

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

**Item No. I**

With the intent of distribution of surplus cash to the equity shareholders, the Board in its meeting held on October 27, 2016 approved the proposal of recommending for the Buy-back of Equity Shares as contained in the resolution(s) in the Notice.

In accordance with applicable provisions of the Act and Rules made thereunder and Buy-back Regulations, the Explanatory Statement contains relevant and material information to enable the Members holding Equity Shares of the Company to consider and approve the Special Resolution on the Buyback of the Company's Equity Shares.

Requisite details relating to the Buy-back are given below:

**a) Rationale of Buy-back:**

The Buy-back proposal through Tender Offer route is being implemented in keeping with the Company's desire to enhance overall shareholders' value. The Buy-back would lead to reduction in outstanding number of Equity Shares and may consequently increase earnings per Equity share over a period of time. This would in turn lead to improvement in return on net worth and other financial ratios and contribute to maximization of overall shareholders' value.

Your Company had realized large amounts of cash as a result of the settlement of the dispute with the Chinese semiconductor company during March 2016. As a result, your Company believes that it has surplus cash and wishes to return it to shareholders.

With the above objective in mind, the Board of Directors of the Company has decided to recommend Buy-back of up to 28,24,544 Equity shares of face value of Rs. 10 each (representing 15.94% of the total paid-up equity capital of the Company) at a price not exceeding Rs.425/- per Equity Share payable in cash for a total consideration not exceeding Rs. 12,004.31 lakhs. The Buy-back is a more efficient form of distributing surplus cash to the equity shareholders compared to other alternatives including interim dividend, inter-alia, for the following reasons:

- i. The Buy-back gives an option to the equity shareholders to either participate in the Buy-back and receive cash in lieu of Equity Shares accepted under the Buy-back or not participate in the Buy-back and enjoy a resultant increase in their percentage of shareholding in the Company post the Buy-back;
- ii. The Buy-back would help in improving certain key financial ratios of the Company;





iii. The Buy-back which is being implemented through the Tender Offer route as prescribed under the Buy-back Regulations, would involve a reservation for small shareholders as defined in the Buy-back Regulations. As defined in the Buy-back Regulations, a “small shareholder” is a shareholder who holds Equity Shares having market value, on the basis of closing price on the recognized stock exchange in which highest trading volume in respect of such Equity Shares, as on the Record Date, of not more than Rs. 2,00,000 (Rupees two lakhs).

**b) Maximum amount required under the Buy-back & its percentage of the total paid-up capital and free reserves and the sources of funds from which the Buy-back would be financed:**

The maximum amount required under the Buy-back will not exceed Rs. 12,004.31 lakhs which is within 25% of the total paid-up equity capital and free reserves (including securities premium account), as per the audited accounts of the Company for the financial year ended March 31, 2016, on standalone basis excluding transaction costs viz. fees, brokerage, applicable taxes such as securities transaction tax, service tax, stamp duty, etc.

The Buy-back would be financed out of current surplus and / or cash and cash equivalents and / or internal accruals of the Company. The Company shall transfer from its free reserves a sum equal to the nominal value of the Equity Shares bought back through the Buy-back to the Capital Redemption Reserve Account and the details of such transfer shall be disclosed in its subsequent audited Balance Sheet.

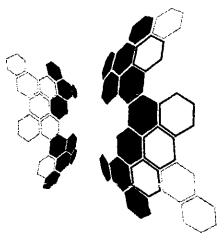
**c) Maximum Buy-back Price and the basis of arriving at the Maximum Buy-back Price:**

The Equity Shares are proposed to be bought back at a price not exceeding Rs. 425/- per Equity Share. The Maximum Buy-back Price has been arrived at after considering various factors such as volume weighted average prices of the Equity Shares of the Company on BSE and NSE where the Equity Shares of the Company are listed.

