

MINUTES BOOK

Minutes of the Nineteenth Annual General Meeting of the members of Kernex Microsystems (India) Limited held on Monday the September 26, 2011, At 3.00 PM at Hotel Minerva Grand, Sarojini Devi Road, Secunderabad-500 003.

PRESENT:

Directors Present:

1. Sri S.V.Subba Raju	Chairman
2. Sri R.Sankaran	Director(Audit Committee Chairman)
3. Sri Col. L.V.Raju (Retd)	Managing Director
4. Sri B Murali Mohan	Director-Technical
5. Sri S. Nandakumar	Director
6. Sri M .Gopalakrishna IAS (Retd.)	Director
7. Members in present :	246
8. Members in proxy :	85

BY INVITATION

Sri G.Satyanarayan Murthy:	GMK ASSOCIATES, Statutory Auditors
Sri A.J.Sharma:	Company Secretary in Practice

Sri S.V.Subba Raju, Chairman took the chair and as requisite quorum for the meeting was present, called the meeting to order. He then formally extended a very warm welcome to the shareholders of the Annual General Meeting.

With the permission of the members, present the notice calling the Nineteenth Annual General Meeting and the report of the Director's was taken as read.

The Chairman informed of the Economic scenario, corporate performance for 2010-11, Prospects for 2011-12 and future outlook and also the expected orders from the Indian Railways and Egyptian National Railways.

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S.V.S.Raj

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Sri. G. Satyanaranayana Murthy, partner of M/s GMK Associates, Chartered Accountants, Hyderabad, the Auditor of the company, read the Auditors' report.

The chairman invited queries on the accounts and other issues relating to the performance of the Company and Col.L.V.Raju, Managing Director, addressed the issues raised by the shareholders to their satisfaction.

The Chairman proceeded with Business

1. Adoption of Accounts:

Sri Ajay Kumar Shah a member proposed and Sri N P Ranga Rao a member seconded the following resolution as an ordinary resolution to be adopted.

"RESOLVED THAT the Audited Balance sheet for the financial year ended March 31, 2011 and the Profit & Loss account for the year ended as on that date together with the reports of the Auditors and Directors, be and are hereby received, considered and adopted."

The Chairman put the resolution for voting by show of hands, and there being no votes against the resolution he declared that the resolution is adopted unanimously.

2. Declaration of Dividend for 2010-11:

Sri Surajmal Jain, member proposed and Smt Jhansi Lakshmi Bai, a member seconded the following resolution for adoption as an ordinary resolution.

"RESOLVED THAT pursuant to the recommendations made by the Board of Directors of the Company, a dividend at the rate of Rs. 1.00 per Equity Share to the Equity Shareholders of the Company, whose names appear on the Register of Members as on September 26, 2011 be and is hereby declared out of the current profits of the Company for the year ended on March 31, 2011."

The chairman put the resolution for voting by show of hands and there being no votes against the resolution, he declared that the resolution is adopted unanimously.

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3. Re-appointment of S V SubbaRaju as a Director:

The Chairman being interested in the item of the business vacated the Chair and Sri R. Sankaran, Director chaired and conducted the proceedings

Sri Veeranjanyulu, a member proposed and Sri N P Ranga rao a member seconded the following resolution for adoption as an Ordinary Resolution.

"RESOLVED THAT S V Subba Raju, Director, who retires by rotation at this meeting and being eligible, offers himself for reappointment, be and is hereby re-appointed as the Director of the Company whose period of office shall be liable to determination by retirement by rotation."

The chairman put the resolution for voting by show of hands, and there being no votes against the resolution, he declared that the resolution is adopted unanimously.

4. Re-appointment of M Gopalakrishna IAS(Retd.) as a Director:

The R Sankaran vacated the chair and handed over to Sri S V Subbaraju to chair and conduct the proceedings

Sri. N Yadgiri a member proposed and Sri. M B Narayana Raju a member seconded the following resolution for adoption as an Ordinary Resolution.

"RESOLVED THAT M Gopalakrishna IAS(Retd.), Director, who retires by rotation at this meeting and being eligible, offers himself for reappointment, be and is hereby re-appointed as Director of the Company, whose period of office shall be liable to determination by retirement by rotation."

The chairman put the resolution for voting by show of hands, and there being no votes against the resolution, he declared that the resolution is adopted unanimously.

5. Re-appointment of Dr Raju Narasa Mantena as a Director:

Sri. Ajay Kumar Shah, a member proposed and Sri. N P Ranga Rao, a member seconded the following resolution for adoption as an Ordinary Resolution.

"RESOLVED THAT Dr Raju Narasa Mantena, Director, who retires by rotation at this meeting and being eligible, offers himself for

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reappointment, be and is hereby re-appointed as Director of the Company, whose period of office shall be liable to determination by retirement by rotation."

