



KERNEX MICROSYSTEMS (INDIA) LTD.

(An ISO 9001-2015 Certified Company)

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Website : www.kernex.in



Registered Office :

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

Date: 23.07.2024

To The Manager Listing Compliances, BSE Limited Phiroze Jeejeebhoy Towers Dalal Street Mumbai – 400 001 BSE Scrip Code: 532686	To The Manager Listing Department National Stock Exchange of India Ltd Plot No. C/1, G Block, Exchange Plaza Bandra – KurlaComplex, Bandra (E) Mumbai – 400 051 NSE Symbol: KERNEX
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Dear Sir,

Sub.: Postal Ballot Notice

Ref.: Regulation 30 read with Part A of the Schedule III of the SEBI (LODR) Regulations, 2015.

With reference to the captioned subject, we are enclosing herewith the notice of postal ballot dated 30th May 2024 seeking approval of members of the Company on the below special business items:

SI No	Particulars	Type of Resolution
1	To consider and approve the Kernex Employee Stock Option Scheme 2023 (KMIL ESOS 2023)	Special
2	Re-Classification of Outgoing Promoters To "Public" Shareholder Category	Ordinary
3	To increase in managerial remuneration of Mr. M B Narayana Raju (DIN: 07993925), Whole-Time Director	Special
4	To increase in managerial remuneration of Mr. M Sitarama Raju (DIN: 08576273), Whole-Time Director	Special
5	To consider and approve remuneration payable to Ms. Sreelakshmi Manthena as a Director in M/s. Avant Garde Info Systems Inc, a 100% Wholly Owned Subsidiary	Ordinary



Further, the calendar of events in connection with the postal ballot is as under

S No	Particulars	Date
1	Cut - off Date for identification of voting rights of members	19.07.2024
2	Date and time of commencement of remote e-voting	25.07.2024 at 09:00 a.m. (09:00 hours IST)
3	Date and time of end of remote e-voting	23.08.2024 at 05:00 p.m. (17:00 hours IST)
4	Date of declaration of results of voting	On or before 27.08.2024

This is for your information and necessary records.

For Kernex Microsystems (India) Limited

K Prasada Rao
Company Secretary & Compliance Officer





KERNEX MICROSYSTEMS (INDIA) LIMITED

Corporate Identification No. (CIN) - L30007TG1991PLC013211
Regd. Off: Plot No 38 (part) - 41, Survey No 1/1, Kancha Imarat,
Raviryal Village, Maheswaram Mandal, Ranga Reddy District,
Hyderabad-501 510 Phone: 08414667600
E-mail: acs@kernex.in Web site: www.kernex.in

POSTAL BALLOT NOTICE

Pursuant to Sections 108 and 110 of the Companies Act, 2013, read with Rules 20 and 22 of the Companies (Management and Administration) Rules, 2014

Dear Member(s),

Notice is hereby given pursuant to the provisions of Sections 108 and 110, and other applicable provisions of the Companies Act, 2013, as amended (“the Act”), read together with the Companies (Management and Administration) Rules, 2014, as amended (“the Management Rules”) and General Circular Nos. 14/2020 dated April 8, 2020, (which was amended from time to time and the last amendment was on 09/2023 dated September 25, 2023,) issued by the Ministry of Corporate Affairs, Government of India (“the MCA Circulars”), Secretarial Standard on General Meetings issued by the Institute of Company Secretaries of India (“SS-2”) and SEBI (LODR) Regulations, 2015, be passed by the members of the Company (as on the Cut-off Date), through postal ballot (“the Postal Ballot”) only by way of remote e-voting (“e-voting”) for the following resolutions:

S No	Particulars
1	TO CONSIDER AND APPROVE THE KERNEX EMPLOYEE STOCK OPTION SCHEME 2023 (KMIL ESOS 2023)
2	RECLASSIFICATION OF OUTGOING PROMOTERS TO “PUBLIC” SHAREHOLDER CATEGORY
3	TO INCREASE IN MANAGERIAL REMUNERATION OF MR. M B NARAYANA RAJU (DIN: 07993925), WHOLE-TIME DIRECTOR
4	TO INCREASE IN MANAGERIAL REMUNERATION OF MR. M SITARAMA RAJU (DIN: 08576273), WHOLE-TIME DIRECTOR
5	TO CONSIDER AND APPROVE REMUNERATION PAYABLE TO MS. SREELAKSHMI MANTHENA AS A DIRECTOR IN M/S. AVANT GARDE INFO SYSTEMS INC A 100% WHOLLY OWNED SUBSIDIARY

An Explanatory Statement pertaining to the said resolutions setting out the material facts and the reasons / rationale thereof form part of this Postal Ballot Notice (“the Notice” or “the Postal Ballot Notice”).

In compliance with Regulation 44 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (“the LODR Regulations”) and pursuant to the provisions of Sections 108 and 110 of the Act read with the rules framed thereunder and the MCA Circulars, the manner of voting on the proposed resolution is restricted only to e-voting i.e., by casting votes electronically instead of submitting postal ballot form. Accordingly, the Postal Ballot Notice and instructions for e-voting are being sent only through electronic mode to those members whose email address is registered with the Company / Depository Participant (“DP”).

The Board has appointed Mr. D S Rao (C P No. 14487), Practicing Company Secretary as the scrutinizer (“Scrutinizer”) for conducting the Postal Ballot / e-voting process in a fair and transparent manner.

In compliance with the provisions of Sections 108 and 110 of the Act read with Rule 20 and 22 of the Management Rules, Regulation 44 of the LODR Regulations, and SS-2, the Company has provided e-voting facility to its members to cast their votes electronically. The detailed procedure with respect to e-voting is mentioned in this Notice. The Company has engaged the National Securities Depository Limited ("NSDL") for facilitating e-voting.

Members desiring to exercise their votes are requested to carefully read the instructions indicated in this Notice and record their assent (FOR) or dissent (AGAINST) by following the procedure as stated in the Notes forming part of the Notice.

The e-voting facility will be available during the following period:

Commencement of e-voting period	25.07.2024
Conclusion of e-voting period	23.08.2024
Cut-off date for eligibility to vote	19.07.2024

The e-voting facility will be disabled by NSDL immediately after 5.00 p.m. IST on Friday, the 23rd August 2024, and will be disallowed thereafter.

