



KERNEX MICROSYSTEMS (INDIA) LTD.

(An ISO 9001:2015 Certified Company)

CIN : L30007TG1991PLC013211
Tel: +91 8414 – 667600
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email : kernex@kernex.in
Website : www.kernex.in
KMIL/SE/Q1/20-21/079



Registered Office :

'TECHNOPOLIS', Plot Nos.: 38-41,
Hardware Technology Park,
TSIC Layout, Raviryal (V),
Hyderabad, 501 510, Telangana. India.
13th November 20.

To
The Listing / Compliance Department
Bombay Stock Exchange Limited
Phiroze Jeejeebhoy Towers
Dalal Street
Mumbai – 400 001
BSE Scrip Code: 532686

To
The Listing / Compliance Department
National Stock Exchange of India Ltd
Plot No.C/1, G Block, Exchange Plaza
Bandra – Kurla Complex, Bandra (E)
Mumbai – 400 051
NSE Symbol: KERNEX

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 ended 30th September, 2020.
2. Limited Review Report on Quarterly Standalone and Consolidated Financial Statements of the Company for the first quarter ended on 30th September, 2020 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
DIRECTOR
DIN No.07993925

PRASADA RAO KALLURI
COMPANY SECRETARY





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Registered Office :

'TECHNOPOLIS', Plot Nos.: 38-41,
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Hyderabad – 501 510. Telangana. India.

Unaudited STANDALONE Statement of financial results for the quarter and half year ended 30th Sep, 2020

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

Particulars	Quarter ended			Half Year Ended		Year ended
	30-Sep-20	30-Jun-20	30-Sep-19	30-Sep-20	30-Sep-19	31-Mar-20
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
Income						
Revenue from operations	82,81,282	53,54,318	3,36,66,928	1,36,35,600	12,82,07,079	14,62,03,684
Other Income	30,24,128	20,06,110	82,25,664	50,30,238	95,95,028	18,26,14,025
Total income	1,13,05,410	73,60,428	4,18,92,592	1,86,65,838	13,78,02,107	32,88,17,709
Expenses						
Cost of materials consumed	62,08,430	11,08,946	1,90,12,274	73,17,376	7,88,47,682	8,81,65,720
Purchases of stock in trade	-	-	-	-	-	-
Changes in inventories of finished goods, work in progress and stock in trade	(2,65,27,651)	(10,64,000)	61,41,772	(2,75,91,651)	1,14,11,392	1,21,65,564
Employee benefit expense	1,14,60,993	1,12,87,220	1,05,89,266	2,27,48,213	2,08,29,166	4,40,47,051
Finance cost	20,54,664	17,68,371	39,99,154	38,23,035	89,71,591	1,27,71,581
Depreciation and amortization expense	38,68,916	38,24,040	43,11,437	76,92,956	87,45,557	1,73,08,015
Other expenses	1,03,84,631	77,18,383	1,21,56,792	1,81,03,014	3,29,13,257	7,40,91,617
Total expenses	74,49,983	2,46,42,961	5,62,10,695	3,20,92,944	16,17,18,645	24,85,49,548
Profit/(loss) before extraordinary, exceptional items and tax	38,55,427	(1,72,82,533)	(1,43,18,103)	(1,34,27,106)	(2,39,16,538)	8,02,68,161
Exceptional items					7,39,308	-
Profit/(loss) before tax	38,55,427	(1,72,82,533)	(1,43,18,103)	(1,34,27,106)	(2,31,77,230)	8,02,68,161
Tax expense						
(i) Current tax						
(ii) Previous years tax						
(iii) Deferred tax	2,62,288	15,13,704	(11,54,836)	17,75,992	(23,25,648)	(3,39,256)
Net profit/(loss) for the year	35,93,139	(1,87,96,237)	(1,31,63,267)	(1,52,03,098)	(2,08,51,582)	8,06,07,417
Other comprehensive income						
Items that will not be reclassified to Statement of Profit and loss						
(i) Remeasurement gains/(losses) of the defined benefit plans						(27,053)
(ii) Income tax effect on the above						
Total comprehensive Income for the year	35,93,139	(1,87,96,237)	(1,31,63,267)	(1,52,03,098)	(2,08,51,582)	8,05,80,364
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.	0.29	(1.50)	(1.05)	(1.22)	(1.67)	6.45





