

Annual Report 2019-20

Notice is hereby given that the 28th Annual General Meeting of the Members of M/s. Kernex Microsystems (India) Limited will be held on Wednesday 30th day of September 2020 at 4:00 P.M IST through Video Conference ("VC")/Other Audio Visual Means ("OAVM") facility to transact the following items of business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Standalone and Consolidated financial statements for the year ended on 31st March, 2020 together with the reports of the Board of Director's and Auditors thereon.
2. To appoint a director in place of Dr. Anji Raju Manthena (DIN: 01022368) as a Non-Executive Director, who retires by rotation and being eligible offers himself for re-appointment as a director in the company.
3. To appoint a director in place of Dr. Vinta Janardhana Reddy (DIN: 02414912) as a Non-Executive Director, who retires by rotation and being eligible offers himself for re-appointment as a director in the company.

SPECIAL BUSINESS

4. **TO CONSIDER AND APPROVE APPOINTMENT OF MR. SREENIVASA RAO RAVINUTHALA (DIN: 03271625) AS AN INDEPENDENT DIRECTOR OF THE COMPANY**

To consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT Mr. Sreenivasa Rao Ravinuthala (DIN: 03271625), who was appointed as an Additional Director of the Company by the Board of Directors with effect from 30th September'2019 and who holds office up to the date of ensuing Annual General Meeting under Section 161(1) of the Companies Act, 2013 ('the Act') and Articles of Association of the Company, and he has given consent for appointment and in respect of whom the Company has received a notice in writing under Section 160(1) of the Act from a member proposing his candidature for the office of Director, be and is hereby approved.

"RESOLVED FURTHER THAT pursuant to the provisions of Section 149, 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 and Companies (Appointment and Qualifications of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force) and Regulation 16(1)(b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time, Mr. Sreenivasa Rao Ravinuthala (DIN: 03271625), who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Companies Act, 2013, be and is hereby appointed as an Independent Director of the Company, not liable to retire by rotation, with effect from 30th September' 2019 to 29th September' 2024 be and is hereby approved.

5. **TO CONSIDER AND APPROVE APPOINTMENT OF MR. KOGANTI SOMASEKHARA RAO (DIN: 8576216) AS AN INDEPENDENT DIRECTOR OF THE COMPANY**

To consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT Mr. Koganti Somasekhara Rao (DIN: 8576216), who was appointed as an Additional Director of the Company by the Board of Directors with effect from 30th September'2019 and who holds office up to the date of ensuing Annual General Meeting under Section 161(1) of the Companies Act, 2013 ('the Act') and Articles of Association of the Company, and he has given consent for appointment and in respect of whom the Company has received a notice in writing under Section 160(1) of the Act from a member proposing his candidature for the office of Director, be and is hereby approved.

“RESOLVED FURTHER THAT pursuant to the provisions of Section 149, 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 and Companies (Appointment and Qualifications of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force) and Regulation 16(1)(b) SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time, Mr. Koganti Somasekhara Rao (DIN: 8576216), who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Companies Act, 2013, be and is hereby appointed as an Independent Director of the Company, not liable to retire by rotation, with effect from 30th September’2019 to 29th September’2024 be and is hereby approved.

6. TO CONSIDER AND APPROVE APPOINTMENT OF MR. ADDANKI VENKATA SAI KRISHNA MOHAN (DIN: 7967460) AS AN INDEPENDENT DIRECTOR OF THE COMPANY

To consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

“RESOLVED THAT Mr. Addanki Venkata Sai Krishna Mohan (DIN: 7967460), who was appointed as an Additional Director of the Company by the Board of Directors with effect from 08th February’2020 and who holds office up to the date of ensuing Annual General Meeting under Section 161(1) of the Companies Act, 2013 (‘the Act’) and Articles of Association of the Company, and he has given consent for appointment and in respect of whom the Company has received a notice in writing under Section 160(1) of the Act from a member proposing his candidature for the office of Director, be and is hereby approved.

“RESOLVED FURTHER THAT pursuant to the provisions of Section 149, 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 and Companies (Appointment and Qualifications of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force) and Regulation 16(1)(b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time, Mr. Addanki Venkata Sai Krishna Mohan (DIN: 7967460), who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Companies Act, 2013, be and is hereby appointed as an Independent Director of the Company, not liable to retire by rotation, with effect from 08th February’2020 to 07th February’2025 be and is hereby approved.

7. TO CONSIDER AND APPROVE APPOINTMENT OF MR. SITARAMA RAJU MANTHENA (DIN: 08576273) AS ADDITIONAL DIRECTOR OF THE COMPANY

To consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

“RESOLVED THAT Mr. Sitarama Raju Manthena (DIN: 08576273) who was appointed as an Additional Director at the meeting of the Board of Directors held on 30th September, 2019 and who holds office as such upto the date of ensuing Annual General Meeting and in respect of whom the Company has received a notice under section 160 of the Companies Act, 2013 proposing his candidature for the office of Director of the Company, be and is hereby appointed as a Director of the Company, liable to retire by rotation.

8. TO CONSIDER AND APPROVE APPOINTMENT OF MR. SITARAMA RAJU MANTHENA (DIN: 08576273) AS A WHOLE-TIME DIRECTOR OF THE COMPANY

To consider and if thought fit to pass with or without modification(s) the following resolution as a Special Resolution.

“RESOLVED THAT in pursuance of the recommendations of the Nomination and Remuneration Committee and Board of Directors of the Company and pursuant to Sections 196, 197, 203 and other applicable provisions, if any, of the Companies Act, 2013 (“the Act”), read with Schedule V to the Act and the rules made there under, as amended from time to time, the approval of the members of the Company be and is hereby accorded for the appointment of Mr. Sitarama Raju Manthena (DIN: 08576273) as a Whole Time Director of the Company for a period of three years w.e.f 02nd September 2020 and on the following terms and conditions.

1. Remuneration:

A) Salary: Rs. 90,000/- per month with authority to the Board of Directors and/or a Committee of the board, to vary the same from time to time

B) Perquisites & Allowances:

In addition to the salary payable, he shall also be entitled to the following perquisites and allowances

- a) House Rent Allowance @ 40% of the salary.
- b) Special Monthly allowance @ 60% of the salary.
- c) Reimbursement of Medical expenses incurred for self and his family not exceeding one month salary in a year or three months' salary in a block of three years.
- d) Leave travel assistance: Expenses incurred for self and family in accordance with company's rules.
- e) Car: The Company shall provide a car for company's business.
- f) Phone / cell phone: free except for personal long distance calls which shall be billed.
- g) Club Fee: Subject to a maximum of two clubs. This will not include admission and life membership.
- h) Group Medical Insurance and Personal Accident Insurance Premium as per the rules of the Company.
- l) Reimbursement of entertainment expenditure actually and properly incurred for the business of the Company.