The Scrutinizer will submit his report to the Chairman of the Company ("the Chairman") or any other person authorized by the Chairman, and the result will be announced within two working days from the conclusion of the e-voting period i.e. on or before 5.00 PM IST on Tuesday, 27th August 2024. The result declared along with the Scrutinizer's report shall be communicated in the manner provided in this Postal Ballot Notice.

The last date of e-voting, i.e. Friday, the 23rd August 2024, shall be the date on which the resolution would be deemed to have been passed, if approved by the requisite majority.

SPECIAL BUSINESS

1. TO CONSIDER AND APPROVE THE KERNEX EMPLOYEE STOCK OPTION SCHEME 2023 (KMIL ESOS 2023/ESOS 2023)

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

"RESOLVED THAT pursuant to the provisions of Sections 42, 62 and all other applicable provisions, if any, of the Companies Act, 2013 ("the Act") and the Companies (Share Capital and Debentures) Rules, 2014 including any statutory modification(s) or re-enactment of the Act, for the time being in force and the provisions of the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 including any modifications thereof or supplements thereto ("the Regulations") and in accordance with the provisions of the Articles of Association of the Company and subject to such approvals, consents, permissions and sanctions as may be necessary and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, consents, permissions and sanctions which may be agreed to by the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall be deemed to include the Nomination and Remuneration Committee), consent of the members of the Company be and is hereby accorded to the Board to introduce and implement the "Kernex Employee Stock Option Scheme - 2023" (hereinafter referred to as "KMIL ESOS 2023/ESOS 2023") the salient features of which are detailed in the Explanatory Statement to this Notice and to create, offer, issue and allot at any time to or for the benefit of employees who are in the permanent employment of the Company whether working in India or out of India and to such other persons as may from time to time be

allowed to be eligible for the benefit under the provisions of applicable laws and regulations prevailing from time to time (all such persons are hereinafter collectively referred to as "Employees") under the KMIL ESOS 2023, such number of equity shares of the Company and/ or equity linked instruments [including Options/Warrants ("Options")] or any other instruments or securities of the Company which could give rise to the issue of equity shares (hereinafter collectively referred to as "Securities") but not exceeding 1,50,000 (One Lakh Fifty Thousand Only) Equity Shares of Rs.10/- each (or such other adjusted figure for any bonus, stock splits or consolidations or other re-organization of the capital structure of the Company as may be applicable from time to time), in one or more tranches, at such price and on such terms and conditions as may be fixed or determined by the Board (including committees) in accordance with the Scheme, the provisions of the law or regulations issued by the relevant authority, as may be prevailing at that time.

FURTHER RESOLVED THAT the Securities may be issued and allotted by the Board directly to such Employee(s).

FURTHER RESOLVED THAT the scheme may also envisage provisions for providing financial assistance to the eligible employees to enable them to acquire, purchase or subscribe to the said securities of the Company in accordance of the provisions of the Act and the Regulations

FURTHER RESOLVED THAT the new equity shares to be issued and allotted in the manner aforesaid shall rank pari passu in all respects with the then existing equity shares of the Company.

FURTHER RESOLVED THAT for the purpose of creating, offering, issuing, allotting, and listing of the Securities and/or for the purpose of complying with any Guidelines or Regulations that may be issued from time to time by any appropriate authority, the Board be and is hereby authorized on behalf of the Company to make any modifications, changes, variations, alterations or revisions in KMIL ESOS 2023 from time to time or to suspend, withdraw or revive KMIL ESOS 2023 from time to time, provided such variations, modifications, alterations or revisions are not detrimental to the interests of the Employees.

FURTHER RESOLVED THAT for the purpose of giving effect to this Resolution, the Board be and is hereby authorized to determine terms and conditions of issue of the Securities and do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary for such purpose and with power on behalf of the Company to settle any questions, difficulties or doubts that may arise in this regard without requiring to secure any further consent or approval of the Shareholders of the Company.

FURTHER RESOLVED THAT the Board be and is hereby authorized to extend the benefits of KMIL ESOS 2023 to the Employees, whether working in India or out of India of the Company unless they are prohibited from participating in the KMIL ESOS 2023 under any law or regulations for the time being in force, on such terms and conditions as may be decided by the Board.

FURTHER RESOLVED THAT the Board be and is hereby authorized to delegate all or any powers conferred herein to Nomination and Remuneration Committee, with power to sub-delegate to any Executives/Officers of the Company to do all such acts, deeds, matters and things as also to execute such documents, writings, filings etc., as may be necessary in this regard.”

2. RE-CLASSIFICATION OF OUTGOING PROMOTERS TO “PUBLIC” SHAREHOLDER CATEGORY

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

“RESOLVED THAT pursuant to the provisions of Regulation 31A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and subject to consent of the Members of the Company and approvals from the BSE Limited (“BSE”) and National Stock Exchange of India Limited (“NSE”) (together, “Stock Exchanges”) and such other approvals as may be necessary, consent of the members of the Company be and is hereby accorded for the re-classification of shareholders listed hereunder from "Promoters/ Promoter Group" category to "Public" category.

SI No	Name of the Promoter/promoter Group
1	Namrata Kapoor
2	Madhuvalli Lakamraju
3	Venkataramamurthy Raju Lakamraju
4	Venkateswara Raju Lakkamraju
5	Subbaraju Venkata Lakamraju
6	Jagannadha L Raju
7	Lakkamraju Susilamma
8	Kishore Babu Gottimukkala
9	Jyothi Raju

RESOLVED FURTHER THAT the board of directors of the Company, be and are hereby severally authorized to perform all such acts, deeds, matters and things as may be required, to execute all documents as may be required and take all such steps and decisions to give full effect to the aforesaid resolutions.

3. TO INCREASE IN MANAGERIAL REMUNERATION OF MR. M B NARAYANA RAJU (DIN: 07993925), WHOLE-TIME DIRECTOR

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 provisions of Sections 196, 197, 198, 203, Schedule V and other applicable provisions of the Companies Act, 2013 (including statutory amendments or re-enactments thereof for the time being in force), the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, and such other rules, laws, regulations, guidelines or notifications as may be applicable and as per the Memorandum and Articles of Association of the Company, the recommendation of the Nomination and Remuneration Committee, and in furtherance of the resolution passed in the Annual General Meeting held on 30th September 2023 and subject to such other approvals as may be necessary, approval of the Members be and are hereby accorded for payment of remuneration an amount of Rs. 3,25,000/- per month and such other allowances as mentioned in the explanatory statement to Mr. M B Narayana Raju (DIN: 07993925), Whole-Time Director, for the period from 1st October 2023 to till the conclusion of the term of appointment.

