



KERNEX MICROSYSTEMS (INDIA) LTD.

(An ISO-9001 : 2008 Certified Company)

Phone : +91-40-23113192-94
Fax : +91-40-23114187
Email : kernex@kernexmail.in
Website : www.kernex.in



CIN : L30007TG1991PLC013211

Registered Office :
'THRUSHNA', Plot No. 7,
Software Units Layout, Infocity
Madhapur, Hyderabad - 500 081.
Telangana, India.

Date: 14-11-2014

The General Manager
The Department of Corporate Services,
Bombay stock Exchange Limited,
Phiroze Jeejeebhoy Towers
Dalal Street,
Mumbai - 400 001
BSE Scrip Code: 532686

The Manager
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

Dear Sir,

Sub: Unaudited financial results for the quarter ended 30th September, 2014.

Ref: Clause 41 of the Listing Agreement

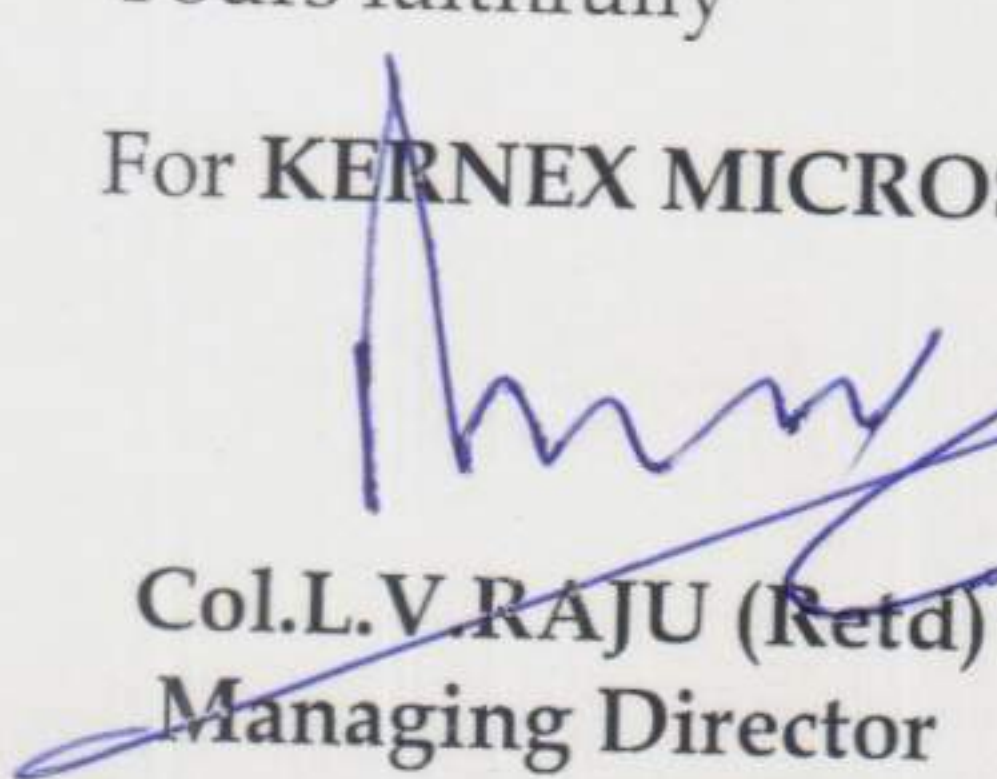
Pursuant to Clause 41 of listing agreement, we are herewith enclosing unaudited financial results along with limited review Audit Report for the quarter ended 30th September, 2014, along with statement of assets and liabilities, which have been reviewed by the Audit Committee and approved by the Board of Directors at the meeting held on 14th November, 2014.

This is for your information and records please.

Thanking you

Yours faithfully

For KERNEX MICROSYSTEMS (INDIA) LIMITED


Col.L.V.RAJU (Retd)
Managing Director





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Standalone unaudited financial results for the quarter and half year ended 30th september 2014

