

# KERNEX MICROSYSTEMS (INDIA) LTD.

(An ISO 9001-2015 Certified Company)

CIN : L30007TG1991PLC013211

Tel : +91 8414-667600

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**Registered Office :**

"TECHNOPOLIS", Plot Nos : 38-41,  
Hardware Technology Park,  
TSIIC Layout, Raviryal (V),  
Hyderabad – 501 510. Telangana, India.

KMIL/SE/Q1/25-26/67

14<sup>th</sup> August 2025

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 – KurlaComplex, Bandra (E)  
Mumbai – 400 051  
**NSE Symbol: KERNEX**

Sir / Madam,

**Ref: Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations')**

**Sub: Outcome of the Board Meeting.**

Pursuant to Regulation 30 read with Part A of Schedule III, of the SEBI (LODR) Regulations, 2015, we hereby inform you that the Board of Directors of the Company at its Meeting held on 14<sup>th</sup> August 2025, had, *inter-alia* transacted the following items of the business:

- i) Approved the Un-Audited Standalone and Consolidated Financial Results of the Company for the first quarter ended on 30<sup>th</sup> June 2025.
- ii) Took note of the Limited Review Report on Standalone and Consolidated Financial results of the Company for the quarter ended on 30<sup>th</sup> June 2025 as required under Regulation 33 of SEBI (LODR) Regulations, 2015.
- iii) Approved the appointment of M/s. M P R & Associates, Cost Accountants, as Cost Auditors of the Company for the financial year 2025-26, subject to the ratification of the remuneration by the shareholders at the ensuing Annual General Meeting of the Company.
- iv) Approved the appointment of the appointment of Mr. D. S. Rao, Practising Company Secretary, as Secretarial Auditor of the Company for a term of five consecutive years commencing from FY 2025-26 till FY 2029-30, subject to the approval of shareholders at the ensuing Annual General Meeting of the Company.
- v) Approved the Directors' Report along with relevant annexures





vi) Approved the notice convening the 33<sup>rd</sup> Annual General Meeting of the Company

The additional details, pursuant to Regulation 30 of the Listing Regulations read with the SEBI Circular No. SEBI/HO/CFD/PoD2/CIR/P/0155 dated November 11, 2024, relating to the above said appointments is enclosed as **Annexure-1**.

The aforesaid Board Meeting commenced at 09:00 A.M. and concluded at 11:55 A.M.

Kindly take the above information on record and acknowledge.

Thanking you,

Yours faithfully,

**For Kernex Microsystems (India) Limited**

**Prasada Rao K**  
**Company Secretary & Compliance Officer**





## Annexure-1

Details with respect to the appointment of Cost Auditor and Secretarial Auditors pursuant to the Regulation 30 of the Listing Regulations read with the SEBI Circular No. SEBI/HO/CFD/PoD2/CIR/P/0155 dated November 11, 2024.

SL No.	Particulars	Details of Cost Auditors	Details of Secretarial Auditors
1	Reason for change viz. appointment, resignation, removal, death or otherwise	Appointment of M/s. M P R & Associates, Cost Accountants, (Firm Reg. No.: 000413) as Cost Auditors of the Company.	Appointment of Mr. D. S. Rao, Practicing Company Secretary (Practice No.:14487 and Peer review certificate no.: 1817/2022), as Secretarial Auditor of the Company
2	Date of appointment, <del>cessation</del> and term of appointment	13 <sup>th</sup> August 2025, for the financial year 2025-26, subject to the ratification of the remuneration by the shareholders at the ensuing Annual General Meeting of the Company.	13 <sup>th</sup> August 2025, for a term of 5 (five) consecutive years commencing from financial year 2025-26 till financial year 2029-30, subject to the approval of shareholders at the ensuing Annual General Meeting.
3	Brief Profile (in case of appointment)	M/s. M P R & ASSOCIATES (FRN: 000413), founded in 2012, is a Hyderabad-based firm of Cost Accountants specializing in Costing, Taxation, and Cost Advisory Services. The firm consisting of qualified cost accountants has undertaken many assignments in various industries. The clients list includes leading Companies with multiple locations and diversified product Portfolio. They have expertise in the areas which include: Cost Audit, Product Costing, Cost System Designing and Implementation, Cost of Production Certifications Under CAS-4, Internal Audit, Stock Audits & Valuation, and Local Content Certification.	Mr. D. S. Rao, is an individual Practitioner, primarily engaged in providing Secretarial Audit, Governance, Compliance Management and other Assurance services. He has experience of handling the secretarial audits of listed and large unlisted companies. He holds Certificate of Practice No.:14487 and Peer review certificate no.: 1817/2022 issued by the Peer Review Board of the Institute of Company Secretaries of India. The recommendation for the appointment of Mr. D. S. Rao as Secretarial Auditor is based on his past track record and capabilities in delivering quality secretarial audit services to other companies of similar size and complexity.
4	Disclosure of Relationships between Directors (in case of appointment of Director)	NA	NA
5	Information as required under Circular No. LIST/COMP/14/2018-19 issued by the BSE Limited	NA	NA



