

EXASENSE LABS LIMITED



POSTAL BALLOT

**EXASENSE LABS LIMITED**

**Registered Office:** 85, Electronic City, Electronic City Post Bangalore Karnataka – 560100, India

**Telephone:** [+91 80 28520165]; **Fax:** [+91 80 28531904];

**CIN:** U85110KA1984PLC006024

**Email:** info@exasense.in; **Website:** www.exasenselabs.com

**NOTICE OF POSTAL BALLOT**

Dear Members,

Notice is hereby given to the members of Exasense Labs Limited (herein after referred to as “the Company”) pursuant to section 110 and other applicable provisions, if any, of the Companies Act, 2013 read with Rule 22 of the Companies (Management and Administration) Rules, 2014, (herein after referred to as “the Rules”), including any statutory modification or reenactment thereof for the time being in force and other applicable laws and regulations, and the consent of the members of the Company is sought for effecting the following resolutions appended, to be passed as special resolutions by way of postal ballot :-

Accordingly, the draft of the special resolutions together with explanatory statement (pursuant to Sec 102 of the Companies Act, 2013) pertaining to the special business setting out all material facts and the reasons thereon annexed hereto along with the postal ballot form (“the Form”) for members consideration seeking assent or dissent in writing within the period mentioned herein after.

The Board of Directors of the Company has, in compliance with Rule 22 (5) of the said Rules, appointed Mr. Vinay Kumar S R, partner M/s. PVRN and Associates, Chartered Accountants, 61/1, Sri Sai Krupa, Sri Rama Mandir Road, Basavanagudi, Bangalore 560004 as a Scrutinizer for conducting the postal ballot process in a fair and transparent manner.

Members are therefore requested to read the instructions printed on the postal ballot form, record their assent (for) or dissent (against) therein and return the same in the attached self-addressed prepaid postage business reply envelope (if posted in India) so as to reach the Scrutinizer on or before the close of working hours not later than 5:00 PM on 31<sup>st</sup> Day of January 2018.

**SPECIAL BUSINESS:**

**Item No 1: Sale of Undertaking to Affiliate**

To consider and if thought fit, to pass the following resolution as a Special Resolution:

**“RESOLVED THAT** pursuant to Section 180 and Section 188 read with Section 110 of the Companies Act, 2013, and the rules framed thereunder, including any amendment thereto or statutory modification(s) or re-enactment(s) thereof for the time being in force (“**Companies Act**”), consent of the members be and is hereby accorded for the transfer, assignment, sale and disposal of the whole or substantially the whole of the undertaking of the Company, including all tangible and intangible assets and liabilities, as well as all plants, machinery, installations and appurtenances, as a going concern wherever situated, both present and future, on a slump sale basis, to an affiliate entity (including associate companies and related parties), excluding land and building and cash in hand/bank of

the Company, with a minimum price of Rs. 10 Crores (Rupees Ten Crores Only) for the whole of the Company's undertaking, in such form and in such manner as the Board may deem fit."

**"FURTHER RESOLVED THAT** Aneil Nambiar, Managing Director and Mr. P.F Sebastian, Director of the Company be and are hereby severally authorised to negotiate and finalize the sale of undertaking of the Company to an affiliate entity (including associate companies and related parties), on such terms and conditions as they may deem fit, expedient and in the interests of the Company, and execute a business transfer agreement and an intellectual property assignment agreement on behalf of the Company, to make all requisite filings with governmental and statutory authorities, and do all such acts, matters, deeds and things as may be necessary and incidental to give effect to the aforementioned resolution."

**"FURTHER RESOLVED THAT** the Board, be and is hereby authorized to delegate all or any of the powers herein conferred to Mr. Aneil Nambiar and Mr. P.F. Sebastian Directors of the Company to give effect to this resolution."

**"FURTHER RESOLVED THAT** all agreements, documents, deeds, signed and executed for the purpose of this transactions, under the authority of the Board and all acts and deeds done in this regard, be and are hereby ratified, approved and confirmed."

**"FURTHER RESOLVED THAT** the common seal of the Company may be affixed to the above said documents in the presence of any Director or Authorised Signatory of the Company".

#### **Item No 2: Leasing of Land**

To consider and if thought fit, to pass the following resolution as a Special Resolution:

**"RESOLVED THAT** pursuant to the provisions of Section 180 and Section 188 of the Companies Act 2013 read with Section 110 of the Companies Act, 2013, and the rules framed thereunder, including any amendment thereto or statutory modification(s) or re-enactment(s) thereof for the time being in force ("**Companies Act**"), consent of the members be and is hereby accorded for the leasing of all lands and immovable properties held by the Company, to an affiliate entity (including associate companies and related parties)], on such terms and conditions and for such consideration as the Board of Directors of the Company (the "**Board**") may deem fit."

**"FURTHER RESOLVED THAT** Aneil Nambiar, Managing Director, and Mr. P.F. Sebastian, Director of the Company be and are hereby severally authorised to negotiate and finalize the leasing of the lands and immovable properties held by the Company to an affiliate party on such terms and conditions as they may deem fit, expedient and in the interests of the Company, and execute a lease agreement on behalf of the Company, to make all requisite filings with governmental and statutory authorities, and do all such acts, matters, deeds and things as may be necessary and incidental to give effect to the aforementioned resolution."

**"FURTHER RESOLVED THAT** the common seal of the Company may be affixed to the above said documents in the presence of any Director or Authorised Signatory of the Company".