“FURTHER RESOLVED THAT in the event the Company does not have profits or the profit of the Company is inadequate in any financial year during his tenure as referred above, the amount of Salary and perquisites referred above shall be paid as minimum remuneration in terms of Section II of Part II of Schedule V to the Companies Act, 2013.”

“RESOLVED FURTHER THAT Mr. M B Narayana Raju (DIN: 07993925) is eligible for 1% profit sharing for the Financial Year 2023-24, based on the milestones set by the Board (which will include its committee thereof).

FURTHER RESOLVED THAT except as aforesaid, all other existing terms and conditions of appointment of Mr. M B Narayana Raju (DIN: 07993925) passed at Annual General Meeting held on 30th September 2023 shall continue to remain in full force and effect.

FURTHER RESOLVED THAT the Board of directors (which will include its committee thereof) be and are hereby authorized to vary and / or revise the remuneration of Mr. M B Narayana Raju (DIN: 07993925) within limits permissible under the Act and do all such acts, deeds and things and execute all such documents, instruments and writings as may be required to give effect to the aforesaid Resolution.”

4. TO INCREASE IN MANAGERIAL REMUNERATION OF MR. M SITARAMA RAJU (DIN: 08576273), WHOLE-TIME DIRECTOR

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 provisions of Sections 196, 197, 198, 203, Schedule V and other applicable provisions of the Companies Act, 2013 (including statutory amendments or re-enactments thereof for the time being in force), the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, and such other rules, laws, regulations, guidelines or notifications as may be applicable and as per the Memorandum and Articles of Association of the Company, the recommendation of the Nomination and Remuneration Committee, and in furtherance of the resolution passed in the Annual General Meeting held on 30th September 2023 and subject to such other approvals as may be necessary, approval of the Members be and are hereby accorded for payment of remuneration an amount of Rs. 3,25,000/- per month and such other allowances as mentioned in the explanatory statement to Mr. M Sitarama Raju (DIN: 08576273), Whole-Time Director, for the period from 1st October 2023 to till the conclusion of the term of appointment.

“FURTHER RESOLVED THAT in the event the Company does not have profits or the profit of the Company is inadequate in any financial year during his tenure as referred above, the amount of Salary and perquisites referred above shall be paid as minimum remuneration in terms of Section II of Part II of Schedule V to the Companies Act, 2013.”

“RESOLVED FURTHER THAT Mr. M Sitarama Raju (DIN: 08576273) is eligible for 1% profit sharing for the Financial Year 2023-24, based on the milestones set by the Board (which will include its committee thereof).

RESOLVED FURTHER THAT except as aforesaid, all other existing terms and conditions of appointment of Mr. M Sitarama Raju (DIN: 08576273), passed at Annual General Meeting held on 30th September 2023 shall continue to remain in full force and effect.

RESOLVED FURTHER THAT the Board of Directors of the Company (which will include its committee thereof) be and are hereby authorized to vary and / or revise the remuneration of Mr. M Sitarama Raju (DIN: 08576273), within limits permissible under the Act and do all such acts, deeds and things and execute all such documents, instruments and writings as may be required to give effect to the aforesaid Resolution.”

5. TO CONSIDER AND APPROVE REMUNERATION PAYABLE TO MS. SREELAKSHMI MANTHENA AS A DIRECTOR IN M/S. AVANT GARDE INFO SYSTEMS INC A 100% WHOLLY OWNED SUBSIDIARY

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 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 revision of remuneration payable to Ms. Sreelakshmi Manthena, director of the Company's Wholly Owned Subsidiary i.e. M/s. Avant Garde Info Systems Inc, at a remuneration as stated below and such other perquisites in accordance with the service rules of the Company w.e.f. 14th February 2024.

Remuneration:

A) Salary: Rs. 5.00 Lakhs per month which is to be paid from Avant Garde Infosystems Inc, USA with authority to the Board of Directors and/or a Committee of the board, to vary the same from time to time and in accordance with the Company's Remuneration Policy and other applicable/ relevant policies and not exceeding such limits as may be prescribed in such policies.

"RESOLVED FURTHER THAT the Board of Directors and of the Company be and are 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."

Hyderabad, 30th May 2024

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

Sd/-
M B Narayana Raju
Whole Time Director
DIN: 07993925

NOTES:

1. The explanatory statement pursuant to Section 102 read with Section 110 of the Act along with details in terms of Regulation 36(3) of the LODR Regulations, stating all material facts and the reason/ rationale for proposed resolutions is annexed herewith.
2. This Postal Ballot Notice is being sent to the members whose names appear on the register of members / list of beneficial owners as received from the National Securities Depository Limited (“NSDL”) and Central Depository Services (India) Limited (“CDSL”) and whose email address is registered with the Company / Depository Participant(s), as on Friday, 19th July 2024 (“the Cut-off Date”). A person who is not a member as on the Cut-off Date should treat this Postal Ballot Notice for informational purposes only. In compliance with Regulation 44 of the LODR Regulations and pursuant to the provisions of Sections 108 and 110 of the Act read with the Rules framed thereunder and the MCA Circulars, the manner of voting on the proposed resolutions is restricted only to e-voting i.e., by casting votes electronically instead of submitting the postal ballot form. Accordingly, the physical copy of the Notice along with the postal ballot form and the pre-paid business reply envelope are not being sent to the members. The communication of the assent or dissent of the members would only take place through the e-voting system.
3. Once the vote on the resolution is cast by the member, he / she shall not be allowed to change it subsequently. The voting rights of members shall be in proportion to their shares of the paid-up equity share capital of the Company as on Friday, 19th July 2024, being the Cut-off Date fixed for the purpose.
4. The resolution, if passed by the requisite majority through Postal Ballot, will be deemed to have been passed on the last date specified for voting i.e., 23rd August 2024. Further, resolution passed by the members through postal ballot is deemed to have been passed as if they are passed at a general meeting of the members.
5. The Scrutinizer will submit his report to the Chairman or any other person authorized by the Chairman after the completion of scrutiny of the e-voting, and the result of the e-voting by Postal Ballot will be announced within two working days from the conclusion of e-voting i.e. on or before 5.00 PM IST on Tuesday, 27th August 2024 and will also be displayed on the Company website www.kernex.in on the website of NSDL www.evoting.nsdl.com, and communicated to the stock exchanges and Registrar and Share Transfer Agent (RTA).
6. All material documents referred to in the explanatory statement will be available for inspection only through electronic mode on all working days from the date of dispatch until the last date for receipt of votes by e-voting i.e. 23rd August 2024. Members may send their requests to acs@kernex.in or einward.ris@kfintech.com from their registered e-mail address mentioning their names, folio numbers, DP ID and Client ID during the voting period.
7. Members holding shares in electronic mode, who have not registered their email addresses are requested to register their email addresses with their respective Depository Participant (DP).