Notes:

1. The above unaudited standalone financial results were reviewed by Audit Committee and approved by the Board of Directors of the company in their respective meetings held on 13th November'2020 respectively. The Statutory auditors have carried a limited review of financial results.
2. The Standalone Financial Results have been prepared in accordance with Indian Accounting Standards prescribed under section 133 of the Companies Act 2013 ("the Act") read with the relevant rules issued there under ("INDAS") and other accounting principles generally accepted in India and the guidelines issued by SEBI .
3. The Company operates with Single segment for Railways hence Segment information not furnished as per the Ind AS 108 'Operating Segments' notified under the Companies (Indian Accounting Standards) Rules, 2015 read with Accounting Standard (AS) 17 "Segment Reporting" notified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014
4. The results for the quarter and half year ended 30th September'2020 were also available at the website of the company (www.kernex.in) and at the websites of the Stock Exchanges where the equity shares of the company are listed: BSE Limited (www.bseindia.com) and National Stock Exchange of India Limited (www.nseindia.com).
5. Figures for the previous period have been regrouped/ reclassified where ever necessary to conform to the current period's presentation.

Place **Hyderabad**

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

Date **13th November' 2020**


M.B.NarayanaRaju
Whole Time Director
DIN - 07993925





KERNEX MICROSYSTEMS (INDIA) LIMITED

Unaudited STANDALONE Statement of Assets and Liabilities as at 30th Sep, 2020

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

Particulars	As at 30-Sep-20	As at 31-Mar-20
ASSETS		
Non-current assets		
Property, Plant and Equipment	31,66,05,702	32,57,32,414
Capital work-in-progress	2,50,634	2,50,634
Intangible assets	2,32,376	3,04,354
Financial assets		
Investments	9,31,81,223	10,97,21,223
Other financial assets	9,05,75,238	9,05,77,078
Other Non-current assets	2,37,00,820	2,34,82,947
Total non-current assets	52,45,45,993	55,00,68,650
Current assets		
Inventories	5,62,20,287	1,28,21,823
Financial assets		
Trade receivables	10,44,36,906	12,87,00,215
Cash and cash equivalents	49,04,602	46,01,955
Other bank balances	12,36,68,423	12,36,31,130
Other financial assets	22,87,643	16,76,266
Other current assets	4,26,56,796	2,23,76,743
Total current assets	33,41,74,657	29,38,08,131
TOTAL ASSETS	85,87,20,650	84,38,76,781
EQUITY AND LIABILITIES		
Equity		
Equity Share capital	12,49,96,550	12,49,96,550
Other equity	55,63,73,671	57,12,50,355
Total Equity	68,13,70,221	69,62,46,905
Liabilities		
Non-current liabilities		
Financial liabilities		
Borrowings		
Deferred tax liabilities	53,17,516	35,41,524
Other Non-current liabilities	2,99,46,507	2,99,46,507
Total Non-current liabilities	3,52,64,023	3,34,88,031
Current liabilities		
Financial liabilities		
Borrowings	7,99,76,344	5,47,00,055
Trade Payables	1,32,14,897	55,68,771
Other financial liabilities	4,39,222	4,39,222
Other current liabilities	4,84,55,943	5,34,33,797
Total current liabilities	14,20,86,406	11,41,41,845
TOTAL EQUITY AND LIABILITIES	85,87,20,650	84,38,76,781





KERNEX MICROSYSTEMS (INDIA) LIMITED

Unaudited STANDALONE Statement of Cash Flows for the half year ended 30th Sep, 2020

