



As per the Clause 35B of the listing agreement, Company is also providing e-voting facility to the shareholders to enable them to cast their vote electronically.

Further we are here with enclosing notice of Postal ballot along with explanatory statement for your information.

This is for your information and for your records please.

Thanking you

Yours faithfully

For M/s. **KERNEX MICROSYSTEMS (INDIA) LIMITED**

VENKATESWARA RAJU LAKAMRAJU
Managing Director





KERNEX MICROSYSTEMS (INDIA) LIMITED

CIN: L30007TG1991PLC013211

Regd. Off: "Thrushna", Plot No.7, Software Units Layout, Madhapur,
Hyderabad-500081.

Phone: +91-40-23113192/94, Fax: +91-40-23114187,
E-mail:kernex@kernexmail.in, Web site: http://kernex.in

POSTAL BALLOT NOTICE

(Pursuant to Section 110 of the Companies Act, 2013)

To

The Members,

Notice pursuant to section 110 of the Companies Act, 2013 read with Rule 22 of the Companies (Management & Administration) Rules 2014 that the resolution set out below are proposed to be passed by Postal Ballot

Accordingly, your consent is sought for the proposal as contained in the resolution attached along with an explanatory statement pertaining to the resolution setting out all material facts and the reasons thereof. Postal Ballot Form is also enclosed.

The Board of Directors has appointed Mr. A J Sharma, Practicing Company Secretary to act as the scrutinizer, for conducting the postal ballot process, in a fair and transparent manner.

The members are requested to carefully read the instructions printed on the Postal Ballot Form and return the Form duly completed in all respects in the enclosed self-addressed postage pre-paid envelope, so as to reach the scrutinizer at the Company Registrar and Transfer Agents (**Karvy Computershare Pvt. Ltd**) office address at Karvy Selenium Tower B, Plot No 31 & 32, Gachibowli, Financial District, Nanakramguda, Hyderabad- 500 032, on or before the close of working hours on 21st May, 2015. The Company offers e-voting option to the members as an alternative through e-voting services provided by M/s. Karvy Computershare Private Limited, to enable members to vote electronically instead of dispatching the Postal Ballot form. Members may choose to vote using the e-voting facility, the details whereof are also specified under instructions for e-voting as contained under 'Notes'.

RESOLUTION:

ITEM No 1: Creation of charge/mortgage in respect of borrowings and to sell, lease or otherwise dispose of the whole or substantially the whole of an undertaking of the Company.

To consider and, if thought fit, to accord assent/dissent to the following resolution as a **Special Resolution:**

"RESOLVED THAT in supersession of all the earlier Resolutions passed by the members in this regard and subject to the approval of the statutory authorities, financial institutions, bankers and any other

