12th January, 2022

To,
The Listing Department
BSE Limited
Phiroze Jeejeebhoy Towers
Dalal Street,
Mumbai-400001

Dear Sir/Madam,

Sub: Recommendations of the Committee of Independent Directors ("IDC") under Regulation 26(7) of SEBI (SAST) Regulations, 2011 and subsequent amendments thereto for the Open Offer to the Shareholders of Kernex Microsystems (India) Limited ("KMIL").

This is to inform you that today i.e. on 12<sup>th</sup> January, 2022, the Recommendation of the Independent Directors Committee duly signed by the chairman of the committee under Regulation 26(7) of SEBI (SAST) Regulations, 2011 and subsequent amendments thereto have been published in Business Standard (English-All Editions), Business Standard (Hindi-All Editions), Nava Telangana (Telugu-Hyderabad Edition) and Navshakti (Marathi-Mumbai Edition).

A copy of newspaper clipping is being submitted and dispatched to Securities and Exchange Board of India, Mumbai ("SEBI"), National Stock Exchange of India Limited, Mumbai ("NSE") and to Mark Corporate Advisors Private Limited ("Manager to the Open Offer").

Kindly take the above information on your records.

For Kernex Microsystems (India) Limited

Sreenivasa Rao Ravinuthala Chairman-IDC

Encl: As Above.

Provisioning burden may ease due to enough buffers

The listed banks are likely to post a 36.3 per cent year-on-year (YoY) rise in net profit at ₹38,153 crore for the December quarter (Q3FY22), helped by a lower provisioning burden for stressed loans.

Sequentially, net profits may decline 2.2 per cent from ₹39.022 crore in O2FY22, according to Bloomberg's estimates. The projection is based on analysts' assessments covering 19 lenders — six public sector and 13 private banks.

Domestic brokerage Motilal Oswal said earnings of private as well public sector banks are likely to pick up, led by a recovery in business/fee income and a gradual reduction in credit costs.

Seconding the view, another domestic brokerage — Emkay — said banks under its coverage are expected to post healthy profits, driven by better growth, net interest margin (NIM), and contained provisions given a higher provisioning coverage ratio (PCR) and buffers in place.

#### Better income, margins

The Bloomberg assessments said the net interest income (NII) is expected to grow 5.4 per cent YoY from ₹1.59 trillion in Q3FY21 to ₹1.68 trillion in Q3FY22. Sequentially, it may rise just 1.5 per cent, from ₹1.66 trillion.

The income from the treasury (investments) is a crucial item for the bottom line and the hardening of yields could limit their contribution to income.

Rating agency ICRA said the rising bond yields will pose challenges for banks in terms of their bond portfolios, with reducing the probability of gains and a higher likelihood of losses. The yield on the 10-year benchmark government security (G-Sec) had increased to 6.46 per cent as of December 23, 2021, from 6.22 per cent as of September 30, 2021, and 6.05 per cent as ofJune 30, 2021.

Kotak Institutional Equities, in a banking sector pre-view, said NIM is likely to be similar to the previous quarters, and contribution from the treasury is likely to decline further. With a steady increase in interest rates, it expected a muted performance in non-interest income.

### Asset quality in check

1) Date

The bad loans saw a dip in Q2, both in absolute and percentage terms. The trend is likely to pre-

However, there is a big risk of slippages

### THE EXPECTATIONS

Net interest income Profit after tax



(In ₹ cr)

Q3FY22 E

occurring from the restructured book and some risks from the normal book. But banks are not expected to raise the amounts to be set aside as provisions. Kotak Institutional Equities said it expected an improvement in asset quality outlook for most lenders, led by lower slippages

and better recovery trends. There are no large corporate slippages, while retail and SME (small and medium-sized enterprise) loans should show some improvement on a net basis. Slippages in these portfolios would still remain higher than pre-Covid levels.

### Traction in credit growth

The economy opened up in Q3, which also saw the festival season in full swing before the Omicron variant struck. Centrum Equity Research said lenders under its coverage are expected to report better sequential loan growth

The Reserve Bank of India data showed that the credit growth on a YoY basis moved up to 7.3 per cent in the middle of December, from 6.7 per cent in September.

