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

KMIL/SE/Q4/2017-2018

27th May'18.

To	To
The Listing / Compliance Department Bombay Stock Exchange Limited Phiroze Jeejeebhoy Towers Dalal Street Mumbai – 400 001	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,

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 Listing Regulations, we hereby inform you that the Board of Directors of the Company, at its 183rd Meeting held on May 27, 2018, has, inter alia:

i) Pursuant to Regulation 33 of the Listing Regulations, considered and approved the Audited Standalone Financial Results of the Company for the quarter and year ended March 31, 2018 and the Audited Consolidated Financial Results of the Company for the year ended March 31, 2018, including the Statements of Assets & Liabilities as at March 31, 2018. The said Financial Results (Standalone and Consolidated), along with the Audit Reports thereon, have been enclosed herewith.

The aforesaid Board Meeting commenced at 3:30 p.m. and concluded at 08.45 p.m.

Kindly take the above information on record and acknowledge.

Thanking you,

Yours faithfully
For **KERNEX MICROSYSTEMS (INDIA) LIMITED**

M B NARAYANA RAJU
DIRECTOR
DIN No.07993925

KERNEX MICROSYSTEMS (INDIA) LTD. HYD

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Hyderabad - 500 005. Telangana. India.

Statement of Audited Standalone & Consolidated fianncial results for the year quarter and year ended 31st March 2018

Amounts in Rs

Particulars	Standalone Quarter ended		Standalone Year ended		Consolidated Year ended	
	31st Mar 18	31st Mar 17	31st Mar 18	31st Mar 17	31st Mar 18	31st Mar 17
	Audited	Unaudited	Audited	Audited **	Audited	Audited **
Revenue from operations	4,92,94,325	8,28,70,343	13,30,55,787	12,30,16,446	13,30,55,787	12,30,16,446
Other Income	19,34,476	1,15,68,560	71,85,671	1,84,77,280	71,85,693	1,84,77,297
Total income	5,12,28,801	9,44,38,903	14,02,41,457	14,14,93,726	14,02,41,480	14,14,93,743
Expenses						
Cost of materials consumed	3,22,899	94,11,539	65,96,350	5,45,49,642	65,96,350	5,45,49,642
Purchases of stock in trade	88,88,966	1,05,10,514	1,39,64,371	1,05,10,514	1,12,20,731	1,02,25,260
Changes in inventories of finished goods, work in progress and stock in trade	12,64,633	4,68,98,724	12,64,633	6,22,60,136	12,64,633	6,22,60,136
Employee benefit expense	1,24,04,299	1,04,87,647	4,85,97,456	5,10,54,798	4,89,84,286	5,18,41,278
Finance cost	47,29,648	45,61,889	3,19,34,589	3,31,14,138	3,64,29,896	3,69,70,565
Depreciation and amortization expense	55,96,692	60,53,731	2,24,62,207	2,55,71,846	2,24,62,208	2,55,71,846
Other expenses	8,79,09,138	9,15,05,399	10,89,74,006	15,32,05,305	16,60,79,733	15,42,74,818
Total expenses	12,11,16,275	17,94,29,443	29,01,12,223	39,02,66,379	29,30,37,837	39,56,93,546
Profit/(loss) before extraordinary, exceptional items and tax	(6,98,87,474)	(8,49,90,540)	(14,98,70,765)	(24,87,72,653)	(15,27,96,357)	(25,41,99,803)
Extraordinary items	-	6,00,00,000	-	28,74,97,584	-	28,74,97,584
Exceptional items	-	(5,21,30,987)	-	(5,21,30,987)	-	(5,21,30,987)
Profit/(loss) before tax	(6,98,87,474)	(7,71,21,527)	(14,98,70,765)	(1,34,06,056)	(15,27,96,357)	(1,88,33,206)
Tax expense						
(i) Current tax	-	-	-	-	-	-
(ii) Deferred tax	(2,60,663)	(3,15,68,499)	(56,41,149)	2,16,66,434	(56,41,149)	2,16,66,434
Net profit/(loss) for the period/year	(6,96,26,811)	(4,55,53,028)	(14,42,29,616)	(3,50,72,490)	(14,71,55,208)	(4,04,99,640)
Other comphrensive income						
A (i) Items that will not be reclassified to Statement of Profit and loss	(7,29,848)	(33,62,089)	(7,29,848)	(33,62,089)	(7,29,848)	(33,62,089)
(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			-	-	-	-
Total comphrensive Income	(6,97,56,659)	(4,89,15,117)	(14,49,59,464)	(3,84,34,579)	(14,78,85,056)	(4,38,61,729)
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.	(5.36)	(3.64)	(11.54)	(2.81)	(11.77)	(3.24)