such approvals if applicable, the consent of the Company be and is hereby granted, in terms of Section 180(1)(a) and all other applicable provisions of the Companies Act, 2013, (including any statutory modifications or re-enactment thereof, for the time being in force) and any rules made there under from time to time, to the Board of Directors to sell, lease or otherwise dispose of the whole or substantially the whole of an undertaking of the Company and/or mortgage, charge either as first charge or second or subsequent /subservient charge in addition to the mortgages/charges already created and / or to be created by the Company in such form and manner including Hypothecation, encumbrances, mortgage, charge etc., and with such ranking and at such time and on such terms as the Board may determine, on all, or any of the immovable and/or movable properties (save and except of book debts) of the Company, both present and future and / or the whole or any part of the undertaking(s) of the Company together with the power to take over the management of the business and concern of the Company in the events of defaults, in favour of the Qualified Institutional Buyers, Indian Financial Institutions, Mutual Funds or any Bodies Corporate/Lenders Financial Institutions, Banks, other Lender(s), Agent(s) and Trustee(s), person(s), entities (hereinafter referred to solely or collectively as 'Lenders') which give, provide or extend loans/facilities for securing the borrowings of the Company availed / to be availed, by way of Loan(s)/Working Capital facilities/Deferred Payment Guarantees or any other guarantees/Equipment Finance/Asset Credit Schemes and other securities comprising Convertible/Non-convertible Debentures/Bonds, Foreign Currency Bonds (FCBs), Foreign Currency Convertible Bonds (FCCBs), External Commercial Borrowings (ECBs), issue of Securities/Bonds/Warrants/any other debt instrument either in foreign currency or rupee currency or other debt instruments issued/to be issued by the Company from time to time to the Lenders or to sell/relinquish/dispose of either the whole or any part of the undertaking of the Company to the purchasers or acquirers as may be agreed with them subject to an aggregate sum of Rs.100 Crores (Rupees One Hundred Crores only) together with interest at the respective agreed rates, additional interest, compound interest in case of default, accumulated interest, liquidated damages, commitment charges, premium (if any) on redemption, all other costs, charges and expenses, including any increase as a result of devaluation/revaluation/fluctuation in the rates of exchange and all other monies payable by the Company in terms of the Loan Agreement(s)/Heads of Agreement(s), Debenture Trust Deed(s) or any other document, entered into/or may be entered into between the Company and the Lenders in respect of the said loans, borrowings / debentures and containing such specific terms and conditions and covenants in respect of the enforcement of security as may be stipulated in that behalf by the Lenders and agreed to by / or between the Lenders and the Board of Directors or any Committee thereof and with any buyers as the case may be.”

“**RESOLVED FURTHER THAT** for the purpose of giving effect to this Resolution, the Board/committee of Directors be and is hereby authorised and empowered to enter into, sign, seal and execute and deliver such arrangements, assignments, conveyances, covenants, contracts and to finalise, settle and execute such documents/deeds/writings/papers/other instruments/agreements as may be required and do all such acts, deeds, matters and things, as it may in its absolute discretion deem necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in regard to sell, lease or otherwise dispose of or for creating mortgages/charges as aforesaid without being required to seek any further consent or approval of the members or otherwise to the end and intent that they shall be deemed to have been given approval thereto expressly by the authority of this resolution.”

By order of the Board

For **KERNEX MICROSYSTEMS (INDIA) LIMITED**

Place: Hyderabad
Date: 24-03-2015

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

NOTES:

1. Explanatory Statement and reasons for the proposed Special Resolution at Items Nos. 1 above, pursuant to Section 102(1) read with Section 110 of the Companies Act, 2013 are given hereunder.
2. The Postal Ballot Notice is being sent to all the Members, whose names would appear in the Register of Members / Record of Depositories as on 31st March, 2015.
3. As per Section 110 of the Act, read with Rule 22 of the Companies (Management and Administration) Rules, 2014, Notice of Postal Ballot is being sent by electronic mode to those Members whose e-mail address are registered with the Company/depositories, unless any member has requested for a physical copy of the same. For Members who have not registered their e-mail addresses, physical copies are being sent by permitted mode.
4. The voting rights of members shall be in proportion to their share of the paid up equity share capital of the Company.
5. In compliance with provisions of clause 35B of the listing agreement as well as section 108 and 110 of Companies Act, 2013 read with Companies (Management and administration) Rules, 2014, the Company has also extended e-voting facility through e-voting services provided by M/s.Karvy Computershare Private Limited (KARVY), for its Members to enable them to cast their votes electronically instead of dispatching Postal Ballot Form/s.
6. The Board of Directors of the Company has appointed Mr. A J Sharma, Practicing Company Secretary, as scrutinizer for conducting the Postal Ballot process in a fair and transparent manner and to receive and scrutinize the completed ballot papers from the Members. After completion of his scrutiny, the Scrutinizer will submit his report to the Chairman/Managing Director.
7. The Resolution will be taken as passed effectively on the date of announcement of the result by the Chairman/Managing Director, if the result of the Postal Ballots indicates that the requisite majority of the Shareholders had assented to the Resolutions. The result of the Postal Ballot will be declared on 23rd May, 2015 at 11.00 A.M. at the Registered Office of the Company. After declaration, the result of the Postal Ballot shall also be posted on the Company's website www.kernex.in besides communicating the same to the Bombay Stock Exchange Limited and National Stock Exchange Limited where the shares of the Company are listed.
8. A copy of each of the documents referred to in the accompanying Explanatory Statement is open for inspection at the Registered Office of the Company between 10.30 A.M. to 04.00 P.M on any working day excluding Saturday and Sunday till the last date for receiving Postal Ballot Forms by scrutinizer i.e. 21st May, 2015.
9. The Postal Ballot form and the self-addressed business reply envelope are enclosed for use of