Kernex Microsystems (India) Limited  
CIN:L30007TG1991PLC013211  
TECHNOPOLIS, Plot Nos: 38-41,Hardware Technology Park TSIC Layout,  
Raviryal Maheshwaram, Ranga Reddy,Hyderabad - 501510. Telangana India.

Statement of Consolidated Unaudited Financial Results for the Quarter ended 30th June, 2025.

(₹ in Lakhs)

Particulars	Quarter Ended			Year Ended
	30th June 2025 Unaudited	31st March 2025 Audited	30th June 2024 Unaudited	31st March 2025 Audited
<b>Income</b>				
I. Revenue from operations	5,592.99	8,306.96	2,867.69	18,977.39
II. Other income	36.14	62.27	23.63	144.71
<b>III. Total Income (I+II)</b>	<b>5,629.13</b>	<b>8,369.23</b>	<b>2,891.33</b>	<b>19,122.10</b>
<b>IV. Expenses:</b>				
(a) Cost of raw materials consumed	3,033.06	2,748.73	1,683.06	9,424.86
(b) Changes in inventories of finished goods, work-in-progress and stock in trade	(260.23)	1,996.24	(132.03)	433.63
(c) Project execution expenses	711.64	421.18	393.44	2,036.85
(d) Employee benefits expense	658.56	652.38	358.83	1,905.31
(e) Finance cost	255.38	161.24	102.81	691.94
(f) Depreciation and amortization expense	83.76	92.92	62.92	282.78
(g) Other expenses	316.21	963.18	182.31	1,507.29
(h) Amount transferred to capital expenditure	(124.41)	(186.76)	(103.38)	(411.16)
<b>Total Expenses(IV)</b>	<b>4,673.96</b>	<b>6,849.11</b>	<b>2,547.96</b>	<b>15,871.49</b>
<b>V.Profit/(loss) before exceptional items and tax from continuing operations (III- IV)</b>	<b>955.18</b>	<b>1,520.12</b>	<b>343.37</b>	<b>3,250.61</b>
<b>VI. Exceptional Items</b>	-	-	-	-
<b>VII.Profit/(loss) before tax from continuing operations (V-VI)</b>	<b>955.18</b>	<b>1,520.12</b>	<b>343.37</b>	<b>3,250.61</b>
<b>VIII.Tax expense:</b>				
(a) Current tax	-	-	-	-
(b) Deferred tax	213.97	(1,732.92)	(13.50)	(1,754.28)
<b>Total Tax Expense/Credit(net)</b>	<b>213.97</b>	<b>(1,732.92)</b>	<b>(13.50)</b>	<b>(1,754.28)</b>
<b>IX.Profit/(Loss) for the year from continuing operations</b>	<b>741.21</b>	<b>3,253.04</b>	<b>356.86</b>	<b>5,004.88</b>
<b>X.Profit/(loss) for the period (IX)</b>	<b>741.21</b>	<b>3,253.04</b>	<b>356.86</b>	<b>5,004.88</b>
<b>Profit for the period attributable to:</b>				
a.Equity holders of the company	746.48	3,258.59	361.95	5,023.69
b.Non-controlling interests	(5.27)	(5.55)	(5.09)	(18.81)
<b>XI.Other comprehensive income/(loss)</b>	-	(20.11)	(0.07)	(17.75)
<b>A.Items that will not be reclassified to Statement of Profit and loss</b>				
i.Remeasurement gains/(losses) of the defined benefit plans	-	-28.10	-	(28.10)
ii.Income tax effect on the above	-	6.78	-	6.78
<b>B.Items that will be reclassified to Statement of Profit or loss</b>				
I. Income tax relating to items that will be reclassified to Statement of Profit or loss	-	-	-	-
ii.Income tax relating to items that will be reclassified to profit or loss	-	-	-	-
<b>XII.Total comprehensive Income for the period (X+XI)</b>	<b>741.21</b>	<b>3,232.94</b>	<b>356.79</b>	<b>4,987.13</b>
<b>(Comprising Profit/(Loss) and Other Comprehensive Income for the period)</b>				
<b>Profit for the period attributable to:</b>				
a.Equity holders of the company	746.48	3,238.49	361.89	5,005.94
b.Non-controlling interests	(5.27)	(5.55)	(5.09)	(18.81)
<b>XIII.Paid-up equity share capital (Equity Shares of face value ₹10 Each)</b>	<b>1,675.94</b>	<b>1,675.94</b>	<b>1,675.94</b>	<b>1,675.94</b>
<b>XIV.Other equity excluding revaluation reserves</b>	-	-	-	14,115.11
<b>XV.Earnings per equity share (EPS)</b>				
1.Basic EPS - Face Value of Rs.10/- each ₹	4.45	19.44	2.16	29.98
2.Diluted EPS - Face Value of Rs.10/- each ₹	4.44	19.40	2.16	29.95
	<i>Not Annualised</i>	<i>Not Annualised</i>	<i>Not Annualised</i>	<i>Annualised</i>