#### **Item No 3: Amendment to Memorandum of Association of the Company**

To consider and if thought fit, to pass the following resolution as a Special Resolution:

**"RESOLVED THAT** pursuant to the provisions of Section 4 and 13 of the Companies Act 2013, and all other applicable provisions, if any, of the Companies Act 2013 and the rules framed thereunder, and subject to any amendment thereto or statutory modification(s) or re-enactment(s) thereof for the time being in force as may be made therein ("**Companies Act**") and subject to necessary approval(s) required, in this regard from the appropriate authorities which the Board of Directors is hereby authorized to accept as may be deemed fit, consent of the

members of the Company be is and hereby accorded for effecting the following modifications and amendments in the existing object clauses of the memorandum of association of the Company (the “**Memorandum**”):

- a) Clause III A of the existing Object Clause “The main objects to be pursued by the Company on its incorporation are” be substituted by new heading “The Objects to be pursued by the Company on its Incorporation”.
- b) Alteration of the existing Objects Clause III B of the existing Objects clause “Objects incidental or ancillary to the attainment of the main objects” be substituted with the new heading “Matters which are necessary for furtherance of the objects specified in clause III(A) are”
- c) “RESOLVED FURTHER THAT clause III(A) of the Memorandum of Association of the Company be altered by inserting following sub-clauses after sub-clause 5:

III(A) 6. To lease, license, sell, alienate or transfer any land or immovable property held by the Company, or any right or interest in such land, at any time.”

“**RESOLVED FURTHER THAT** the Clause III(C) of the Memorandum of Association of the Company having heading “The Other Objects are” be deleted completely and consequently there shall be no Other Objects.”

“**RESOLVED FURTHER THAT** the existing Memorandum of Association of the Company, duly modified as aforesaid, or as suggested by the appropriate authority and accepted by the Board of Directors, be adopted as the Memorandum of Association of the Company.”

“**RESOLVED FURTHER THAT** Mr. P.F. Sebastian and Mr. Aneil Padman Nambiar, Directors of the Company be individually authorized to take all necessary steps for giving effect to the above changes in the Memorandum of Association and are hereby severally authorised to sign and submit all necessary forms and returns, including but not limited to Form MGT-14 of the Companies (Management & Administration) Rules, 2014, with the jurisdictional Registrar of Companies, and other concerned authorities, if any, in relation to the above resolution.”

#### **Item No 4: Buyback of Shares**

To consider and if thought fit, to pass the following resolution as a Special Resolution:

“**RESOLVED THAT** pursuant to the provisions of Articles 13A of the Articles of Association of the Company and Sections 68, read with Sec 110 and all other applicable provisions, if any, of the Companies Act, 2013, as amended, the Companies (Share Capital and Debentures) Rules, 2014 (the “**Share Capital Rules**”) to the extent applicable, including any amendments, statutory modifications or re-enactments, for the time being in force and subject to such other approvals, permissions and sanctions as may be necessary and subject to such conditions and modifications, if any, as may be prescribed or imposed by the appropriate authorities while granting such approvals, permissions and sanctions, which may be agreed by the Board, the consent of the members be and is hereby accorded for the making of an offer of buyback by the Company of its fully paid-up equity shares of Rs. 10/- each not exceeding 553,100 (Five Lakh Fifty-Three Thousand One Hundred Only) equity shares (representing 11% of the total number of equity shares in the paid-up share capital of the Company) at a price of Rs. 67 (Rupees Sixty-Seven) per equity share (“**Buyback Offer Price**”) payable in cash for an aggregate amount of not exceeding Rs. 3,70,57,700 (Rupees Three Crore Seventy Lakh Fifty-Seven Thousand Seven Hundred Only) (“**Buyback Offer Size**”) being 23.5% which is not exceeding 25% of the aggregate of the fully paid-up share capital and free reserves as per the audited accounts of the Company for the half year ended September 30, 2017 from the equity shareholders of the Company, as on the record date, on a proportionate basis.”

**“RESOLVED FURTHER THAT** the offer for such buyback shall be made and announced, and the offer letter for such buyback issued to the shareholders of the Company, by the Board, within the statutory time periods prescribed under Section 68 of the Companies Act, 2013 and under the Share Capital Rules.”

**“RESOLVED FURTHER THAT** such Buyback may be made out of the Company’s free reserves and/or such other sources as may be permitted by law and as required by the Share Capital Rules and the Companies Act, the Company may buyback equity shares from all the existing members holding equity shares of the Company on a proportionate basis.”

**“RESOLVED FURTHER THAT** Mr. Aneil Padman Nambiar and Mr. P.F. Sebastian, Directors of the Company, be individually authorized to take all necessary steps for giving effect to the above Buyback of Shares”

