



STERLITE TECHNOLOGIES LIMITED

(CIN: L31300MH2000PLC269261)

Registered Office: E1, MIDC Area, Waluj, Aurangabad – 431136, Maharashtra

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COURT CONVENED MEETING OF THE SECURED CREDITORS OF STERLITE TECHNOLOGIES LIMITED

Day	: Tuesday
Date	: December 15, 2015
Time	: 12.00 noon
Venue	: Sterlite Technologies Limited, Centre Of Excellence, E1, MIDC Area, Waluj, Aurangabad - 431 136.

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**IN THE HIGH COURT OF JUDICATURE AT BOMBAY
ORDINARY ORIGINAL CIVIL JURISDICTION
COMPANY SUMMONS FOR DIRECTION NO 844 OF 2015**

In the matter of the Companies Act, 1956;

And

In the matter of Sections 391 to 394 read with Sections 100 to 103 of the Companies Act 1956, and Section 52 of the Companies Act 2013;

And

In the matter of the Scheme of Arrangement under sections 391 to 394 read with Sections 100 to 103 of the Companies Act 1956 and Section 52 of the Companies Act 2013 between Sterlite Technologies Limited and Sterlite Power Transmission Limited and their respective shareholders and the creditors

Sterlite Technologies Limited)	
CIN No L31300MH2000PLC269261)	
a company incorporated under the)	
Companies Act, 1956 and having its)	
registered office at E1, MIDC Area,)	
Waluj, Aurangabad – 431 136,)	
Maharashtra)	Applicant Company

NOTICE CONVENING THE MEETING OF THE SECURED CREDITORS OF THE APPLICANT COMPANY

To,

The Secured Creditors of Sterlite Technologies Limited ("Applicant Company"):

TAKE NOTICE that by an Order made on 30 October, 2015, in the abovementioned Company Summons for Direction, the Hon'ble High Court of Judicature at Bombay has directed that a meeting of the Secured Creditors of the Applicant Company, be convened and held on Tuesday, 15 December, 2015 at 12.00 noon at Sterlite Technologies Limited, Centre Of Excellence, E1, MIDC Area, Waluj, Aurangabad – 431 136 , for the purpose of considering, and if thought fit, approving, with or without modification(s), the proposed resolution to transact the following special business:

To consider and, if thought fit, approve with or without modification(s), the following Resolution under Sections 391 to 394 of the Companies Act 1956 read with Section 52 of the Companies Act 2013, Sections 100 to 103 of the Companies Act 1956 for approval of the proposed Scheme of Arrangement in the nature of demerger of the Power Products and Transmission Grid Business of the Applicant Company ("**Demerged Company**") and its transfer to Sterlite Power Transmission Limited ("**Resulting Company**"):

"RESOLVED THAT pursuant to the provisions of Sections 391 to 394 read with Section 52 of the Companies Act 2013, Sections 100 to 103 of the Companies Act 1956 and other applicable provisions, if any, of the Companies Act 1956 and subject to the approval of the Hon'ble High Court of Judicature at Bombay and subject to such other approvals, permissions and sanctions of regulatory and other authorities, as may be necessary and subject to such conditions and modifications as may be prescribed or imposed by the Hon'ble High Court of Judicature at Bombay or by any regulatory or other authorities, while granting such consents, approvals and permissions, which may be agreed to by the Board of Directors (hereinafter referred to as the "Board", which term shall be deemed to mean and include one or more Committee(s) constituted/to be constituted by the Board or person(s) authorised by the Board/Committee to exercise its powers including the powers conferred by this Resolution), the proposed Scheme of Arrangement between Sterlite Technologies Limited and Sterlite Power Transmission Limited and their respective shareholders and the creditors ("**Scheme**") placed before this meeting and initialed by the Chairman of the meeting for the purpose of identification, be and is hereby approved.

RESOLVED FURTHER THAT the Board be and is hereby authorized to do all such acts, deeds, matters and things, as may be considered requisite, desirable, appropriate or necessary to give effect to this resolution and effectively implement the arrangements embodied in the Scheme and to accept such modifications, amendments, limitations and/or conditions, if any, which may be required and/or imposed by the Hon'ble High Court of Judicature at Bombay while sanctioning the Scheme or by any authorities under law, or as may be required for the

purpose of resolving any doubts or difficulties that may arise in giving effect to the Scheme, as the Board may deem fit and proper.”

TAKE FURTHER NOTICE that in pursuance of the said Order and as directed therein, a meeting of the Secured Creditors of the Applicant Company, will be held on Tuesday, 15 December, 2015 at 12.00 noon at Sterlite Technologies Limited, Centre Of Excellence, E1, MIDC Area, Waluj, Aurangabad – 431 136 at which day, date, time and place you are requested to attend.

TAKE FURTHER NOTICE that you may attend and vote at the said meeting in person or by proxy provided that a proxy in the prescribed form, duly signed by you or your authorised representative, is deposited at the Registered Office of the Applicant Company at E1, MIDC Area, Waluj, Aurangabad – 431136, not later than 48 hours before the time of the aforesaid meeting.

The Hon’ble High Court has appointed Mr Arun Lalchand Tadarwal, Independent Director of the Applicant Company, failing him, Mr Allam Pallam Ramakrishnan Narayanaswamy, Independent Director of the Applicant Company, failing him, Mr Anupam Krishna Murari Jindal, Chief Financial Officer of the Applicant Company to be the Chairman of the said meeting.

A copy of the Scheme, the Explanatory Statement under Section 393 of the Companies Act 1956, Observation letters issued by Stock Exchanges, Fairness Opinion, Complaint’s Report, Form of Proxy and Attendance Slip are enclosed.

