

SAVEN TECHNOLOGIES LIMITED



REPORT OF THE AUDIT COMMITTEE PERTAINING TO SCHEME OF REDUCTION OF CAPITAL OF SAVEN TECHNOLOGIES LIMITED DATED 04th NOVEMBER, 2016.

Members Present:

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| 1. Mr. Ravi | Chairman |
| 2. Mr. R S Sampath | Member |
| 3. Wg Cdr A B Bhushan (Retd) | Member |

Invitees:

- Mr. Murty Gudipati- Executive Director and CEO
Mr. S Mohan Rao -Chief Financial Officer
Ms. Jayanthi.P- Company Secretary

1. Background

The draft Scheme of Reduction of Capital has been placed before the Audit Committee, for recommendation of the scheme by the Committee to the Board of Directors as required by Securities and Exchange Board of India ("SEBI") circular No. CIR/CFD/CMD/16/2015 dated November 30, 2015 ("Circular").

This report of Audit Committee is made in order to comply with the requirements of the Circular and after considering the Draft Scheme of Reduction of Capital.

Mr. Murty Gudipati, Executive Director and CEO of the Company, placed the Draft Scheme of Reduction of Capital before the Audit Committee for their reviews and recommendations.

2. Proposed Scheme of Reduction of capital

The Audit Committee noted that, the Draft Scheme of Reduction of Capital is for reducing the capital by 90%, the reason being to return the surplus cash in excess of its business requirements. The salient features of the scheme as follows:

- A. The Scheme provides for 90% reduction of capital from Rs. 10,87,87,480/- (Rupees Ten Crores Eighty Seven Lakhs Eighty Seven Thousand Four Hundred and Eighty Only) divided into 1,08,78,748 (One Crore Eight Lakhs Seventy Eight Thousand Seven hundred and Forty Eight) equity shares of Rs. 10/- (Rupees Ten Only) each to Rs. 1,08,78,748/- (Rupees One Crore Eight Lakhs Seventy Eight Thousand Seven hundred and Forty Eight) divided into 1,08,78,748 (One Crore Eight Lakhs Seventy Eight Thousand Seven hundred and Forty Eight) shares of Rs.1/- (Rupees One Only) each.
- B. To reduce nominal value of the capital by returning excess capital of Rs.9/- per share of Rs.10/- each, to all shareholders subject to such approvals as may be required as per various regulations and enactments as may be applicable.

The Audit Committee pursuant to the requirements set out in the SEBI circulars and after considering the following documents, namely:





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5-9-22, Secretariat Road
Hyderabad - 500 063, A.P.

CIN: L72200TG1999PL0016757

- i. Draft Scheme of Reduction of Capital.
- ii. Valuation Report dated 04th November 2016 issued by Suryanarayana and Suresh, Independent Chartered Accountants, Hyderabad.
- iii. Fairness Opinion dated 04th November, 2016 issued by akasam consulting private limited, Cat-I Merchant Banker.
- iv. The Certificate from Statutory Auditor regarding Accounting Treatment under the Scheme of Reduction of Capital.
- v. The Certificate from Statutory Auditor w.r.to Sub Para IA of Annexure-I (Paragraph 9 A) of SEBI Circular.
- vi. Other Annexures for the Draft Scheme of Reduction of Capital.

hereby reports that:

- a. As per the proposed reduction of capital envisaged in the scheme, the company would be returning the surplus cash available with the Company in excess of its business requirements. The company has deployed the surplus cash in the various low yielding short term investments. In the falling interest rate regime, the Company expect the returns on such investments fall further resulting in much lower returns on the investments made by the Company.
- b. There is no change in the shareholding pattern of the company; hence the Reduction of Capital does not affect the voting rights of the shareholders.

3. Recommendations of Audit Committee

After detailed deliberations the Audit Committee approved the draft scheme after inter alia considering the facts and rationale mentioned in the scheme and hereby recommends to the Board that, after its review to forward the same to the Stock Exchange, SEBI and such other authorities/agencies as may be required.

For and on behalf of the Audit Committee
Saven Technologies Limited

R. Ravi
R. Ravi
Chairman
DIN: 06755889