members. Shareholders are requested to carefully read the instructions printed on the backside of the Postal Ballot Form before exercising their vote.

10. The Company is extending its offer of **e-voting facility**, for its Members to enable them to cast their vote electronically instead of dispatching Postal Ballot and members are informed that e-voting is optional and that they can opt for only one mode of voting i.e. either by physical postal ballot forms or e-voting.

THE PROCEDURE AND INSTRUCTIONS FOR E-VOTING ARE AS FOLLOWS:

- i. Open your web browser during the voting period and navigate to ‘<https://evoting.karvy.com>’
- ii. Enter the login credentials (i.e., user-id & password) mentioned on the enclosed Form. Your folio/ DP Client ID will be your User-ID.

User - ID	For Members holding shares in Demat Form:- For NSDL :- 8 Character DP ID followed by 8 Digits Client ID For CDSL :- 16 digits beneficiary ID For Members holding shares in Physical Form:- Event no. followed by Folio Number registered with the company
Password	Your Unique password is printed on the Note/ via email forwarded through the electronic notice
Captcha	Enter the Verification code i.e., please enter the alphabets and numbers in the exact way as they are displayed for security reasons.

Please contact toll free no. : 1-800-34-54-001 for any further clarifications.

- iii. Cut-off date for determining voting rights of members entitled to participate in e-voting: 31-03-2015.
- iv. Commencement of e-voting: 22.04.2015 at 10.00 A.M

End of e-voting: 21.05.2015 at 5.00 P.M
- v. After entering these details appropriately, click on “LOGIN”.
- vi. Members holding shares in Demat/Physical form will now reach Password Change menu wherein they are required to mandatory change their login password in the new password field. The new password has to be minimum eight characters consisting of at least one upper case (A-Z).one lower case (a-z), one numeric value (0-9) and a special character. Kindly note that this password can be used by the Demat holders for voting for resolution of any other Company on which they are eligible

to vote, provided that Company opts for e voting through Karvy Computershare Private Limited e-Voting platform. System will prompt you to change your password and update any contact details like mobile #, email ID etc on 1st login. You may also enter the Secret Question and answer of your choice to retrieve your password in case you forget it. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

- vii. You need to login again with the new credentials.
- viii. On successful login, system will prompt to select the 'Event' i.e., 'KERNEX MICROSYSTEMS (INDIA) LIMITED'
- ix. If you are holding shares in Demat form and had logged on to "https://evoting.karvy.com" and casted your vote earlier for any company, then your existing login id and password are to be used.
- x. On the voting page, you will see Resolution Description and against the same the option 'FOR/AGAINST/ABSTAIN' for voting. Enter the number of shares (which represents number of votes) under 'FOR/AGAINST/ABSTAIN' or alternatively you may partially enter any number in 'FOR' and partially in 'AGAINST', but the total number in 'FOR/AGAINST' taken together should not exceed your total shareholding. If the shareholder do not wants to cast, select 'ABSTAIN'
- xi. After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed .If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- xii. Once you 'CONFIRM' your vote on the resolution, you will not be allowed to modify your vote.
- xiii. Corporate/Institutional Members (corporate/FIs/Flls/Trust/Mutual Funds/Banks, etc) are required to send scan (PDF format) of the relevant Board resolution to the Scrutinizer through e-mail to kernexscrutinizer@gmail.com with copy to evoting@karvy.com. The file scanned image of the Board Resolution should be in the naming format "Corporate Name _ Event no."