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KERNEX MICROSYSTEMS (INDIA) LTD. HYD

Statement of Assets and Liabilities as at 31 March 2018

Amounts in Rs

Particulars	Standalone			Consolidated		
	As at 31st Mar 18	As at 31st Mar 17	As at 1st Apr 16	As at 31st Mar 18	As at 31st Mar 17	As at 1st Apr 16
ASSETS						
Non-current assets						
Property, Plant and Equipment	**534,850,796**	554,271,919	496,626,038	**534,850,796**	554,271,919	496,626,038
Capital work-in-progress			97,440,499			97,440,499
Other Intangible assets	**594,915**	200,082	200,079	**594,915**	200,079	200,082
Financial assets						
Investments	**11,830,950**	11,830,950	11,830,950			
Other financial assets	**61,527,499**	63,050,496	3,153,652	**61,527,499**	63,050,496	3,153,652
Deffered tax assets (net)	**-**	-	6,765,863	**-**	-	6,765,863
Other Non-current assets	**23,080,218**	59,413,907	68,903,980	**23,080,218**	59,413,907	68,903,980
Total non-current assets	**631,884,377**	688,767,354	684,921,061	**620,053,427**	676,936,401	673,090,114
Current assets						
Inventories	**85,590,288**	102,232,684	248,070,496	**85,590,288**	102,232,684	248,070,496
Financial assets						
Trade receivables	**365,262,322**	412,143,854	513,233,068	**365,262,322**	415,553,239	513,233,068
Cash and cash equivalents	**5,224,825**	3,005,953	8,391,657	**6,649,940**	3,042,072	8,496,126
Other bank balances	**55,314,912**	53,277,401	44,000,873	**55,314,912**	53,277,401	44,000,873
Other financial assets	**1,542,491**	2,142,288	3,020,333	**1,542,491**	2,142,288	3,020,333
Other current assets	**44,881,841**	59,559,891	76,876,609	**65,460,656**	80,124,565	97,921,774
Total current assets	**557,816,679**	632,362,070	893,593,036	**579,820,609**	656,372,249	914,742,671
TOTAL ASSETS	**1,189,701,056**	1,321,129,424	1,578,514,097	**1,199,874,037**	1,333,308,649	1,587,832,785
EQUITY AND LIABILITIES						
Equity						
Equity Share capital	**124,996,550**	124,996,550	124,996,550	**124,996,550**	124,996,550	124,996,550
Other equity	**693,089,334**	835,613,846	911,871,750	**636,788,914**	751,560,757	833,245,811
Total Equity	**818,085,884**	960,610,396	1,036,868,300	**761,785,464**	876,557,307	958,242,361
Liabilities						
Non-current liabilities						
Financial liabilities						
Borrowings	**590,612**	106,128	359,717	**590,612**	106,128	359,717
Provisions	**-**	-	1,749,655	**-**	-	1,749,655
Deferred tax liabilities	**9,259,421**	14,900,571	-	**9,259,421**	14,900,571	-
Other non-current liabilities	**79,800,000**	53,199,999	39,999,999	**79,800,000**	53,199,999	39,999,999
Total Non-current liabilities	**89,650,033**	68,206,698	42,109,371	**89,650,033**	68,206,698	42,109,371
Current liabilities						
Financial liabilities						
Borrowings	**188,950,917**	178,911,145	268,764,260	**255,424,317**	244,451,145	333,004,260
Trade Payables	**66,154,016**	82,546,630	161,181,171	**66,154,016**	113,238,946	184,885,796
Other financial liabilities	**1,197,756**	2,092,068	2,098,326	**1,197,756**	2,092,068	2,098,324
Other current liabilities	**25,662,448**	28,762,487	67,492,668	**25,662,448**	28,762,485	67,492,673
Total current liabilities	**281,965,139**	292,312,330	499,536,426	**348,438,539**	388,544,644	587,481,053
TOTAL EQUITY AND LIABILITIES	**1,189,701,056**	1,321,129,424	1,578,514,097	**1,199,874,037**	1,333,308,649	1,587,832,785

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KERNEX MICROSYSTEMS (INDIA) LTD. HYD

Notes:

1. The above Financial Results were reviewed and recommended by the Audit Committee and taken on record by the Board of Directors in their meeting held on 27th May 18. These results are as per Regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as modified by Circular No.CIR/CFD/FAC/62/2016 dated 05th Jul 16.