Members holding shares in physical mode are requested to update their email addresses with the Company’s RTA at einward.ris@kfintech.com. Members may follow the process detailed below for availing other services from RTA:

Type of Holder	Process to be followed	
Physical	For availing the following investor services, send a written request in the prescribed forms to the RTA of the Company, KFin Technologies Limited, either by email to einward.ris@kfintech.com or by post to Selenium Tower B, Plot 31 & 32, Financial District, Nanakramguda, Serilingampally Mandal, Hyderabad – 500032.	
	Form for availing investor services to register PAN, email address, bank details and other KYC details or changes / update thereof for securities held in physical mode	Form ISR-1
	Update of signature of securities holder	Form ISR-2
	For nomination as provided in the Rule 19 of the Companies (Share Capital and Debenture) Rules, 2014	Form SH-13

	Declaration to opt out	Form ISR-3
	Cancellation of nomination by the holder(s) (along with ISR-3) / Change of nominee	Form SH-14
	Form for requesting issue of duplicate certificate and other service requests for shares / debentures / bonds, etc., held in physical form	ISR-4
	The forms for updating the above details are available at or https://ris.kfintech.com/clientservices/isc/InvestorGrievance.aspx?q=0	
Demat	Please contact your DP and register your email address and bank account details in your demat account, as per the process advised by your DP.	

SEBI has mandated the submission of PAN, KYC details and nomination by holders of physical securities and linking PAN with Aadhaar vide its circulars dated March 16, 2023, and November 17, 2023. Shareholders are requested to submit their PAN, KYC and nomination details to the Company's RTA KFin Technologies Limited at einward.ris@kfintech.com.

Members holding shares in electronic form are requested to submit their PAN to their depository participant(s).

Instructions for e-voting:

The instructions for Members for Remote E-Voting are as under:-

1. The General Meeting/Postal Ballot of the companies shall be conducted as per the guidelines issued by the Ministry of Corporate Affairs (MCA) vide General Circular Nos. 14/2020 dated April 8, 2020, 17/2020 dated April 13, 2020, 20/2020 dated May 5, 2020, 22/2020 dated June 15, 2020, 33/2020 dated September 28, 2020, 39/2020 dated December 31, 2020, 10/2021 dated June 23, 2021, 20/2021 dated December 8, 2021, 3/2022 dated May 5, 2022, 11/2022 dated December 28, 2022 and 09/2023 dated September 25, 2023, issued by the Ministry of Corporate Affairs, Government of India ("the MCA Circulars"), Secretarial Standard on General Meetings issued by the Institute of Company Secretaries of India ("SS-2"), SEBI (LODR) Regulations, 2015 and any other applicable law, rules, circulars, notifications and regulations (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force),

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

The remote e-voting period begins on Thursday, 25th July 2024 (9:00 a.m. IST) and ends on Friday, 23rd August 2024 (5:00 p.m. IST). The remote e-voting module shall be disabled by NSDL for voting thereafter.





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: Access to NSDL e-Voting system

12. Login method for e-Voting for Individual shareholders holding securities in demat mode
In terms of SEBI circular dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility.

Login method for Individual shareholders holding securities in demat mode is given below:

Type of shareholders	Login Method
Individual Shareholders holding securities in demat mode with NSDL.	<p>1. Existing IdeAS user can visit the e-Services website of NSDL Viz. https://eservices.nsd.com either on a Personal Computer or on a mobile. On the e-Services home page click on the “Beneficial Owner” icon under “Login” which is available under ‘IdeAS’ section , this will prompt you to enter your existing User ID and Password. After successful authentication, you will be able to see e-Voting services under Value added services. Click on “Access to e-Voting” under e-Voting services and you will be able to see e-Voting page. Click on company name or e-Voting service provider i.e. NSDL and you will be re-directed to e-Voting website of NSDL for casting your vote during the remote e-Voting period.</p> <p>2. If you are not registered for IdeAS e-Services, option to register is available at https://eservices.nsd.com. Select “Register Online for IdeAS Portal” or click at https://eservices.nsd.com/SecureWeb/IdeasDirectReg.jsp</p> <p>3. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsd.com/ either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon “Login” which is available under ‘Shareholder/Member’ section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or e-Voting service provider i.e. NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period.</p> <p>4. Shareholders/Members can also download NSDL Mobile App “NSDL Speede” facility by scanning the QR code mentioned below for seamless voting experience.</p> <div style="text-align: center;"> <p>NSDL Mobile App is available on</p>  App Store  Google Play</div> <div style="display: flex; justify-content: space-around; margin-top: 10px;">   </div>
Individual Shareholders holding securities in demat mode with CDSL	<p>1. Existing users who have opted for Easi / Easiest, they can login through their user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi / Easiest are https://web.cdslindia.com/myeasi/home/login or www.cdslindia.com and click on New System Myeasi.</p>

	<p>2. After successful login of Easi/Easiest the user will be also able to see the E Voting Menu. The Menu will have links of e-Voting service provider i.e. NSDL. Click on NSDL to cast your vote.</p> <p>3. If the user is not registered for Easi/Easiest, option to register is available at https://web.cdslindia.com/myeasi/Registration/EasiRegistration</p> <p>4. Alternatively, the user can directly access e-Voting page by providing demat Account Number and PAN No. from a link in www.cdslindia.com home page. The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the demat Account. After successful authentication, user will be provided links for the respective ESP i.e. NSDL where the e-Voting is in progress.</p>
<p>Individual Shareholders (holding securities in demat mode) login through their depository participants</p>	<p>You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. Upon logging in, you will be able to see e-Voting option. Click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider i.e. NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period</p>

Important note: Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at abovementioned website.

Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. NSDL and CDSL.

Login type	Helpdesk details
<p>Individual Shareholders holding securities in demat mode with NSDL</p>	<p>Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.com or call at: 022-48867000</p>
<p>Individual Shareholders holding securities in demat mode with CDSL</p>	<p>Members facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at 022- 23058738 or 022-23058542-43</p>

B) Login Method for e-Voting and joining virtual meeting for shareholders other than Individual shareholders holding securities in demat mode and shareholders holding securities in physical mode.

