

V. B. Desai Financial Services Limited

Category I Merchant Banker - SEBI Registration No. INM 00002731

CIN74120MH1985PLC037218

October 26, 2015

The Board of Directors,
M/S Sterlite Technologies Limited
Registered Office
E1, MIDC, Industrial Area, Waluj,
Aurangabad – 431136,
Maharashtra.

Dear Sir,

Sub: Fairness Opinion on Certificate of Exchange Ratio dated October 26, 2015 issued by Manish P. Jain & Associates, Chartered Accountants, 217, Dariyasthan Building, 33, Dariyasthan Street, Vadgadi, Mumbai – 400 003 in the matter of Proposed Amalgamation of Elitecore Technologies Private Limited (“ETPL”, a wholly owned subsidiary of Sterlite Technologies Limited) with Sterlite Technologies Limited (“STL” or “the Company”) pursuant to Scheme of Amalgamation.

We refer to the engagement letter dated October 21, 2015 with V.B.Desai Financial Services Limited (herein after referred to as “VBDFSL”), wherein STL has requested us to provide fairness opinion on the Proposed Scheme of Amalgamation of Elitecore Technologies Private Limited (“ETPL”, a wholly owned subsidiary of Sterlite Technologies Limited) with Sterlite Technologies Limited (“STL” or “the Company”).

• **BACKGROUND OF THE COMPANIES**

○ **Sterlite Technologies Limited (STL)**

Sterlite Technologies Limited (STL) a company incorporated under the provisions of Companies Act, 1956 having registered office at E1, MIDC, Industrial Area, Waluj, Aurangabad – 431136, Maharashtra (“Transferee Company”) is a fully integrated Optical Fiber producer and one of the largest suppliers of Optical Fibers to overseas markets in China, Europe and South East Asia player in optical fibre. It is ranked amongst the leading global providers of solutions in telecom and power transmission.

The Transferee Company is a listed company, having its equity shares listed on Bombay Stock Exchange and National Stock Exchange.



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○ **Elitecore Technologies Private Limited ("ETPL")**

Elitecore Technologies Private Ltd ("ETPL"), a company incorporated under the provisions of Companies Act, 1956 having registered office 904, Silicon Tower Off C G Road, Ahmedabad - 380009, Gujarat, India ("Transferor Company) is a global provider of software product and services in telecom segment.

In September 2015, the Company completed 100% acquisition of ETPL by entering into definitive agreement and is now a wholly owned subsidiary of STL.

● **SCOPE AND PURPOSE OF THIS REPORT**

We have been informed that the Board of Directors of Sterlite Technologies Limited (STL or Company) is proposing a Scheme of Amalgamation between Elitecore Technologies Private Limited ("ETPL") and Sterlite Technologies Limited (STL or Company) under section 391 to 394 and other applicable provisions of Companies Act, 1956 and Companies Act, 2013.

The entire issued capital of ETPL is held by STL.

Pursuant to the Proposed Scheme of Amalgamation, shares held in ETPL by STL will be cancelled and STL shall not be required to issue / allot any shares to shareholders of ETPL.

We are being informed that there will be no changes in promoter holding of STL Post Amalgamation.

In this connection, to comply with the regulatory requirements of Proposed Amalgamation the management of STL has appointed VBDFSL to provide fairness opinion on the Certificate of Exchange Ratio dated issued by Manish P. Jain & Associates, Chartered Accountants, on the Proposed Scheme of Amalgamation and not on fairness or economic rationale of the Proposed Amalgamation per se.

This report is subject to the scope, limitations and disclaimers detailed herein after. As such the report is to be read in totality, not in parts and in conjunction with relevant documents referred to herein. This report is issued only for the purpose for facilitating the Proposed Amalgamation of ETPL with STL and should not be used for any other purpose.



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• SOURCES OF INFORMATION

We have relied on the following information in issuing this fairness opinion for the purpose of Proposed Amalgamation.

- Draft Scheme of Amalgamation of ETPL with STL duly certified by management of STL
- Shareholding pattern of ETPL duly certified by management of STL
- Audited financial statement of the ETPL for the year ending March 31, 2015
- Certificate of Exchange Ratio ("Valuation Report") dated October 26, 2015 issued by Manish P. Jain & Associates, Chartered Accountants, 217, Dariyasthan Building, 33, Dariyasthan Street, Vadgadi, Mumbai – 400 003
- Such other information, documents, data, reports, discussions and verbal & written explanations from STL as well as advisors for merger/amalgamation to STL, public domain websites, as were considered relevant for the purpose of the Fairness Opinion.