EXPLANATORY STATEMENT PURSUANT TO THE PROVISIONS OF SECTION 102 OF THE COMPANIES ACT, 2013.

ITEM No. 1

The members of the Company at their Annual General Meeting held on 27th September, 2014 approved by way of Special Resolution under Section 180 (1)(a) for creation of mortgages/ charge/ hypothecation on all present and future properties of the Company in favor of lenders.

But in terms of the provisions of Section 110 of the Act read with Companies (Management and Administration) Rules, 2014 and the clarification of MCA in this regard the approval of the Members has

to be obtained, mandatorily through Postal Ballot process for creation of charge, mortgage/hypothecation of the assets of the Company and to sell, lease or otherwise dispose of the whole or substantially the whole of an undertaking of the Company in terms of section 180(1)(a) of the Companies Act 2013.

The Company had created charge/hypothecation of the immovable and movable assets of the Company as security for due repayment of all the credit facilities sanctioned by State Bank of Hyderabad and being availed. The charge/hypothecation created earlier and is to be created hereafter requires approval of shareholders by way of special resolution through Postal Ballot

The Company at present is focusing on obtaining further orders from Egyptian Railways while continuing to complete the orders awarded earlier. The Indian Railways decided to shelve the Anti Collision Devices project and has preferred an advance version called TCAS and your Company is one of those selected for implementation. The Company has started working on the Project and also carrying on development activities for new related line of Railway Safety products. The Company is intending to sell some of the Assets created for implementation of the shelved ACD Project which are no longer required and to use the proceeds for the new promising Projects and also to reduce its debt burden. The Management is in the process of obtaining valuation report of identified assets not generating any revenue and will be transferred to a prospective buyer after seeking your approval in the best interest of the Company. The selling/Leasing or otherwise disposing of the assets /Undertaking requires the approval of shareholders by way of a special resolution through the process of Postal Ballot .Accordingly the Board recommends the resolution set out in the notice for your approval.

None of the Directors and Key Managerial Personnel of the Company and their relatives are in any way concerned or interested, financially or otherwise, in the resolution set out at Item No.1

By order of the Board

For **KERNEX MICROSYSTEMS (INDIA) LIMITED**

Place: Hyderabad

Date: 24-03-2015

Col.L.V.Raju (Retd)

Managing Director

**KERNEX MICROSYSTEMS (INDIA) LIMITED**

Corporate Identification No. (CIN) – L30007TG1991PLC013211

Regd.off: “THRUSHNA” Plot No.7, Software Units Layout,

Madhapur, Hyd-500081. Phone: +91-40-23113192/94, Fax: +91-40-23114187,

E-mail: kernex@kernexmail.in, Web site: http://kernex.in

BALLOT FORM

Serial No. :

1. Name(s) & Registered Address of :
the Sole/First Named Member

2. Names of the Joint Holder(s), if any :

3. Registered Folio Number/DP ID No. :
/Client ID No.*
(* Applicable to investors holding
shares in dematerialized form)

4. Number of Share(s) Held :

I/We hereby exercise my/our vote(s) in respect of the Resolution set out in the Notice dated 24th March, 2015 as set out below to be passed by means of Postal Ballot by sending my/our assent or dissent to the said Resolution by placing the (✓) mark at the appropriate box below (tick in both boxes for the same resolution, will render the ballot invalid):

Item No.	Description of the Resolution	No. of Shares	(FOR) I/We assent to the Resolution	(AGAINST) I/We dissent to the Resolution
1.	Special Resolution under Section 180(1)(a) of the Companies Act, 2013 for Creation of charge/mortgage in respect of borrowings and to sell, lease or otherwise dispose of the whole or substantially the whole of an undertaking of the Company.			

Place :

Date :

 (Signature of the Member)

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Electronic Voting Particulars

EVEN (E- Voting Event Number)	USER ID	PASSWORD/PIN

Note:

1. Please read the instructions printed overleaf carefully before exercising your vote.
2. Last day for the receipt of Postal Ballot Forms by Scrutinizer is 21/05/2015.

Notes: Please read the instructions printed on the backside carefully before exercising your vote.