**Notes to the Consolidated Unaudited Financial Results for the quarter ended June 30, 2025**

1. The results have been prepared in accordance with Indian Accounting Standards ('IND AS') notified under Section 133 of the Companies Act 2013, read together with the Companies (Indian Accounting standard) Rules, 2015 (Amended). These have been reviewed and recommended by the Audit Committee and approved by the Board of Directors at its meeting held on August 14th, 2025.

2. The Company is engaged in the manufacture and sale of Safety Systems and Software services for railways. The Company has business operations mainly in India, Egypt and USA. The Company is a public limited Company incorporated and domiciled in India and has its registered office at Plot No.38 (part) to 41, Survey No.1/1, Hardware Park, Raviryal Village, Maheswaram Mandal, Hyderabad - 501 510. The Company has its primary listings on the BSE Limited and National Stock Exchange in India. The principal accounting policies applied in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The company operates on one reportable segment, hence segment reporting as per Ind AS 108 is not applicable.

**3. Emphasis of Matter – Management's Assessment of Certain Financial Assets**

The Statutory Auditors have included an Emphasis of Matter in their audit report regarding the Company's assessment of the recoverability of certain financial assets, as detailed below. The Management, based on internal evaluation and reasonable certainty of recovery, believes these assets are good and fully recoverable. Accordingly, no further provision is considered necessary at this stage:

**a) Trade Receivables:**

Trade receivables amounting to Rs. 422.73 lakhs (Previous Year: Rs.422.10 lakhs) and respective Expected Credit Loss (ECL) provision for the Current Year Rs. 214.55 Lakhs (Previous Year Rs.211.67 Lakhs).

**b) Margin Money Deposits:**

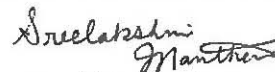
Margin money deposits with banks aggregating ₹1,928.59 lakhs (Previous Year: ₹1,905.12 lakhs) are held as security against performance guarantees amounting to ₹3,361.75 lakhs (Previous Year: ₹3521.18 lakhs) provided to customers, which are currently under arbitration/negotiation. Management expects no loss on realization of these deposits.

4. The consolidated results of the company includes the results of wholly owned subsidiary namely Avant- Garde Infosystems Inc, USA and Controlled entity (Subsidiary) Kernex TCAS JV( 80% share is owned by Kernex Microsystems( India) limited) and Joint Operation VRRR KERNE X CE RVR JV( 35% owned by Kernex Microsystems (India) limited).

5. The figures for the corresponding previous periods have been regrouped/ reclassified wherever necessary, to make them comparable.