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

Particulars	30-Sep-20	31-Mar-20
Cash flows from operating activities		
Profit / (loss) before tax	38,55,427	8,02,68,161
Adjustments to reconcile net loss to net cash provided by operating activities		
Depreciation and amortisation	76,92,956	1,73,08,015
Foreign currency translation gain / (loss)	5,57,341	7,93,674
Written off / provision for obsolete stock	-	-
Sundry balances written off	2,94,731	-
Provision for doubtful advances	-	34,89,533
Provision for expected credit loss	-	7,39,308
Provision for slow/non moving stocks	-	-
Liabilities no longer required written off	-	(79,06,972)
(Profit) on disposal of property, plant and equipment	(15,51,620)	(15,41,41,629)
Finance costs	20,54,664	1,27,71,581
Interest income	(17,02,459)	(78,81,374)
Changes in assets and liabilities		
Trade receivables	2,42,63,309	2,36,34,007
Inventories	(4,33,98,464)	1,21,28,176
Other assets	(2,11,07,463)	71,11,371
Trade payables	76,46,126	31,74,096
Other liabilities	1,82,17,815	(7,15,92,693)
Net cash flow from operating activities	A (31,77,637)	(8,01,04,747)
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	34,63,568	23,82,89,375
Purchase of property, plant and equipment	4,06,214	(11,27,982)
Investment in 100% WOS	-	(6,77,46,875)
Investment in JV	-	(3,01,43,398)
Interest income	17,02,459	78,81,374
Net cash flow used in investing activities	B 55,72,241	14,71,52,494
Cash flow from financing activities		
Repayment of long term borrowings	-	(1,93,681)
Finance costs	(20,54,664)	(1,27,71,581)
Net cash flow (used in)/from financing activities	C (20,54,664)	(1,29,65,262)
Net increase in cash and cash equivalents (A+B+C)	A+B+C 3,39,940	5,40,82,485
Cash and bank balances at the beginning of the year	12,82,33,085	7,41,50,600
Cash and cash equivalents at the end of the year	12,85,73,025	12,82,33,085





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, 2020 and the Standalone Unaudited Balance Sheet as at September 30, 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").
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 3 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 2020 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 2020 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

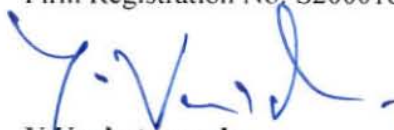


not disclosed the information required to be disclosed in terms of the Regulation, read with the Circular, including the manner in which it is to be disclosed, or that it contains any material misstatements.

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



Y. Venkateswarlu
Partner
Membership No: 222068



Place: Hyderabad
Date: November 13, 2020

VPIN: 2022068AADP7770



KERNEX MICROSYSTEMS (INDIA) LIMITED

Unaudited CONSOLIDATED Statement of financial results for the quarter and half year ended 30th Sep, 2020