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 ‘Shareholder/Member’ section.
3. A new screen will open. You will have to enter your User ID, your Password/OTP 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.

4. Your User ID details are given below :

Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical	Your User ID is:
a) 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*****.
b) 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*****.
c) 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. Password details for shareholders other than Individual shareholders 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 from 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’.
 - 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.com mentioning your demat account number/folio number, your PAN, your name and your registered address etc.
 - 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.

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

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

1. After successful login at Step 1, you will be able to see all the companies “EVEN” in which you are holding shares and whose voting cycle
2. Select “EVEN” of company for which you wish to cast your vote during the remote e-Voting period.
3. Now you are ready for e-Voting as the Voting page opens.
4. 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.
5. Upon confirmation, the message “Vote cast successfully” will be displayed.
6. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
7. 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 rao_ds7@yahoo.co.in with a copy marked to evoting@nsdl.com.
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.: 022-48867000 or send a request to (Name of NSDL Official) at evoting@nsdl.com

Process for those shareholders whose email ids are not registered with the depositories/ company for procuring user id and password and registration of e mail 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.
2. 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. If you are an Individual shareholders holding securities in demat mode, you are requested to refer to the login method explained at **step 1 (A)** i.e. **Login method for e-Voting for Individual shareholders holding securities in demat mode.**
3. Alternatively shareholder/members may send a request to evoting@nsdl.com for procuring user id and password for e-voting by providing above mentioned documents.
4. In terms of SEBI circular dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are required to update their mobile number and email ID correctly in their demat account in order to access e-Voting facility.

EXPLANATORY STATEMENT
(PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013)

As required by Section 102 of the Companies Act, 2013 (Act), the following explanatory statement sets out all the material facts relating to the business mentioned under Item Nos. 1 to 5 of the accompanying Notice.

ITEM NO. 1:

Employees Stock Option is useful tool to attract retain and motivate the best available talent and to reward them for performance. This also provides an opportunity to employees to participate in the growth of the company, besides creating long term wealth in their hands.

The Employee Stock Option Scheme-2023 (KMIL ESOS 2023/ESOS 2023) proposed to be introduced is aimed at retaining best talent in the Company. KMIL ESOS 2023 is drawn in accordance with the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 ('SEBI Regulations'), issued by SEBI and other applicable laws.

The Scheme will be operated and administered under the superintendence of the Company's Nomination and Remuneration Committee nomenclature as Compensation Committee, which is a Committee of the Board of Directors, the majority of the members are Independent Directors.

The Compensation Committee shall in accordance with ESOS 2023 and Applicable Law, in its absolute discretion, inter alia, determines the following:

- i. The quantum of Options to be Granted to each Employee under ESOS 2023, subject to the ceiling as specified in the scheme;
- ii. The Eligibility Criteria;
- iii. The time when the Options are to be Granted;
- iv. The number of tranches in which the Options are to be Granted and the number of Options to be granted in each such tranche.
- v. The number of Options, if any, reserved for Granting to new Employees who would join the services of the Company;
- vi. The vesting and exercise of Options in case of Grantee who has been transferred or whose services have been seconded to any other entity within the Group at the instance of the Company;
- vii. The Vesting Period, the Vesting schedule and the date of Vesting of the Options Granted;
- viii. The terms and conditions (including performance parameters) subject to which the Options Granted would Vest in the Employee;
- ix. The conditions under which Vested Options may lapse in case of termination of employment for fraud or misconduct;
- x. The Exercise Period within which the Employee should exercise the Option and that Option would lapse on failure to Exercise the Option within the Exercise Period;
- xi. The specified time period within which the Employee shall Exercise the Vested Options in the event of termination or resignation of an Employee;

- xii. The right of an Employee to Exercise all the Vested Options at one time or at various points of time within the Exercise Period;
- xiii. The treatment of Unvested Options upon events including but not limited to, termination of employment or upon a director ceasing to hold office;
- xiv. The procedure for making a fair and reasonable adjustment in the case of corporate actions such as merger, sale of division, stock split / consolidation, rights issues, bonus issues, change in capital structure and/or others in accordance with Applicable Law;
- xv. The procedure and terms for the Grant, Vesting and Exercise of Options in the case of Employees who are on long leave;
- xvi. The procedure for cashless Exercise of Options, if required;
- xvii. The procedure for surrender and cancellation of Options, if required;
- xviii. Obtaining permissions from and making periodic reports to regulatory authorities, as may be required and ensuring compliance with all Applicable Law;
- xix. Framing appropriate procedures and rules for Granting, Vesting and Exercise of Options and amending, altering, modifying or rescinding such procedures and rules from time to time;
- xx. Lay down a method for satisfaction of any tax obligation arising in connection with the Options and the Shares in compliance with Applicable Law;
- xxi. Arranging to get the Shares, issued under ESOS 2023, listed on the Recognized Stock Exchange(s) on which the shares of the Company are already listed or may be listed in future;
- xxii. Ensuring submission of information, reports, etc., in connection with ESOS 2023 to the Recognised Stock Exchange(s) at stipulated periodical intervals or otherwise, as the case may be;
- xxiii. Finalize, approve and authorize executives of the Company to execute various agreements, deeds, writings, confirmations, undertakings, indemnities or other documents, as may be necessary, under the Common Seal of the Company, if any, or otherwise, with any party including legal advisors, accountants, share transfer agents, depositories, custodians, bankers and/or others for the purposes of ESOS 2023 and accept modifications, changes and amendments to any such documents/agreements; and
- xxiv. To provide for any statutory, contractual, regulatory or such other matters as may be necessary for the administration and implementation of ESOS 2023 in accordance with Applicable Law.

According to Regulation 6(1) of Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2014 no scheme shall be offered to employees of a company unless the shareholders of the company approve it by passing a special resolution in the general meeting, accordingly, Item Number 8 to this Notice is proposed as Special Resolution.

The salient features of the KMIL ESOS 2023 and the disclosures required under Rule 12(2) of The Companies (Share Capital and Debentures) Rules, 2014 are as under:

1. The total number of options to be granted

The total number of options that may, in the aggregate, be issued would be such number of options which shall entitle the option holders to acquire in one or more tranches upto 1,50,000 (One Lakh Fifty Thousand) equity shares of the Company of the face value of Rs. 10/- each (or such other adjusted

figure for any bonus, stock splits or consolidations or other re-organization of the capital structure of the Company as may be applicable from time to time). Each such Options confers a right upon the Employee to apply for 1 (one) equity shares of Rs. 10/- each of the Company, in accordance with the terms and conditions of such issue.