6. The above Financial Results for the quarter ended June 30, 2025, are available on the company's website and stock exchanges websites BSE (www.bseindia.com) and NSE (www.nseindia.com), in compliance with SEBI LODR Regulations.

For Kernex Microsystems (India) Limited



Sreelakshmi Manthena  
Managing Director  
DIN: 07996443

Houston  
14-08-2025

**Independent Auditor's Review Report on Quarter ended 30<sup>th</sup> June 2025 Unaudited Consolidated Financial Results of M/s KERNEX MICROSYSTEMS (INDIA) LIMITED pursuant to Regulation 33 of the SEBI (Listing and Obligations and Disclosure Requirements) Regulations, 2015, as amended.**

To The Board of Directors of M/s KERNEX MICROSYSTEMS (INDIA) LIMITED

1. We have reviewed the accompanying statement of unaudited consolidated financial results of M/s **KERNEX MICROSYSTEMS (INDIA) LIMITED** ("the Parent"), its subsidiary entity and joint venture (The Parent, Subsidiaries and an Associate together referred to as a "Group") for the quarter ended 30<sup>th</sup> June 2025 attached herewith, being submitted by the parent company pursuant to the requirements of Regulation 33 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ('the Regulations').
2. This Statement, which is the responsibility of the Parent's Management and has been approved by the Company's Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 'Interim Financial Reporting', prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder ('Ind AS 34') and other recognized accounting principles generally accepted in India and is in compliance with the Regulations. Our responsibility is to express a conclusion on the Statement based on our review.
3. We conducted our review of the Statement in accordance with the Standards on Review Engagement (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 financial results are free from material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provide less assurance than an audit. We have not performed an audit. Accordingly, we do not express an audit opinion.

We also performed the procedures in accordance with the circular issued by the SEBI under Regulation 33(8) of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 the Regulation as amended to the extent applicable.



The Statement includes the results of the following entities:

(a) Holding Company	<b>Kernex Microsystems (India) Limited</b>
(b) Wholly Owned Subsidiary	<b>Avant-Garde Infosystems Inc, USA</b> (unaudited)
(c) Controlled Entity (Subsidiary)	<b>Kernex TCAS JV</b> (With 80% share to the company) (Unaudited by the auditors)
(d) Associate	<b>VRRC KERNEX CE RVR JV</b> (with 35% share to the company) (Unaudited by the auditors)

### Emphasis of Matter

We draw your attention to the company's assessment towards the recoverability of the following financial assets which are outstanding for long period of time:

- (a) Trade Receivables from customers Rs. 422.73 Lakhs (PY 422.10 Lakhs) and respective Expected Credit Loss (ECL) provision for the CY Rs. 214.55 Lakhs (PY Rs.211.67 Lakhs). The said receivable is outstanding for more than 3 years.
- (b) Margin money deposits with banks of Rs. 1,928.59 Lakhs (PY 1,905.12 Lakhs) provided for customer guarantees of Rs. 3,361.75 Lakhs (PY 3,521.18Lakhs) and under arbitration / negotiation.

Such assessments are based on current facts and circumstances and may not necessarily reflect future uncertainties and events, and the final recoverable amounts may vary for the reasons mentioned therein. Our conclusion on the statement is not modified in respect of these matters.

Our conclusion on the statement is not modified in respect of the above matter.

### Other matter

We did not review the interim financial statements / financial information / financial results of KERNEX TCAS JV (Controlled entity (Subsidiary)) whose financial statements / financial information / financial results reflect total revenues Rs Nil and total net loss after tax of Rs. 26.34 Lakhs and total comprehensive loss of Rs. 26.34 lakhs for the quarter ended June 30<sup>th</sup>, 2025, as considered in the consolidated financial results. These financial statements / financial information / financial results 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 this entity is based solely on the reports of the other auditors and the procedures performed by us as stated above.

Our conclusion on the Statement is not qualified in respect of the matters.



We did not review the interim financial statements / financial information / financial results of **VRRC KERNEX CE RVRJV (Associate)** whose interim financial statements / financial information / financial results reflect total revenues of Rs.882.49 lakhs and total net loss after tax of Rs. 0.41 lakhs and total comprehensive loss of Rs. 0.41 lakhs for the quarter ended June 30<sup>th</sup>, 2025, as considered in the consolidated financial results. These financial statements / financial information / financial results 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 this joint venture is based solely on the reports of the other auditors and the procedures performed by us as stated above.