Sd/-

Arun Tadarwal

Chairman appointed for the meeting

Date : November 7, 2015

Place : Mumbai

CIN : L31300MH2000PLC269261

Registered office:

E1, MIDC Area, Waluj, Aurangabad – 431 136

Notes:

1. All alterations made in the Form of Proxy should be initialed. Creditors attending the meeting are requested to bring duly filled attendance slips.
2. Only Secured Creditors of the Applicant Company may attend and vote (either in person or by proxy or by Authorised Representative under Section 113 of the Companies Act, 2013) at the Secured Creditors’ meeting. The Authorised Representative of a body corporate which is a Secured Creditor of the Applicant Company may attend and vote at the Secured Creditors’ meeting provided a certified true copy of the resolution of the Board of Directors under Section 113 of the Companies Act, 2013 or other governing body of the body corporate authorizing such representative to attend and vote at the Secured Creditors’ meeting is deposited at the Registered Office of the Applicant Company not later than 48 hours before the meeting.
3. The Notice is being sent to all the Secured Creditors whose names appeared in the books of the Applicant Company as on 30 October 2015. This notice of the Court Convened Meeting of the Secured Creditors of the Applicant Company is also displayed / posted on the websites of the Applicant Company (at <https://www.sterlitetechnologies.com/>).
4. The queries, if any, related to the Scheme should be sent to the Company in the name of Company Secretary or Chief Financial Officer at its Registered Office in such a way that the Company will receive the same at least 7 (seven) days before the meeting.

Encl: As above

**IN THE HIGH COURT OF JUDICATURE AT BOMBAY
ORDINARY ORIGINAL CIVIL JURISDICTION
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In the matter of the Scheme of Arrangement under sections 391 to 394 read
with Sections 100 to 103 of the Companies Act 1956 and Section 52 of the
Companies Act 2013 between Sterlite Technologies Limited and Sterlite Power
Transmission Limited and their respective shareholders and the creditors

Sterlite Technologies Limited)	
CIN No L31300MH2000PLC269261)	
a company incorporated under the)	
Companies Act, 1956 and having its)	
registered office at E1, MIDC Area,)	
Waluj, Aurangabad – 431 136,)	
Maharashtra)	Applicant Company

**EXPLANATORY STATEMENT UNDER SECTION 393 OF THE COMPANIES ACT, 1956 TO THE NOTICE OF THE COURT CONVENED
MEETING OF THE SECURED CREDITORS OF STERLITE TECHNOLOGIES LIMITED**

In this statement Sterlite Technologies Limited is referred to as the “Applicant Company” or “Demerged Company” and Sterlite Power Transmission Limited is referred to as the “Resulting Company”. The other definitions contained in the enclosed Scheme of Arrangement (“Scheme”) will apply to this Explanatory Statement. The following statement as required under Section 393 of the Companies Act, 1956 sets forth the details of the proposed Scheme, its effects and, in particular any material interests of the directors and key managerial personnel in their capacity as members.

1. This is a statement accompanying the Notice convening the meeting of the Secured Creditors of the Applicant Company, pursuant to an Order dated 30 October 2015 passed by the Hon’ble High Court of Judicature at Bombay in the Company Summons for Direction referred to hereinabove, to be held on Tuesday, 15 December 2015 at 12.00 noon at Sterlite Technologies Limited, Centre Of Excellence, E1, MIDC Area, Waluj, Aurangabad – 431 136 for the purpose of considering and, if thought fit, approving with or without modification(s), the demerger of the Power Products and Transmission Grid Business of the Applicant Company (“**Demerged Undertaking**”) and its transfer to the Resulting Company, as embodied in the Scheme of Arrangement between the Applicant Company, the Resulting Company and their respective shareholders and creditors (“**Scheme**”). A copy of the Scheme setting out in detail terms and conditions of the Scheme is attached to this Explanatory Statement.

2. BACKGROUND OF THE COMPANIES:

2.1 Sterlite Technologies Limited

a) The Applicant Company is a listed public company. It was incorporated on 24 March 2000, under the name “Sterlite Telecom Systems Limited” under the Companies Act 1956, and the Registrar of Companies, Maharashtra, Mumbai issued a certificate of incorporation dated 24 March 2000. The name of the Applicant Company was thereafter changed from “Sterlite Telecom Systems Limited” to “Sterlite Optical Technologies Limited” and the Registrar of Companies, Maharashtra, Mumbai, issued a fresh certificate of incorporation consequent on change of name dated 21 August 2000. The name of the Applicant Company was thereafter further changed from “Sterlite Optical Technologies Limited” to “Sterlite Technologies Limited” and the Registrar of Companies, Maharashtra, Mumbai, issued a fresh certificate of incorporation consequent on change of name dated 25 August 2007.

- b) The registered office of the Applicant Company is situated in the State of Maharashtra at E1, MIDC Area, Waluj, Aurangabad – 431 136.
- c) The share capital of the Applicant Company as on 31st March, 2015 is as under:

PARTICULARS	AMOUNT (Rs)
AUTHORISED SHARE CAPITAL	
75,00,00,000 equity shares of ₹ 2 each	150,00,00,000
SUBSCRIBED, ISSUED AND PAID-UP SHARE CAPITAL	
39,40,59,001 fully paid up equity shares of ₹ 2 each	78,81,18,002

- d) The Equity Shares of the Applicant Company are listed on BSE Limited (hereinafter referred to as “BSE”) and National Stock Exchange of India Limited (hereinafter referred to as “NSE”) and its Global Depository Receipts (hereinafter referred to as “GDRs”) are not listed on any stock exchange.