Particulars	Quarter ended			Half year ended		Year ended
	30-Sep-20	30-Jun-20	31-Mar-20	30-Sep-20	30-Sep-19	31-Mar-20
	Unaudited	Unaudited	Audited	Unaudited	Unaudited	Audited
Revenue from operations	89,45,139	53,54,318	64,59,247	1,42,99,457	13,08,15,491	14,88,12,096
Other Income	32,27,111	20,06,116	1,43,24,584	52,33,227	95,95,033	18,21,17,397
Total income	1,21,72,251	73,60,434	2,07,83,831	1,95,32,685	14,04,10,524	33,09,29,493
Expenses						
Cost of materials consumed	62,08,430	11,08,946	80,62,444	73,17,376	8,13,16,209	9,06,34,248
Purchases of stock in trade	-	-	-	-	-	-
Changes in inventories of finished goods, work in progress and stock in trade	(2,65,27,651)	(10,64,000)	(16,00,540)	(2,75,91,651)	1,14,11,392	1,21,65,564
Employee benefit expense	1,14,60,993	1,12,87,220	1,17,48,544	2,27,48,213	2,12,78,439	4,44,99,491
Finance cost	21,89,711	36,57,892	4,69,91,092	58,47,603	89,71,591	5,83,02,631
Depreciation and amortization expense	38,71,035	38,32,689	41,18,837	77,03,724	87,49,546	1,73,16,185
Other expenses	1,25,32,299	77,54,148	2,96,64,780	2,02,86,448	3,31,15,532	7,47,04,694
Total expenses	97,34,818	2,65,76,895	9,89,85,156	3,63,11,713	16,48,42,709	29,76,22,812
Profit/(loss) before extraordinary, exceptional items and tax	24,37,433	(1,92,16,461)	(7,82,01,326)	(1,67,79,029)	(2,44,32,185)	3,33,06,681
Extraordinary items	-	-	-	-	-	-
Exceptional items	-	-	-	-	7,39,308	7,39,308
Profit/(loss) before tax	24,37,433	(1,92,16,461)	(7,82,01,326)	(1,67,79,029)	(2,36,92,877)	3,40,45,989
Tax expense						
(i) Current tax	-	-	-	-	-	-
(ii) Previous years tax	-	-	-	-	-	-
(ii) Deferred tax	2,62,288	15,13,704	31,42,292	17,75,992	(23,25,648)	(3,39,256)
Net profit/(loss) for the period/year	21,75,145	(2,07,30,165)	(8,13,43,618)	(1,85,55,021)	(2,13,67,229)	3,43,85,245
Other comprehensive income						
A (i) Items that will not be reclassified to Statement of Profit and loss	-	-	-27,053	-	-	(27,053)
(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	90,46,600	7,514	-1,34,791	90,54,114	-	(1,35,062)
(ii) Income tax relating to items that will be reclassified to Statement of Profit and loss	-	-	-	-	-	-
Total comprehensive Income	1,12,21,745	(2,07,22,651)	(8,15,05,462)	(95,00,907)	(2,13,67,229)	3,42,23,130
Attributable to						
Shareholders of the Company	1,10,99,562	-	(8,15,35,886)	-	-	3,41,92,706
Non controlling interest	1,22,183	-	90,424	-	-	90,424
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.	0.17	(1.66)	(6.51)	(1.48)	(1.71)	2.75





Notes:

1. The above unaudited consolidated financial results were reviewed by Audit Committee and approved by the Board of Directors of the company in their respective meetings held on 13th November'2020 respectively. The Statutory auditors have carried a limited review of financial results.
2. The consolidated Financial Results have been prepared in accordance with Indian Accounting Standards prescribed under section 133 of the Companies Act 2013 ("the Act") read with the relevant rules issued there under ("INDAS") and other accounting principles generally accepted in India and the guidelines issued by SEBI .
3. The Company operates with Single segment for Railways hence Segment information not furnished as per the Ind AS 108 'Operating Segments' notified under the Companies (Indian Accounting Standards) Rules, 2015 read with Accounting Standard (AS) 17 "Segment Reporting" notified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014
4. The results for the quarter and half year ended 30th September'2020 were also available at the website of the company (www.kernex.in) and at the websites of the Stock Exchanges where the equity shares of the company are listed: BSE Limited (www.bseindia.com) and National Stock Exchange of India Limited (www.nseindia.com).
5. Figures for the previous period have been regrouped/ reclassified where ever necessary to conform to the current period's presentation.

Place **Hyderabad**

Date **13th November' 2020**

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



M.B.NarayanaRaju

Whole Time Director

DIN - 07993925





KERNEX MICROSYSTEMS (INDIA) LIMITED
Unaudited CONSOLIDATED Statement of Assets and Liabilities as at 30th Sep, 2020