2. Minimum remuneration: Notwithstanding anything to the contrary herein contained, if in any financial year during the currency of the tenure of Mr. Sitarama Raju Manthena (DIN: 08576273), the Company has no profits or its profits are inadequate, the Company will pay remuneration by way of salary, perquisites and allowance as specified above, subject to the limits specified in Companies Act, 2013 including amendments made thereto.

3. The terms and conditions of the appointment and / or Agreement may be altered or varied from time to time by the Board of Directors and/or a Committee of the Board as it may, in its discretion, deem fit, within the Maximum amount payable in accordance with the provisions contained in Companies Act' 2013, subject to amendments, if any, or any amendments made hereinafter in this regard.

9. TO CONSIDER AND APPROVE APPOINTMENT OF MR. BADARI NARAYANA RAJU (DIN: 07993925) AS A WHOLE TIME DIRECTOR OF THE COMPANY

To consider and if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:

"RESOLVED THAT in pursuance of the recommendations of the Nomination and Remuneration Committee and Board of Directors of the Company and pursuant to Sections 196, 197, 203 and other applicable provisions, if any, of the Companies Act, 2013 ("the Act"), read with Schedule V to the Act and the rules made there under, as amended from time to time, the approval of the members of the Company be and is hereby accorded for the appointment of Mr. Manthena Badari Narayana Raju (DIN: 07993925) as a Whole Time Director of the Company for a period of three years with effective from 02nd September, 2020 on the following terms and conditions .

1. Remuneration:

- A) Salary: Rs. 90,000/- per month with authority to the Board of Directors and/or a Committee of the board, to vary the same from time to time.
- B) Perquisites & Allowances: In addition to the salary payable, he shall also be entitled to the following perquisites and allowances
- a) House Rent Allowance @ 40% of the salary.
 - b) Special Monthly allowance @ 60% of the salary.
 - c) Reimbursement of Medical expenses incurred for self and his family not exceeding one month salary in a year or three months salary in a block of three years.
 - d) Leave travel assistance: Expenses incurred for self and family in accordance with Company's rules.
 - e) Car: The Company shall provide a car for company's business.
 - f) Phone / cell phone: free except for personal long distance calls which shall be billed.
 - g) Club Fee: Subject to a maximum of two clubs. This will not include admission and life membership.
 - h) Group Medical Insurance and Personal Accident Insurance Premium as per the rules of the Company.
 - i) Reimbursement of entertainment expenditure actually and properly incurred for the business of the Company.
2. Minimum remuneration: Notwithstanding anything to the contrary herein contained, if in any financial year during the currency of the tenure of Mr. Manthena Badari Narayana Raju, the Company has no profits or its profits are inadequate, the Company will pay remuneration by way of salary, perquisites and allowance as specified above, subject to the limits specified in Companies Act, 2013 including amendments made thereto.
3. The terms and conditions of the appointment and / or Agreement may be altered or varied from time to time by the Board of Directors and/or a Committee of the Board as it may, in its discretion, deem fit, within the Maximum amount payable in accordance with the provisions contained in Companies Act' 2013, subject to amendments, if any, or any amendments made hereinafter in this regard.

10. INCREASE IN AGGREGATE LIMIT OF INVESTMENT AND HOLDING BY NON-RESIDENT INDIANS (NRIs)/ OVERSEAS CITIZENS OF INDIA (OCI) IN THE EQUITY SHARE CAPITAL OF THE COMPANY

To consider and if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to the applicable provisions of Foreign Exchange Management Act, 1999, as amended ("FEMA"), Foreign Exchange Management (Non-debt Instruments) Rules, 2019 as amended from time to time, the Companies Act, 2013 as amended, as the case may be and all other applicable acts, rules, regulations, provisions and guidelines (including any amendment, variation, statutory modification(s) or re-enactment(s) thereof for the time being in force) and subject to all applicable approvals, permissions and sanctions of the Foreign Investment Promotion Board, The Reserve Bank of India, Ministry of Finance,

Ministry of Corporate Affairs, Government of India, Securities and Exchange Board of India and other concerned authorities and subject to such conditions as may be prescribed by any of the said concerned authorities while granting such approvals, permissions or sanctions, the maximum permitted NRI limit be and is hereby increased from the existing 10% to 24%, i.e., to permit Non-Resident Individuals (the "NRIs"), to acquire and hold on their own account, equity shares upto an aggregate limit of 24% of the paid up capital of the Company on repatriation basis for the time being provided, however, that the equity shareholding of each NRI shall not exceed such limits as are or as may be prescribed, from time to time, under applicable laws, rules and regulations."

"FURTHER RESOLVED THAT the Board of Directors of the Company (including duly constituted and authorized committee thereof) be and is hereby authorized to do such acts, deeds, matters and things and execute all documents or writings as may be necessary, proper or expedient for the purpose of giving effect to this resolution including intimating the concerned authorities or such other regulatory body and for matters connected therewith or incidental thereto including delegating all or any of the powers conferred herein to any committee of Directors or any Director(s) or officer(s) of the Company."

11. APPROVAL FOR RE-APPOINTMENT AND REMUNERATION PAYABLE TO MS. SREE LAKSHMI MANTHENA AS A DIRECTOR IN M/s. AVANT GARDE INFO SYSTEMS INC

To consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Section 188(1)(f) and all other applicable provisions of the Companies Act, 2013 read with the Rules made thereunder, Regulation 23 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modifications(s) or re-enactment thereof, for the time being in force), as per the recommendation and approval of the Nomination and Remuneration Committee and Audit Committee, and subject to such consents, approvals and permissions as may be required, the consent of the members of the Company be and is hereby accorded to re-appoint Ms. Sree Lakshmi Manthena as a director of the Company's Wholly Owned Subsidiary i.e. M/s. Avant Garde Info Systems Inc, at a remuneration of Rs. 4,00,000 per month and such other prerequisites in accordance with the service rules of the Company w.e.f. 1st October 2020.

"RESOLVED FURTHER THAT the Board of Directors and of the Company be and is hereby authorized to do, all such acts, matters, deeds and things, settle any queries/difficulties, doubts arise from it, as may be considered necessary, proper or expedient to give effect to this resolution and for matters connected herewith or incidental there to in the best interest of the Company."