The issued and paid-up share capital includes 85,550 (Eighty five thousand five hundred fifty) equity shares represented by 85,550 (Eighty five thousand five hundred fifty) GDRs of the Applicant Company as on 31 March 2015.

After 28 August 2015, there has been no change in the above share capital of the Applicant Company.

- e) The main objects of the Applicant Company as set out in its Memorandum of Association are as under:

III.(A) The objects, inter alia, for which the Applicant Company is established are:

- To carry on the business of manufacture, trade, sale, import, export or otherwise deal in all kinds, classes and varieties of telecommunication cables, jelly filled cables, dry core cables, coaxiable cables, optical fiber cables, Switch Board Cables, Optical fibers, jumper wires, telephone handset cords, electrical wires and other suitable alike cables and wires, telegraph, wireless, telephone and telecommunications company and for this purpose to establish, operate, maintain, manage, work, repair telephone exchanges, public switched telephone network cables communication station, radio and television receiving stations, satellites, telecommunications network, to install sell, hire, license, lease telephones or any other instruments, appliances, apparatus used for transmission or reception of messages, signs and signals.*
- To carry on the business of manufacture, design, developments, engineering, marketing, import and export, purchase, sales transfer, lease, maintain, repair, operation, transmission, consultancy, management contracting, execution, technical and educational services, licensing, franchising, distribution, agency or otherwise deal in hardware & software including intellectual property, computing and processing machines, systems, processes, equipments, apparatus, appliances, and other articles whether electronic, electric, mechanical, digital, telephonic, satellite, wireless or otherwise relating to Telecommunication, information technology, informatics and allied activities.*
- To carry on the business of Internet Services provider and other value added services, Setup Telecom Infrastructure for Broadband Networks, Telecom Bandwidth buying and reselling providing ASP's (Application Software Package) for E-Commerce, B2B, B2C Application, carry out E-Commerce activities, franchise operations for Telecom/Internet Services Providers and similar Activities.*

III.(B) The Objects Incidental or Ancillary to the Attainment of the Main Objects:

- To amalgamate with any other company or companies whether by sales or purchases or otherwise.*
 - To sell or dispose of the undertaking of the company or any part thereof for such conditions as the company may think fit and in particulars for shares, debentures or securities of any other company having objects altogether or in part similar to those of the company.”*
- f) The Applicant Company is presently engaged in the business, inter alia, of manufacturing optical fiber and optical fiber cables, power conductors and high voltage and extra high voltage power cables and providing turnkey transmission solutions for the telecom and power industries in addition to participating in the creation of power transmission infrastructure across the country.

2.2 Sterlite Power Transmission Limited

- (a) The Resulting Company is an unlisted public company. It was incorporated on 5 May 2015, under the provisions of the Companies Act 2013, and the Registrar of Companies, Gujarat, Dadra and Nagar Haveli issued a certificate of incorporation on 5 May 2015.

(b) The registered office of the Resulting Company is situated in the State of Maharashtra at 4th Floor, Godrej Millennium, 9 Koregaon Road, Pune – 411001, Maharashtra.

(c) The share capital of the Resulting Company as on 7 July 2015 is as under:

Particulars	Amount (₹)
Authorized Capital	
8,00,00,000 equity shares of ₹ 2 each and 3,60,00,000 redeemable preference shares of ₹ 2 each	23,20,00,000
Subscribed, Issued and Paid-Up Share Capital	
2,50,000 fully paid up equity shares of ₹ 2 each	5,00,000

(d) The entire share capital of the Resulting Company as at the date hereof is held by the Applicant Company and its nominees and hence Resulting Company is a wholly-owned subsidiary of the Applicant Company. After 7 July 2015, there has been no change in the above share capital of the Resulting Company.

(e) The main objects of the Resulting Company as set out in its Memorandum of Association are as under:

“3(a) The objects to be pursued by the Company on its incorporation are:

To carry on the business of design, planning, building, development, engineering, erecting, marketing, import, export, purchase, sale, transfer, lease, assemble, install, commission, maintain, repair, operation, trading, transmission, manufacture, investment, investigation, research, contracting, sub-contracting, licensing, franchising, agency, execution, technical & education services, management, dealings related to power transmission towers, antennae, transmitters, insulators, conductors, cables, wires and/or all kinds of equipment, systems, apparatus, appliances or any other articles whether electronic, electric, mechanical, digital, telephonic, satellite, wireless required in, transmission, storage of power, electricity and/or undertake turn-key contracts, projects, arrangement for erecting power distribution network, energy conservation projects and/or to carry on the business of transmission, distribution, supply, storage, trade in power and/or electricity by conventional and/or nonconventional methods and/or to do all the ancillary, related or connected activities as may be considered necessary or beneficial or desirable for or along with any or all of the aforesaid purposes and/or to acquire or invest or form joint venture in companies/entities who are carrying out any of the aforesaid activities.

3(b) Matters which are necessary for furtherance of the Objects specified in Clause 3rd(a) are:

26. To amalgamate, enter into partnership, joint venture, foreign collaboration for exports and capital goods or enter into any arrangement for sharing profits or losses, union or interests, co-operation or reciprocal concession or for limiting competition with any person or Company on or engaged in, or about to engage in or engaged in similar business or transaction which the Company is authorised to engage in or engaged, or which can be carried on in conjunction therewith, and to accept by way of consideration of any of the acts or things aforesaid or property acquired, any shares, debentures, stock for securities that may be agreed upon, and to hold and retain or sell, mortgage and deal with any shares, debentures, debenture stock or securities so received and to acquire or invest in companies/entities who are carrying out any of the aforesaid activities.”

(f) The Resulting Company is presently engaged in the business, inter alia, manufacturing of power transmission products such as power conductors and high voltage and extra high voltage cables, providing turnkey solutions for power industries and participating in the creation of power transmission infrastructure across the country.