# KERNEX MICROSYSTEMS (INDIA) LIMITED

(CIN: L30007TG1991PLC013211)

Registered Office: Plot No 38 (part)-41, Survey No 1/1, Hardware Technology Park, TSIIC Layout, Kancha Imarat, Raviryal Village, Maheswaram Mandal, Ranga Reddy District, Hyderabad - 501 510, Telangana, India Contact No.: +91 84146 67601; E-Mail ID: acs@kernex.in; Website: www.kernex.in

Recommendations of the Committee of Independent Directors ("IDC") of Kernex Microsystems (India) Limited ("Target Company") on the Open Offer made by Mr. Anii Raju Manthena ("Acquirer") to the Equity Shareholders of the Target Company under Regulation 26 (7) of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 and subsequent amendments thereto ["SEBI (SAST) Regulations, 2011"/ "Regulations"]

January 11, 2022

1)	Date	January 11, 2022
2)	Name of the Target Company ("TC")	Kernex Microsystems (India) Limited
3)	Details of the Offer pertaining to TC	The Open Offer is made by the Acquirer in terms of Regulation 3(1) and Regulation 3(3) of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 for acquisition up to 32,50,000 fully paid-up equity shares of the Target Company of face value of ₹10 each (Rupee Ten only) representing 26% of the Equity Share Capital/Voting Share Capital of the Target Company at a price of ₹74.50 (Rupees Seventy Four and Paise Fifty only) per Equity Share ("Offer Price"), payable in cash, pursuant to the substantial acquisition of shares and voting rights of the Target Company by the Acquirer.
4)	Name of the Acquirer	Mr. Anji Raju Manthena
5)	Name of the Manager to the Offer	Mark Corporate Advisors Private Limited (SEBI Reg. No.: INM000012128)
6)	Members of the Committee of Independent Directors	1) Sreenivasa Rao Ravinuthala : Chairman
		2) Krishna Mohan A V S : Member
		3) Koganti Somasekhara Rao : Member
7)	IDC Member's relationship with the TC (Director, Equity shares owned, any other contract / relationship), if any	IDC members are Independent Directors on the Board of Directors of the Target Company. They do not have any equity holding in the Target Company. None of them have entered into any other contract or have other relationship with the Target Company.
8)	Trading in the Equity shares/other securities of the TC by IDC Members	No trading in the Equity Shares of the Target Company has been done by any of the IDC Members.
9)	IDC Member's relationship with the Acquirer (Director, Equity shares owned, any other contract / relationship), if any	The Acquirer is an individual. None of the IDC Members have any contract/relationship with the Acquirer.
10)	Trading in the Equity Shares/other securities of the Acquirer by IDC Members	Not Applicable
11)	Recommendation on the Open offer, as to whether the offer is fair and reasonable	IDC is of the view that Open Offer is fair and reasonable.
12)	Summary of reasons for recommendation	IDC has taken into consideration the following for making the recommendation:  IDC has reviewed (a) The Public Announcement ("PA") dated September 20, 2021 in connection with the Offer issued on behalf of the Acquirer (b) The Detailed Public Statement ("DPS") which was published on September 27, 2021 (c) The Draft Letter of Offer dated October 04, 2021 ("DLoF") and (d) The Letter of Offer ("LoF") dated January 05, 2022.  Based on the review of PA, DPS, DLoF and LoF, the IDC is of the opinion that the Offer Price of ₹74.50 (Rupees Seventy Four and Paise Fifty only) per Equity Share offered by the Acquirer (more than the highest price amongst the selective criteria mentioned under Justification of Offer Price in the LoF) is in line with the SEBI (SAST) Regulations, 2011 as prescribed by SEBI and prima facie appears to be justified. The IDC, however suggests that the Equity Shareholders should independently evaluate the Offer, and take informed decision in the matter.
13)	Disclosure of Voting Pattern	The recommendations were unanimously approved by the members of the IDC.
14)	Details of Independent Advisors, if any	None
15)	Any other matter(s) to be highlighted	None

To the best of our knowledge and belief, after making proper enquiry, the information contained in or accompanying this statement is, in all material respect, true and correct and not misleading, whether by omission of any information or otherwise, and includes all the information required to be disclosed by the Target Company under the SEBI (SAST) Regulations, 2011.