Our conclusion on the Statement is not qualified in respect of the matters.

The Consolidated financial results include the interim financial results of **Avant-Garde Infosystems Inc (wholly owned subsidiary)** which have not been reviewed by us and their auditors, whose interim financial results reflect total revenues of Rs. 229.42 lakhs, total net profit after tax of Rs. 31.02 lakhs and total comprehensive income of Rs. 30.87 lakhs for the quarter ended June 30<sup>th</sup>, 2025, considered in the consolidated financial results. According to the information and explanations given to us by the management, these financial statements / financial information / financial results are not material to the Group.

Our conclusion on the statement is not qualified in respect of the matters.

**For NSVR & Associates LLP**

Chartered Accountants

FRN: 008801S/S2000060

*V. Gangadhara Rao*



**V. Gangadhara Rao**

Partner

Membership No: 219486

**UDIN: 25219486BMISAS9924**

Place: Hyderabad

Date: 14.08.2025

Kernex Microsystems (India) Limited  
CIN:L30007TG1991PLC013211  
TECHNOPOLIS, Plot Nos: 38-41,Hardware Technology Park TSIIC Layout,  
Raviryal Maheshwaram, Ranga Reddy,Hyderabad - 501510. Telangana, India.

**Statement of Standalone Unaudited Financial Results for the Quarter ended 30th June, 2025.**

Particulars	Quarter Ended			Year Ended
	30th June 2025 Unaudited	31st March 2025 Audited	30th June 2024 Unaudited	31st March 2025 Audited
<b>Income</b>				
I. Revenue from operations	5,339.77	8,301.68	2,867.69	18,965.11
II. Other income	61.90	73.74	45.64	218.02
<b>III. Total Income (I+II)</b>	<b>5,401.67</b>	<b>8,375.42</b>	<b>2,913.33</b>	<b>19,183.12</b>
<b>IV. Expenses:</b>				
(a) Cost of raw materials consumed	2,831.19	2,775.42	1,682.05	9,450.49
(b) Changes in inventories of finished goods, work-in-progress and stock in trade	(260.23)	1,996.24	(132.03)	433.63
(c) Project execution expenses	711.64	522.34	393.44	2,247.01
(d) Employee benefits expense	649.99	636.21	346.83	1,842.31
(e) Finance cost	255.07	158.29	98.19	677.01
(f) Depreciation and amortization expense	83.76	92.92	62.92	282.78
(g) Other expenses	304.16	862.75	176.90	1,323.63
(h) Amount transferred to capital expenditure	(124.41)	(186.76)	(103.38)	(411.16)
<b>Total Expenses(IV)</b>	<b>4,451.17</b>	<b>6,857.41</b>	<b>2,524.93</b>	<b>15,845.69</b>
<b>V.Profit/(loss) before exceptional items and tax from continuing operations (III-IV)</b>	<b>950.50</b>	<b>1,518.01</b>	<b>388.40</b>	<b>3,337.43</b>
<b>VI. Exceptional Items</b>	-	-	-	-
<b>VII.Profit/(loss) before tax from continuing operations (V-VI)</b>	<b>950.50</b>	<b>1,518.01</b>	<b>388.40</b>	<b>3,337.43</b>
<b>VIII.Tax expense:</b>				
(a) Current tax	-	-	-	-
(b) Deferred tax	213.97	(1,732.92)	(13.50)	(1,754.28)
<b>Total Tax Expense/Credit(net)</b>	<b>213.97</b>	<b>(1,732.92)</b>	<b>(13.50)</b>	<b>(1,754.28)</b>
<b>IX.Profit/(Loss) for the year from continuing operations</b>	<b>736.53</b>	<b>3,250.93</b>	<b>401.89</b>	<b>5,091.71</b>
<b>X.Profit/(loss) for the period (IX)</b>	<b>736.53</b>	<b>3,250.93</b>	<b>401.89</b>	<b>5,091.71</b>
<b>XI.Other comprehensive income/(loss)</b>	-	(20.15)	-	(20.15)
<b>A.Items that will not be reclassified to Statement of Profit and loss</b>				
i.Remeasurement gains/(losses) of the defined benefit plans	-	(26.93)	-	(26.93)
ii.Income tax effect on the above	-	6.78	-	6.78
<b>B.Items that will be reclassified to Statement of Profit or loss</b>				
i.Income tax relating to items that will be reclassified to Statement of Profit or loss	-	-	-	-
ii.Income tax relating to items that will be reclassified to profit or loss	-	-	-	-
<b>XII.Total comprehensive Income for the period (XIII+XIV) (Comprising Profit/(Loss) and Other Comprehensive Income for the period)</b>	<b>736.53</b>	<b>3,230.78</b>	<b>401.89</b>	<b>5,071.56</b>
<b>XIII.Paid-up equity share capital (Equity Shares of face value ₹10 Each)</b>	<b>1,675.94</b>	<b>1,675.94</b>	<b>1,675.94</b>	<b>1,675.94</b>
<b>XIV.Other equity excluding revaluation reserves</b>	-	-	-	<b>15,700.90</b>
<b>XV.Earnings per equity share (EPS)</b>				
1.Basic EPS - Face Value of Rs.10/- each ₹	4.39	19.40	2.40	30.38
2.Diluted EPS - Face Value of Rs.10/- each ₹	4.38	19.35	2.40	30.35
	<i>Not Annualised</i>	<i>Not Annualised</i>	<i>Not Annualised</i>	<i>Annualised</i>