PART I		Quarter ended			Half Year ended		(Rs. in lakhs)
S.No	Particulars	30-Sep-14	30-Jun-14	30-Sep-13	30-Sep-14	30-Sep-13	Year ended
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
1	Income from operations:						
	(a) Net Sales/Income from Operations (Net of Excise Duty)	569.99	460.56	946.92	1,030.55	1,254.84	2,982.99
	(b) Other operating income						
	Total Income from operations (net)	569.99	460.56	946.92	1,030.55	1,254.84	2,982.99
2	Expenses:						
	a. Cost of materials consumed	110.53	113.66	127.76	224.19	154.42	232.71
	b. Purchase of stock-in-trade	0.00		124.70		124.70	292.23
	c. Changes in inventories of finished goods, work in progress and stock in trade	(75.06)	(138.35)	(127.56)	(213.41)	(275.20)	(397.77)
	d. Employees benefits expense	241.98	233.79	232.47	475.77	456.54	936.51
	e. Depreciation and amortization expense	88.83	88.02	101.62	176.85	202.14	403.18
	f. Other expenses	230.22	237.74	502.28	467.96	734.60	1,746.83
	Total Expenses	596.51	534.85	961.27	1,131.36	1,397.21	3,213.69
3	Profit from Operations before Other Income, Finance costs & Exceptional Items (1-2)						
4	Other Income	(26.52)	(74.29)	(14.35)	(100.81)	(142.37)	(230.70)
5	Profit/(Loss) from ordinary activities before finance costs and exceptional items (3+4)	82.98	31.60	54.84	114.59	226.41	329.18
6	Finance Costs	84.60	96.29	79.23	180.89	163.33	308.84
7	Profit/(Loss) from ordinary activities after finance costs but before exceptional items(5-6)	(28.14)	(138.97)	(38.74)	(167.11)	(79.29)	(210.36)
8	Exceptional Items						
9	Profit (+)/ Loss (-) from Ordinary Activities before tax (7+8)	(28.14)	(138.97)	(38.74)	(167.11)	(79.29)	(210.36)
10	Tax expense	(4.48)	-	(0.77)	(4.48)	(0.77)	(39.93)
11	Net Profit (+)/Loss(-) from Ordinary Activities after tax (9-10)	(23.66)	(138.97)	(37.97)	(162.63)	(78.52)	(170.43)
12	Extraordinary Item (net of tax expense Rs.....lakhs)						
13	Net Profit (+)/Loss(-) for the period (11-12)	(23.66)	(138.97)	(37.97)	(162.63)	(78.52)	(170.43)
14	Share of profit/(Loss) of associates						
15	Minority Interest						
16	Net profit/(Loss) after taxes, minority interest and share of profit/(Loss) of Associates (13-14-15)	(23.66)	(138.97)	(37.97)	(162.63)	(78.52)	(170.43)
17	Paid-up equity share capital (Face value of share to be indicated)	1,249.97	1,249.97	1,249.97	1,249.97	1,249.97	1,249.97
18	Reserve excluding Revaluation Reserves as per balance sheet of previous accounting year						11,651.14
19.i	Earnings Per Share (before extra ordinary items)	(0.19)	(1.11)	(0.30)	(1.30)	(0.63)	(1.36)
19.ii	Earnings Per Share (after extra ordinary items)	(0.19)	(1.11)	(0.30)	(1.30)	(0.63)	(1.36)
	Earnings Per Share (after extra ordinary items)	(0.19)	(1.11)	(0.30)	(1.30)	(0.63)	(1.36)



PAN : AAACK8312Q
CEX. Reg.: AAACK8312QXM002

TIN : 36380186260
BIN : AAACK8312QFT001

SEC : 5197001062

Ser.Tax : AAACK8312QXM002



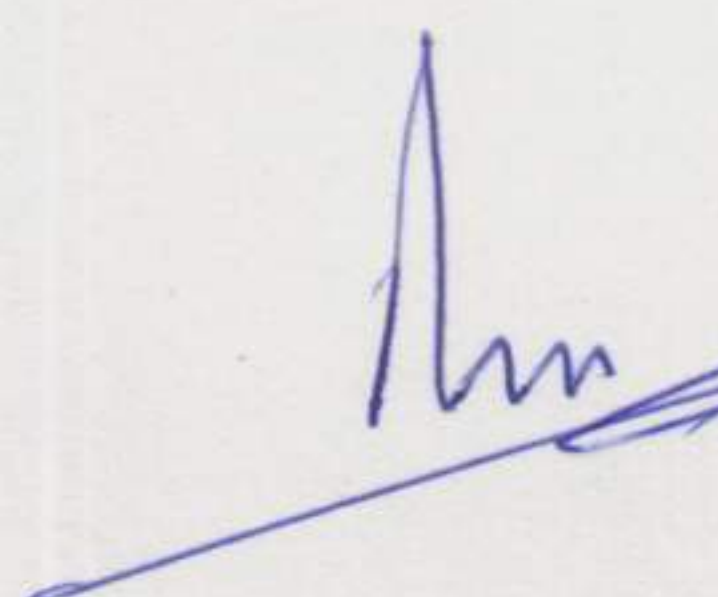
Kernex Microsystems (India) Ltd
 Clause 41 of the Listing Agreement for companies (Other than Banks)