2. Identification of classes of employees entitled to participate in the Scheme

All permanent employees of the Company working in India or out of India and its subsidiary / associate company(ies) (present or future) (excluding promoters and employees belong to Promoter Companies) as may be decided by the Nomination and Remuneration Committee.

The class of Employees eligible for participating in the Scheme shall be determined on the basis of the grade, number of years' service, performance, role assigned to the employee and such other parameters as may be decided by the Nomination and Remuneration Committee in its sole discretion from time to time.

The options granted to an Employee will not be transferable to any person and shall not be pledged, hypothecated, mortgaged or otherwise alienated in any other manner.

3. Appraisal Process for determining the eligibility of Employees to the Scheme

The appraisal process for determining the eligibility of the Employee will be specified by the Nomination and Remuneration Committee and will be based on criteria such as the grade of Employee, length of service, performance record, CTC, expected potential contribution by the Employee and/or by any such criteria that may be determined by the Nomination and Remuneration Committee in its sole discretion.

4. Requirements of vesting and period of vesting

Vesting of options may commence after a period of not less than one year from the date of grant. The vesting may occur in one or more tranches, subject to terms and conditions of vesting, as may be stipulated by the Nomination and Remuneration Committee in its sole discretion.

5. Maximum period within which the options shall vested

The maximum vesting period may extend up to three years from date of grant of options, unless otherwise decided by the Nomination and Remuneration Committee.

6. Exercise price or pricing formula

Exercise Price means the price at which the Employee is entitled to acquire the equity shares pursuant to the options granted and vested in him/her under the Scheme.

The Exercise price per option may be decided by the Nomination and Remuneration Committee at the time of Grant. In determining the Exercise Price, the Committee shall take into consideration relevant factors prevalent at the time of the Grant which, among other things, would include the trend in the market price of the Company's Equity Shares quoted on Stock Exchanges. The exercise price may also be face value of shares.

7. Exercise period and process of exercise and under certain circumstances in which option may lapse

The exercise period may commence from the date of vesting and will expire not later than 2 years from the date of vesting, or such other period as may be decided by the Nomination and Remuneration Committee from time to time.

The options will lapse if not exercised within the specified exercise period or as may be specified by the Nomination and Remuneration Committee. The options may also lapse under certain circumstances like termination of employee under misconduct, resignation, etc., even before the expiry of the specified exercise period.

8. Time period within which the employee shall exercise the vested option in the event of termination of employment or resignation of employee:

The Nomination and Remuneration Committee shall determine the time period within which the vested unexercised option in the event of termination of employment or resignation of employee shall be exercised.

9. Maximum number of options to be issued per Employee and in aggregate

The maximum number of options to be granted to any eligible employees during one year, shall not be in aggregate the Options equal to or exceeding 1% of the issued share capital (excluding outstanding warrants and conversions) of the Company at the time of Grant of the Options to identified Employees, without the approval of the shareholders of the Company by way of a separate resolution.

10. Disclosure and accounting policies

The Company shall conform to the accounting policies specified by Securities and Exchange Board of India as per the SEBI Regulations, amended from time to time.

11. Method of Valuation

The Company shall adopt 'fair value method' for valuation of options as prescribed under guidance note or under any accounting standard, as applicable, notified by appropriate authorities from time to time.

12. Maximum quantum of benefits to be provided per Employee under the Scheme

The Maximum quantum of benefits underlying the Options issued to an employee shall depend upon the Market Price of the shares as on the date of sale of shares arising out of exercise of Options.

13. Whether the Scheme(s) is to be implemented and administered directly by the Company or through a trust

ESOS 2023 shall be implemented and administered directly by the Company and not through a trust.

14. Whether the Scheme(s) involves new issue of shares by the Company or secondary acquisition by the Trust or both

The scheme only involves new issue of shares by the Company.

15. The amount of loan to be provided for the implementation of the Scheme(s) by the Company to the Trust, its tenure, utilization, repayment terms, etc

Not applicable

16. Maximum percentage of secondary acquisition (subject to limits specified under the SEBI regulations) that can be made by the Trust for the purposes of the Scheme(s)

Not applicable

17. Lock-in period

The shares allotted pursuant to exercise of Options shall not be subject to any Lock-in unless specified by the Board / Committee at the time of grant of such Options.

18. Terms & conditions for buyback, if any, of specified securities covered under these regulations.

Not applicable

19. Condition under which Option may lapse

The option will lapse if not exercised within the specified exercise period. The options may also lapse under certain circumstances even before the expiry of the specified exercise period i.e.in the event of termination of employment or resignation of employee.

20. Other terms

The Board, based on the recommendations of the Nomination and Remuneration Committee, shall have the absolute authority to vary, modify or alter the terms of the Scheme in accordance with the Regulations and Guidelines as prescribed by the Securities and Exchange Board of India or Regulations that may be issued by any appropriate authority, from time to time, unless such variations, modifications or alterations is detrimental to the interest of the Employees.

The Securities may be allotted directly to the Employees and Employees may be provided with financial assistance to enable them to subscribe to the Securities.

The Board recommends the Special Resolution set out at Item No. 1 of the Notice for approval by the Members.

None of the Directors and Key Managerial Personnel of the Company and their respective relatives are concerned or interested, financially or otherwise, in the resolutions, except to the extent of Equity Shares they may be offered to them under KMIL ESOS 2023.

ITEM NO. 2:

Members are apprised that the Company has received request letters from few members of Promoter/ Promoter Group for reclassification to Public category in terms of Regulation 31A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations").

Details are as under:

Request from Outgoing Promoters

Some of the shareholders whose details are mentioned below (hereinafter referred to as the "Outgoing Promoters") who are part of the Promoter/ Promoter Group holding 19,091 equity shares representing 0.12% of the paid-up capital of the Company, has vide letter dated 28th May 2024 requested to reclassify their shareholding to 'Public' category.