• RATIONALE OF SCHEME OF PROPOSED AMALGAMATION

We have been informed that the rationale for Proposed Amalgamation is as under:

- On September 29, 2015, the Company acquired 100% equity share capital of ETPL (by entering into definitive agreement) with an intent to immediately merge ETPL with STL to integrate the business operation of ETPL with STL. Currently, ETPL is a wholly owned subsidiary of STL.
- The consolidation of ETPL with STL by way of the Proposed Amalgamation will lead to efficient utilization of Capital, creating future consolidated base of amalgamated entity.
- The Proposed Amalgamation will result in administrative and operational rationalization, operational efficiencies, reduction in overheads and other expenses and optimum utilization of various resources. It will prevent cost duplication that can erode financial efficiencies of the holding structure and resultant operations would be substantially cost efficient.

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- The Proposed Amalgamation will facilitate better resource mobilization and achieve better cash flows.
- The Proposed Amalgamation will reduce managerial overlaps which are necessarily involved in running multiple entities.
- The Proposed Amalgamation will represent to clients as one entity offering entire bouquet of products and services.

• EXCLUSIONS AND LIMITATIONS OF SCOPE

- Our opinion and analysis is limited to the extent of review of documents as provided to us by STL and Proposed Scheme of Amalgamation of STL and ETPL.
- We have relied upon the accuracy and completeness of all information provided to us without carrying out due diligence and independent verification or validation of such information to establish its accuracy and sufficiency. We have not conducted any independent Valuation or appraisal of any assets and liabilities of STL and ETPL.
- We do not express any opinion as to the price at which shares of STL may trade at any time including subsequent to the date of this opinion or post amalgamation.
- We do not express any opinion as to tax or other consequences that may arise from the Proposed Scheme of Amalgamation on STL and ETPL and their respective shareholders, nor does our opinion address any legal, tax regulatory or accounting matters as to which we understand that the respective companies have obtained necessary professional advice.
- Complying with the regulatory requirements for the Proposed Scheme of Amalgamation including and not limited to SEBI Rules and Regulations, Stock Exchange Regulations, Companies Act 1956, Companies Act 2013 and other applicable laws and regulations is the exclusive responsibility of the Board of Directors of STL.
- This report is prepared primarily to comply with regulatory requirements of the Proposed Scheme of Amalgamation. The report does not look into business / commercial reasons behind the Proposed Scheme of Amalgamation nor the likely benefits arising out of the same which is the exclusive responsibility of Board of



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Directors of the respective companies. Similarly our report does not address relative merits of the Proposed Amalgamation as compared with any other alternative business transactions or other alternatives.

- This report does not express any opinion nor makes recommendation as to how the shareholders of companies should vote at any shareholders' meeting to be held in connection with the Proposed Scheme of Amalgamation.
- We assume no responsibility in updating or revising our opinion based on the circumstances or events accruing after the date hereof.
- The fee for the engagement is not contingent upon the results reported.
- We owe responsibility only to the Board of Directors of STL as per the terms of our engagement letter and nobody else. We do not accept any liability to any shareholder, tax authorities or other third parties in relation to the issue of this report. Our liability if any, under any and all circumstances shall be limited to fees received by us for undertaking this assignment.

• VALUATION REPORT

In the Proposed Scheme of Amalgamation, the entire share capital of ETPL held by STL both directly and indirectly along with nominee shareholders shall stand cancelled. STL shall not be required to issue and / allot any shares to the members of ETPL and hence there shall be no change in the shareholding pattern of STL.

As per clause 4.2 of SEBI circular no. CIR/CFD/DIL/8/2013 dated May 21, 2013 read with SEBI circular no. CIR/CFD/DIL/5/2013 dated February 04, 2013; the valuation process is not applicable. It is not required to compute Relative Valuation of respective companies to ascertain Exchange Ratio as there is no Exchange (SWAP) of equity shares and there will be no changes in the shareholding pattern of listed company STL. Therefore the Certificate of Exchange Ratio (Valuation Report) dated October 26, 2015 issued by Manish P. Jain & Associates, Chartered Accountants, 217, Dariyasthan Building, 33, Dariyasthan Street, Vadgadi, Mumbai – 400 003 does not specify the Exchange Ratio.



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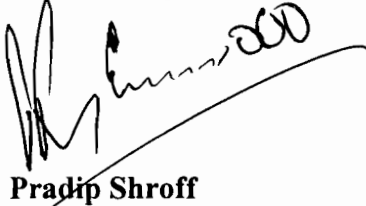
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- **OPINION**

Based on the facts and circumstances of the case and according to information and explanation provided to us together with exclusions & limitations mentioned herein above, we state that in our opinion and to the best of our information and knowledge, no Exchange Ratio as recommended by Manish P. Jain & Associates, Chartered Accountants, for the Proposed Scheme of Amalgamation seems fair and reasonable since 100% shareholding of ETPL held by STL is cancelled, no new shares will be issued by STL and the shareholders of STL will continue to remain beneficial owners of STL in the same proportion as they held it prior to the Proposed Scheme of Amalgamation.

Thank You,

For V B Desai Financial Services Limited



Pradip Shroff
Managing Director