The chairman put the resolution for voting by show of hands, and there being no votes against the resolution, he declared that the resolution is adopted unanimously

6. Reappointment of M/s GMK Associates, Chartered Accountants, Hyderabad as Auditors of the company:-

Sri. Surajmal Jain a member proposed and Sri.Veeranjaneyulu a member seconded the following resolution for adoption as an ordinary resolution.

"RESOLVED THAT pursuant to the provisions of Section 224(1) and other applicable provisions of the Companies Act, 1956, if any, M/s GMK Associates, Chartered Accountants, who retires at this meeting, being eligible and willing to act as Auditors, be and are hereby re-appointed as Auditors of the Company to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting at such remuneration as may be mutually agreed upon between M/s GMK Associates and the Company."

The chairman put the resolution for voting by show of hands, and there being no votes against the resolution, he declared that the resolution is adopted unanimously.

7. Appointment of B Murali Mohan as Director- Technical:

Sri. Ajay Kumar Shah a member proposed and Sri. Surajmal Jain a member seconded the following resolution for adoption as an Ordinary Resolution.

"RESOLVED in pursuance of provisions of section 198, 269, 309 and 311, schedule XIII and other applicable provisions, if any, of Companies Act, 1956 (including any statutory modifications thereof for the time being in force) consent of the Company is hereby accorded for the reappointment of B Murali Mohan, Director as Director-Technical of the Company, not liable to retirement by rotation, till he attains the age of 65 years with effect from 21st January, 2011 as per the terms and conditions set out hereunder".

1. Remuneration:

A) Salary:

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On a salary of Rs. 1,75,000/- per month with authority to the Board of Directors and/or a Committee of the board, to fix his salary from time to time up to a maximum of Rs. 2,75,000/-. The annual increments will be merit-based and take into account the Company's performance.

B) Perquisites & Allowances:

In addition to the salary payable, Sri B Murali Mohan shall also be entitled to following perquisites and allowances

- a) House Rent Allowance @ 40% of the salary.
 - b) Special Monthly allowance @ 60% of the salary.
 - c) Reimbursement of Medical expenses incurred for self and his family not exceeding one month salary in a year or three months salary in a block of three years.
 - d) Leave travel assistance: Expenses incurred for self and family in accordance with company rules.
 - e) Car: The Company shall provide a car for company's business.
 - f) Phone / cell phone: free except for personal long distance calls which shall be billed.
 - g) Club Fee: Subject to a maximum of two clubs. This will not include admission and life membership.
 - h) Group Medical Insurance and Personal Accident Insurance Premium as per the rules of the Company.
 - i) Such other perquisites and allowances in accordance with the rules of the Company or as may be agreed to by the Board of Directors and/ or Committee of the Board and Sri B Murali Mohan. Such perquisites and allowances will be restricted to 50% of his salary.
- I. For the purpose of calculating the above ceiling, perquisites shall be evaluated as per the Income-tax rules, wherever applicable. In the absence of any such rules, perquisites shall be evaluated at actual cost.
- II. Company's contribution to provident fund and Superannuation Fund or annuity Fund, to the extent these, either singly or together are not taxable under the Income-tax Act, Gratuity payable as per rules of the company and encashment of leave as per rules of the Company, shall not be included in the computation of limits for the remuneration or perquisites aforesaid.

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III. In addition, he shall be entitled to reimbursement of entertainment expenditure actually and properly incurred for the business of the Company.

2. Commission: Such remuneration by way of commission, in addition to the Salary and perquisites and allowance payable, as may be determined by the Board of Directors of the company at the end of each financial year, subject to the overall ceilings stipulated in section 198 and 309 of the Companies Act' 1956, and subject to amendments, therein if any. The specific amount of commission payable to the Sri B Murali Mohan, would be up to 50% of his annual salary, will be based on certain performance criteria to be laid down by the Board of Directors and/or a Committee of the Board and will be payable annually after the Annual accounts have been approved by the Board of Directors and adopted by the shareholders.

3. Minimum remuneration: Notwithstanding any thing to the contrary herein contained, if any financial year during the currency of the tenure of Sri B Murali Mohan,, the Company has no profits or its profits are inadequate, the Company will pay remuneration by way of salary, perquisites and allowance as specified above, subject to the limits specified in Part II in Section II to the Scheduled XIII of the Companies ACT' 1956 including amendments made thereto.

4. The terms and conditions of the appointment and / or Agreement may be altered or varied from time to time by the Board of Directors and/or a Committee of the Board as it may, in its discretion, deem fit, within the Maximum amount payable to Sri B Murali Mohan in accordance with Schedule XIII to the Companies Act' 1956, subject to amendments, if any, or any amendments made hereinafter in this regard.

The chairman put the resolution for voting by show of hands, and there being no votes against the resolution, he declared that the resolution is adopted unanimously.

The Chairman having completed the business declared the meeting as closed.

Col.L.V.Raju Managing Director proposed vote of thanks to the Chair

Dated: September 28, 2011.

Place: Hyderabad.

(S V Subba Raju)
CHAIRMAN

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S.V.S. Raju