**Notes to the Standalone unaudited Financial Results for the quarter ended June 30, 2025**

1. The results have been prepared in accordance with Indian Accounting Standards ('IND AS') notified under Section 133 of the Companies Act 2013, read together with the Companies (Indian Accounting standard) Rules, 2015 (Amended). These have been reviewed and recommended by the Audit Committee and approved by the Board of Directors at its meeting held on August 14th, 2025.

2. The Company is engaged in the manufacture and sale of Safety Systems and Software services for railways. The Company has business operations mainly in India and in Egypt. The Company is a public limited Company incorporated and domiciled in India and has its registered office at Plot No.38 (part) to 41, Survey No.1/1, Hardware Park, Raviryal Village, Maheswaram Mandal, Hyderabad - 501 510. The Company has its primary listings on the BSE Limited and National Stock Exchange in India. The principal accounting policies applied in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The company operates on one reportable segment, hence segment reporting as per Ind AS 108 is not applicable.

3. The Statutory Auditors have qualified their report with respect to non-recognition of impairment loss aggregating to ₹1,610.59 lakhs in the standalone financial statements, as required under Ind AS 36 - Impairment of Assets, in respect of the following:

**a) Investment in Avant-Garde Infosystems, Inc. (AGI):**

An amount of ₹1,275.97 lakhs representing the carrying cost of the investment in AGI, a wholly owned foreign subsidiary, has not been impaired despite complete erosion of its net worth.

**b) Investment and advances provided to Kernex TCAS JV:**

The company has invested Rs.8.00 Lakhs as capital contribution and also given advance of Rs.622.25 Lakhs, against this net assets available as on the reporting date in Kernex TCAS JV is Rs. 295.63 Lakhs only. Therefore a provision for diminishing amounting to Rs.334.62 Lakhs in the said investment and advances is required to be provided in the books of the company.

**Management's Response:**

The management is of the view that AGI functions as a strategic cost centre contributing to procurement efficiencies and overall operational synergies to the group as a whole, and therefore, its recoverable value cannot be assessed independently and it shall be assessed at group level cash generating unit (CGU). The group's cashflows have been significantly improved during the year 2025-26. Therefore, the management is of the view that the value in use of the CGU at group level exceeds the total net assets of the CGU at group level. Hence no provision in respect of impairment under Ind AS 36 is required to be provided.

Regarding the Kernex TCAS JV, the management believes that the reported losses are temporary and attributable to project execution cycles. The ongoing project under the JV are expected to generate sufficient future economic benefits and recover the invested amounts. Accordingly, no provision for impairment has been considered necessary at this stage.

