

Frequently Asked Questions on Demerger

FREQUENTLY ASKED QUESTIONS (FOR FIIs) IN RELATION TO THE ACTIVITIES POST

DEMERGER RECORD DATE

Capitalized terms not defined herein shall have the meanings given to such terms in the Scheme, Election Notice and Form of Acceptance.

- 1. What is the record date (“Record Date”) for determining the shareholders who are eligible to receive shares of the SPTL (“Eligible Members”) ?**

Company has fixed Record Date as June 16, 2016 for purpose of determining entitlement of equity shareholders of Sterlite Technologies Limited (STL) to receive shares of Sterlite Power Transmission Limited (SPTL) pursuant to Scheme of Arrangement (“Scheme”) for demerger of the Power Products and Transmission Grid Business of STL into SPTL

- 2. How many shares of Sterlite Power Transmission Limited will the Eligible Members receive pursuant to demerger?**

Shares will be received based on the share entitlement ratio and the option selected by the Eligible Member as described below:

1 (one) fully paid Equity Share of Rs 2 (Rupees two) each at a premium of Rs 110.30 (Rupees One hundred ten and thirty paise) per share of the Sterlite Power Transmission Limited for every 5 (five) fully paid up equity shares of Rs 2 (Rupees two) each of the Sterlite Technologies Limited

(In case the Eligible Members opt for Resulting Company Equity Shares, the said Resulting Company Equity Shares will be allotted to a Merchant Banker (Category-I) registered with the SEBI on behalf of the Eligible Members. These shares will be then sold by the Merchant Banker to the Purchaser-Equity at price of Rs 112.30 per share and consideration, after withholding applicable taxes, will be remitted to Eligible Member within 7 business days from receipt of consideration by Merchant Banker.)

OR

1 (one) fully paid-up Redeemable Preference Share (RPS) of Rs 2 (Rupees two) each at a premium of Rs 110.30 (Rupees One hundred ten and thirty paise) per redeemable preference share of Sterlite Power Transmission Limited for every 5 (five) fully paid equity shares of Rs 2 (Rupees two) each of the Sterlite Technologies Limited

(Where the Eligible Member chooses to receive RPS of SPTL, the Eligible Member shall have an option to sell the said RPS's to the persons identified by the promoters in accordance with the Scheme and as described in the Election Notice, at a price of Rs. 112.30 per RPS).

3. If the Eligible Member chooses RPS of SPTL as consideration, when will the RPS be redeemed and what will be the value of redemption?

The RPS will be listed on the BSE Limited and the National Stock Exchange of India Limited. Further, the RPS will be redeemed at the expiry of 18 months from the date of allotment thereof at a price of Rs 123.55 per redeemable preference share

In the alternative, the Eligible Member also has an option to sell the RPS immediately to Purchaser – RPS at a price of Rs 112.30 per RPS

4. What is the procedure to be followed by Eligible Members to exercise the option available to them under the Scheme?

Eligible Members are requested to complete the Form of Acceptance and submit the same together with such other documents as may be required to the Registrar at any of the collection centers mentioned in the Election Notice, by way of hand delivery or through the enclosed Business Reply Envelope. Eligible Members may please refer to the "Instructions" while completing the Form of Acceptance.

Where an Eligible Member does not receive the Form of Acceptance, the Shareholder may download the same from the website of the Company at www.sterlitetechnologies.com and also from the website of the Registrar at www.karisma.karvy.com

5. What is the last date by which Eligible Member should exercise the option available to them under the Scheme?

Eligible Members will have to deliver the relevant documents as applicable and as mentioned in the Form of Acceptance at the Registrar's office by hand-delivery at the collection centres (mentioned in the Election notice) of the Registrar between 10.00 a.m. and 5.00 p.m. on any Business Day during the Election Period (i.e from June 27, 2016 to August 8, 2016) or by post using business reply envelope. The documents SHALL NOT be sent to the Company.

6. What are the documents required to be enclosed along with the Form of Acceptance for exercising the option available to Eligible Members under the Scheme?

*Documents required to be submitted by Eligible Members alongwith executed Form of acceptance are listed as below. The tax treatment depends on the submission of relevant documents as provided under heading "**Tax Certification Foreign Institutional Investors ("FIIs")**" of Form of Acceptance by the eligible members and applicable provisions of Income Tax Act, 1961.*

- *Self Attested Copy of Permanent Account Number (PAN) Letter / PAN Card*
- *Self attested Copy of the FII registration (including sub-account registration) certificate issued by Securities and Exchange Board of India*
- *FII Certificate (self-attested declaration certifying the nature of income arising from the sale of Equity Shares, whether capital gains or otherwise)*
- *If the Equity shares / RPS are held on Investment / Capital Account and for more than 24 months, in order to avail benefit of NIL withholding under section*

196(D) of the Income Tax Act, 1961, a certificate from Chartered Accountant certifying the same alongwith proof of investment.

- Original No objection certificate / Tax clearance certificate from income tax authorities issued under Section 195(3) or under Section 197 of the Income Tax Act, 1961
- Self attested copy of the tax residency certificate issued by the tax authorities of the country of residence as applicable
- Self attested copy of declaration of not having permanent establishment in India in case income is business income and the non resident chooses to take benefit under the relevant Double Tax Avoidance Agreement.
- Previous RBI approvals for holding the Equity Shares
- Securities transfer form (in case eligible member has selected RPS option).

7. What are the implications if Eligible Member has not exercised or fails to exercise the option during the election period as mentioned in the Election Notice?

In case where Eligible Member fails to exercise the option during the specified period as mentioned in the Election Notice, such Eligible Members will be issued SPTL Equity shares as mentioned in Clause 11.5 of Scheme

8. If eligible member choose equity shares of SPTL as consideration, whether such equity shares will be listed?

The Equity shares of SPTL will not be listed on the stock exchange

9. When will the eligible member receive consideration if they choose RPS with exit option?

The Purchaser – RPS will remit the consideration, after withholding applicable tax (if any), to the existing shareholders within 7 business days from receipt of Redeemable Preference Shares by Purchaser – RPS.

10. What will be the tax cost of equity shares / RPS received in SPTL in the hands of eligible members on demerger of STL?

For the purpose of determining the post demerger cost of acquisition of equity share of STL and Resulting Company Equity Shares under the Income Tax Act, 1961 the Eligible Members are advised to apportion their pre demerger cost of acquisition of equity shares of STL in the following manner :

Particulars	% of cost of acquisition of STL shares
Equity shares of STL	54.47%
Equity shares/ Redeemable preference shares of SPTL	45.53%
Total	100%

11. Whether any tax will be deducted at source while making payment under the RPS exit option to FIs?

*If the shares are held by Eligible Members as investment or on capital account and such Eligible Members furnish a chartered accountants certificate certifying that the shares are held on investment / capital account, tax will not be deducted at source
In case the Eligible Member fails to certify as above, tax will be deducted at the applicable tax rates unless documents related to “Lower Tax Deduction” or “DTAA” are provided as mentioned in the Election Notice.*