For and on behalf of the Committee of Independent Directors of Kernex Microsystems (India) Limited

Place: Hyderabad Date : January 11, 2022

Sreeniyasa Rao Ravinuthala **Chairman - Committee of Independent Directors** 

# Govtlikely to ease curbs on Chinese investment Deadline to file corporate ITR,

India is considering easing scrutiny on certain foreign direct investment, according to people familiar with the matter, after rules mainly aimed at China created a bottleneck for inflows.

Currently, Prime Minister Narendra Modi's government scrutinises all investment proposals from companies that are either based in countries that share a land border with India or have an investor from one of these nations. It is now considering

exempting proposals where the so-called beneficial ownership is less than 10 per cent, which means the investor may be from a neighboring country but holds only a small stake in the firm proposing the investment.

The move is being considered after proposals worth \$6 billion were stuck amid the



INDIA IS CONSIDERING **EXEMPTING PROPOSALS** WHERE BENEFICIAL **OWNERSHIP IS LESS THAN** 10%, WHICH MEANS THE **INVESTOR MAY BE FROM A NEIGHBOURING COUNTRY BUT HOLDS ONLY A SMALL** STAKE IN THE COMPANY PROPOSING THE INVESTMENT

red tape, the people added, asking not to be identified discussing private deliberations. The proposal could be approved as early as the next

imposed curbs on such investments amid a bloody border standoff with China and also avert risks of opportunistic takeovers. The move slowed down the approval process with proposals from the neighboring nations including China and Hong Kong piling up.

sent to the trade and industry ministry remained unanswered.

BLOOMBERG million each.

audit extended ARUP ROYCHOUDHURY New Delhi, 11 January

An email and text message spokesperson

Apart from delaying, the to February 15. However, salrestriction had also compliaried taxpayers whose cated deal-making for invesaccounts are not liable for tors. Relaxing the rules will auditing did not get broaden the pool of investors an extension. that capital-hungry Indian firms can tap, as local firms increasingly turn to large consideration of difficulties global investors to fund their reported by taxpavers due to growth. As of November 2021, Covid and electronic filing of over 100 proposals are awaitvarious audit reports, it was ing clearance from the govdecided to further extend the due dates for Assessment ernment, with around a quarter of them of over \$10 Year 2021-22 (AY22).

financial year 2020-21 (FY21).

"Those categories in which the accounts had to be The finance ministry on audited, that date has been Tuesday extended the deadextended. And along with line for corporations to file that, the date of furnishing of income-tax returns (ITRs) to audit reports has been extended," CBDT spokesper-March 15, 2022. For entities whose accounts need auditson Surabhi Ahluwalia told ing, the last date to submit Business Standard

This is the third ITR extension given to corporations for FY21. The original deadline was October 31. For those with transfer pricing transactions, it was November 30.

Vishweshwar Mudigonda, Direct Taxes (CBDT) said on Partner, Deloitte India, said: "The CBDT announcement is a major relief considering the challenges...due to newer variant of virus and the glitches in the online portal. Timing of the announcement, in particular, avoids AY22 is for income during anxiety for all concerned".

# indigenous anti-tank missile

**MINIMUM RANGE** 

IT'S MAXIMUM

**BEEN TESTED AT** 

**4,000 METRES** 

OF 200-300 METRES

RANGE HAS ALREAD

ΔΙΔΙ ΣΗΙΙΚΙ Δ

New Delhi, 11 January

The Defence Research and Development Organisation (DRDO) successfully flighttested the final deliverable configuration of an indigenous Man Portable Antitank Guided Missile (MPATGM) on Tuesday.

The anti-tank missile is a lightweight, fire-and-forget missile, which is launched from a man portable launcher, integrated with a thermal sight that allows it to be used in low-

visibility conditions, even in THE PRESENT TEST complete dark-**WAS TO PROVE THE EFFECTIVENESS OF** ness. THE ANTI-TANK was MISSILE AT A

launched by a two-man crew at a target that was mimicking moving tank. "The missile

impacted the designated tarand

impact event was captured release. on camera and the test has validated the minimum range successfully," stated the DRDO in a press release

Javelin ATGMs from the US, which was the earlier plan.

Unusually, the test was carried out to validate whether the MPATGM is effective against tank targets at the lower end of its range spectrum, which is 200-300 metres. The MPATGM has already proven in earlier tests its ability to strike targets at its maximum range of 4.000 metres.