The Maximum Buy-back Price of Rs. 425/- per Equity Share represents (i) premium of 16.43% on BSE and 16.23% on NSE over the volume weighted average price of the equity shares on BSE and NSE respectively for 3 months preceding the date of intimation to the BSE and NSE for the Board Meeting to consider the proposal of the Buyback; (ii) premium of 9.59% on BSE and 10.01% on NSE over the volume weighted average price of the equity shares on BSE and NSE respectively for 2 weeks preceding the date of intimation to the BSE and NSE for the Board Meeting to consider the proposal of the Buyback; (iii) premium of 4.93% on BSE and 4.87% on NSE over the closing market price of the equity shares on BSE and NSE as on the date of the intimation to BSE and NSE for the Board Meeting to consider the proposal of the Buyback.

**d) Maximum Number of shares that the Company proposes to Buy-back and the time limit for completing the Buy-back:**





The Board of Directors shall decide the final Buy-back price, but at the Maximum Buy-back Price of Rs.425/- per Equity Share and for Maximum Buy-back Size not exceeding Rs.12,004.31 lakhs, the indicative maximum number of Equity Shares that can be bought back would be up to 28,24,544 Equity Shares (representing 15.94% of the total paid-up Equity Share capital of the Company). In the event the final Buy-back price is lower than Rs.425/- per Equity Share (Maximum Buy-back Price), the indicative number of shares and percentage thereof shall go up accordingly.

**e) Method to be adopted for the Buy-back:**

The Buy-back shall be on a proportionate basis from the equity shareholders / beneficial owners of the Equity Shares of the Company through the "Tender Offer" route, as prescribed under the Buy-back Regulations.

As required under the Buy-back Regulations, the Company will announce a Record Date for determining the names of the equity shareholders who will be eligible to participate in the Buy-back.

In due course, the equity shareholder as on the Record Date will receive a Letter of Offer along with a Tender / Offer Form indicating the entitlement of the equity shareholder for participating in the Buy-back.

The Equity Shares to be bought back as part of the Buy-back is divided in two categories:

- i. Reserved category for small shareholders; and
- ii. General category for all other shareholders.

As defined in the Buy-back Regulations, a 'small shareholder' is a shareholder who holds Equity Shares of the Company having market value, on the basis of closing price of shares, on the recognised stock exchange in which highest trading volume in respect of such Equity Shares as on Record Date, of not more than Rs. 2,00,000/- (Rupees Two lakhs only).

In accordance with Regulation 6 of the Buy-back Regulations, 15% (fifteen percent) of the number of Equity Shares which the Company proposes to buy-back or number of Equity Shares entitled as per the shareholding of small shareholders, whichever is higher, shall be reserved for the small shareholders as part of this Buy-back.

On the basis of the holding on the Record Date, the Company will determine the entitlement of each shareholder including small shareholder to tender their shares in the Buy-back. This entitlement for each shareholder will be calculated based on the number of Equity Shares held by the respective shareholder on the Record Date and the ratio of the Buy-back applicable in the category to which such shareholder belongs.





The participation of the equity shareholders of the Company in the Buy-back will be voluntary. Equity shareholders may also tender a part of their entitlement. Equity shareholders also have the option of tendering additional shares (over and above their entitlement) and participate in the shortfall created due to non-participation of some other equity shareholders, if any. If the Buy-back entitlement for any shareholder is not a round number, then the fractional entitlement shall be ignored for computation of Buy-back entitlement to tender Equity Shares in the Buy-back.

The maximum tender under the Buy-back by any equity shareholder cannot exceed the number of Equity Shares held by the equity shareholder as on the Record Date. The Equity Shares tendered as per the entitlement by Members holding Equity Shares of the Company as well as additional shares tendered, if any, will be accepted as per the procedure laid down in Buy-back Regulations. The settlement of the tenders under the Buy-back will be done using the "Mechanism for acquisition of shares through Stock Exchange" notified by SEBI vide circular CIR/CFD/POLICYCELL/1/2015 dated April 13, 2015 and other relevant rules and regulations.

Subject to shareholders' approval hereunder, detailed instructions for participation in the Buy-back as well as the relevant Schedule of Activities will be included in the Letter of Offer which will be sent in due course to the equity shareholders as on the Record Date.