2. 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**.

3. 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.

4. The Company adopted Indian Accounting Standards ("Ind AS") from 01st Apr 17 with transition date of 01st Apr 16 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.

5. ** The results for the quarter and the year ended 31st Mar 17are in accordance with Ind AS.

6. On account of transition from the previous Generally Accepted Accounting Principles(GAAP) to Ind AS, the reconciliation of Equity, Statement of Profit and Loss and Other Comprehensive Income(OCI) are as under:

SN	Particulars	Quarter ended 31 Mar 17 Standalone	Year ended 31 Mar 17 Standalone	Year ended 31 Mar 17 Consolidated
	Profit After Tax as reported under Previous GAAP (Published)	**(4,95,57,313)**	**(3,90,76,775)**	**(4,45,03,925)**
i	Allowance for doubtful debts under expected credit loss model	19,65,629	19,65,629	19,65,629
ii	Adjustment to Gratuity liability on account of Actuarial valuation	20,38,656	20,38,656	20,38,656
	Profit After Tax as per IND AS before OCI	**(4,55,53,028)**	**(3,50,72,490)**	**(4,04,99,640)**
	Remeasurement of employee defined benefit obligation	(33,62,089)	(33,62,089)	(33,62,089)
	Total Comprehensive Income as per IND AS	**(4,89,15,117)**	**(3,84,34,579)**	**(4,38,61,729)**

SN	Particulars	Year ended 31 Mar 17 Standalone	Year ended 31 Mar 17 Consolidated
	Total Equity under Previous GAAP (Published)	**96,75,95,584**	**88,35,42,495**
i	Allowance for doubtful debts under expected credit loss model	(84,12,100)	(84,12,100)
ii	Adjustment to Gratuity liability on account of Actuarial valuation	43,97,260	43,97,260
iii	Remeasurement of employee defined benefit obligation	(29,70,348)	(29,70,348)
	Total Equity under Ind AS	**96,06,10,396**	**87,65,57,307**

7. 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.

8. As approved by the Board, a suitable provision has been provided for the obsolete stock.

9. An amount of Rs 15.08 crores receivable from Konkan Railway Corporation Limited (KRCL) is under arbitration. Further the Company has failed in the conciliation proceedings against KRCL for an amount of Rs 5.18 cores and the Company is in the process of filing Arbitration petition. 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 finalization of matters.

10. Post the applicability of Goods and Service Tax (GST) with effect from 01st Jul 17, Revenue from Operations is disclosed net of GST. Accordingly, the revenue from operations for the quarter and year ended 31st Mar 17 are not comparable with the previous periods presented in the results.

11. Figures for the previous periods have been regrouped/rearranged, wherever considered necessary.

Place **Hyderabad**

Date **27th May 18**

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

M.B.NARAYANA RAJU
DIRECTOR
DIN - **07993925**

PRSV & CO. LLP Hyderabad FRN:S-200016 Chartered Accountants

KERNEX MICROSYSTEMS (INDIA) LTD. HYD

P R S V & Co. LLP
Chartered Accountants

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Auditor's Report on Standalone Annual Financial Results of the Company Pursuant to the Regulation 33 of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015

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

1. We have audited the accompanying Statement of Standalone Financial Results of KERNEX MICRO SYSTEMS (INDIA) LIMITED ("the Company) for the year ended 31st Mar 18 ("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.

2. 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 Ind AS Financial statements which has been prepared in accordance with the Indian Accounting Standards prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued there under (Ind AS) and other accounting principles generally accepted in India. Our responsibility is to express an opinion on the Statement based on our audit of such standalone financial statements.

3. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Statement is free from material misstatement.