3. BACKGROUND OF THE SCHEME

3.1 The Scheme of Arrangement provides for the demerger of the Power Products and Transmission Grid Business of Sterlite Technologies Limited (the “**Demerged Company**”), into Sterlite Power Transmission Limited (the “**Resulting Company**”), pursuant to the applicable provisions of the Act and/or any other Applicable Laws (“**Demerger**”).

3.2 As a consideration for the Demerger, the Resulting Company will, issue and allot securities to all the shareholders of the Demerged Company for the transfer of the Demerged Undertaking in proportion of their shareholding in the Demerged Company. Simultaneously with issuance of securities, in the books of the Resulting Company, all the equity shares issued by the Resulting Company to the Demerged Company shall stand cancelled, extinguished and annulled on and from the Effective Date

4. RATIONALE OF THE SCHEME

- 4.1 The nature of risk and competition inherent in each of the telecom and Power Products and Transmission Grid Business is distinct, since both are subject to distinct business cycle and operate inter alia, under different regulations and market structure, necessitating different management approaches and focus. Moreover, the capital intensity and return profiles of these business are very different and do not enjoy material synergistic benefits from being housed together. Further, both business have now reached a meaningful scale and will be able to benefit by becoming independently focused businesses.
- 4.2 Thus, separation of the Power Products and Transmission Grid Business together with its business, undertakings and investments (including the investment of the Demerged Company in power transmission infrastructure companies) as a going concern, pursuant to the scheme of arrangement, from the Demerged Company would lead to significant benefits for both businesses including:
- (i) allowing each business to create a strong and distinct platform which enables greater flexibility to pursue long-term objectives;
 - (ii) enabling accelerated growth of the telecom business and allowing the power business to explore suitable strategies to fund its growth plans;
 - (iii) offering shareholders a clear focussed investment opportunity in the telecom sector and thereby unlocking value of their holding; and
 - (iv) allowing shareholders an option to align with their investment philosophy by continuing to participate in the long term capital intensive power sector if they choose or select available options to fairly and appropriately exit.
- 4.3 With a view to achieve the aforesaid growth potential, the Demerged Company proposes to re-organise and segregate, by way of demerger, the Power Products and Transmission Grid Business together with its business, undertakings and investments (including the investment of the Demerged Company in power transmission infrastructure companies) as a going concern, into the Resulting Company. The restructuring proposed by this Scheme will also provide an opportunity to the investors to select investments which best suit their investment strategies and risk profiles.
- 4.4 The Scheme would be in the best interest of the shareholders, the creditors, the employees and all other stakeholders of the Demerged Company.

5. SALIENT FEATURES OF THE SCHEME:

5.1 The salient features of the Scheme are as follows:

“Appointed Date” means opening business hours of 1 April 2015.

“Effective Date” means the last of the dates on which the certified copy or authenticated copy of the order of the High Court sanctioning the Scheme is filed with the Registrar of Companies by the Demerged Company and the Resulting Company. Reference in this Scheme to the date of **“coming into effect of this Scheme”** or **“effectiveness of this Scheme”** shall mean the Effective Date.

“Record Date” means the date to be fixed by the board of directors of the Resulting Company in consultation with the Demerged Company for the purpose of reckoning names of the equity shareholders of the Demerged Company, who shall be entitled to receive Securities of the Resulting Company upon coming into effect of this Scheme as specified in Clause 10 of the Scheme and in terms of the Listing Agreement.

“Demerged Undertaking” means and include all the business, undertakings, properties, investments and liabilities of whatsoever nature and kind and wheresoever situated, of the Demerged Company, in relation to and pertaining to the Power Products and Transmission Grid Business on a going concern basis, together with all its assets and liabilities and shall mean and include (without limitation):

- a) all the movable and immovable properties including plant and machinery, equipment, furniture, fixtures, vehicles, stocks and inventory, leasehold assets and other properties, real, corporeal and incorporeal, in possession or reversion, present and contingent assets (whether tangible or intangible) of whatsoever nature in relation to the Power Products and Transmission Grid Business, investments in the share capital of the power transmission and infrastructure companies including Sterlite Power Grid Ventures Limited and its step down subsidiaries, powers, authorities, allotments, approvals, consents, letters of intent, registrations, contracts, engagements, arrangements, settlements, rights, credits, titles, interests, benefits, advantages, leasehold rights, sub-letting tenancy rights, with or without the consent of the lessor/ landlord as may be required by law, goodwill, other intangibles, industrial and other licenses, permits, authorizations, import quotas and other quota rights, right to use and avail of telephones, telex, facsimile and other communication facilities, connections, installations and equipment, utilities, electricity and electronic and all other services of every kind, nature and description whatsoever, provisions, funds and benefits of all agreements, arrangements, deposits, advances, recoverable and receivables, whether from government, semi-

government, local authorities or any other person including customers, contractors or other counter parties, etc., all earnest monies and/or deposits, privileges, liberties, easements, advantages, benefits, exemptions, licenses, privileges concerning the Power Products and Transmission Grid Business and approvals of whatsoever nature (including but not limited to benefits of all tax holiday, tax relief including under the Income Tax Act, 1961 such as credit for advance tax, taxes deducted at source, brought forward accumulated tax losses, unabsorbed depreciation, etc.) and wheresoever situated, belonging to or in the ownership, power or possession or control of or vested in or granted in favour of or enjoyed by the Demerged Company in relation to the Power Products and Transmission Grid Business as on the Appointed Date;