**By Order of the Board of Directors**

**Aneil Nambiar**

**Managing Director**

Place: Bengaluru

Date: 23<sup>rd</sup> December, 2017

## IMPORTANT NOTES:

1. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 ('the Act') is annexed hereunder and forms part of the Notice.
2. The Notice is being sent to all the members whose names appear in the Register of Members/ Beneficiary Position maintained by the Depositories as on 23<sup>rd</sup> December, 2017.
3. Voting rights shall be reckoned on the paid-up value of equity shares registered in the name of the members as on 23<sup>rd</sup> December, 2017.
4. Members, who have registered their email addresses for receipt of documents in electronic mode under the Green Initiative of Ministry of Corporate Affairs, have been sent Notice of Postal Ballot by email; and to others through the permitted mode along with the Postal Ballot Form and postage pre-paid self-addressed envelope.
5. Pursuant to the provisions of Section 110 of the Companies Act 2013, read with Rule 22 of the Companies (Management and Administration) Rules, 2014, the assent or dissent of the members in respect of the special resolutions contained in this notice is being determined through postal ballot.
6. Mr. Vinay Kumar S R, partner M/s. PVRN and Associates, Chartered Accountants, 61/1, Sri Sai Krupa, Sri Rama Mandir Road, Basavanagudi, Bangalore 560004, email [vinaykumar@gmail.com](mailto:vinaykumar@gmail.com) has been appointed as Scrutinizer for conducting the postal ballot voting process in a fair and transparent manner and in accordance with the said rules. He will submit his report to the Chairman or any other person authorized by the board of Directors on or before Thursday 1<sup>st</sup> February 2018
7. Members desiring to exercise vote by physical Postal Ballot are requested to carefully read the instructions printed on the Postal Ballot Form, duly completed in all respect and signed, in the enclosed self-addressed prepaid postage business reply envelope to the Scrutinizer. However, envelopes containing Postal Ballots, if deposited in person or sent by courier or by Registered Post at the expense of the registered Member will also be accepted. The envelopes may also be deposited personally at the address given thereon. However, the envelopes containing the Postal Ballot should reach the Scrutinizer not later than the close of working hours i.e., 5:00 PM on 31<sup>st</sup> day of January 2018. If the ballots are received after the closing date they shall be deemed to be not received.
8. The voting rights of shareholders shall be in proportion to their shares of the paid-up Equity Share Capital of the Company.
9. The Scrutinizer's decision on the validity of the Postal Ballot and e-voting shall be final and binding.
10. The resolution, if passed with requisite majority, shall be deemed to be passed on the last date specified by the Company for receipt of duly completed Postal Ballot Forms.
11. The relevant documents, if any, referred to in the accompanying Notice and Explanatory Statement will be open for inspection by the Members at the Registered Office of the Company during working days (except Saturdays, Sundays and Public Holidays) between 9.00 am. to 5.00 pm.

12. The Scrutinizer will submit his report after the completion of scrutiny of the Postal Ballot Forms
13. The results of the Postal Ballot will be declared at the Registered Office of the Company, by the Chairman or any other Director authorised by him on or before 2<sup>nd</sup> February, 2018 by 5.00 p.m. (IST).
14. The Results declared along with Scrutinizer's Report shall be placed on the Company's website [www.exasenselabs.com](http://www.exasenselabs.com). The resolutions if approved will be taken as passed effectively on the date of declaration of results.
15. Once the vote on the resolution is cast by a member the same shall not be allowed to be changed thereafter.

## **Explanatory Statement pursuant to the provisions of Section 102(1) of the Companies Act, 2013.**

### **Item No 1: Sale of Undertaking to an Affiliate**

Given the performance of the Company in recent financial years, and the current state of the market and competition, the Board is of the opinion that the sale of the undertaking of the Company less land and building and cash balance at this juncture will present a considerable upside for the shareholders, and will provide a substantial return on their investment. The Company has not been able to attract any outside investment/debt financing into our Company over the last few years, on account of the Company's complex corporate history and high requirements of capital expenditure to achieve growth. Lack of business opportunities in India has forced the Company to compete in foreign markets against large multi-national corporations that offer a significantly lower level of risk to customers. The current climate of large multinational company competitors dominating the sensor industry and pricing our Company out of the market due to their ability to service large orders with lower margins has made securing new customers difficult given the high levels of automation required by our Company. Our product, although low-cost, is a critical value-added component of the customer's final product, sometimes thousands of times more expensive and therefore the long lead times and delays in supply pose a huge risk to their business. Global customers prefer suppliers in the same market they are situated that can guarantee lower lead times and Just in time deliveries. Any potential new customers demand high levels of automation and capital expenditure, whereas our strength lies low cost labour intensive production with semi automation. Furthermore, these customers will only approve our product prototypes after supply of automated manufactured sample parts posing a very high risk on our capital expenditure when attempting to secure the account of a large new customer and there is no guarantee of business. This leaves management with the only option of continuing with the existing customer base business demanding ever lower prices with no significant increase in volumes thereby squeezing our margins to unsustainable levels. The growth in revenues over the last two years was largely due the huge demand by a single customer which we expected to drop significantly in the near future and we therefore do see a drop-in revenue in the coming years. With the sale of the undertaking of the Company less the land and building and cash balance, the Company in a significantly more sustainable position going forward. With the land and building, which holds significant value, not being transferred, the Company will be in a position to lease the property thereby earning significant revenue with little cost, and thus be in a position to eventually declare annual dividends giving the shareholders significant and regular earnings on their investment. The location and nature of the land will also increase value on investment through normal market appreciation of land. The Company has struggled over the last 20 years, and the directors see this as an opportunity to cash in on the business and provide value to shareholders. The Board believes that, in the context of the optimism surrounding the health of the Company's business at this point in time, and given that we are unlikely to be able to sustain our current level of growth and performance without considerable investment by the shareholders or outside investment/debt financing in the near future, a sale of the undertaking at this point would represent the best available opportunity to minimize risk and derive value from the business. The Board is strongly of the opinion that this course is consistent with the vision of our founder Late Mr. Padman Nambiar who always believed the most important aspect of the Company was returning value to shareholders. A successful sale of the undertaking will provide the finances necessary to allow the Board to provide a substantial return to shareholders including dividends and/or further Buyback of shares of considerable size in order to distribute major part of the proceeds of the sale to the shareholders. The management expects to make a dividend declaration, consequent to the completion of the sale process.