Seldom on a battlefield does an infantryman have

occasion to fire a missile at a tank from as close as 200-300 metres. Usually, the infantryman would take advantage of the MPATGM's 4,000 metre range and destroy the tank from afar, before the tank's main gun — with a range of 2,000-2,500 metres — could accurately shoot at him.

The DRDO argued that ATGMs require about 400-500 metres of flight in order to stabilise and deploy their guidance mechanisms. However, the Army insisted on the MPATGM

being effective and accurate at 200-300 metres. "The present

test was to prove the consistent performance for minimum the range... The missile performance (already) has been proven for the maximum range in earlier

destroyed it. The final test trials," stated the DRDO

On February 7, 2018, the MoD told Parliament that "on account of indigenous development The MPATGM will now Generation MPATGM sysbe built in large numbers in tem by DRDO, the plan to India, eliminating the need build the Spike missile in to import large numbers of India (321 launchers, 8,356 Spike ATGMs from Israel, or missiles) was scrapped on December 20, 2017.

> The MoD had sanctioned the development of the MPATGM on January 27, 2015, and its probable date of completion (PDC) was put at July 26, 2018. The project was allocated a budget of ₹73.46 crore.

The MoD's first "import embargo list" of 101 items prohibits the import of short range surface to surmissiles" December 2020 onwards.

# DRDO test-fires HC upholds OMCs' penal guidelines for oil retailers

the audits has been extended

The Central Board of

Minimum wage mandate most contentious for retailers

New Delhi, January 11

A division bench of the Delhi High Court has upheld the Marketing Discipline Guidelines (MDG) 2017, formulated by Oil Marketing Companies (OMCs) for maintaining market discipline and uniformity in action for operating the network of petrol and diesel retail outlets (ROs). Under the guidelines, heavy penalties are imposed on petrol pump dealers for malpractices such as short delivery of petroleum products, among others.

Petrol pump dealers had alleged that MDG 2017 gives arbitrary powers to officers of OMCs and makes their business unviable due to highcompliance burden. The aggrieved dealers had approached the Delhi High Court and a single-judge bench had passed an order striking down MDG 2017. The division bench on Monday overturned the decision, and ruled in favour of the OMCs by giving its nod to all but one provision of the guidelines. The dealers were repre-

Petroleum Officials Business Standard that they plan to chart out their future one to use toilets in petrol course of action this week after consultation with state heads.

face stringent penal action for offences involving short delivery of products, operating automated dispensing units lets. The dealers have also been directed to pay mini-OMCs or those laid down by the respective state governments, whichever is higher.



## **TIMELINE**

OCTOBER 2017: Amendments to MDG 2012 incorporated

MARCH 18: Single-judge bench of Delhi HC strikes down amendments to MDG JANUARY 10: Division bench

of Delhi HC upholds amendments to MDG 2017

Petrol pump owners said that the minimum wage stipulation is one of the most contentious issues in MDG 2017. it directly their margins.

With respect to toilets, the Dealers the concerns raised by petrol nump dealers. The observed that allowing everypumps, with no restrictions whatsoever, can be a safety assurances hazard. The court gave pump of This means that petro-operators the right to exercise leum dealers will continue to their discretion with respect to who may use the toilets at their premises.

OMCs formulated and issued the MDGs for the first that payment of salaries with on manual mode, and time in 1981-82. The guideimproper maintenance of toillines are reviewed and required to be made amended from time to time. through e-payment. A Wage in view of changing circummum wages as notified by the stances as well as to set high customer service benchmarks for the OMCs as also the retail outlets for verification dealers' network. The MDGs by OMC officials.

again in the year 2012 and MDG-2012 were issued and made effective January 8, 2013. The MDG-2012 was chal-

lenged in various high courts, following which Allahabad High Court, the Delhi High Court and the Karnataka High Court, among others, upheld the power, jurisdiction and authority of OMCs to issue the MDGs.