Notes to Financial results :

1. Standalone statement of assets and liabilities

(Rs. in lakhs)

Sl No	Particulars	As at half Year ended on 30th September, 2014 (Unaudited)	As at year ended on 31st March ,2014 (Audited)
A.	EQUITY AND LIABILITIES		
1	Shareholder's Funds		
	a) Share Capital	1,249.97	1,249.97
	b) Reserves and Surplus	11,488.51	11,651.14
	c) Money received against share warrants		
	Sub-total - Shareholder's Funds	12,738.47	12,901.10
2	Current Liabilities		
	a) Short term borrowings	2,198.18	2,078.79
	b) Trade Payables	1,098.22	1,233.93
	c) Other current liabilities	699.20	779.47
	d) Short term provisions	20.28	21.91
	Sub-total - Current Liabilities	4,015.87	4,114.10
	TOTAL -EQUITY AND LIABILITIES	16,754.34	17,015.20
B	ASSETS:		
1	Non - Current Assets		
	a) Fixed Assets	6,559.84	6,736.69
	b) Goodwill on consolidation		
	c) Non-current investments	118.31	118.31
	d) Deferred Tax Assets (net)	10.62	6.14
	e) Long- term loans and advances	706.62	1,019.41
	f) Other non current assets		
	Sub - total - non current assets	7,395.39	7,880.55
2	Current Assets		
	a) Current Investments		
	b) Inventories	2,358.97	2,147.64
	c) Trade Receivables	5,313.52	5,507.18
	d) Cash and cash equivalents	767.36	674.06
	e) Short term loans and advances	774.12	680.49
	f) Other current assets	144.98	125.29
	Sub-total - Current Assets	9,358.95	9,134.65
	TOTAL ASSETS	16,754.34	17,015.20