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

Sd/-
Manthena Badari Narayana Raju
Whole Time Director
DIN: 07993925

Place: Hyderabad
Date: 02nd September' 2020

NOTES:

1. In view of the continuing Covid-19 pandemic, the Ministry of Corporate Affairs (“MCA”) has vide its circular dated May 5, 2020 read with circulars dated April 8, 2020 and April 13, 2020 (collectively referred to as “MCA Circulars”) and SEBI circular SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated May 12, 2020 permitted the holding of the Annual General Meeting (“AGM”) through VC / OAVM, without the physical presence of the Members at a common venue. In compliance with the provisions of the Companies Act, 2013 (“Act”), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI Listing Regulations”) and MCA Circulars, the AGM of the Company is being held through VC / OAVM.
2. Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 (as amended), and the MCA Circulars, and SEBI circular SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated May 12, 2020 the Company is providing facility of remote e-voting to its Members in respect of the business to be transacted at the AGM. For this purpose, the Company has entered into an agreement with National Securities Depository Limited (NSDL) for facilitating voting through electronic means, as the authorized agency. The facility of casting votes by a member using remote e-voting system as well as voting during the AGM will be provided by NSDL.
3. The relevant details, pursuant to Regulations 26(4) and 36(3) of the SEBI Listing Regulations and Secretarial Standard on General Meetings issued by the Institute of Company Secretaries of India, in respect of Director seeking re- appointment at this AGM is annexed.
4. The Register of Members and Share Transfer Books of the Company will remain closed from September 24, 2020 to September 30, 2020 (both days inclusive) for the purpose of giving effect to the transmission and transposition requests lodged with the Company.
5. Pursuant to the provisions of the Act, a Member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote on his/her behalf and the proxy need not be a Member of the Company. Since this AGM is being held pursuant to the MCA Circulars and SEBI circular SEBI/HO/CFD/CMD1/ CIR/P/2020/79 dated May 12, 2020 through VC / OAVM, physical attendance of Members has been dispensed with. Accordingly, the facility for appointment of proxies by the Members will not be available for the AGM and hence the Proxy Form and Attendance Slip are not annexed to this Notice.
6. As per Regulation 40 of SEBI Listing Regulations, as amended, securities of listed companies can be transferred only in dematerialized form with effect from, April 1, 2019, except in case of request received for transmission or transposition of securities. In view of this and to eliminate all risks associated with physical shares and for ease of portfolio management, members holding shares in physical form are requested to consider converting their holdings to dematerialized form. Members can contact the Company or Company's Registrars and Transfer Agents, KFin Technologies Private Limited (“KFin”) for assistance in this regard.
7. To promote green initiative, Members who have not registered their email addresses are requested to register the same with their Depository Participants in case the shares are held by them in electronic form and with KFin, in case the shares are held in physical form.
8. Members are requested to intimate changes, if any, pertaining to their name, postal address, email address, telephone/ mobile numbers, Permanent Account Number (PAN), mandates, nominations, power of attorney, bank details such as, name of the bank and branch details, bank account number, MICR code, IFSC code, etc., to their DPs in case the shares are held by them in electronic form and to KFin in case the shares are held by them in physical form.
9. Members who have not yet registered their nomination are requested to register the same by submitting Form No. SH-13. The said form can be downloaded from the Company's website www.kernx.in. Members are requested to submit the said details to their DP in case the shares are held by them in electronic form and to KFin in case the shares are held in physical form.

Annual Report 2019-20

10. Members holding shares in physical form, in identical order of names, in more than one folio are requested to send to the Company or KFin, the details of such folios together with the share certificates for consolidating their holdings in one folio. A consolidated share certificate will be issued to such Members after making requisite changes.
11. In case of joint holders, the Member whose name appears as the first holder in the order of names as per the Register of Members of the Company will be entitled to vote at the AGM.
12. Members seeking any information with regard to the accounts or any matter to be placed at the AGM, are requested to write to the Company on or before September 25, 2020 through email on acs@kernex.in. The same will be replied by the Company suitably.
13. In compliance with the aforesaid MCA Circulars and SEBI Circular dated May 12, 2020, Notice of the AGM along with the Annual Report 2019-20 is being sent only through electronic mode to those Members whose email addresses are registered with the Company/ Depositories. Members may note that the Notice and Annual Report 2019-20 will also be available on the Company's website www.kernex.in, websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com respectively and NSDL at <https://www.evoting.nsdl.com/>. Members whose email IDs are not registered with the Company/Depositories are requested to follow the process provided further for registration of email IDs with the depositories for procuring user ID & password and registration of email IDs for e-voting for the resolutions set out in this notice.
14. At the Twenty-Fifth AGM held on September 29, 2017 the Members approved appointment of PRSV & Co LLP, Chartered Accountants (Firm Registration No. S200016) as Statutory Auditors of the Company to hold office for a period of five years from the conclusion of that AGM till the conclusion of the Thirtieth AGM. The requirement to place the matter relating to appointment of auditors for ratification by Members at every AGM has been done away by the Companies (Amendment) Act, 2017 with effect from May 7, 2018. Accordingly, no resolution is being proposed for ratification of appointment of statutory auditors at the Twenty Eighth AGM.
15. Since the AGM will be held through VC / OAVM, the Route Map is not annexed in this Notice.
16. Instructions for e-voting and joining the AGM are as follows:

THE INSTRUCTIONS FOR MEMBERS FOR REMOTE E-VOTING ARE AS UNDER:-

The remote e-voting period begins on Sunday, September 27, 2020 (9:00 a.m. IST) and ends on Tuesday, September 29, 2020 (5:00 p.m. IST). The remote e-voting module shall be disabled by NSDL for voting thereafter.

During this period, Members of the Company, holding shares either in physical form or in dematerialized form, as on September 23, 2020 (Cut-off date), may cast their vote electronically.

Any person, who acquires shares of the Company and becomes a Member of the Company after sending of the Notice and holding shares as of the Cut-off date, may obtain the login ID and password by sending a request at evoting@nsdl.co.in. However, if he/she is already registered with NSDL for remote e-voting then he/she can use his/her existing User ID and password for casting the vote.

How do I vote electronically using NSDL e-Voting system?

The way to vote electronically on NSDL e-Voting system consists of "Two Steps" which are mentioned below:

Step 1: Log-in to NSDL e-Voting system at <https://www.evoting.nsdl.com/>

Step 2: Cast your vote electronically on NSDL e-Voting system.

Details on Step 1 is mentioned below:

How to Log-in to NSDL e-Voting website?

1. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsdl.com/> either on a Personal Computer or on a mobile.
2. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholders' section.
3. A new screen will open. You will have to enter your User ID, your Password and a Verification Code as shown on the screen.

Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at <https://eservices.nsdl.com/> with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.

1. Your User ID details are given below:

Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical	Your User ID is:
For Members who hold shares in demat account with NSDL	8 Character DP ID followed by 8 Digit Client ID For example if your DP ID is IN300*** and Client ID is 12***** then your user ID is IN300***12*****.
a) For Members who hold shares in demat account with CDSL	16 Digit Beneficiary ID For example if your Beneficiary ID is 12***** then your user ID is 12*****
b) For Members holding shares in Physical Form.	EVEN Number followed by Folio Number registered with the company For example if folio number is 001*** and EVEN is 101456 then user ID is 101456001***

5. Your password details are given below:

- a) If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.
- b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.
- c) How to retrieve your 'initial password'?
 - (i) If your email ID is registered in your demat account or with the company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL in your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.

Annual Report 2019-20

- (ii) If your email ID is not registered, please follow steps mentioned below in process for those shareholders whose email ids are not registered.
6. If you are unable to retrieve or have not received the “Initial password” or have forgotten your password:
 - a) Click on “Forgot User Details/Password?” (If you are holding shares in your demat account with NSDL or CDSL) option available on www.evoting.nsdl.com.
 - b) “Physical User Reset Password?” (If you are holding shares in physical mode) option available on www.evoting.nsdl.com.
 - c) If you are still unable to get the password by aforesaid two options, you can send a request at evoting@nsdl.co.in mentioning your demat account number/folio number, your PAN, your name and your registered address.
 - d) Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.
7. After entering your password, tick on Agree to “Terms and Conditions” by selecting on the check box.
8. Now, you will have to click on “Login” button.
9. After you click on the “Login” button, Home page of e-Voting will open.

Details on Step 2 is given below:

How to cast your vote electronically on NSDL e-Voting system?

1. After successful login at Step 1, you will be able to see the Home page of e-Voting. Click on e-Voting. Then, click on Active Voting Cycles.
2. After click on Active Voting Cycles, you will be able to see all the companies “EVEN” in which you are holding shares and whose voting cycle is in active status.
3. Select “EVEN” of company for which you wish to cast your vote.
4. Now you are ready for e-Voting as the Voting page opens.
5. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on “Submit” and also “Confirm” when prompted.
6. Upon confirmation, the message “Vote cast successfully” will be displayed.
7. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
8. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

General Guidelines for shareholders

1. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail to csvanitha19@gmail.com with a copy marked to evoting@nsdl.co.in.
2. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the “Forgot User Details/Password?” or “Physical User Reset Password?” option available on www.evoting.nsdl.com to reset the password.

3. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of www.evoting.nsdl.com or call on toll free no.: 1800-222-990 or send a request at evoting@nsdl.co.in

Process for those shareholders whose email ids are not registered with the depositories for procuring user id and password and registration of email ids for e-voting for the resolutions set out in this notice:

Process for those shareholders whose email ids are not registered with the depositories for procuring user id and password and registration of email ids for e-voting for the resolutions set out in this notice:

1. In case shares are held in physical mode please provide Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) by email to acs@kernex.in.

In case shares are held in demat mode, please provide DPID- CLID (16 digit DPID + CLID or 16 digit beneficiary ID), Name, client master or copy of Consolidated Account statement, PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) to acs@kernex.in.

2. Alternatively member may send an e-mail request to evoting@nsdl.co.in for obtaining User ID and Password by proving the details mentioned in Point (1) or (2) as the case may be.

THE INSTRUCTIONS FOR MEMBERS FOR e-VOTING ON THE DAY OF THE AGM ARE AS UNDER:-

1. The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for remote e-voting.
2. Only those Members/ shareholders, who will be present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system in the AGM.
3. Members who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.
4. The details of the person who may be contacted for any grievances connected with the facility for e-Voting on the day of the AGM shall be the same person mentioned for Remote e-voting.

INSTRUCTIONS FOR MEMBERS FOR ATTENDING THE AGM THROUGH VC/OAVM ARE AS UNDER:

1. Members will be provided with a facility to attend the AGM through VC/OAVM through the NSDL e-Voting system. Members may access the same at <https://www.evoting.nsdl.com> under shareholders/members login by using the remote e-voting credentials. The link for VC/OAVM will be available in shareholder/members login where the EVEN of Company will be displayed. Please note that the members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned in the notice to avoid last minute rush. Further members can also use the OTP based login for logging into the e-Voting system of NSDL.
2. The Members can join the AGM in the VC/OAVM mode 30 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice.

The facility of participation at the AGM through VC/OAVM will be made available for 1000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.

Annual Report 2019-20

3. Members who would like to express their views or ask questions during the AGM may register themselves as a speaker by sending their request from their registered email address mentioning their name, DP ID and Client ID/folio number, PAN, mobile number at acs@kernex.in. on or before September 27th 2020. Those Members who have registered themselves as a speaker will only be allowed to express their views/ask questions during the AGM. The Company reserves the right to restrict the number of speakers depending on the availability of time for the AGM.
4. The attendance of the Members attending the AGM through VC/OAVM will be counted for the purpose of reckoning the quorum under Section 103 of the Companies Act, 2013.
5. Members are encouraged to join the Meeting through Laptops for better experience.
6. Further Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
7. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to fluctuation in their respective network. It is therefore recommended to use stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
8. Shareholders who would like to express their views/have questions may send their questions in advance mentioning their names, demat account number/folio number, email id, mobile number at acs@kernex.in. The same will be replied by the company suitably.
9. The voting rights of Members shall be in proportion to their shares of the paid-up equity share capital of the Company as on September 23, 2020. A person, whose name is recorded in the Register of Members or in the Register of Beneficial Owners maintained by the Depositories as on the Cut- off date only shall be entitled to avail the facility of remote e-voting or voting at the AGM.
10. The Company has appointed Mrs. N Vanitha, P S Rao & Associates, Practising Company Secretaries, Hyderabad, as the Scrutinizer to the e-voting process and voting at the AGM in a fair and transparent manner and he has communicated his willingness to be appointed and will be available for same purpose.
11. The scrutinizer shall, immediately after the conclusion of voting at the general meeting, first count the votes cast at the AGM, thereafter unlock the votes through e-voting in the presence of at least two witnesses, not in the employment of the Company and make, not later than three days from the conclusion of the meeting, a consolidated scrutiniser's report of the total votes cast in favour or against, if any, to the Chairman of the Company, who shall countersign the same.
12. The scrutiniser shall submit his report to the Chairman, who shall declare the result of the voting. The results declared along with the scrutiniser's report shall be placed on the Company's website: www.neulandlabs.com and shall also be communicated to the stock exchanges. The resolution shall be deemed to be passed at the AGM of the Company scheduled to be held on September 30, 2020.
13. Subject to receipt of requisite number of votes, the Resolutions shall be deemed to be passed on the date of the Meeting, i.e. September 30, 2020.