Sl No	Name of the Promoter/promoter Group	No. of shares	%of shareholding
1	Namrata Kapoor	7,917	0.05
2	Madhuvalli Lakamraju	5,480	0.03
3	Venkataramamurthy Raju Lakamraju	2,883	0.02
4	Venkateswara Raju Lakkamraju	1,863	0.01
5	Subbaraju Venkata Lakamraju	498	0.00
6	Jagannadha L Raju	419	0.00

7	Lakkamraju Susilamma	31	0.00
8	Kishore Babu Gottimukkala	-	0.00
9	Jyothi Raju	-	0.00
	Total	19,091	0.12

Confirmation by the Outgoing Promoters

The Outgoing Promoters in their respective Request Letters have confirmed that, they along with the persons related to them:

- i. do not, together, hold more than 10% of the total voting rights in the Company;
- ii. do not exercise control over the affairs of the Company, directly or indirectly;
- iii. do not have any special rights with respect to the Company through formal or informal arrangements including through any shareholder agreements;
- iv. are not represented on the board of directors of the Company (including through nominee director);
- v. are not acting as a key managerial person in the Company;
- vi. are not 'wilful defaulters' as per the Reserve Bank of India Guidelines; and
- vii. are not fugitive economic offenders.

Further, the Outgoing Promoters have confirmed that subsequent to their reclassification, they shall continue to comply with the provisions of Regulation 31A(4) of the Listing Regulations.

Confirmation by the Company

As at the date of this Notice, the Company is compliant with the following conditions specified in Regulation 31A(3)(c) of the said Listing Regulations and is accordingly competent to make an application to the Stock Exchanges for their approval for re-classification of status of the said

Outgoing Promoters to 'Public' shareholder category.

- a. The Company is in compliance with requirements of minimum public shareholding as required under Regulation 38 of the Listing Regulations;
- b. The trading in equity shares of the Company have not been suspended by the Stock Exchanges where equity shares of the Company are listed;
- c. The Company does not have outstanding dues to the SEBI, Stock Exchanges or the Depositories.

Impact of Reclassification from Strides' Promoters/ Promoter Group

As at the date of this Notice, the total Promoter holding in the Company is at 29.15%. In the event, the reclassification is approved by the Members of the Company and the Stock Exchanges, the total Promoter holding in Strides shall reduce from 29.15% to 29.03%.

Board's Consideration and Recommendations

At their meeting held on 30th May 2024, Board of Directors of the Company analyzed the Request Letters received from the Outgoing Promoters and the confirmations therein as per the provisions of Regulation 31A of the Listing Regulations.

Board also considered Company's confirmations in this matter and the impact of the proposed reclassification.

Upon perusal of the above, Board of Directors of the Company approved the Reclassification Requests of the Outgoing Promoters, subject to approval of the Members and the Stock Exchanges.

The above referred Request Letters are available for e-inspection of the Members.

None of the Outgoing Promoters and persons related to them shall vote to approve the reclassification request as prescribed under the Regulations.

The Board recommends passing of the proposed resolution as stated in Item No.2 as an Ordinary Resolutions and requests Members' approval for the same.

None of the Directors, except Dr. Anji Raju Manthena, Mr. Sitararma Raju Manthena and Ms. Sreelakshmi Manthena who are part of the Promoter/Promoter Group, Key Managerial Personnel of the Company or their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution as set out at Item No.2 except to the extent of their shareholding as Member, if any.

ITEM NO. 3:

Members are aware that Mr. M B Narayana Raju, was reappointed as a Whole-Time Director of the Company for a period of three years with effect from 2nd September 2023 till 1st September 2026, by means of Special Resolution passed by the Members at the 31st Annual General Meeting of the Company held on 30th September 2023 on the terms and conditions including payment of remuneration. In view of the rich experience and expertise knowledge, the Nomination and Remuneration committee and Board of Directors at their meetings held on 23rd August 2023 and 12th October 2023 respectively have given approval for increase in remuneration as set out in the resolution and details are mentioned below;

i. Salary

The monthly remuneration payable shall be Rs. 3,25,000 /- (Rupees Three Lakhs Twenty Five Thousand Only) per month including House Rent and other allowances.

ii. Perquisites

Medical Reimbursement: Expenses incurred for himself and his family subject to a ceiling of one month's salary in a year or 3 months' salary over a period of 3 years.

Leave Travel Concession:

One month's salary per year for himself and his family.

Club Fees:

Subject to a maximum of two clubs. This will not include admission and Life Membership Fees.

Personal Accident Insurance:

Premium not to exceed Rs. 10,000/- per annum.

Provident Fund:

Company's contribution towards Provident Fund as per the service rules of the company or at any rate applicable from time to time.

Gratuity:

Gratuity as per service rules of the company.

Encashment of Leave:

Entitled to one month's leave, as per the rules of the Company on full pay, for every 11 months of service. Encashment of leave at the end of the tenure will not be included in computation of the ceiling on perquisites.

Telephone, Electricity and Water charges for residence:

Free telephone facility at the residence for the use of the Company's business and Free Electricity and Water charges for residence.

Car:

Use of Company's Car on Company's business with Driver and all expenses on maintenance, repairs, and cost of petrol. (Provision of Car for use of Company's business and telephone at residence will not be considered as perquisites. Personal long distance calls on telephone and use of car for private purpose shall be billed by the Company to the Director)

Further, Nomination and Remuneration Committee and Board of Directors at their meetings held on 5th December 2022 have proposed to give 1% commission on the earned profits for the Financial Year 2023-24 subject to achievement of the milestones.

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

I. GENERAL INFORMATION:

1.	Nature of industry	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 commencement 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 (Figures in Lakhs)	Financial year	2022-23	2021-22	2020-21
		Gross Revenue	330.99	716.15	1,740.95
		Profit/(loss) before tax	(1,938.07)	(1,622.41)	42.45
		Net Profit/(loss)	(1985.72)	(1,657.52)	37.18
5.	Foreign investments or collaborations, if any.	The Company has not entered into any material foreign collaboration and no direct capital investment has been made in the Company during the previous three financial years.			