INSTRUCTIONS:

1. A shareholder desirous of exercising vote by Postal Ballot should complete the Postal Ballot Form in all respects and send it after signature to the Scrutinizer in the attached self-addressed postage pre-paid envelope which shall be properly sealed with adhesive or adhesive tape. Postal Ballot Forms deposited in person or sent by post or courier at the expense of the Member will also be accepted. The members residing outside India should stamp the envelope appropriately.
2. The Postal Ballot Form should be signed by the Member as per specimen signature registered with the Company/Depository Participant. In case, shares are jointly held, this Form should be completed and signed (as per specimen signature registered with the Company/Depository Participant) by the first named member and in his/her absence, by the next named member. Holders of Power of Attorney (POA) on behalf of the member may vote on the Postal Ballot mentioning the registration No. of the POA or enclosing an attested copy of POA. Unsigned Postal Ballot Form will be rejected.
3. Duly completed Postal Ballot Form should reach the Scrutinizer Mr. A.J. Sharma, Practicing Company Secretary, at C/o. M/s. Karvy Computershare Private Limited, Karvy Selenium Tower B, Plot No 31 & 32, Gachibowli, Financial District, Nanakramguda, Hyderabad- 500 032, not later than the close of working hours (05:00 P.M.) on 21st May, 2015. Postal Ballot Forms received after that date will be strictly treated as if reply from such member has not been received. The Members are requested to send the duly completed Postal Ballot Forms well before 21st May, 2015 providing sufficient time for postal transit.
4. The voting shall be reckoned in proportion to a Member's share of the paid up equity share capital of the Company as on 31st March, 2015.
5. In case of shares held by Companies, Trusts, Societies, etc., the duly completed Postal Ballot Form should be accompanied by a certified copy of the Board Resolution/ Authority and preferably with attested specimen signature(s) of the duly authorized signatory(s) giving requisite authority to the person voting on the Postal Ballot Form.
6. Members are requested not to send any paper along with the Postal Ballot Form (other than the resolutions/authority as mentioned in instruction no. 2nd and 5th above) in the enclosed self-addressed postage pre-paid envelope as all such envelopes will be sent to the Scrutinizer and if any extraneous paper is found in such envelope the same would not be considered and would be destroyed by the Scrutinizer.
7. Tick (✓) mark should be placed in the relevant box signifying assent/dissent for the resolution, as the case may be, before sending the Postal Ballot form. Postal Ballot form bearing tick (✓) mark in both the columns will render the same invalid.
8. A member, including the member who has opted to receive the documents electronically may seek duplicate Postal Ballot form from the registered office of the Company. However, the duly filled in and signed duplicate Postal Ballot form should reach the Scrutinizer not later than the time and date specified at instruction No.3.
9. The exercise of vote by Postal Ballot is not permitted through proxy.
10. There will be only one Postal Ballot Form for every folio / client ID irrespective of the number of Joint Member(s).
11. Incomplete, improperly or incorrectly tick marked Postal Ballot Forms will be rejected.
12. Members from whom no Postal Ballot Form is received or received after the aforesaid stipulated period shall not be counted for the purposes of passing of the resolution.
13. The Scrutinizer's decision on the validity of a Postal Ballot shall be final.
14. The result of the voting on the resolution will be declared on Saturday, 23rd May, 2015 at 11.00 A.M at the Registered Office of the Company at "Thrushna", Plot No.7, Software Units Layout, Madhapur, Hyderabad-500081. The results will be informed to the stock exchanges and will also be published on the Company's website.
15. The Company is pleased to offer e-voting facility for all the shareholders of the Company to enable them to cast their votes electronically instead of dispatching Postal Ballot Form. The detailed procedure of e-voting is enumerated in the Postal Ballot Notice.
16. Kindly note that the members can opt for only one mode of voting i.e., either by post or e-voting. If the members opt for e-voting, they should not vote by post and vice-versa. In case members cast their vote by post as well as e-voting, then voting done by post will prevail and voting done by e-voting shall be considered as invalid.