- b) all the debts, borrowings, obligations and liabilities, whether present or future, whether secured or unsecured, of the Demerged Company in relation to the Power Products and Transmission Grid Business as on the Appointed Date comprising of:
 - (i) all the debts, duties, obligations and liabilities, including contingent liabilities which arise out of the activities or operations of the Demerged Company in relation to the Power Products and Transmission Grid Business and all other debts, liabilities, duties, and obligations of the Demerged Company relating to the Demerged Undertaking which may accrue or arise after the Appointed Date but which related to the period up to the day of immediately preceding the Appointed Date;
 - (ii) the specific loans and borrowings raised, incurred and utilised solely for the activities and operations of Demerged Company in relation to the Power Products and Transmission Grid Business; and
 - (iii) liabilities other than those referred to in sub-clauses (i) and (ii) above and not directly relatable to the Power Products and Transmission Grid Business, being the amounts of any general or multipurpose borrowings of Demerged Company as stand in the same proportion which the value of assets transferred (under this para) of Power Products and Transmission Grid Business bears to the total value of the assets of the Demerged Company immediately before the Appointed Date;
- c) all intellectual property rights, including trademarks, trade names and the goodwill associated therewith, patents, patent rights, copyrights and other industrial designs and intellectual properties and rights of any nature whatsoever including know-how, or any applications for the above, assignments and grants in respect thereof of the Demerged Company in relation to the Power Products and Transmission Grid Business as on the Appointed Date;
- d) all books, records, files, papers, engineering and process information, records of standard operating procedures, computer programmes along with their licenses, drawings, manuals, data, catalogues, quotations, sales and advertising materials, lists of present and former customers and suppliers, customer credit information, customer pricing information and other records whether in physical or electronic form, in connection with or relating to the Power Products and Transmission Grid Business of the Demerged Company as on the Appointed Date;
- e) all employees of the Demerged Company engaged in the Power Products and Transmission Grid Business; and
- f) any question that may arise as to whether a specific asset (tangible or intangible) or any liability pertains or does not pertain to the Power Products and Transmission Grid Business or whether it arises out of the activities or operations of the Power Products and Transmission Grid Business or not, shall be decided by the Board of the Demerged Company or any committee thereof.

“Eligible Member” means the equity shareholder of the Demerged Company whose name is recorded in the register of members and records of the depositary as a member of the Demerged Company on the Record Date.

4. Transfer of Assets

- 4.1 With effect from the Appointed Date and upon coming into effect of this Scheme, the Demerged Undertaking (including all the estate, assets, rights, claims, title, interest and authorities including accretions and appurtenances of the Demerged Undertaking) shall, pursuant to the provisions of Sections 391 to 394 of the Act and all other provisions of the Act and Section 2(19AA) of the Income Tax Act, 1961, and without any further act, deed, matter or thing be demerged from the Demerged Company and be and stand transferred to and vested in or shall be deemed to be transferred to and vested in the Resulting Company on a going concern basis such that all the properties, assets, rights, claims, title, interest, authorities, investments and liabilities comprised in the Demerged Undertaking immediately before the Demerger shall automatically, and without any other order to this effect, become the properties, assets, rights, claims, title, interest, authorities, investments and liabilities of the Resulting Company simply by virtue of approval of the Scheme and in the manner provided in this Scheme with effect from the Effective Date.
- 4.4 With effect from the Appointed Date, all consents, permissions, licenses, certificates, insurance covers, clearances, authorities, powers of attorney given by, issued to or executed in favour of the Demerged Company in relation to the Demerged Undertaking shall stand vested in or transferred automatically to the Resulting Company without any further act or deed and shall be appropriately mutated by the authorities concerned therewith in favour of the Resulting Company as if the same were originally given by, issued to or executed in favour of the Resulting Company and Resulting Company shall be bound by the terms thereof, the obligations and duties

thereunder and the rights and benefits under the same shall be available to the Resulting Company. The benefit of all statutory and regulatory permissions including the statutory or other licenses, tax registrations, permits, permissions or approvals or consents required to carry on the operations of the Demerged Undertaking shall automatically and without any other order to this effect, vest into and become available to the Resulting Company pursuant to this Scheme.

5. Transfer of Liabilities

- 5.1 With effect from the Appointed Date and upon coming into effect of this Scheme, all loans raised and utilized and all debts, duties, undertakings, liabilities and contingent liabilities and all other debts, liabilities, duties, and obligations of the Demerged Company relating to the Demerged Undertaking which may accrue or arise after the Appointed Date but which related to the period up to the day of immediately preceding the Appointed Date, if any, whether quantified or not and obligations incurred or undertaken by the Demerged Company in relation to or in connection with the Demerged Undertaking as on the Appointed Date shall pursuant to the sanction of the Scheme by the High Court and under the provisions of Sections 391 to 394 and other applicable provisions of the Act, without any further act, instrument or deed being required, be and shall stand automatically transferred to and vested in or be deemed to have been transferred to and vested in the Resulting Company to the extent that they may be outstanding as on the Appointed Date and shall become the debt, duties, undertakings, liabilities and obligations of the Resulting Company on the same terms and conditions as were applicable to the Demerged Company and further that it shall not be necessary to obtain the consent of any third party or other person who is a party to any contract or arrangement by virtue of which such liabilities have arisen in order to give effect to the provisions of this Clause 5.

6. Contracts, Deeds, etc.

- 6.1 Subject to the other provisions of this Scheme and upon coming into effect of this Scheme and with effect from the Effective Date, all contracts, deeds, bonds, agreements, settlements, indemnities, arrangements, licenses, engagements and other instruments, if any, of whatsoever nature in relation to the Demerged Undertaking, to which the Demerged Company is a party or to the benefit of which the Demerged Company is eligible and which are subsisting or having effect immediately before the Effective Date, shall remain in full force and effect automatically against or in favour of the Resulting Company, as the case may be, and shall be binding on and be enforceable by or against the Resulting Company as fully and effectually as if, instead of the Demerged Company, the Resulting Company had been originally a party or beneficiary or obligee thereto or thereunder.

