited Financial Results of **KERNEX MICROSYSTEMS (INDIA) LIMITED** for the quarter and half year ended 30 September 2017 and the Standalone Unaudited Balance Sheet as at 30 September 2017 ("the statement"), being submitted by the company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 as modified by Circular No.CIR/CFD/FAC/62/2016 dated July 5, 2016.

This Statement, which is the responsibility of the Company's Management and approved by the Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in the Indian Accounting Standard 34 "Interim Financial Reporting" ("Ind AS 34"), prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued there under and other accounting principles generally accepted in India. Our responsibility is to issue a report on the Statement based on our review.

As stated in Note 5 of the statement, we have not performed a review of the figures relating to the corresponding quarter and half year ended September 30, 2016, including the reconciliation of the net loss for the quarter and half year ended September 30, 2016 between the previous GAAP and the Indian Accounting Standards ("Ind AS").

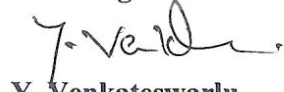
2. We conducted our review of the statement in accordance with the Standards on Review Engagements (SRE) 2410 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity', issued by the Institute of Chartered Accountants of India. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the statement is free from material misstatement. A review is Limited primarily to inquiries of the Company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and, accordingly we do not express an audit opinion.
3. Based on our review conducted as stated above, nothing has come to our attention that causes us to believe that the accompanying statement, prepared in accordance with the aforesaid Indian Accounting Standards prescribed under section 133 of the Companies Act, 2013 read with rule 7 of the Companies (Accounts) Rules, 2014 and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015, as modified by Circular No. CIR/CFD/FAC/62/2016 dated July 5, 2016, including the manner in which it is to be disclosed, or that it contains any material misstatements.



4. We draw your attention that the statement which indicates the preparation of financial results of the company on going concern basis for reasons stated therein. The appropriateness of assumption of going concern is dependent upon revival of market and consequently the Company's ability to generate sustainable cash flows in future to meet its obligations.

Our report is not modified in respect of this matter.

For PRSV & Co.LLP
Chartered Accountants
Firm Registration No:S-200016



Y. Venkateswarlu
Partner
Membership No: 222068



Place: Hyderabad
Date: 20/11/2017