II. INFORMATION ABOUT THE APPOINTEE: Mr. M B NARAYANA RAJU:

1.	Background details	Mr. M B Narayana Raju is in the employment of the company for the past 23 years at a senior level with the designation of Chief Administrative and Commercial Officer and as a Whole Time Director from 20th November'2017 and is looking after the Operations, General and Personnel Administration, liaison with all Government Agencies and Compliances with GST, PF, ESI, etc.,
2.	Past and Proposed remuneration	Past Remuneration: 2,16,000/- per month Including HRA and Other Allowances. Details on increased remuneration have been stated in this explanatory Statement of the Notice.
3.	Recognition or awards	-NIL-
4.	Job profile and his suitability	Mr. M B Narayana Raju is in the employment of the company for the past 23 years at a senior level with the designation of Chief Administrative and Commercial Officer and as a Whole Time Director from 20th November'2017 is looking after the Operations, General and Personnel Administration, liaison with all Government Agencies and Compliances with GST, PF, ESI, etc.,
5.	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 with respect to the country of his origin)	Taking into consideration the size of the Company, the profile of the Whole-Time Director, the responsibilities shouldered by him and the industry benchmarks, the remuneration proposed to be paid is commensurate with the remuneration packages paid to similar senior levels in other companies.
6.	Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any.	There has no pecuniary relationship with the Company or its Key Managerial Personnel other than his remuneration in the capacity of Whole-Time Director. He is holding 2,087 shares in the Company in his personal capacity.

III. Other information:

1. Reasons of loss or inadequate profits:

The increase in expenditure towards Research and Development and the fixed overheads also contributed for such inadequate profits. Further, due to the delay in government procedures to finalize the orders and realization of the payments after execution of such projects there was inadequate profits.

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 production which is leading to good improvement in operating margins.

The Board of Directors recommends the Special Resolution as set out in Item No. 3 in the Notice for approval of the Shareholders.

None of the Directors/Key Managerial Personnel or their relatives is concerned or interested in the Resolution except Mr. M B Narayana Raju being interested in this resolution.

ITEM NO. 4:

Members are aware that Mr. M Sitarama Raju, was appointed as a Whole-Time Director of the Company for a period of three years with effect from 2nd September 2023 till 1st September 2026, by means of Special Resolution passed by the Members at the 31st Annual General Meeting of the Company held on 30th September 2023 on the terms and conditions including payment of remuneration. In view of the rich experience and expertise knowledge, the Nomination and Remuneration committee and Board of Directors at their meetings held on 23rd August 2023 and 12th October 2023 respectively approval for increase in remuneration as set out in the resolution and details are mentioned below;

i. Salary

The monthly remuneration payable shall be Rs. 3,25,000 /- (Rupees Three Lakhs Twenty Five Thousand Only) per month including House Rent and other allowances.

ii. Perquisites

Medical Reimbursement: Expenses incurred for himself and his family subject to a ceiling of one month's salary in a year or 3 months' salary over a period of 3 years.

Leave Travel Concession:

One month's salary per year for himself and his family.

Club Fees:

Subject to a maximum of two clubs. This will not include admission and Life Membership Fees.

Personal Accident Insurance:

Premium not to exceed Rs. 10,000/- per annum.

Provident Fund:

Company's contribution towards Provident Fund as per the service rules of the company or at any rate applicable from time to time.

Gratuity:

Gratuity as per service rules of the company.

Encashment of Leave:

Entitled to one month's leave, as per the rules of the Company on full pay, for every 11 months of service. Encashment of leave at the end of the tenure will not be included in computation of the ceiling on perquisites.

Telephone, Electricity and Water charges for residence:

Free telephone facility at the residence for the use of the Company's business and Free Electricity and Water charges for residence.

Car:

Use of Company's Car on Company's business with Driver and all expenses on maintenance, repairs, and cost of petrol. (Provision of Car for use of Company's business and telephone at residence will not be considered as perquisites. Personal long distance calls on telephone and use of car for private purpose shall be billed by the Company to the Director)

Further, Nomination and Remuneration Committee and Board of Directors at their meetings held on 5th December 2022 have proposed to give 1% commission on the earned profits for the Financial Year 2023-24 subject to achievement of the milestones.

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

I. GENERAL INFORMATION:

1.	Nature of industry	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 commencement 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 (Figures in Lakhs)	Financial year	2022-23	2021-22	2020-21
		Gross Revenue	330.99	716.15	1,740.95
		Profit/(loss) before tax	(1,938.07)	(1,622.41)	42.45
		Net Profit/(loss)	(1985.72)	(1,657.52)	37.18
5.	Foreign investments or collaborations, if any.	The Company has not entered into any material foreign collaboration and no direct capital investment has been made in the Company during the previous three financial years.			

II. INFORMATION ABOUT THE APPOINTEE: Mr. M Sitarama Raju:

1.	Background details	Mr. M Sitarama Raju 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.
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2.	Past and Proposed remuneration	Past Remuneration: 2,16,000/- per month including HRA and Other Allowances. Details on Increased remuneration have been stated in this explanatory Statement of the Notice.
3.	Recognition or awards	-NIL-
4.	Job profile and his suitability	Mr. M Sitarama Raju 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.	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 with respect to the country of his origin)	Taking into consideration the size of the Company and he is looking after the Strategic planning, Operational planning etc., the profile of the Whole-Time Director, the responsibilities shouldered by him and the industry benchmarks, the remuneration proposed to be paid is commensurate with the remuneration packages paid to similar senior levels in other companies..
6.	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 Brother of Ms. Sreelakshmi Manthena. Mr. Sitarama Raju Manthena (DIN: 08576273) is holding 7,12,992 (Seven Lakhs Twelve Thousand Nine Hundred and Ninety Two Only) equity shares constituting 4.25% of total equity share capital of the Company.

III. Other information:

1. Reasons of loss or inadequate profits:

The increase in expenditure towards Research and Development and the fixed overheads also contributed for such inadequate profits. Further, due to the delay in government procedures to finalize the orders and realization of the payments after execution of such projects there was inadequate profits.

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 production which is leading to good improvement in operating margins.

The Board of Directors recommends the Special Resolution as set out in Item No. 4 in the Notice for approval of the Shareholders.

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

ITEM NO. 5:

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 10 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 (South Africa), SCR and NCR (in India).

The Board of your Company, pursuant to the recommendation of the Audit Committee, approved to increase in remuneration to Rs. 5.00 Lakhs per month to Ms. Sreelakshmi Manthena 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. Sreelakshmi 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	Increase in remuneration to Ms. Sreelakshmi Manthena, Director of M/s. Avant Garde Info Systems Inc to Rs. 5.00 Lakhs per month 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 a Director in M/s. Avant Garde Info Systems Inc in the year 2014. The approval is sought in view of the provisions 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 Audit Committees of the Company and approved by the Board, subject to the consent of Members.

The Board of Directors recommends the Ordinary Resolution as set out in Item No. 5 in the Notice for approval of the Shareholders.

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

Hyderabad, 30st May 2024

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

Sd/-
M B Narayana Raju
Whole Time Director
DIN: 07993925