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

Sd/-
Manthena Badari Narayana Raju
Whole Time Director
DIN: 07993925

Place: Hyderabad
Date: 02nd September 2020

Information pursuant to the Listing Regulations and Secretarial Standards in respect of Appointment/ Re-appointment of Directors

Particulars	Mr. Sreenivasa Rao Ravinuthala	Mr. Koganti Somasekhara Rao
Date of Birth	November 07, 1955	February 25, 1953
Date of Appointment	September 30, 2019	September 30, 2019
Qualifications	Fellow Member of the Institute of Cost Accountants of India.	Master in Technology in Advanced Electronics from Jawaharlal Nehru Technological University
Expertise in specific Functional area	He is a practicing Cost & Management Accountant having over 3 decades of association with the industry in several fields in functional level to strategic Management and also rendering services as I.E.C. Member nominated by the ICAI, in the re-phasing of Corporate debts over Rs.500 Cr., and Qualified as Insolvency Professional under the provisions of the Insolvency and Bankruptcy Code, 2016. Specialization in Project Finance, Working Capital Finance, Preparation & review of DPRs, Stock Audits, Lender's Auditor, Restructuring Proposals, Viability Studies and contributed as IEC Member, Credit Audit. He has been Identified as one of 32 Cost & Management Accountants amongst thousands of practicing members in the same field in India by the Institute of Cost Accountants of India (ICAI) and nominated as a financial Expert to the Independent Evaluation Committee (IEC), which is meant for the evaluation of Re-phasing proposals as per mandatory guidelines of RBI.	He has 22 years of experience in design, development, Engineering and execution of SCADA projects and process control systems. Specialization in Finalizing the project requirements, preparation of FDS and SDS documents, project engineering, firming up the special application software requirements of the individual projects, design of special modules, co-ordination with various departments, customer interaction, installation and commissioning and fine tuning of the SCADA systems to the needs of the customer requirements at ECIL and IIPL and expertise in International Business development, Project Management, Strategic planning/ Operational planning, and financial acumen.
Directorship held in other public companies (excluding foreign companies)	1. Vayhan Coffee Limited	Nil
Memberships / Chairmanships of committees of other Public companies (includes only Audit and Shareholders/ Investors Grievance Committee)	Nil	Nil
Number of shares held in the company	0	0

Particulars	Mr. Addanki Venkata Sai Krishna Mohan	Mr. Sitarama Raju Manthena
Date of Birth	March 15, 1957	June 24, 1973
Date of Appointment	February 08, 2020	September 30, 2019
Qualifications	Masters in English Literature, Bachelor of Science – Andhra University	BS Computer Science with Business Administration
Expertise in specific Functional area	An astute professional having 39 years of post qualification experience in Commercial Banking of which 20+ years of experience is in Credit Appraisal, Industrial Finance, Restructuring, Credit monitoring, Recovery, and Branch Management in a Public Sector Bank in various capacities at various centers. Retired as a Deputy General Manager at Union Bank of India in Mar'17. An experienced banker with a proven track record of demonstrating fast business growth, adept handling of stressed assets, participation and chairing several consortium meetings, assessing and studying the viability of organizations in stress, having sound knowledge of Legal procedures / processes of SARFAESIA, DRT, and BIFR. Practicing as an Insolvency Professional since September 2017.	He has Two Decades of experience and expertise in International Business development, Project Management, Strategic planning/ Operational planning, and financial acumen. Specialization in International Marketing
Directorship held in other public companies (excluding foreign companies)	Nil	Nil
Memberships / Chairmanships of committees of other Public companies (includes only Audit and Shareholders/ Investors Grievance Committee)	Nil	Nil
Number of shares held in the company	0	7,12,992

Particulars	Mr. Badari Narayana Raju Manthena
Date of Birth	August 01, 1954
Date of Appointment	September 02, 2020
Qualifications	Bachelor Degree in Commerce from Andhra University
Expertise in specific Functional area	Mr. Badari Narayana Raju Manthena is in the employment of the company for the past 20 years at a senior level with the designation of Chief Administrative and Commercial Officer and is looking after the General and Personnel Administration, Liaison with all Government Agencies and Compliances with Service Tax, Sales Tax, VAT, Excise, PF,ESI, etc.,
Directorship held in other public companies (excluding foreign companies)	Nil
Memberships / Chairmanships of committees of other Public companies (includes only Audit and Shareholders/ Investors Grievance Committee)	Nil
Number of shares held in the company	2,087

EXPLANATORY STATEMENT

(Pursuant to Section 102 of the Companies Act, 2013)

Item No. 4:

The Board of Directors, based on the recommendation of Nomination and Remuneration Committee had appointed Mr. Sreenivasa Rao Ravinuthala (DIN: 03271625) as an Additional Director of the Company with effect from 30th September'2019, under Non-Executive Independent Director category.

In terms of Section 161 (1) of the Companies Act, 2013, Mr. Sreenivasa Rao Ravinuthala holds Office as an Additional Director up-to the date of the forthcoming Annual General Meeting. The Nomination and Remuneration Committee and the Board of Directors of the Company has recommended the appointment and the Company received a notice pursuant to Section 160 of the Companies Act, 2013 from a Member signifying his intention to propose the appointment of Mr. Sreenivasa Rao Ravinuthala as a Director.

Mr. Sreenivasa Rao Ravinuthala has over 3 decades of association with the industry in several fields in functional level to strategic Management and also rendering services as I.E.C. Member nominated by the ICAI, in the re-phasing of corporate debts over Rs.500 Cr., and Qualified as Insolvency Professional under the provisions of the Insolvency and Bankruptcy Code, 2016. Specialization in Project Finance, Working Capital Finance, Preparation & review of DPRs, Stock Audits, Lender's Auditor, Restructuring Proposals, Viability Studies and contributed as IEC Member, Credit Audit. He has been Identified as one of 32 Cost & Management Accountants amongst thousands of practicing members in the same field in India by the Institute of Cost Accountants of India (ICAI) and nominated as a financial Expert to the Independent Evaluation Committee (IEC), which is meant for the evaluation of Re-phasing proposals as per mandatory guidelines of RBI.