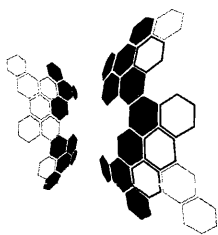
The Buy-back from non-resident members, Overseas Corporate Bodies (OCBs) and Foreign Institutional Investors (FIIs), and members of foreign nationality, if any, etc. shall be subject to such approvals as are required including approvals from the Reserve Bank of India under the Foreign Exchange Management Act, 1999 and the rules, regulations framed thereunder, if any.

**f) Aggregate shareholding of the Promoters, the directors of the Promoter companies holding shares in the Company and of Persons who are in control of the Company as on the date of this Notice:**

Category of Member	No. of Equity Shares Held	% of Existing Equity Share Capital
Promoters & Promoter Group	72,05,416	40.66
Persons Acting in Concert*	5,35,257	3.03
Total of Promoters, Promoter Group and Persons Acting in Concert	77,40,673	43.69

\* Includes the shareholding of Whole-time Director of the Company and their relatives, if any who are not promoters. The same is being consolidated with the existing aggregate holding of the Promoters and Promoter group as a matter of abundant caution.





**g) Aggregate number of Equity Shares purchased or sold as well as minimum and maximum price at which such purchases and sales were made along with relevant dates by persons mentioned under (f) above for a period of six months preceding the date of the Board Meeting at which the Buy-back was approved till the date of this notice:**

Except for the transaction(s) disclosed below, there were no Equity Shares purchased or sold or transferred by Promoters and Promoter group of the Company, during the period of six (6) months preceding the date of the Board Meeting at which the proposal for Buy-back was approved and from the date of the Board Meeting till the date of this Notice:

Name	Date of Transaction	Mode	No. of Equity Shares	Minimum Price & Date of Minimum Price	Maximum Price & Date of Maximum Price
Ms. Nilima Doshi	May 19, 2016	Market Purchase	12,500	Rs. 330.00 May 19, 2016	Rs. 339.50 May 19, 2016

**h) Intention of the Promoters and Promoter Group of the Company to tender Equity Shares for Buy-back:**

In terms of the Buy-back Regulations, under the Tender Offer route, the promoters and promoter group of the Company have the option to participate in the Buy-back. However, none of the Promoters, Promoter Group members and Persons Acting in Concert will participate in the Buy-back.

**i) No Defaults:**

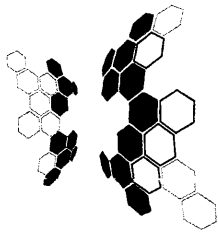
The Company confirms that there are no defaults made or subsisting in the repayment of deposits / interest thereon, redemption of debentures or preference shares, payment of dividend to any shareholder or repayment of term loans / interest thereon to any financial institution or banks.

**j) Confirmation that the Board of Directors have made full enquiry into the affairs and prospects of the Company and that they have formed the opinion to the effect that the Company, after Buy-back will continue to be able to meet its liabilities and will not be rendered insolvent:**

The Board of Directors of the Company have made full enquiry into the affairs and prospects of the Company and have formed the opinion that:

a) immediately following the date of convening of the Board Meeting at which the Buy-back of the Company's Equity Shares is approved and the date on which the results of the Postal





Ballot will be declared, there shall be no grounds on which the Company can be found unable to pay its debts.

b) as regards the Company's prospects for the year immediately following the date of the Board Meeting as well as the year immediately following the date on which the results of the Postal Ballot will be declared approving the Buy-back, and having regard to the Board's intentions with respect to the management of the Company's business during that year and to the amount and character of the financial resources, which will, in the Board's view, be available to the Company during that year, the Company shall be able to meet its liabilities as and when they fall due and shall not be rendered insolvent within a period of one year from the date of the Board Meeting approving the Buy-back or within a period of one year from the date on which the results of the Postal Ballot will be declared, as the case may be.

c) in forming its opinion aforesaid, the Board has taken into account the liabilities (including prospective and contingent liabilities) as if the Company were being wound up under the provisions of the Act.