**4.Emphasis of Matter – Management's Assessment of Certain Financial Assets**

The Statutory Auditors have included an Emphasis of Matter in their audit report regarding the Company's assessment of the recoverability of certain financial assets, as detailed below. The Management, based on internal evaluation and reasonable certainty of recovery, believes these assets are good and fully recoverable. Accordingly, no further provision is considered necessary at this stage:

**a) Trade Receivables:**

Trade receivables amounting to Rs. 422.73 lakhs (Previous Year: Rs.422.10 lakhs) and respective Expected Credit Loss (ECL) provision for the Current Year Rs. 214.55 Lakhs (Previous Year Rs.211.67 Lakhs).

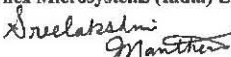
**b) Margin Money Deposits:**

Margin money deposits with banks aggregating ₹1,928.60 lakhs (Previous Year: ₹1,905.12 lakhs) are held as security against performance guarantees amounting to ₹3,361.75 lakhs (Previous Year: ₹3521.18 lakhs) provided to customers, which are currently under arbitration/negotiation. Management expects no loss on realization of these deposits.

5. The figures for the corresponding previous periods have been regrouped/ reclassified wherever necessary, to make them comparable.

6. The above Financial Results for the quarter ended June 30, 2025, are available on the company's website and stock exchanges websites BSE ([www.bseindia.com](http://www.bseindia.com)) and

For Kernex Microsystems (India) Limited

  
Sreelakshmi Manthena  
Managing Director  
DIN: 07996443

Houston  
14/08/2025

**Independent Auditor's Review Report on Quarter ended 30<sup>th</sup> June 2025 Unaudited Standalone Financial Results of M/s. KERNEX MICROSYSTEMS (INDIA) LIMITED, pursuant to Regulation 33 of the SEBI (Listing and Obligations and Disclosure Requirements) Regulations, 2015, as amended**

To The Board of Directors of M/s. KERNEX MICROSYSTEMS (INDIA) LIMITED

1. We have reviewed the accompanying statement of standalone unaudited financial results of **Kernex Microsystems (India) Limited** ("the Company") for the quarter ended 30<sup>th</sup> June, 2025 attached herewith, being submitted by the Company pursuant to the requirement of Regulation 33 and 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the "Listing Regulations").
2. This Statement, which is the responsibility of the Company's Management and has been approved by the Company's Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 'Interim Financial Reporting', prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder ('Ind AS 34') and other recognized accounting principles generally accepted in India and is in compliance with the Regulations. Our responsibility is to express a conclusion on the Statement based on our review.
3. We conducted our review of the Statement in accordance with the Standards on Review Engagement (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 financial results are free from material misstatement. A review is limited primarily to inquiries of company personnel and analytical and other review procedures applied to financial data and thus provide less assurance than an audit conducted in accordance with Standards on Auditing 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.

**Basis for Qualified Conclusion**

- a) The Company has a wholly owned subsidiary namely Avant-Garde Infosystems Inc. in USA which is presently supporting the business of the Company by identifying the sources, negotiating for and procuring electronic components from outside India. The subsidiary in the past was involved in the trading of goods.



b) As per the latest unaudited financials of the subsidiary available as on 30<sup>th</sup> June 2025, the accumulated loss of the company for the period ended 30<sup>th</sup> June 2025 is USD 1.857 million (the equivalent Indian Rupees being Rs. 1,591.84 lakhs as per prevailing exchange rate) which is exceeding the cost of investment made USD 1.822 million. As a result, the carrying amount of investment in the equity of subsidiary in the books of account of the Company amounting to Rs. 1,275.97 lakhs (at Cost) stand's impaired fully. Ind AS 36 requires the company to provide for impairment in respect of diminution in the value of investments by charging the amount of impairment to the profit & loss account.

c) The Company besides making an investment of Rs. 8.00 lakhs in TCAS JV - a joint venture partnership formed to execute a railway safety project, in which the Company has 80% share in the profits and losses. The Company has also provided the long-term advance of Rs. 622.25 lakhs (Including interest amount). As per the latest unaudited financials of KERNEX TCAS JV as on 30<sup>th</sup> June 2025, the JV has total assets of Rs 341.00 lakhs and outside liabilities (other than the advance due to the company) is Rs. 45.37 lakhs. Thus, the net assets available amounting to Rs 295.63 lakhs are not sufficient to recover the advance given to KERNEX TCAS JV which is Rs. 622.25 lakhs (Including interest amount) as on 30<sup>th</sup> June 2025. Accordingly in our conclusion the same investments and the advances are subject to impairment in standalone financial statements to the extent of Rs 334.62 lakhs.