7. Employees

- 7.1 Upon coming into effect of this Scheme:
- a) All employees of the Demerged Company engaged in or in relation to the Demerged Undertaking and who are in such employment as on the Effective Date shall be transferred to and become the employees of the Resulting Company with effect from the Effective Date (the “**Transferred Employees**”) on the same terms and conditions of employment on which they are engaged by the Demerged Company without any break or interruption in service for the purpose of calculating retirement benefits. The Resulting Company undertakes to continue to abide by any agreement/settlement entered into by the Demerged Company with any union/employee of the Demerged Company in relation to the Transferred Employees.

9. Legal Proceedings

- 9.1 Upon coming into effect of this Scheme, all suits, actions, administrative proceedings, tribunals proceedings, show cause cases, demands and legal proceedings of whatsoever nature by or against the Demerged Company pending and/or arising on or before the Appointed Date or which may be instituted any time thereafter and in each case relating to the Demerged Undertaking shall not abate or be discontinued or be in any way prejudicially affected by reason of the Scheme or by anything contained in this Scheme but shall be continued and be enforced by or against the Resulting Company with effect from the Appointed Date in the same manner and to the same extent as would or might have been continued and enforced by or against the Demerged Company. Except, as otherwise provided herein, the Demerged Company shall in no event be responsible or liable in relation to any such legal or other proceedings that stand transferred to the Resulting Company. The Resulting Company shall be replaced/added as party to such proceedings and shall prosecute or defend such proceedings at its own cost, in cooperation with the Demerged Company and the liability of the Demerged Company shall consequently stand nullified.

10. Consideration

- 10.1 Upon the Scheme becoming effective and in consideration of the demerger and hiving off including the transfer and vesting of the Demerged Undertaking in the Resulting Company, the Resulting Company shall at the election of an Eligible Members being resident, by way of delivering the Election Notice in accordance with Clause 11 of the Scheme, issue and allot to such Eligible Member, either:
- (a) (one) fully paid equity share of Rs 2 (Rupees two) each of the Resulting Company (“**Resulting Company Equity Share**”) for every 5 (five) fully paid up equity shares of Rs 2 (Rupees two) each of the Demerged Company held by the said Eligible Member; or

- (b) 1 (one) fully paid-up redeemable preference share of ₹ 2 (Rupees two) each at a premium of ₹ 110.30 (Rupees One hundred ten and thirty paise) per redeemable preference share (the terms of which are provided in Para 5.4(f) below) in the Resulting Company (the “**Redeemable Preference Share**”) for every 5 (five) fully paid equity shares of ₹ 2 (Rupees two) each of the Demerged Company held by the said Eligible Member, with the option of seeking voluntary exit in accordance with Para 5.6(a) of this notice.
- 10.2 In view of the provisions of Applicable Laws (which does not permit the issuance of Redeemable Preference Shares to non-residents), in consideration of the Demerger, such Eligible Members who are non-resident (including Depository in respect of the equity shares of the Demerged Company underlying the Demerged Company GDRs but other than FIIs) shall be issued and allotted 1 (one) Resulting Company Equity Share for every 5 (five) fully paid up equity shares of ₹ 2 (Rupees two) each of the Demerged Company held by them on the Record Date. All such Resulting Company Equity Shares shall, subject to Applicable Law, be purchased by the promoters of the Demerged Company and/or their affiliates or any other person and/or entity identified by them, in the manner as stated in Para 5.6(b) of this notice.
- 10.3 In view of provisions of Applicable Laws, the Resulting Company shall, in consideration of the Demerger, subject to receipt of the approval of the Appropriate Authority including RBI and SEBI, and fulfilment of such other conditions including declarations and undertakings as may be required and/or prescribed by the Appropriate Authority under Applicable Laws, at the election of Eligible Members being FII, by way of delivering the Election Notice in accordance with Clause 11 of the Scheme, issue and allot to such Eligible Members; either:
- (a) 1 (one) Redeemable Preference Share for every 5 (five) fully paid up equity shares of ₹ 2 (Rupees two) each of the Demerged Company held by them on the Record Date; or
- (b) 1 (one) Resulting Company Equity Share for every 5 (five) fully paid up equity shares of ₹ 2 (Rupees two) each of the Demerged Company held by them on the Record Date which shall be compulsorily purchased by the promoters of the Demerged Company and/or their affiliates or any other person and/or entity identified by them, in the manner as stated in Para 5.6(b) of this notice.
- 10.4 In the event, approvals from the Appropriate Authority as stated in Para 5.4(c) of this notice is not received by the Resulting Company on or before the Effective Date, notwithstanding anything to the contrary contained in the Scheme, the Resulting Company shall compulsorily issue and allot 1 (one) Resulting Company Equity Share for every 5 (five) equity shares of the Demerged Company held by such FIIs on the Record Date. All such Resulting Company Equity Shares issued under this para shall be compulsorily purchased by the promoters of the Demerged Company and/or their affiliates or any other person and/or entity identified by them.
- 10.5 Price Waterhouse & Co. LLP have issued the report on the aforesaid share entitlement ratio adopted under the Scheme. Axis Capital Limited, a Category-I Merchant Banker, has provided its fairness opinion on the aforesaid share entitlement ratio. The aforesaid report on share entitlement ratio and fairness opinion have been duly considered by the Boards of the Demerged Company and the Resulting Company.
- 10.6 **Terms of issue of Redeemable Preference Shares:**
- (a) **Face Value:** The Redeemable Preference Shares shall have a face value of ₹ 2 (Rupees two) per Redeemable Preference Share.
- (b) **Premium on Issue:** The Redeemable Preference Shares shall be issued at a premium of ₹ 110.30 (Rupees One hundred ten and thirty paise) per Redeemable Preference Share.
- (c) **Coupon:** The Redeemable Preference Shares shall, subject to the provisions of the Articles of Association of the Resulting Company and subject to the provisions of the Act, confer on the holders thereof a right to a fixed preferential dividend of 8% (Eight per cent) per annum in priority to the equity shares subject to deduction of taxes at source if applicable.
- (d) **Voting Rights:** The holder of Redeemable Preference Share shall have the right to vote in general meeting of the Resulting Company in accordance with Section 47 of the Act.
- (e) **Redemption:** The Redeemable Preference Shares are redeemable on the expiry of 18 (eighteen) months from the date of allotment thereof. Each Redeemable Preference Share shall be redeemed at a premium of ₹ 123.55 (Rupees One hundred twenty three and fifty five paise) per Redeemable Preference Share.
- (f) **Taxation:** All payments in respect of redemption of Redeemable Preference Share shall be made less any deductions or withholding for or on account of any present or future taxes or duties as required by Applicable Laws.
- (g) **Listing:** The Redeemable Preference Shares shall be listed on a recognised stock exchange.
- (h) **Winding-up:** In the event of winding up of Resulting Company, the holders of Redeemable Preference Shares shall have a right to receive repayment of the capital paid-up and arrears of dividend, whether declared or not, up to the commencement of