   An audit includes examining, on a test basis, evidence supporting amounts disclosed in the Statement. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the significant accounting estimates made by the Management, as well as evaluating the overall presentation of the statement.

4. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion in respect of stand-alone financial statements for the year ending 31st Mar 18.

   - We did not audit the financial statements/financial information of Brach situated at Egypt, whose financial statements/financial information have been audited by other auditors whose reports 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 branch, is based solely on the reports of the other auditors.

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- Out of the total debtors outstanding for more than six months of Rs. 32.85 Crores, which are unsecured and considered good are subject to confirmation and reconciliation as on 31st Mar 18.

  The above debtors are slow moving, as partly received or non-moving due to delay in obtaining confirmations and subsequent reconciliation.

  An amount of Rs 15.08 crores receivable from Konkan Railway Corporation Limited (KRCL) is under arbitration. Further the Company has failed in the conciliation proceedings against KRCL for outstanding dues of Rs 5.18 crores and the Company is in the process of filing Arbitration petition. 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 finalization of matters.

- Other Financial Assets under Non-current Assets for Rs 6.00 crores is subject to confirmation from parties.

- As approved by the Board, a suitable provision has been made in the books for the obsolete stock. However, no provision is made for slow/non moving stocks lying as on 31st Mar 18.

5. In our opinion and to the best of our information and according to the explanations given to us, the Statement, subject to matters other than specified in paragraph 4 above;

   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 aforesaid Accounting Standards and other accounting principles generally accepted in India, of the standalone net loss and other financial information of the Company for the year ended 31st Mar 18.

6. The statement includes the results for the Quarter ended 31st Mar 18 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.

Place: **Hyderabad**
Date : **27th May 18**

For **PRSV & Co.LLP**
Chartered Accountants
FRN No: S200016

Y.Venkateswarlu
Partner
M.No: 222068

PRSV & CO. LLP ★ Hyderabad FRN:S-200016 ★ Chartered Accountants

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)

I	S No	Particulars	**Audited Figures** (as reported before adjusting for qualifications)	**Audited Figures** (as reported after adjusting for qualifications)
	1	Turnover/Total Income	1,402.41	1,402.41
	2	Total Expenditure	2,844.71	2,844.71
	3	Net Profit/(Loss)	(1,442.30)	(1,442.30)
	4	Earnings Per Share	(11.54)	(11.54)
	5	Total Assets	11,897.01	11,897.01
	6	Total Liabilities	11,897.01	11,897.01
	7	Net Worth	8,180.86	8,180.86
	8	Any other financial item(s) (as felt appropriate by the management)	-	-
II	**Audit Qualification (each audit qualification separately):**			
	a. **Details of Audit Qualification:** i) Recoverability of the Debtors in absence on Confirmations and Reconciliation of balances. ii) Recoverability of Other Financial Assets under Non-current Assets in absence of Confirmations. iii) Provision not made for slow/non moving stocks.			
	b. **Type of Audit Qualification:** Qualified Opinion			
	c. **Frequency of qualification:** i) Recoverability of the Debtors in absence on Confirmations and Reconciliation of balances-Appeared second time ii) Recoverability of Other Financial Assets under Non-current Assets in absence of Confirmations-Appeared first time iii) Provision not made for slow/non moving stocks-Appeared First Time			
	d. For Audit Qualification(s) where the impact is quantified by the Auditor, Management's views:			
	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: a. The Company has filed arbitration proceedings which are in progress as such the impact cannot be quantified at the moment. b. Management is in the process of identifying the quantum of the slow/non moving items of stock			
	iii) Auditors' Comments on (i) or (ii) above: The Arbitration Proceedings are in progress.			
III	**Signatories:**			
	• **Whole Time Director**			
	• **Chief Executive Officer**			
	• **Chief Finance Officer**			
	• **Audit Committee Chairman**			
	• **Statutory Auditor**			
	Place: Hyderabad			
	Date: 27-May-2018			

P R S V & Co. LLP
Chartered Accountants

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Begumpet, Hyderabad - 500 016
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Telefax : +91 40 2776 6881
E-mail : prsvco@gmail.com

Auditor's Report on Consolidated Annual Financial Results of the Company Pursuant to the Regulation 33 of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015

TO
THE Board of Directors of
KERNEX MICROSYSTEMS (INDIA) LIMITED

1. We have audited the accompanying Statement of Consolidated Financial Results of KERNEX MICROSYSTEMS (INDIA) LIMITED ("the Holding Company) and its subsidiary entity for the year ended 31st Mar 18 ("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 as modified by Circular No. CIR/CFD/FAC/62/2016 dated July, 5, 2016.