**k) Independent Auditor's Report on Buy-back of Equity Shares pursuant to the requirement of Schedule II to the Securities and Exchange Board of India (Buy-back of Securities) Regulations, 1998, as amended:**

The Board of Directors  
Sasken Communication Technologies Limited  
No. 139/25, Domlur Layout Ring Road, Domlur P.O.  
Bengaluru 560 071.

1. This Report is issued in accordance with the terms of our service scope letter dated October 26, 2016 and master engagement agreement dated October 24, 2016 with Sasken Communication Technologies Limited.

2. In connection with the proposal of Sasken Communication Technologies Limited ("the Company") to buy back its Equity Shares in pursuance of the provisions of Section 68 and 70 of the Companies Act, 2013 ("the Act") and Securities and Exchange Board of India (Buy-back of Securities) Regulations, 1998, as amended ("the Buy-back Regulations"), and in terms of the resolution passed by the Board of Directors of the Company in their meeting held on October 27, 2016, which is subject to the approval of the shareholders of the Company, we have been engaged by the Company to perform a reasonable assurance engagement on the reporting criteria, specified in paragraph 5 of this report.

#### Board of Directors Responsibility

3. The preparation of the Statement of determination of permissible capital payment towards Buy-back of Equity Shares ("the Statement"), as set out in Annexure A hereto, initialed by us for identification purpose only, is the responsibility of the Board of Directors of the Company, including the preparation and maintenance of all accounting and other relevant





supporting records and documents. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the Statement and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances.

4. The Board of Directors are responsible to make a full inquiry into the affairs and prospects of the Company and to form an opinion that the Company will not be rendered insolvent within a period of one year from the date on which the results of the postal ballot for Buy-back of its Equity Shares will be declared.

#### Auditor's Responsibility

5. Pursuant to the requirements of the Buy-back Regulations, it is our responsibility to provide reasonable assurance on the following ("the Reporting Criteria")

i. Whether the amount of capital payment for the Buy-back is within the permissible limit computed in accordance with the provisions of Section 68 of the Act;

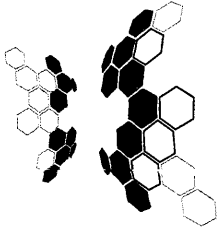
ii. Whether the Board of Directors has formed the opinion, as specified in Clause (x) of Part A of Schedule II to the Buy-back Regulations, on reasonable grounds that the Company having regard to its state of affairs will not be rendered insolvent within a period of one year from the date on which the results of postal ballot for Buy-back of its Equity Shares will be declared.

iii. Whether we are aware of anything to indicate that the opinion expressed by the Directors in the declaration as to any of the matters mentioned in the declaration is unreasonable in circumstances as at the date of declaration.

6. The financial statements for the year ended March 31, 2016 had been audited by us, on which we had issued an unmodified audit opinion, vide our audit report dated April 22, 2016. Our audits of these financial statements were conducted in accordance with the Standards on Auditing, as specified under Section 143(10) of the Act and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

7. We conducted our examination of the Statement in accordance with the Guidance Note on Reports or Certificates for Special Purposes (Revised 2016) issued by the Institute of Chartered Accountants of India. The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India.





8. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information and Other Assurance and Related Services Engagements.

9. A reasonable assurance engagement involves performing procedures to obtain sufficient appropriate evidence on the Reporting criteria mentioned in paragraph 5 above. The procedures selected depend on the auditor's judgement, including the assessment of the risks associated with the Reporting Criteria. We have performed the following procedures in relation to the Statement:

- i. We have inquired into the state of affairs of the Company in relation to its audited financial statements for year ended March 31, 2016;
- ii. Examined authorization for Buy-back from the Articles of Association of the Company;
- iii. Examined that the amount of capital payment for the Buy-back as detailed in Annexure A is within permissible limit computed in accordance with section 68 of the Act;
- iv. Examined that the ratio of debt owed by the Company, if any, is not more than twice the capital and its free reserve after such Buy-back;
- v. Examined that all Equity Shares for Buy-back are fully paid-up;
- vi. Examined resolutions passed in the meeting of the Board of Directors;
- vii. Examined Directors' declarations for the purpose of Buy-back and solvency of the Company;
- viii. Obtained necessary representations from the management of the Company.