The sale of the undertaking of the Company is proposed to be made to an affiliate entity, as determined by the Board after a thorough search and review process to identify the best value proposition for the Company. The



Company has already arrived at the minimum value for the slump sale based on valuation done by approved Chartered Engineer on its assets and Chartered Accountants. The above said documents are available for inspection for members during office hours of the Company on all working days. The Board will examine options including associate companies and related parties of the Company, as it is of the opinion that an affiliated entity is likeliest to understand the nature of the Company's business and the specific considerations that a transaction with the Company would entail, and is likeliest to offer a fair price proposition to the Company for the sale of its undertaking. The sale of the undertaking of the Company will be carried out at a minimum cumulative price of Rs. 10 Crores (Rupees Ten Crores Only), and as determined by the directors, in order for the Company to obtain the highest possible value for its undertaking. The concern and interest of the directors, key managerial personnel and their relatives in this transaction is as follows:

<b>Sr. No</b>	<b>Directors/Key Managerial Personnel and their relatives</b>	<b>Equity Shares Held</b>
1	Aneil Padman Nambiar	4,46,730
2	Daniel Kevin Chindon Nambiar	5,48,578
3	Jacob John	10,450
4	Annette Jayne Nambiar	8,23,889
5	Kimberly Kate Nambiar	4,30,780

The Board accordingly recommends the resolution of the accompanying Notice for your approval.]

#### **Item No 2: Leasing of Land and Immovable Properties to an Affiliate Entity**

In connection with the sale of the undertaking of the Company on a slump sale basis, the land and immovable properties held by the Company, on which the Company's tangible assets (including all plants, machinery, installations and appurtenances) are based, will also need to be leased out to the transferee, in order to allow the transferee to use and avail of the tangible assets of the Company pursuant to the slump sale. Subsequent to the completion of the slump sale, the lands and immovable properties held by the Company will constitute the undertaking of the Company, and thus the approval of the members of the Company is required under Section 180 and Section 188 of the Companies Act 2013 in order to give effect to this proposed lease.

The sale of the undertaking of the Company, and the leasing of the lands and immovable properties of the Company, is proposed to be made to an affiliate entity, as determined by the Board after a thorough search and review process to identify the best value proposition for the Company. The Company will arrive at the minimum monthly lease value for any lease agreement concerning the land and immovable properties of the Company based on valuation done by an approved Chartered Engineer on its assets. The minimum lease price will be determined by the Board closer to the date of lease, thus maximizing any market appreciation in rental amounts. The Board believes that all revenue gained from leasing of the land and immovable properties of the Company will be at minimal cost, thereby providing significant profits and cash reserves available for distribution to shareholders by potential dividend/buyback of equity to the shareholders on a yearly basis. The concern interest of the directors, key managerial personnel and their relatives in this transaction is as follows:

<b>Sr. No</b>	<b>Directors/Key Managerial Personnel and their relatives</b>	<b>Equity Shares Held</b>
1	Aneil Padman Nambiar	4,46,730
2	Daniel Kevin Chindon Nambiar	5,48,578
3	Jacob John	10,450

4	Annette Jayne Nambiar	8,23,889
5	Kimberly Kate Nambiar	4,30,780

The Board accordingly recommends the resolution of the accompanying Notice for your approval.]

**Item No 3: Amendment of Memorandum of Association**

The Board felt the need to alter the Objects Clause of Memorandum of Association in order to make it compliant with the provisions of Companies Act, 2013, and as such the headings of Clause III(A) and III(B) are required to be changed as stated in the notice and Clause III(C) - Other Objects are required to be deleted.

The Members are hereby informed that the current main Object Clause of the Memorandum of Association of the Company (MoA) covers all the activities carried on by the Company but in order to diversify/add new business venture especially when the proposed slump sale of Companies business takes place, your directors are considering leasing out the remaining facilities as mentioned in the resolution. The alteration in the Objects Clause of the memorandum of association as set out in the resolution is to facilitate this diversification.

Pursuant to section 4 and 13 of the Act, the above said proposal requires consent of the members by way of special resolution.

A copy of the existing and proposed MOA would be available for inspection by the members at Company's registered office on all working days during normal business hours up to Wednesday 31<sup>st</sup> day of January 2018.

None of the directors or the Key Managerial persons of your company and their relatives are concerned or interested financially or otherwise in this resolution.

The Board accordingly recommends the resolution of the accompanying Notice for your approval.

**Item No 4: Buyback of Equity Shares**

With an objective of rewarding members holding equity shares of the Company, through return of surplus cash, the Board at its meeting held on 5th December 2017 has approved the proposal of recommending buyback of equity shares as contained in the Resolution in the Notice, through an offer for buyback of equity shares to be opened in the near future. As per the relevant provisions of the Companies Act, this 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.

- a) The Board of Directors of the Company at its meeting held on 5<sup>th</sup> December 2017 has, subject to the approval of the Members, approved the buyback of not exceeding 553,100 (Five Lakh Fifty-Three Thousand One Hundred Only) Fully Paid equity shares of the Company, from all the Members on a proportionate basis through a Letter of Offer at a price of Rs. 67/- (Rupees Sixty-Seven Only) per equity share payable in cash for an aggregate amount of Rs. 3,70,57,700 /- (Three Crore Seventy Lakh Fifty-Seven Thousand Seven Hundred Only)".