winding up, in priority to any payment of capital on the equity shares out of the surplus of Resulting Company but shall not have any further right to participate in the profits or assets of the Resulting Company.

10.14 The Redeemable Preference Shares including those issued under this Scheme shall be listed on a recognised stock exchange. However, the Resulting Company Equity Shares, including those issued in terms of this Clause 10, shall not be listed and/or admitted on any of the stock exchanges in India. The Scheme therefore envisages an exit mechanism as set out in Clause 12 below for the Eligible Members of the Demerged Company. The Resulting Company shall apply for listing of its Redeemable Preference Shares including those issued in terms of this Clause 10 on a recognized stock exchange in terms of the SEBI Circulars.

12. Exit Options

12.1 Exit option to Redeemable Preference Shareholders

- (a) The Eligible Members, who have exercised the exit option available to them under Clause 11.2 of the Scheme; shall sell the Redeemable Preference Shares to the promoters of the Demerged Company and/ or their affiliates or any other person and/or entity identified by them ("**Purchaser- RPS**"), within 30 (thirty) days from the date of allotment of the Redeemable Preference Shares by the Resulting Company at a price of ₹ 112.30 (Rupees One hundred twelve and thirty paise) which includes a premium of ₹ 110.30 (Rupees One hundred ten and thirty paise) per Redeemable Preference Share ("**Purchase Consideration- RPS**") ("**Exit Right/ Event**").
- (b) On occurrence/ exercising of the Exit Right/ Event, the Eligible Members will within 7 (seven) business days from the receipt of the Redeemable Preference Shares, the Purchaser-RPS shall send the Purchase Consideration-RPS by the bankers cheque/ demand draft at the address notified in the Election Notice or as available in the records of the Demerged Company. In the event if the bank details of the Eligible Members are notified with the registrar and transfer agent of the Demerged Company, the Purchaser-RPS may also within 7 (seven) business days of transfer of Redeemable Preference Shares, credit the Purchase Consideration-RPS by e-transfer in the bank accounts of each of the Eligible Member registered with the registrar and transfer agent of the Demerged Company. The stamp duty for the transfer shall be borne by the Purchaser-RPS for the said purpose on a pro rata basis. The Purchaser-RPS shall be deemed to include their nominees or assigns who accepts in totality the terms of the Scheme. Any other liability of including under the Income Tax Act, 1961 shall be borne by the respective parties.

12.2 Exit option to non-resident Resulting Company Equity Shareholders (including Depository and FIIs)

- (a) The Boards of the Demerged Company and the Resulting Company shall cause the promoters of the Demerged Company to appoint a merchant banker (Category-I) registered with the SEBI ("**Merchant Banker**") to act on behalf of and as an agent and trustee of the Eligible Members, being non-residents (including FIIs and the Depository of Demerged Company GDRs) ("**Non Resident Eligible Members**") for the sale and purchase of Resulting Company Equity Shares as stated below.
- (b) Without prejudice to the aforesaid, in the event if (i) the Eligible Members being FIIs (subject to receipt of requisite approvals as set out in Para 5.4(c) of this notice) choose to receive the Resulting Company Equity Shares in accordance with Para 5.6(c)(ii) of this notice; or (ii) all requisite approval set out in Para 5.6(b) or Para 5.6(d) of this notice, as the case maybe, are not received by the Resulting Company as on the Effective Date, the Resulting Company shall for and on behalf of and in trust for the Non-Resident Eligible Members, issue and allot Resulting Company Equity Shares to the Merchant Banker and the Merchant Banker shall for and on behalf of such Non-Resident Eligible Members receive the aforesaid Resulting Company Equity Shares, subject to receipt of necessary regulatory approval, in an on-shore escrow account opened by it with a scheduled commercial bank in India to be determined by and upon terms and conditions acceptable to the Board, for this purpose ("**Escrow Account**") in the manner stated in this Para.
- (c) Immediately upon allotment of Resulting Company Equity Shares to the Merchant Banker, the Merchant Banker shall for and on behalf of the Non-Resident Eligible Members, offer for sale the Resulting Company Equity Shares, issued and allotted to it under the Scheme, for purchase by the promoters of the Demerged Company and/ or their affiliates or any other person and/ or entity identified by them ("**Purchaser-Equity**") within 30 (thirty) days from the date of allotment of the Resulting Company Equity Shares by the Resulting Company at a price of ₹ 112.30 (Rupees One hundred twelve and thirty paise) which includes a premium of ₹ 110.30 (Rupees One hundred ten and thirty paise) per Resulting Company Equity Share ("**Purchase Consideration - Equity**") in the manner set out below.
- (d) Upon receipt of the Resulting Company Equity Shares from the Eligible Members, the Merchant Banker shall on behalf of the Purchaser-Equity, send the Purchase Consideration – Equity by the banker's cheque/demand draft at the address available in the records of the Demerged Company for and on behalf of the Purchaser -Equity. In the event, if the bank details of the Non Resident Eligible Members are notified with the registrar and transfer agent of the Demerged Company, the Merchant Banker may also within 7 (seven) business days, cause the credit of the Purchase Consideration-Equity by e-transfer in the