2. This Statement, which is the responsibility of the Holding Company's Management and approved by the Board of Directors, has been prepared on the basis of the related consolidated financial statements which has been prepared in accordance with the Indian Accounting Standards, prescribed under Section 133 of the Companies Act, 2013, read with relevant rules issued there under (Ind AS) and other accounting principles generally accepted in India. Our responsibility is to express an opinion on the Statement based on our audit of such consolidated financial statements.

3. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Statement is free from material misstatement.

   An audit includes examining, on a test basis, evidence supporting amounts disclosed in the statement. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the significant accounting estimates made by the Management, as well as evaluating the overall presentation of the statement.

4. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion in respect of consolidated financial statements for the year ending 31st Mar 18.

   We did not audit the financial statements/financial information of wholly owned subsidiary included in the consolidated financial results, whose financial statements/financial information reflects total assets of Rs.220.03 Lakhs as at 31st Mar 18, total revenues of Rs.91.00 Lakhs for the year ended 31st Mar 18 and total loss after tax of Rs.29.26 lakhs, as considered in the consolidated financial results. These financial statements/financial information have been

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audited by other auditors whose reports 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 subsidiary, is based solely on the reports of the other auditors.

Since subsidiary is following Cash basis of accounting, no provision is made towards interest of Rs 1.93 crores on unsecured loan for the financial year 2017-18. The loss of the subsidiary is short reported by Rs 1.93 crores and the liabilities are understated by Rs 1.93 crores for the year 2017-18. Further we state that the loan liability as on 31st Mar 18 is understated by Rs 5.98 crores (including the current year interest stated above) on account of non provision of interest since borrowal of the loan.

5. In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of the reports of the other auditor referred to in paragraph 3 above, the Statement subject to matters other than specified in paragraph 4 above;

   a. Includes the results of Avant-Garde Infosystems Inc, USA (Wholly owned Subsidiary).

   b. 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

   c. Gives a true and fair view in conformity with the aforesaid Accounting Standards and other accounting principles generally accepted in India of the consolidated net loss and other financial information of the Group for the year ended 31 March, 2018.

Place: **Hyderabad**
Date : **27th May 18**

For **PRSV & CO.LLP**
Chartered Accountants
FRN No: S200016

Y.Venkateswarlu
Partner
M.No: 22068

PRSV & CO. LLP ★ Hyderabad FRN:S-200016 ★ Chartered Accountants

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	Sl.No.	Particulars	Audited Figures (as reported before adjusting for qualifications)	Audited Figures (as reported after adjusting for qualifications)
	1	Turnover/Total Income*	1,402.41	1,402.41
	2	Total Expenditure#	2,930.37	2,930.37
	3	Net Profit/(Loss)	(1,471.55)	(1,4751.55)
	4	Earnings Per Share	(11.77)	(11.77)
	5	Total Assets	11,998.74	11,998.74
	6	Total Liabilities	11,998.74	11,998.74
	7	Net Worth	7,617.85	7,617.85
	8	Any other financial item(s) (as felt appropriate by the management)	-	-

II	**Audit Qualification (each audit qualification separately):**
	a. **Details of Audit Qualification:** Non-Provision of Interest on Unsecured Loan Taken by U.S.A Subsidiary, since books are maintained on Cash Basis.
	b. **Type of Audit Qualification:** Qualified Opinion
	c. **Frequency of qualification:** Appeared second time
	d. **For Audit Qualification(s) where the impact is quantified by the Auditor, Management's Views:** Since the accounts are maintained on cash system in USA, the interest amount will be considered on payment basis.
	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:
III	**Signatories:**
	• **Whole Time Director / Director**
	• **Chief Executive Officer**
	• **Chief Finance Officer**
	• **Audit Committee Chairman**
	• **Statutory Auditor**
	Place: Hyderabad
	Date: 27-May-2018