**b) Objective of the Buyback**

Share buyback is the acquisition by a company of its own shares. The objective is to return surplus cash to the members holding equity shares of the Company. The Board at its meeting held on 5<sup>th</sup> December 2017, considered the accumulated free reserves as well as the cash liquidity reflected in the audited accounts as on 30<sup>th</sup> September 2017 and considering these, the Board decided to allocate a sum of Rs. 3,70,57,700 (Rupees Three Crore Seventy Lakh Fifty-Seven Thousand Seven Hundred Only) for returning to the members holding equity shares of the Company through the Buyback. The Board proposes to open and announce the Buyback offer after the completion of the sale of the undertaking of the Company, in order to have sufficient funds for both the Buyback, as well for the proposed dividend declaration later on in the financial year.

After considering several factors and benefits to the members holding equity shares of the Company, the Board decided to recommend Buyback of not exceeding 553,100 (Five Lakh Fifty-Three Thousand One Hundred Only) equity shares (representing 11% of the total number of equity shares in the paid-up share capital of the Company) at a price of Rs. 67 per equity share for an aggregate consideration of Rs. 3,70,57,700 (Rupees Three Crore Seventy Lakh Fifty-Seven Thousand Seven Hundred Only). Buyback is a more efficient form of returning surplus cash to the members holding equity shares of the Company, inter-alia, for the following reasons:

- (i) The Buyback will help the Company to return surplus cash to its members holding equity shares broadly in proportion to their shareholding, thereby, enhancing the overall return to members;
- (ii) The Buyback may help in improving return on equity, by reduction in the equity base, thereby leading to long term increase in shareholders' value, particularly in the light of the proposed dividend declaration later in the near future;
- (iii) The Buyback gives an option to the members holding equity shares of the Company, who can choose to participate and get cash in lieu of equity shares to be accepted under the Buyback offer or they may choose not to participate and enjoy a resultant increase in their percentage shareholding, post the Buyback offer, without additional investment.
- (iv) The Buyback optimizes the capital structure of the Company.

**c) Class of Shares**

The Company intends to purchase equity shares under the buyback scheme.

**d) Number of Shares:**

The Company proposes to buyback not exceeding 553100 (Five Lakh Fifty-Three Thousand One Hundred Only) equity shares of Rs.10/- each fully paid (representing 11% of the total number of equity shares in the paid-up equity share capital of the Company) on a proportionate basis

**e) Method to be adopted for the Buyback**

- (i) The Buyback shall be on a proportionate basis from all the Members holding equity shares of the Company. The Buyback will be implemented in accordance with the Companies Act 2013 to the extent applicable and on such terms and conditions as may be deemed fit by the Company.
- (ii) In due course, each shareholder, will receive a Letter of Offer indicating the entitlement of the shareholder for participating in the Buyback and the time table for completion of the Buyback.
- (iii) The equity shares to be bought back is part of the Buyback in a general category for all shareholders.
- (iv) Based on the holding on the Record Date, to be announced along with the letter of offer in the near future, the Company will determine the entitlement of each shareholder to tender their shares in the Buyback. This entitlement for each shareholder will be calculated based on the number of equity shares held by the respective shareholder as on the Record Date and the ratio of Buyback applicable in the category to which such shareholder belongs.
- (v) Shareholders' participation in Buyback will be voluntary. Members of the Company can choose to participate and get cash in lieu of shares to be accepted under the Buyback. Members holding equity shares of the Company may also accept a part of their entitlement. Members of the Company 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 shareholders, if any.
- (vi) The maximum tender under the Buyback by any shareholder cannot exceed the number of equity shares held by the shareholder as on the Record Date.
- (vii) Detailed instructions for participation in the Buyback (tender of equity shares in the Buyback) as well as the relevant time table will be included in the Letter of Offer which will be sent in due course, when the offer is opened and announced, to the members holding equity shares of the Company as on the Record Date.

**f) Buyback Price and the basis of arriving at the Buyback Price**

The equity shares of the Company are proposed to be bought back at a price of Rs. 67 (Rupees Sixty-Seven Only) per equity share (the "**Buyback Offer Price**"). The Buyback Offer Price has been arrived at, based on the valuation of a chartered accountant, and also after considering various factors such as the net worth of the Company, availability of resources of the Company considering the impact of dividend distribution tax in the hands of the Company and the hands of the shareholders, and the impact of the Buyback on the key financial ratios of the Company. The Buyback Offer price of Rs. 67 (Rupees Sixty-Seven) per Equity Share represents a premium of Rs. 57 (Rupees Fifty-Seven Only) over the current face value of the Equity shares.

**g) Maximum amount required under the Buyback, its percentage of the total paid up capital and free reserves and the sources of funds from which the Buyback would be financed**

The maximum amount required under the Buyback will be Rs. 3,70,57,700 (Rupees Three Crore Seventy Lakh Fifty-Seven Thousand Seven Hundred Only) constituting 23.5% of the total paid up capital and free reserves of the Company. The Buyback would be financed out of a combination of the free reserves of the Company including credit balance in P&L Account and the securities premium account.

The Company confirms that as required under Section 68(2) (d) of the Companies Act, the ratio of the aggregate of secured and unsecured debts owed by the Company will be not more than twice the paid-up capital and free reserves after the Buyback.

**h) Time limit for completing the Buyback**

The Buyback is proposed to be completed within 180 Days from the date of Special Resolution approving the proposed Buyback.