Since the Company has not impaired the cost of investments in the equity of subsidiary and the advance granted to KERNEX TCAS JV to an extent of Rs. 1,610.59 lakhs (Rs. 1,275.97 lakhs on account of diminution in the value of the investment in equity of the wholly owned subsidiary & Rs. 334.62 lakhs on account of insufficient funds available in KERNEX TCAS JV), the profit and other comprehensive income for the quarter ended are overstated by the said amount. The other equity in the balance sheet for the period ended is overstated by Rs. 1,610.59 lakhs.

***Our conclusion on the standalone financial statements is qualified in respect of the above matter.***

### **Emphasis of Matter**

We draw your attention to the Note 4 to the Statement of Standalone Financial Results, which describes the company's assessment towards the recoverability of the following financial assets which are outstanding for long period of time:

- (a) Trade Receivables from customers Rs. 422.73 lakhs (PY Rs. 422.10 lakhs) and respective Expected Credit Loss (ECL) provision for the CY Rs. 214.55 lakhs (PY Rs. 211.67 lakhs). The said receivable is outstanding for more than 3 years.
- (b) Margin money deposits with banks of Rs. 1,928.60 lakhs (PY 1,905.12 lakhs) provided for customer guarantees of Rs. 3,361.75 lakhs (PY 3,521.18 lakhs) and under arbitration / negotiation.

Such assessments are based on current facts and circumstances and may not necessarily reflect future uncertainties and events, and the final recoverable amounts may vary for all reasons mentioned therein.

Our conclusion on the statement is not modified in respect of the above matter.



**Qualified Conclusion**

Based on our review conducted as stated above, except for the effects/ possible effects of qualifications as described in the previous paragraph, nothing has come to our attention that causes us to believe that the accompanying statement, prepared in accordance with the aforesaid Indian Accounting Standards ('IND AS') prescribed under section 133 of the Companies Act, 2013 as amended, read with relevant rules issued thereunder and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of the Regulations, including the manner in which it is to be disclosed, or that it contains any material misstatements.

**For NSVR & Associates LLP**

Chartered Accountants

FRN: 008801S/S200060

*V. Gangadhara Rao*



**V. Gangadhara Rao. N**

Partner

Membership No: 219486

**UDIN: 25219486BMISAR1322**

Place: Hyderabad

Date: 14.08.2025

B. STATEMENT ON DEVIATION OR VARIATION FOR PROCEEDS OF PUBLIC ISSUE, RIGHTS ISSUE, PREFERENTIAL ISSUE, QUALIFIED INSTITUTIONS PLACEMENT ETC. Not Applicable

C. FORMAT FOR DISCLOSING OUTSTANDING DEFAULT ON LOANS AND DEBT SECURITIES:

S.No.	Particulars	In INR Crore
<b>1.</b>	<b>Loans / revolving facilities like cash credit from banks / financial institutions</b>	
<b>A</b>	Total amount outstanding as on date	0
<b>B</b>	Of the total amount outstanding, amount of default as on date	0
<b>2.</b>	<b>Unlisted debt securities i.e. NCDs and NCRPS</b>	
<b>A</b>	Total amount outstanding as on date	0
<b>B</b>	Of the total amount outstanding, amount of default as on date	0
<b>3.</b>	<b>Total financial indebtedness of the listed entity including short term and long-term debt</b>	0

D. FORMAT FOR DISCLOSURE OF RELATED PARTY TRANSACTIONS (applicable only for half-yearly filings i.e., 2<sup>nd</sup> and 4<sup>th</sup> quarter) : Not Applicable

E. STATEMENT ON IMPACT OF AUDIT QUALIFICATIONS (FOR AUDIT REPORT WITH MODIFIED OPINION) SUBMITTED ALONG-WITH ANNUAL AUDITED FINANCIAL RESULTS (Standalone and Consolidated separately) (applicable only for Annual Filing i.e., 4<sup>th</sup> quarter) Not Applicable

*Sreelakshmi  
Manthra*