As per the provisions of section 149 of the Companies Act, 2013 ("Act") an Independent Director shall hold office for a term up to five consecutive years on the Board of a Company and is not liable to retire by rotation.

Mr. Sreenivasa Rao Ravinuthala has given a declaration to the Board that he meets the criteria of independence as provided under section 149 (6) of the Act. The matter regarding appointment of Mr. Sreenivasa Rao Ravinuthala as an Independent Director was placed before the Nomination and Remuneration Committee, which commends his appointment as an Independent Director up to 5 years from the 30th September'2019 up to 29th September'2024.

In the opinion of the Board, Mr. Sreenivasa Rao Ravinuthala fulfills the conditions specified in the Act and the Rules made thereunder for appointment as an Independent Director and he is independent of the management. In compliance with the provisions of section 149 read with Schedule IV of the Act, the appointment of Mr. Sreenivasa Rao Ravinuthala as an Independent Director is now being placed before the Members in general meeting for their approval.

The terms and conditions of appointment of Independent Directors shall be open for inspection by the members at the Registered Office during normal business hours on any working day of the Company.

Mr. Sreenivasa Rao Ravinuthala is interested and concerned in the Resolution and no other Director, key managerial personnel or their respective relatives are concerned or interested in the Resolution.

The Board recommends the resolution for your approval.

Item No. 5:

The Board of Directors, based on the recommendation of Nomination and Remuneration Committee had appointed Mr. Koganti Somasekhara Rao (DIN: 8576216) as an Additional Director of the Company with effect from 30th September'2019, under Non-Executive Independent Director category.

In terms of Section 161 (1) of the Companies Act, 2013, Mr. Koganti Somasekhara Rao holds Office as an Additional Director up-to the date of the forthcoming Annual General Meeting. The Nomination and Remuneration Committee and the Board of Directors of the Company has recommended the appointment and the Company received a notice pursuant to Section 160 of the Companies Act, 2013 from a Member signifying his intention to propose the appointment of Mr. Koganti Somasekhara Rao as a Director.

He has 22 years of experience in design, development, Engineering and execution of SCADA projects and process control systems. Specialization in Finalizing the project requirements, preparation of FDS and SDS documents, project engineering, firming up the special application software requirements of the individual projects, design of special modules, co-ordination with various departments, customer interaction, installation and commissioning and fine tuning of the SCADA systems to the needs of the customer requirements at ECIL and I IPL and expertise in International Business development, Project Management, Strategic planning/ Operational planning, and financial acumen.

As per the provisions of section 149 of the Companies Act, 2013 ("Act") an Independent Director shall hold office for a term up to five consecutive years on the Board of a Company and is not liable to retire by rotation.

Mr. Koganti Somasekhara Rao has given a declaration to the Board that he meets the criteria of independence as provided under section 149 (6) of the Act. The matter regarding appointment of Mr. Koganti Somasekhara Rao as an Independent Director was placed before the Nomination and Remuneration Committee, which commends his appointment as an Independent Director up to 5 years from the 30th September 2019 up to 29th September 2024.

In the opinion of the Board, Mr. Koganti Somasekhara Rao fulfills the conditions specified in the Act and the Rules made there under for appointment as an Independent Director and he is independent of the management. In compliance with the provisions of section 149 read with Schedule IV of the Act, the appointment of Mr. Koganti Somasekhara Rao as an Independent Director is now being placed before the Members in general meeting for their approval.

The terms and conditions of appointment of Independent Directors shall be open for inspection by the members at the Registered Office during normal business hours on any working day of the Company.

Mr. Koganti Somasekhara Rao is interested and concerned in the Resolution and no other Director, key managerial personnel or their respective relatives are concerned or interested in the Resolution.

The Board recommends the resolution for your approval.

Item No. 6:

The Board of Directors, based on the recommendation of Nomination and Remuneration Committee had appointed Mr. Addanki Venkata Sai Krishna Mohan (DIN: 7967460) as an Additional Director of the Company with effect from 8th February 2020, under Non-Executive Independent Director category.

In terms of Section 161 (1) of the Companies Act, 2013, Mr. Addanki Venkata Sai Krishna Mohan holds Office as an Additional Director up-to the date of the forthcoming Annual General Meeting. The Nomination and Remuneration Committee and the Board of Directors of the Company has recommended the appointment and the Company received a notice pursuant to Section 160 of the Companies Act, 2013 from a Member signifying his intention to propose the appointment of Mr. Addanki Venkata Sai Krishna Mohan as a Director.

Mr. Addanki Venkata Sai Krishna Mohan has over 39 years of post qualification experience in Commercial Banking of which 20+ years of experience is in Credit Appraisal, Industrial Finance, Restructuring, Credit monitoring, Recovery, and Branch Management in a Public Sector Bank in various capacities at various centers. Retired as a Deputy General Manager at Union Bank of India in Mar'17. An experienced banker with a

Annual Report 2019-20

proven track record of demonstrating fast business growth, adept handling of stressed assets, participation and chairing several consortium meetings, assessing and studying the viability of organizations in stress, having sound knowledge of Legal procedures / processes of SARFAESIA, DRT, and BIFR. Practicing as an Insolvency Professional since September 2017.

As per the provisions of section 149 of the Companies Act, 2013 ("Act") an Independent Director shall hold office for a term up to five consecutive years on the Board of a Company and is not liable to retire by rotation.

Mr. Addanki Venkata Sai Krishna Mohan has given a declaration to the Board that he meets the criteria of independence as provided under section 149 (6) of the Act. The matter regarding appointment of Mr. Addanki Venkata Sai Krishna Mohan as an Independent Director was placed before the Nomination and Remuneration Committee, which commends his appointment as an Independent Director up to 5 years from the 08th February' 2020 up to 07th February'2025.

In the opinion of the Board, Mr. Addanki Venkata Sai Krishna Mohan fulfills the conditions specified in the Act and the Rules made there under for appointment as an Independent Director and he is independent of the management. In compliance with the provisions of section 149 read with Schedule IV of the Act, the appointment of Mr. Addanki Venkata Sai Krishna Mohan as an Independent Director is now being placed before the Members in general meeting for their approval.

The terms and conditions of appointment of Independent Directors shall be open for inspection by the members at the Registered Office during normal business hours on any working day of the Company.

Mr. Addanki Venkata Sai Krishna Mohan is interested and concerned in the Resolution and no other Director, key managerial personnel or their respective relatives are concerned or interested in the Resolution.