According to the oil companies, MDG 2012 was amended in 2017 following detection of large-scale malpractices in some states at the time of supply and dispensation of petroleum products. sented by the All India division bench agreed with This was being done by manipulating software or hardware in the dispensing from the association told bench of the Delhi High Court units. The amendments were also aimed at motivating the employees of ROs to provide better services and deliver the in terms quality, quantity. cleanliness and behaviour

> To ensure that dealers were adhering to minimum wage directives, the OMCs in September 2017 reiterated effect from August 2017 were Register and e-payment details were also to be kept ready by the

# ▶ FROM PAGE 1

# Voda Idea...

Last October, the Union Cabinet had cleared the telecom reforms package aimed at improving liquidity and ease of doing business. Telecom companies were provided with the option of four-year moratorium on spectrum and AGR interest on deferred liabilities

On Monday, Vi's board decided to exercise the option and approved the conversion allotted to the government at since the average price of com- exchange notification. pany's share was below the par under the reforms package. Department

discretion to convert any part necessitated following dilution from ₹4.23 trillion in FY20, of such loan to preference shares instead of equity shares, which could be convertible or redeemable in nature.

The government is likely to hold the shares through the Specified Undertaking of the Unit Trust of India (SUUTI) or by any other trustee-type arrangement. "The conversion will there-

fore result in dilution to all granted an option to convert company including the promoters. Following the conversion, it is expected that the government will hold around 35.8 per cent of the total outstanding shares of the company and of the full amount of interest the promoter shareholders (with a net present value of would hold around 28.5 per around ₹16,000 crore) into cent (Vodafone Group) and equity. The shares would be around 17.8 per cent (Aditya Birla group) respectively," the par value of Rs 10 per share company said in a stock Currently the Aditya Birla

value on the relevant date that group holds around 27.7 per was fixed by the government cent while Vodafone Group holds 44.3 per cent in the telco. The allotment will happen fol- Vi promoters have also decided lowing confirmation by the to amend shareholder agreeof ment and articles of association Telecommunications (DoT). to protect their governing demic. India's food market size The government also has the rights. This amendment is shrank to ₹2 trillion in FY21

of promoter shareholding.

Currently the rights are subject to threshold of 21 per cent stake for each group and that will be reduced to 13 per cent.

### **Restaurants...**

With the national capital reporting close to 20,000 Covid cases for the past few days, the Delhi Disaster Management dues. Companies were also existing shareholders of the Authority ordered dine-in at all restaurants and bars to shut down from Tuesday, allowing only takeaway and delivery.

Calling the order arbitrary, Riyaaz Amlani, CEO and MD of Handmade Impresario Restaurants, which owns brands like Social and Mocha. said, "We are just submitting to those who have the power to take these decisions, but we wish we had been given some explanation for how this will help. It doesn't seem like an effective measure, but just an optic measure." Close to 25 per cent of food business operators shut down permanently and nearly 2.4 million jobs lost after the first two waves of the pan-

according to the National Restaurant Association of India report.

The association said the industry would be "permanently debilitated" if urgent relief measures were not forthcoming.

"There is fear psychosis created by the government and the media. Instead of asking people to exercise caution and not worry, there's a long list of don'ts. As a result, people are not venturing out. All restaurants are deserted. The occupancy is down to 15 per cent from as high as 80 per cent," said Gurbaxish Singh Kohli, vice president, Federation of Hotel and Restaurant

Association of India (FHRAI). According to Kohli, home delivery can't be an alternative and it can only help one survive. It's less than 10 per cent of the total business, he said.

Others, too, have seen their business shrink. Anian Chatterjee, chairman and managing director of Kolkata-headquartered Speciality Restaurants, said business had bounced back after the second wave -- in fact, it did better than More on business-standard.com

what it was in the pre-Covid phase due to the festive season. It was all good till the first

week of December after which news of Omicron started flitting in and out. "And business started coming down by the day, by the hour, ending up way below our projections,' Chatterjee said. Since then, business has been down by about 60 per cent. Speciality operates brands like Oh! Calcutta, Mainland China, and Sigree. "From survival, we came to revival mode which has nosedived. So, all plans in the short- and mid-term, including capex, are deferred till things come back (to normal)." Chatteriee adde Nitin Kothari, owner of iconic restaurants Peter Cat and Mocambo in Kolkata, said the footfall was down by almost a fourth.

Restaurant owners in Gujarat, Bengaluru, and Chennai are no better off. The mandated 50 per cent capacity, weekend curfew, and restricted hours are hurting them. Some have already started taking harsh measures to survive the