**i) Compliance with Section 68(2)(c) of the Companies Act**

The aggregate paid-up share capital and free reserves as at 30<sup>th</sup> September, 2017 is Rs. 15,80,37,366 (Fifteen Crore Eighty Lakhs Thirty-Seven Thousand Three Hundred and Sixty-Six Only). Under the provisions of the Companies Act, the funds deployed for the Buyback cannot exceed 25% of the aggregate of the fully paid-up share capital and free reserves of the Company i.e. Rs. 3,95,09,300 (Rupees Three Crore Ninety-Five Lakhs Nine Thousand Three Hundred Only). The maximum amount proposed to be utilized for the Buyback does not exceed Rs. 3,70,57,700 (Rupees Three Crore Seventy Lakh Fifty-Seven Thousand Seven Hundred Only) and is therefore within the limit of 25% of the Company's fully paid-up share capital and free reserves as per the audited accounts of the Company as on 30<sup>th</sup> September, 2017.

Further, under the Companies Act, the number of equity shares that can be bought back in any financial year cannot exceed 25% of the total paid-up equity capital of the Company in that financial year. Accordingly, the maximum number of equity shares that can be bought back in the current financial year is 12,57,044 (Twelve Lakh Fifty-Seven Thousand Forty-Four only) Equity Shares. Since the Company proposes to buy back up to 553,100 (Five Lakh Fifty-Three Thousand One Hundred) Equity Shares, the same is within the aforesaid 25% limit.

**j) The aggregate shareholding of the Promoters and of the Directors of the Promoter where Promoter is a Company and of Persons who are in Control of the Company, and of Directors and Key Managerial Personnel of the Company as on the date of this Notice:**

Sr. No	Directors and Key Managerial Personnel	Equity Shares Held	% of Shareholding
1	Aneil Padman Nambiar	4,46,730	8.88%
3	Jacob John	10,450	0.21%
4	P.F. Sebastian	300	0.01%
5	Thomas P. Koshy	18,750	0.37%
<b>Total</b>		<b>4,76,230</b>	<b>9.47%</b>

Sr. No	Promoters	Equity Shares Held	% of Shareholding
1	Individuals	25,60,218	50.92%
2	Foreign Nationals (Other than NRI)	74,657	1.48%
3	Body Corporates	18,09,680	35.99%
<b>Total</b>			

Sr. No	Director of Promoter Company NameTech Consultants Private Limited	Equity Shares Held	% of Shareholding
1	Aneil Padman Nambiar (Director)	4,46,730	8.88%
2	Daniel Kevin Chindon Nambiar (Director)	5,48,578	10.91%
3	Jacob John (Director)	10,450	0.21%
<b>Total</b>		<b>10,05,758</b>	<b>20.00%</b>

- k) No shares of the Company have been purchased / sold by any member of the Promoter / Promoter Group including the Directors of the Companies forming part of the Promoter Group, directors and key managerial personnel of the Company during the period from twelve months preceding the date of the Board Meeting at which the Buyback was approved and from the date of the Board Meeting till the date of this Notice.
- l) The promoters are considering participation in the Buyback. However, the quantity of shares proposed to be tendered has not been communicated to the Company.
- m) The promoters including promoter entities have not been involved in any transactions and there has been no change in their holdings in the last twelve months prior to the date of the Board Meeting at which the Buyback was approved and from the date of the Board Meeting till the date of this notice.
- n) **PRESENT CAPITAL STRUCTURE**

Share Capital	As on Record Date	
	Number	Amounts
<b>Authorised Share Capital</b> Equity Shares of Rs. 10/- each	1,00,00,000	10,00,00,000
<b>Total</b>	<b>1,00,00,000</b>	<b>10,00,00,000</b>
<b>Issued, subscribed and fully paid up</b> Equity Shares of Rs. 10/- Each	50,28,175	5,02,81,750
<b>Total</b>	<b>50,28,175</b>	<b>5,02,81,750</b>
<b><u>Reconciliation of Share Capital (Equity)</u></b>	<b>Number</b>	<b>Amounts</b>
<b>Balance at the beginning of the Year</b> Add: Issued during the year	50,28,175 -	5,02,81,750 -
<b>Balance at the End of the Year</b>	<b>50,28,175</b>	<b>5,02,81,750</b>

**CAPITAL STRUCTURE IF FULL ACCEPTANCE OF BUYBACK**

Share Capital	If Full Acceptance of Buyback	
	Number	Amounts
<b>Authorised Share Capital</b> Equity Shares of Rs. 10/- each	1,00,00,000	10,00,00,000
<b>Total</b>	<b>1,00,00,000</b>	<b>10,00,00,000</b>
<b>Issued, subscribed and fully paid up</b> Equity Shares of Rs. 10/- Each	44,75,075	4,47,50,750
<b>Total</b>	<b>44,75,075</b>	<b>4,47,50,750</b>
<b><u>Reconciliation of Share Capital (Equity)</u></b>	<b>Number</b>	<b>Amounts</b>
<b>Balance at the beginning of the Year</b>	50,28,175	5,02,81,750

Add: Issued during the year	(5,53,100)	(55,31,000)
<b>Balance at the End of the Year</b>	<b>44,75,075</b>	<b>4,47,50,750</b>

#### SHAREHOLDING PATTERN OF THE COMPANY

Sr. No	Shareholder	Number of Shares Held	% of Shareholding	Buyback Entitlement
1	Promoters (Individual)	25,60,218	50.92%	2,81,624
2	Promoters (Foreign ex. NRI)	74,657	1.48%	8212
3	Promoters (Body Corporate)	18,09,680	35.99%	199065
4	Others Corporate	2,94,500	5.86%	32395
5	Others Individuals	2,89,120	5.75%	31804
<b>TOTAL</b>		<b>50,28,175</b>	<b>100%</b>	<b>553,100</b>