The Board recommends the resolution for your approval.

Item No. 7 & 8:

The Board of Directors, based on the recommendation of Nomination and Remuneration Committee had appointed Mr. Sitarama Raju Manthena (DIN: 08576273) as an Additional Director of the Company with effect from 30th September'2019, under Non-Executive category.

In terms of Section 161 (1) of the Companies Act, 2013, Mr. Sitarama Raju Manthena holds Office as an Additional Director up-to the date of the forthcoming Annual General Meeting. The Nomination and Remuneration Committee and the Board of Directors of the Company has recommended the appointment and the Company received a notice pursuant to Section 160 of the Companies Act, 2013 from a Member signifying his intention to propose the appointment of Mr. Sitarama Raju Manthena (DIN: 08576273) as a Director.

Further, the Board of Directors based on the recommendation of the Nomination and Remuneration Committee had appointed Mr. Sitarama Raju Manthena (DIN: 08576273) as a Whole-Time Director of the Company for a period of three years with a remuneration of Rs. 21,60,000/- per annum, per annum, with effect from 2nd September 2020 subject to approval of members at the ensuing Annual General Meeting of the Company.

Mr. Sitarama Raju Manthena (DIN: 08576273) holds a Bachelor Degree BS Computer Science and qualified in Minor in Business Administration. He also has over Two Decades of experience and expertise in International Business development, Project Management, Strategic planning/ Operational planning, and financial acumen. Specialization in International Marketing.

Mr. Sitarama Raju Manthena (DIN: 08576273), is a son of Dr. Anji Raju Manthena and Borthor of Ms. Sree Lakshmi Manthena. Mr. Sitarama Raju Manthena (DIN: 08576273), holds 7,12,992 (Seven Lakhs Twelve Thousand Nine Hundred and Ninety Two Only) equity shares constituting 5.70% of total equity share capital of

the Company. Mr. Sitarama Raju Manthena (DIN: 08576273), does not have any directorship or membership of committee of Board in any other listed Company.

The Board of Directors recommends the resolution in relation to the appointment of Whole Time Director, for the approval of the shareholders of the Company.

Employment Agreement containing the terms and Conditions of the appointment of Mr. Sitarama Raju Manthena (DIN: 08576273), would be available for inspection.

The following is the additional information as per Section II of Part II of Schedule V of the Companies Act, 2013:

I. General Information

I. Nature of Industry:

1. The company is specialized in Integrating Technologies related to Wireless Front-end, Satellite Communication, Embedded Systems, Signal Processing, Network Management and Software development.

2. Date or expected date of commercial production:

The company was incorporated in the year 1991 and the commercial production commenced simultaneously.

3. In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus: **Not Applicable**

4. Financial performance based on given indicators:

(Rs. In Lakhs)

PARTICULARS	Financial Year 2019-20	Financial Year 2018-19
Total Revenue	3,288,44	2,820.19
Net Profit / Loss Before Tax (PBT)	802.68	(2,091.85)
Net Profit (PAT)	806.07	(2,067.26)

5. Foreign investments or collaborations, if any. Nil

(II) Information about the appointee

1. Mr. Sitarama Raju Manthena holds a Bachelor Degree BS Computer Science and qualified in Minor in Business Administration. He also has over Two Decades of experience and expertise in International Business development, Project Management, Strategic planning/ Operational planning, and financial acumen. Specialization in International Marketing.

2. Past Remuneration: Nil

3. Recognition or awards: Nil

4. Job profile and his suitability: Mr. Sitarama Raju Manthena holds a Bachelor Degree BS Computer Science and qualified in Minor in Business Administration. He also has over Two Decades of experience and expertise in International Business development, Project Management, Strategic planning/ Operational planning, and financial acumen. Specialization in International Marketing.

5. Remuneration proposed: Rs. 1,80,000/- per month

Annual Report 2019-20

6. Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be w.r.t. the country of his origin): **Nil**
7. Pecuniary relationship directly or indirectly with the company or relationship with the managerial personnel, if any. : Mr. Sitarama Raju Manthena (DIN: 08576273), is a son of Dr. Anji Raju Manthena and Borthor of Ms. Sree Lakshmi Manthena. Mr. Sitarama Raju Manthena (DIN: 08576273), holds 7,12,992 (Seven Lakhs Twelve Thousand Nine Hundred and Ninety Two Only) equity shares constituting 5.70% of total equity share capital of the Company.

III. Other information:

1. Reasons of loss or inadequate profits:-

At present the financial performance of the company is good and possesses adequate profits. Further, due to the delay in government procedures to finalize the orders and realization of the payments after execution of such projects there may be inadequate profits, in any of the financial years in near future.

2. Steps taken or proposed to be taken for improvement:-

The operations of the company are being scaled up to increase to revenues.

3. Expected increase in productivity and profits in measurable terms:-

We expect a substantial increase in approval and implementation of various government projects leading to good improvement in operating margins.

None of the Directors / Key Managerial Personnel or their relatives is concerned or interested in the resolution except Dr. Anji Raju Manthena and Ms. Sree Lakshmi Manthena, Promoter Directors.

Your Board recommends the resolution for your approval.

Item No. 9:

Mr. Manthena Badari Narayana Raju (DIN: 07993925) was appointed as the Whole Time Director of the company. His tenure will be expiring on 27th September, 2020 and the members of the board, based on the recommendation of the Nomination and Remuneration Committee, on 2nd September, 2020 have reappointed him for a further period of Three years with a remuneration of Rs. 21,60,000/- per annum, with effect from 02nd September 2020, subject to the approval of the members at the ensuing Annual General Meeting of the company.

Mr. Manthena Badari Narayana Raju (DIN: 07993925) is in the employment of the company from the past 20 years at a senior level with the designation of Chief Administrative and Commercial Officer and as an Whole Time Director from 20th November 2017 and is looking after the General and Personnel Administration, Liaison with all Government Agencies and Compliances with Service Tax, Sales Tax, VAT, Excise, PF,ESI, etc.,

Mr. Manthena Badari Narayana Raju (DIN: 07993925) holds 2,184 (Two Thousand One Hundred and Eighty Four Only) equity shares constituting 0.016% of total equity share capital of the Company. Mr. Manthena Badari Narayana Raju (DIN: 07993925), does not have any directorship or membership of committee of Board in any other listed Company.

The Board of Directors recommends the resolution in relation to the appointment of Whole Time Director, for the approval of the shareholders of the Company.

Employment Agreement containing the terms and Conditions of the appointment of Mr. Manthena Badari Narayana Raju (DIN: 07993925), would be available for inspection.