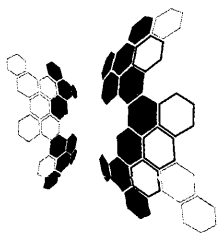
#### Opinion

10. Based on our examination and procedures performed by us as mentioned above and the information and explanations given to us, in our opinion, the permissible capital payment towards Buy-back of Equity Shares, as stated in Annexure A, is properly determined in accordance with Section 68 of the Act; and the Board of Directors, in their meeting held on October 27, 2016, have formed the opinion, as specified in clause (x) of Part A of Schedule II of the Buy-back Regulations, on reasonable grounds, that the Company will not, having regard to its state of affairs, be rendered insolvent within a period of one year from the date on which the results of postal ballot for Buy-back of its Equity Shares will be declared; and we are not aware of anything to indicate that the opinion expressed by the Directors in the declaration as to any of the matters mentioned in the declaration is unreasonable in circumstances as at the date of declaration.

#### Restriction on Use







11. This report is addressed to and provided to the Board of Directors of the Company pursuant to the requirements of the Regulations solely to enable them to include it (a) in the explanatory statement to be included in the postal ballot notice to be circulated to the Shareholders, (b) in the Public Announcement to be made to the Shareholders of the Company, (c) in the Draft Letter of Offer and Letter of Offer to be filed with the Securities and Exchange Board of India, the Stock Exchanges, the Registrar of Companies as required by the Buy-back Regulations, the National Securities Depository Limited and the Central Depository Securities (India) Limited, and should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this report is shown or into whose hands it may come without our prior consent in writing.

For **S.R. Batliboi & Associates LLP**

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

per **Chandra Kumar Rampuria**

Partner

Membership Number: 055729

Place of Signature: Chennai

Date: October 27, 2016

**Annexure A**

Statement of determination of the permissible capital payment towards Buy-back of Equity Shares ("the Statement") in accordance with Section 68(2)(b) and (c) of the Companies Act, 2013

Particulars	March 31, 2016 (₹ in lakhs)
Paid-up Equity Share Capital as at March 31, 2016* [17,719,813 equity shares of Rs. 10 each fully paid-up]	1,771.98
Free Reserves as at March 31, 2016*	
Securities premium account	29.16
General reserve	3,438.66
Surplus in the statement of profit & loss	42,777.44
<b>Total</b>	<b>48,017.24</b>
Permissible capital payment towards Buy-back of Equity Shares in accordance with Section 68 (2) (b) and (c) of the Companies Act, 2013 (25% of paid up equity capital and free reserves)	12,004.31

\*Calculation in respect to the Buy-back is done on basis of audited financial statements of the Company as of, and for the year ended March 31, 2016.





sasken

For Sasken Communication Technologies Limited

Authorised Signatory

Place: Chennai

Date: October 27, 2016

**l) Compliance of Regulation 19(2) of the Buy-back Regulations:**

Sasken Network Engineering Limited, a wholly owned subsidiary of the Company has filed a petition under Section 391 and 394 of the Companies Act, 1956 on April 26, 2016 in the Hon'ble High Court of Karnataka for its amalgamation with the Company and the said petition is pending for final sanction / confirmation.

The Company shall ensure compliance of Regulation 19(2) of the Buy-back Regulations, such that the said petition for amalgamation is either approved by the Hon'ble High Court or application for withdrawal of the said petition is submitted by the Company to the Hon'ble High Court before the date of release of the Public Announcement for the proposed Buy-back.