- o) The Company confirms that there are no defaults subsisting in the repayment of deposits, interest payment thereon, redemption of debentures or interest payment thereon or redemption of preference shares or payment of dividend due to any shareholder, or repayment of any term loans or interest payable thereon to any financial institution or banking company.
- p) The Board of Directors of the Company has confirmed that it has made a full enquiry into the affairs and prospects of the Company and has formed the opinion:
- (i) That immediately following the date on which the general meeting is convened, there will be no grounds on which the Company could be found unable to pay its debts;
  - (ii) That 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 of passing of Special Resolution by Postal Ballot for approval of Buyback, approving the Buyback and having regards 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 will be able to meet its liabilities as and when they fall due and will not be rendered insolvent within a period of one year from the date of the board meeting approving the Buyback or within a period of one year from that date; and
  - (iii) 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 Companies Act, 2013.
- q) Report addressed to the Board of Directors by the Company's Auditors is given is available for inspection by members on any working day at the registered office of the Company.
- r) Computation of amount permissible capital to be utilised in the Buyback as prepared by the Company's Auditors is hereby attached in annexure A
- s) 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 Buyback, the Auditors Report and the audited accounts for the period from April 1, 2017 to September 30, 2017 are available for inspection by the Members of the Company at its Registered and Corporate Office on any working day between 10 a.m. and 5 p.m. up to the Closure Date 31<sup>st</sup> January 2018 of Postal Ballot specified in the accompanying Notice.

In the opinion of the Board, the proposal for Buyback is in the interest of the Company and its Members holding equity shares of the Company. The Directors, therefore, recommend passing of the Special Resolution as set out in the accompanying Notice.

None of the Directors of the Company are, in any way, concerned or interested, either directly or indirectly in passing of the said resolution, save and except to the extent of their shareholding in the Company.



To,  
The Board of Directors  
**Exasense Labs Limited**  
86 Electronics City,  
Bangalore – 560100

**Auditors’ Report on Buy Back of Shares pursuant to the requirement of Section 68 of the Companies Act, 2013**

1. We have been engaged by Exasense Labs Limited (the “Company”) to perform a reasonable assurance engagement on determination of the amount of permissible capital payment in connection with the proposed buy back by the Company of its equity shares in pursuance of the provisions of Section 68 and 70(1) of the Companies Act, 2013, as amended (the “Act”) and on the opinions expressed by the Board of Directors of the Company, as required under the Regulations.

**Board of Directors Responsibility**

2. The Board of Directors of the Company is responsible for the following:
  - i) The amount of capital payment for the buy-back is properly determined; and
  - ii) It has made a full inquiry into the affairs and prospects of the Company and has formed the opinion that the Company will not be rendered insolvent within a period of one year from the date on which the Extraordinary General Meeting for approval of Buyback is held.

**Auditor’s Responsibility**

3. Pursuant to the requirement of the Regulations, it is our responsibility to obtain reasonable assurance on the following “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; and
  - ii) whether the Board of Directors has formed the opinion, as specified in Clause (x) of Schedule II to the 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 date on which the extraordinary general meeting for approval of Buyback is held.
4. A reasonable assurance engagement involves performing procedures to obtain sufficient appropriate evidence on the Reporting Criteria. The procedures selected depend on the auditor’s judgment, including the assessment of the risks associated with the Reporting Criteria. Within the scope of our work, we performed the following procedures:
  - i) Examined authorisation for buy back from the Articles of Association of the Company;
  - ii) Examined that 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;
  - iii) Examined that the ratio of the secured and unsecured debt owed by the Company, if any, is not more than twice the paid-up capital and its free reserves after such buy-back;
  - iv) Examined that all the shares for buy-back are fully paid-up;
  - v) Inquired into the state of affairs of the Company with reference to the audited financial statements of the Company as at and for the year ended March 31, 2017 (the “Audited Financial Statements”) and the audited financial statements for the period ended 30<sup>th</sup> September, 2017 as approved by the Board of Directors at its meeting held on 17<sup>th</sup> November 2017;

- vi) Examined minutes of the meetings of the Board of Directors;
  - vii) Examined Directors' declarations for the purpose of buy-back and solvency of the Company; and
  - viii) Obtained appropriate representations from the Management of the Company.
5. We conducted our examination in accordance with the Guidance Note on Special Purpose Audit Reports and Certificates.
6. The financial statements referred to in paragraph 4 (v) above, have been audited by us on which we issued an unmodified audit opinion. Our audit of these financial statements was conducted in accordance with the Standards on Auditing 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. Our audits were not planned and performed in connection with any transactions to identify matters that may be of potential interest to third parties.

### **Opinion**

7. As a result of our performance of aforementioned procedures, we report that:
- i) We have enquired into Company's state of affairs
  - ii) The amount of capital payment of 3,70,57,700/- (Rupees Three Crores Seventy Lakhs Fifty-Seven Thousand Seven Hundred Only) for the shares in question, as stated in the certified extract of the minutes of the Board of Directors' meeting held on December 5, 2017, is within the permissible capital payment of Rs. 3,95,09,300/- (Rupees Three Crores Ninety-Five Lakhs Nine Thousand Three Hundred Only) as calculated based on the Audited Financial Statements as at September 30, 2017 in Annexure I and initialed by us for identification purposes only, which, in our opinion, is properly determined in accordance with Section 68 of the Act; and
  - iii) the audited accounts on the basis of which calculation with reference to which buyback is done is not more than six months old from the date of offer document.
  - iv) The Board of Directors in their meeting held on December 5, 2017 has formed the opinion, as specified in Clause (x) of Schedule II to the 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 date on which the extraordinary general meeting for approval of Buyback is held.