Particulars	As at 30-Sep-20 Unaudited	As at 31-Mar-20 Audited
ASSETS		
Non-current assets		
Property, Plant and Equipment	31,66,05,702	32,57,32,414
Capital work-in-progress	2,50,634	2,50,634
Intangible assets	2,32,376	3,04,354
Financial assets		
Investments	-	-
Other financial assets	9,05,75,238	9,05,77,078
Deffered tax assets (net)	-	-
Other Non-current assets	2,38,01,917	2,35,14,079
Total non-current assets	43,14,65,867	44,03,78,559
Current assets		
Inventories	5,62,20,287	1,28,21,823
Financial assets		
Trade receivables	10,38,04,349	12,87,00,215
Cash and cash equivalents	51,09,805	49,66,814
Other bank balances	12,66,96,423	14,40,33,206
Other financial assets	1,23,82,843	16,76,266
Other current assets	8,48,20,481	5,65,93,517
Total current assets	38,90,34,188	34,87,91,840
TOTAL ASSETS	82,05,00,055	78,91,70,402
EQUITY AND LIABILITIES		
Equity		
Equity Share capital	12,49,96,550	12,49,96,550
Other equity	44,70,88,774	46,47,43,322
Equity attributable to Shareholders of the Company	57,20,85,324	58,97,39,872
Non-controlling interests	3,22,183	30,424
Total Equity	57,24,07,506	58,97,70,296
Liabilities		
Non-current liabilities		
Financial liabilities		
Borrowings	-	-
Provisions	-	-
Deferred tax liabilities	53,17,516	35,41,524
Other Non-current liabilities	2,99,46,507	2,99,46,507
Total Non-current liabilities	3,52,64,023	3,34,88,031
Current liabilities		
Financial liabilities		
Borrowings	15,07,13,625	10,64,70,286
Trade Payables	1,32,14,897	55,68,771
Other financial liabilities	4,39,222	4,39,222
Other current liabilities	4,84,60,782	5,34,33,797
Provisions	-	-
Total current liabilities	21,28,28,526	16,59,12,076
TOTAL EQUITY AND LIABILITIES	82,05,00,055	78,91,70,402



KERNEX MICROSYSTEMS (INDIA) LIMITED**Un-audited CONSOLIDATED Statement of Cash Flows for the year ended 30th Sep, 2020**

Particulars	30-Sep-20	31-Mar-20
Cash flows from operating activities		
Profit / (Loss) before tax	2,175,145	34,045,989
Adjustments to reconcile net loss to net cash provided by operating activities		
Depreciation and amortisation	7,692,956	17,308,015
Foreign Currency translation reserve	557,341	793,674
Written off / Provision for obsolete stock	-	-
Sundry balances written off	294,731	-
Provision for Doubtful Advances	-	3,489,533
Provision for expected credit loss	-	-
Provision for slow/non moving stocks	-	-
Liabilities no longer required written off	-	(7,906,972)
(Profit) / Loss on sale of Fixed assets	(1,551,620)	(154,141,629)
Finance costs	2,189,711	58,302,631
Interest income	(1,702,459)	(8,124,054)
Changes in assets and liabilities		
Trade receivables	24,895,866	22,480,211
Inventories	(43,398,464)	12,128,176
Other assets	(39,219,539)	(4,670,056)
Trade payables	7,646,126	3,174,096
Other liabilities	19,843,885	(89,387,134)
Net cash flow from operating activities (A)	(20,576,322)	(112,507,520)
Cash flows from investing activities		
Sale of Fixed Assets	3,463,568	238,289,375
Purchase of property, plant and equipment	406,214	(1,127,982)
Interest received	1,702,459	8,124,054
Net cash flow used in investing activities (B)	5,572,241	245,285,447
Cash flow from financing activities		
Proceeds from issuance of equity share capital	-	-
Other non-current liabilities	-	(193,681)
Other non operating income	-	-
Finance costs	(2,189,711)	(58,302,631)
Net cash flow (used in)/from financing activities (C)	(2,189,711)	(58,496,312)
Net increase in cash and cash equivalents (A+B+C)	-17,193,792	74,281,616
Cash and Bank Balances at the beginning of the year	149,000,020	74,718,404
Cash and cash equivalents at the end of the year	131,806,228	149,000,020





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, 2020 and the Consolidated Unaudited Balance Sheet as at September 30, 2020 (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, USA

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 3 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 2020 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 2020 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.5.21 and total net loss after tax of Rs. 20, 28,908/- and total comprehensive income of Rs. Nil, for the quarter ended September 30, 2020 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. 49, 66,600 and total profit after tax of Rs. 6, 10,914 and other comprehensive income of Rs. Nil for the quarter ended 30 September 2020 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



Y Venkateswarlu
Partner
Membership No: 222068



Place: Hyderabad
Date: November 13, 2020

UPIN: 20222068AAPADQ8290