**m) Compliance with Section 68(2)(c) of the Companies Act, 2013:**

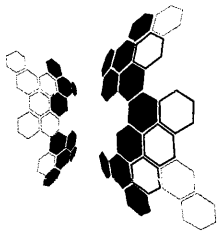
The aggregate paid-up equity share capital and free reserves as at March 31, 2016 is Rs. 48,017.24 lakhs. Under the provisions of the Companies Act, 2013, the funds deployed for the Buy-back cannot exceed 25% of the total paid-up equity share capital and free reserves of the Company i.e. Rs. 12,004.31 lakhs. The Maximum Buy-back Size i.e. Rs. 12,004.31 lakhs is within the limit of 25% of the Company's total paid-up equity capital and free reserves as per the audited Balance Sheet as at March 31, 2016.

Further, under the Act, the number of Equity Shares that can be bought back during the financial year shall not exceed 25% of the paid-up Equity Shares of the Company. Accordingly, the number of Equity Shares that can be bought back during the financial year cannot exceed 44,29,953 Equity Shares being 25% of 1,77,19,813 Equity Shares as per the standalone audited balance sheet as on March 31, 2016.

**n) As per the provisions of the Buy-back Regulations and the Companies Act, 2013:**

- i. The Company shall not issue any Equity Shares or other securities (including by way of bonus) till the date of closure of the Buy-back;
- ii. The Company shall not raise further capital for a period of one year from the closure of the Buy-back, except in discharge of its subsisting obligations, or such period as may be applicable under extant regulations;
- iii. The special resolution approving the Buy-back will be valid for a maximum period of 1 year from the date of passing the said special resolution (or such extended period as may be





permitted under the Companies Act, 2013 or the Buy-back Regulations or by the appropriate authorities). The Schedule of Activities for the Buy-back shall be decided by the Board of Directors within the above time limits;

iv. The Equity Shares bought back by the Company will be compulsorily cancelled and will not be held for re-issuance;

v. The Company shall not withdraw Buy-back after the Draft Letter of Offer is filed with the SEBI;

vi. The Company shall not Buy-back locked-in Equity Shares and non-transferable Equity Shares till the pendency of the lock-in or till the Equity Shares become transferable; and

vii. The Company confirms that as required under Section 68(2)(d) of the Companies Act, 2013, the ratio of aggregate of secured and unsecured debts owed by the Company shall not be more than twice the equity share capital and free reserves after the Buy-back.

Since promoters would not be voting in the Buy-back, the Buy-back would fall under Regulation 10(4)(c) of Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeover) Regulations, 2011.

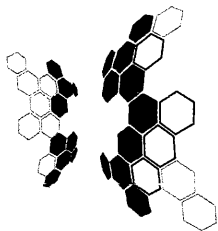
For any clarifications related to the Buy-back process, the equity shareholders may contact any one of the following:

S. Prasad Associate Vice President & Company Secretary Sasken Communication Technologies Limited 139/25, Ring Road, Domlur, Bengaluru – 560 071. Tel: +91 80 6694 3000 Fax: +91 80 2535 1309 E-mail: investor@sasken.com	K. Anandan, Manager Karvy Computershare Private Limited Karvy Selenium Tower No. B, Plot No. 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad - 500 032. Tel: +91 40 6716 2222; Fax: +91 40 2300 1153 E-mail: einward.ris@karvy.com
---	--

All the material documents referred to in the Explanatory Statement such as the Memorandum and Articles of Association of the Company, relevant Board Resolution for the Buy-back, the Auditors Report dated October 27, 2016 and the audited accounts for the financial year 2015-16 are available for inspection by the members of the Company at its registered office on any working day between 10 a.m. and 5 p.m. up to the last date of receipt of Postal Ballot Form specified in the accompanying notice.

In the opinion of the Board, the proposal for Buy-back is in the interest of the Company and its equity shareholders. The directors, therefore, recommend passing of the special resolution as set out in the accompanying notice for your approval.





None of the Directors or Key Managerial Personnel of the Company or their relatives is / are directly / indirectly concerned / interested in the above resolution except to the extent of their respective interest as shareholders of the Company.