### **Restrictions on use**

8. Our work was performed solely to assist you in meeting your responsibilities with reference to the Regulations. Our obligations in respect of this report are entirely separate from, and our responsibility and liability is in no way changed by any other role we may have (or may have had) as auditors of the Company or otherwise. Nothing in this report, nor anything said or done in the course of or in connection with the services that are the subject of this report, will extend any duty of care we may have in our capacity as auditors of the Company.
9. 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 the Board of Directors of the Company to include in:
- i) Explanatory statement to be included in the Extraordinary general meeting notice to be circularised to the shareholders;
  - ii) The draft letter of offer to be filed with Registrar of Companies; and

- iii) The letter of offer to be given to the shareholders and should not be used for any other purpose. R.G Hegde & Co does not accept or assume any liability or duty of care for any other purpose or to any other person to whom this report, or the Extraordinary General Meeting notice or the draft letter of offer or letter of offer which includes our report, is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

**For R.G HEGDE & CO.,**

Chartered Accountants

Firm Registration Number: 001118S

**Rajagopal Hegde**

**Proprietor**

**Membership No. 028008**

Date: December 11, 2017

**Annexure I - Statement of Permissible Capital Payment for Buyback of Equity Shares:**

<b>Particulars</b>	<b>Rs.</b>
Issued, Subscribed and Paid-up Share Capital as at September 30, 2017 (50,28,175 equity shares of Rs. 10 each fully paid up)	5,02,81,750
Free reserves as at September 30, 2017	
- General Reserve	-
- Securities Premium Account	3,97,84,250
- Statement of Profit and Loss	6,79,71,366
<b>Total</b>	<b>15,80,37,366</b>
Maximum amount permissible for buy-back i.e. 25% of total paid-up capital and free reserves	<b>3,95,09,300</b>

**Note:** Calculation in respect of Permissible Capital Payment for Buyback of Equity Shares is done on the basis of audited financial statements of the Company for the period ended September 30, 2017 which is not more than six months old from the proposed date of offer document.

**For and on behalf of Exasense Labs Limited**

**Jacob John**  
**Director**  
**DIN 00602630**

**Director**

For any clarifications related to the Buyback process, members holding equity shares of the Company may contact during office hours Mr. Aneil Padman Nambiar Tel: 9986504955; Email: Info@ExaSense.in

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 Buyback, the Auditors Report dated 17<sup>th</sup> November 2017 and the audited accounts of the Company as at September 30, 2017 are available for inspection by the members of the Company at its Registered Office on any working day between 10.00 am and 5.00 pm 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 Buyback is in the interest of the Company and its members holding equity shares of the Company. The Directors, therefore, recommend passing of the Special Resolution as set out in the accompanying Notice.

None of the Directors or any Key Managerial Personnel of the Company is, in anyway, concerned or interested, either directly or indirectly in passing of the said Resolution, save and except to the extent of their respective interest as shareholders of the Company.

By Order of the Board of Directors  
For **ExaSense Labs Limited**

Mr. P.F. Sebastian  
**Director**  
Bengaluru, 23<sup>rd</sup> December 2017

## **INSTRUCTION FOR VOTING BY PHYSICAL POSTAL BALLOT FORM**

- i) A Member desiring to exercise vote by Postal Ballot may complete this Postal Ballot Form and send it to the Scrutinizer in the attached self-addressed pre-paid postage Business Reply Envelope. Postage charges will be borne and paid by Exasense Labs Limited (“The Company”).

However, envelopes containing Postal Ballot Form(s), if deposited in person or sent by courier or registered/speed post at the expense of the Member will also be accepted.

- ii) This Form should be completed and signed by the Member (as per the specimen signature registered with the Company/ Depository Participants). In case of joint holding, this Form should be completed and signed by the first named Member and in his/ her absence, by the next named Member.
- iii) In case of shares held by companies, trusts, societies, etc., the duly completed Postal Ballot form should be accompanied by the relevant Board Resolution/Authority Letter duly certified/ attested by Authorised Signatory(ies).
- iv) There will be only one Postal Ballot Form for every Registered Folio No. / Client ID No. / DP ID No. irrespective of the number of joint members. The right of voting by postal ballot shall not be exercised by a proxy.
- v) Incomplete, unsigned or incorrect Postal Ballot Form will be rejected. The Scrutinizer's decision on the validity of the Postal Ballot form will be final and binding.
- vi) A Member need not use all his/her votes nor cast all the votes in the same way. The voting rights of the Members shall be in proportion to their shares in the total paid-up equity share capital of the Company as on Saturday, 23<sup>rd</sup> December, 2017.
- vi) Duly completed and signed Postal Ballot Form should reach the Scrutinizer before the close of working hours i.e. 5:00 P.M. on Wednesday, 31<sup>st</sup> January 2018. All Postal Ballot Forms received after this date will be strictly treated as if the reply from the Member has not been received.
- vii) A Member may request for a duplicate Postal Ballot Form, if so required. However, the duly filled in duplicate Postal Ballot Form should reach the Scrutinizer before Scrutinizer before the close of working hours on Wednesday, 31<sup>st</sup> January 2018
- viii) Member(s) are requested not to send any other paper along with the Postal Ballot Form, other than as required, in the enclosed Envelope as such Envelopes will be sent to the Scrutinizer and any extraneous paper found in such Envelope would be destroyed by the Scrutinizer.