None of the Directors / Key Managerial Personnel or their relatives is concerned or interested in the resolution. The following is the additional information as per Section II of Part II of Schedule V of the Companies Act, 2013:

I. General Information

I. Nature of Industry:

1. The company is specialized in Integrating Technologies related to Wireless Front-end, Satellite Communication, Embedded Systems, Signal Processing, Network Management and Software development.

2. Date or expected date of commercial production:

The company was incorporated in the year 1991 and the commercial production commenced simultaneously.

3. In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus: **Not Applicable**

4. Financial performance based on given indicators:

(Rs. In Lakhs)

PARTICULARS	Financial Year 2019-20	Financial Year 2018-19
Total Revenue	3,288.44	2,820.19
Net Profit/Loss Before Tax (PBT)	802.68	(2,091.85)
Net Profit (PAT)	806.07	(2,067.26)

5. Foreign investments or collaborations, if any. Nil

(II) Information about the appointee

1. Back ground details: Mr. Badri Narayana Raju is in the employment of the company for the past 20 years at a senior level with the designation of Chief Administrative and Commercial Officer and as an Whole Time Director from 20th November'2017 and is looking after the General and Personnel Administration, Liaison with all Government Agencies and Compliances with Service Tax, Sales Tax, VAT, Excise, PF,ESI, etc.,

2. Past Remuneration: Rs.1,50,000/- Per month

3. Recognition or awards: **Nil**

4. Job profile and his suitability: Mr. Badri Narayana Raju is in the employment of the company for the past 20 years at a senior level with the designation of Chief Administrative and Commercial Officer and as an Whole Time Director from 20th November'2017 is looking after the General and Personnel Administration, Liaison with all Government Agencies and Compliances with Service Tax, Sales Tax, VAT, Excise, PF,ESI, etc.,

5. Remuneration proposed: Rs.1,80,000/- per month

6. Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be w.r.t. the country of his origin): **Nil**

7. Pecuniary relationship directly or indirectly with the company or relationship with the managerial personnel, if any. **Not Applicable**

Annual Report 2019-20

III. Other information:

1. Reasons of loss or inadequate profits:-

At present the financial performance of the company is good and possesses adequate profits. Further, due to the delay in government procedures to finalize the orders and realization of the payments after execution of such projects there may be inadequate profits, in any of the financial years in near future.

2. Steps taken or proposed to be taken for improvement:-

The operations of the company are being scaled up to increase to revenues.

3. Expected increase in productivity and profits in measurable terms:-

We expect a substantial increase in approval and implementation of various government projects leading to good improvement in operating margins.

None of the Directors / Key Managerial Personnel or their relatives is concerned or interested in the resolution.

Your Board recommends the resolution for your approval.

Item No. 10:

Considering the overwhelming interest of NRIs in the recent past, it is anticipated that the NRIs may further buy the shares of the Company, which in turn may result in breaching the prescribed limit of 10% as per the FDI Policy. NRIs play a crucial role in unlocking Company's value and escalating it to next level by attracting new investments into the Company. In view of the said, and considering various other collateral benefits in the long run, it is proposed to increase the aggregate limit for holding shares by the NRIs on repatriation basis to 24% from the existing 10%.

As per Schedule III of Foreign Exchange Management (Non-debt Instruments) Rules, 2019, the Company shall obtain the approval of its shareholders by way of special resolution to increase the said limits with a prior intimation to Reserve Bank India. The members are, therefore, requested to consider and accord their approval, for the purpose of increasing the aggregate limits as set out in the resolution.

None of the Directors, any other Key Managerial Person(s) of the Company and their relatives is, in any way, concerned or interested in the said resolution.

Item No. 11:

Ms. Sree Lakshmi Manthena holds a Bachelor Degree from Houston Baptist University, (Houston, TX, USA) and qualified in Minor in Business Administration (Project Mgmt Courses). From University of Texas Health Science center, San Antonio, Texas, USA. She also has over 7 years of experience in Marketing, Strategic planning, Project Procurement, coordination and consulting.

Ms. Sree Lakshmi Manthena has immensely contributed for initiating, procuring, marketing, developing and managing the RBCT project in South Africa.

The Board of your Company, pursuant to the recommendations of the Nomination and Remuneration Committee, and Audit Committee, approved to re-appoint Ms. Sree Lakshmi Manthena as a Director of M/s. Avant Garde Info Systems Inc at a remuneration of Rs. 4,00,000 P.M., subject to your consent as mentioned in terms of Section 188(1)(f) of the Companies Act, 2013 for holding office or place of profit by a relative of the Director in the wholly-owned subsidiary of the Company.

Particulars under Rule 15(3) of Companies (Meetings of Board and its Powers) Rules, 2014 under Section 188 of the Companies Act, 2013 are as follows:

A	Name of the related party	Ms. Sree Lakshmi Manthena
B	Name of the director or key managerial personnel who is related, if any	Dr. Anji Raju Manthena and Mr. Sitarama Raju Manthena, Directors of M/s. Kernex Microsystems (India) Limited
C	Nature of relationship	Daughter of Dr. Anji Raju Manthena and Sister of Mr. Sitarama Raju Manthena
D	Nature, material terms, monetary value and particulars of the contract or arrangement	Appointment as a Director of M/s. Avant Garde Info Systems Inc on a remuneration of Rs. 48,00,000/- (inclusive of all allowances) per annum and other allowances as may be decided by the Board of Directors of the Company
E	Any other information relevant or important for the members to take a decision on the proposed resolution	Ms. Sree Lakshmi Manthena has been appointed as Director in M/s. Avant Garde Info Systems Inc in the year 2014 and the present appointment is continuing in nature. The approval is sought in view of the provision under Section 188 of the Companies Act, 2013 in respect of related party transactions. The remuneration proposed is reasonable, Sufficient to motivate and retain the required quality to run the Company successfully. The proposed remuneration is relatively comparable to the prevailing remuneration in similarly placed bodies corporate. The proposal is recommended by the Nomination & Remuneration and Audit Committees of the Company and approved by the Board, subject to the consent of Members.

The Board recommends the Ordinary Resolution for members' approval.

None of the other Directors, Key Managerial Personnel of the Company and their relatives are in any way deemed to be interested or concerned in this Resolution except Dr. Anji Raju Manthena, Mr. Sitarama Raju Manthena and Ms. Sree Lakshmi Manthena.

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

Sd/-
Manthena Badari Narayana Raju
Whole Time Director
DIN: 07993925

Place: Hyderabad
Date: 02nd September'2020