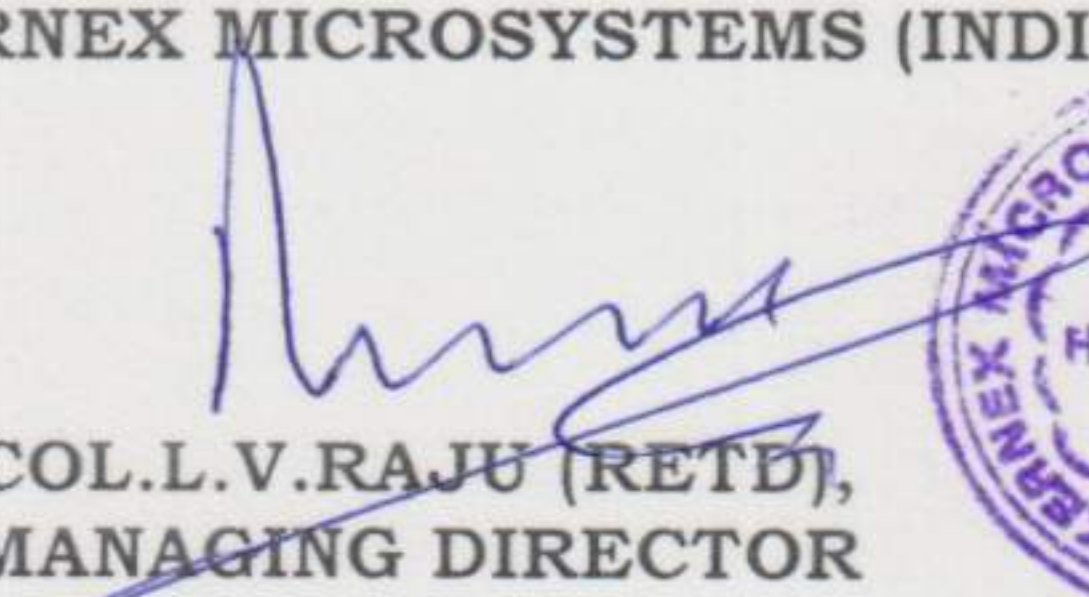

Part II							
		Quarter ended			Half year ended		Year ended
A.	PARTICULARS OF SHAREHOLDING:	30-Sep-14	30-Jun-14	30-Sep-13	30-Sep-14	30-Sep-13	31-Mar-14
1	Public shareholding						
	- Number of shares	7536832	7729832	7729832	7536832	7729832	7729832
	- Percentage of shareholding	60.30%	61.84%	61.84%	60.30%	61.84%	61.84%
2	Promoters and Promoter group Shareholding**						
	a) Pledged/Encumbered						
	-Number of Shares	225000	225000	225000	225000	225000	225000
	-Percentage of Shares(as a % of the total shareholding of Promoter and Promoter group)	4.53%	4.72%	4.72%	4.53%	4.72%	4.72%
	-Percentage of Shares(as a % of the total sharecapital of the Company)	1.80%	1.80%	1.80%	1.80%	1.80%	1.80%
	b) Non-encumbered						
	-Number of Shares	4737823	4544823	4544823	4737823	4544823	4544823
	-Percentage of Shares(as a % of the total shareholding of Promoter and Promoter group)	95.47%	95.23%	95.23%	95.47%	95.23%	95.23%
	-Percentage of Shares(as a % of the total sharecapital of the Company)	37.90%	36.36%	36.36%	37.90%	36.36%	36.36%
	Particulars						
B.	INVESTOR COMPLAINTS:						
	Pending at the beginning of the quarter	0					
	Received during the quarter	0					
	Disposed during the Quarter	0					
	Remaining unresolved at the end of Quarter	0					
			NIL				



Notes:

1. 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 14.11.2014.
2. Limited Review as required under Clause 41 of the Listing Agreement has been completed by the Auditors.
3. Number of Investor complaints left unresolved at the beginning of the quarter Nil, received during the quarter- **Nil** Disposed off during the quarter- **Nil** and pending - Nil.
4. The Company operates in one reportable segment i.e. Safety systems for railways hence segment reporting as per AS-17 is not applicable.
5. The Income from Operations includes an amount of Rs.189.14 Lakhs for Software Services exported to Avant-Garde Infosystems Inc., USA (100% Subsidiary) on Cost plus Contract Basis, during the period under review.
6. Figures for the previous Periods have been regrouped/rearranged, wherever considered necessary.

**By order of the Board of Directors
FOR KERNEX MICROSYSTEMS (INDIA) LTD.,**


**COL.L.V.RAJU (RETD),
MANAGING DIRECTOR**



**Place: Hyderabad
Date: 14.11.2014**



Limited Review Report

Review Report to
The Board of Directors
Kernex Micro Systems (India) Limited
Hyderabad

We have reviewed the accompanying statement of unaudited financial results of Kernex Micro Systems (India) Limited for the period ended 30th September, 2014 except for the disclosures regarding 'Public Shareholding' and 'Promoter and Promoter Group Shareholding' which have been traced from disclosures made by the management and have not been audited by us. This statement is the responsibility of the Company's Management and has been approved by the Board of Directors/ committee of Board of Directors. Our responsibility is to issue a report on these financial statements based on our review.

We conducted our review in accordance with the Standard on Review Engagement (SRE) 2400, *Engagements to Review Financial Statements* 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 statements are free of 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.

Without qualifying our report we would like to comment that for the period under review, trade debtor balances outstanding for more than 6 months are to the tune of Rs. 46.04 crores. An amount of Rs 22.10 crores are subject to confirmation and reconciliation. The management opines that they are good and are fully recoverable and hence no provision is required to be made.

The company has not adopted the schedule II of the Companies Act, 2013 for provision of depreciation and the impact on the profit and loss account is not ascertained. The management provided depreciation on the basis of estimate pending calculation of useful lives of the fixed assets as per the Companies Act 2013.

Based on our review conducted as above, nothing has come to our attention, except reconciliation and confirmation of balances in respect of receivables, that causes us to believe that the accompanying statement of unaudited financial results prepared in accordance with applicable accounting standards and other recognised accounting practices and policies has not disclosed the information required to be disclosed in terms of Clause 41 of the Listing Agreement including the manner in which it is to be disclosed, or that it contains any material misstatement.

For GMK ASSOCIATES
Chartered Accountants
Firm Regn No.006945S



GumS

(G. Satyanarayana Murty)

Partner

M.No.029919

Place : Hyderabad.

Date : 14th November, 2014