bank accounts of each of the Non Resident Eligible Members registered with the registrar and transfer agent of the Demerged Company. The Purchaser-Equity shall be deemed to include their nominees or assigns who accepts in totality the terms of the Scheme.

- (e) The said sale for and behalf of Non Resident Eligible Members by the Merchant Banker shall be deemed/ considered to be a sale by the Non Resident Eligible Member. Upon the receipt of Purchaser Consideration – Equity in relation to the aforesaid sale of the Resulting Company Equity Shares, the Merchant Banker shall distribute such proceeds within 7 (seven) business days from receipt of such consideration from the Purchaser- Equity to the Non Resident Eligible Members (after deducting or withholding for or on account of any present or future taxes or duties as required by Applicable Laws), in the same proportion as their entitlements.”

5.2 The Scheme is conditional upon and subject to the approvals and/or sanctions laid down in the Scheme.

Please note that the features set out above are only the salient features of the Scheme. The members are requested to read the entire text of the Scheme annexed hereto to get fully acquainted with the provisions thereof.

6. CAPITAL STRUCTURE PRE AND POST DEMERGER

- (a) Pre and Post Demerger capital structure of the Applicant Company is and will be as follows:

		Pre-Demerger as on 30 September 2015		Post-Demerger	
		No. of Shares	Amount (Rs)	No. of Shares	Amount (Rs)
A.	Authorised Share Capital:				
		75,00,00,000	150,00,00,000	75,00,00,000	150,00,00,000
B.	Subscribed, Issued and Paid-Up Share Capital:				
		39,46,07,399	78,92,14,798	39,46,07,399	78,92,14,798

- (b) Pre and Post Demerger capital structure of the Resulting Company is as follows:

		Pre-Demerger as on 30 September 2015		Post-Demerger	
		No. of Shares	Amount (Rs)	No. of Shares	Amount (Rs)
A.	Authorised Share Capital:				
		11,60,00,000	23,20,00,000	11,64,00,000	23,28,00,000
B.	Subscribed, Issued and Paid-Up Share Capital				
		2,50,000	5,00,000	7,89,21,480	15,78,42,960

7. EXTENT OF SHAREHOLDING OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:

- 7.1 The Directors and Key Managerial Personnel (“KMP”) of the Applicant Company and the Resulting Company or their relatives may be deemed to be concerned and/or interested in the Scheme only to the extent of their shareholding in their respective companies, or to the extent the said directors / KMP are the partners, directors, members of the companies, firms, association of persons, bodies corporate and/or beneficiary of trust that hold shares in any of the companies. Save as aforesaid, none of the directors, managing director or the manager or KMP of the Applicant Company or the Resulting Company has any material interest in the Scheme. The shareholding of the present Directors and KMPs of the Applicant Company and the Resulting Company and their relatives, as on 30 October 2015, is as under:

SHAREHOLDING OF DIRECTORS AND KMP OF APPLICANT COMPANY AND THE RESULTING COMPANY

Name of Director	Shares held in Applicant Company	Shares held in Resulting Company
Sterlite Technologies Limited (Applicant Company)		
Mr. Pravin Agarwal (Director)	6,54,500	1*
Dr. Anand Agarwal (Director)	4,65,520	1*
Mr. Pratik Agarwal (Director)	3,74,640	Nil
Mr. Arun Todarwal (Director)	1,925	Nil
Mr. Anupam Jindal (Chief Financial Officer)	71,900	1*
Mr. Amit Deshpande (Company Secretary)	6,000	Nil
Mrs. Jyoti Agarwal (Relative of Director)	50,000	Nil
Mr. Navin Agarwal (Relative of Director)	2,86,945	Nil
Mr. Ankit Agarwal (Relative of Director)	5,96,471	Nil
Name of Director	Shares held in Applicant Company	Shares held in Resulting Company
Sterlite Power Transmission Limited (Resulting Company)		
Mr. Pravin Agarwal (Director)	6,54,500	1*
Dr. Anand Agarwal (Director)	4,65,520	1*
Mr. Anupam Jindal (Director)	71,900	1*

* The above shareholding is held as a nominee on behalf of Sterlite Technologies Limited, who is a beneficial owner.

8. STOCK EXCHANGE OBSERVATION LETTERS

- 8.1 Pursuant to the circular number CIR/CFD/DIL/5/2013 dated 4th February, 2013 read with circular number CIR/CFD/DIL/8/2013 dated 21 May 2013, both issued by the Securities and Exchange Board of India (“SEBI Circulars”) read with Clause 24(f) of the Listing Agreement, the Applicant Company had filed necessary applications before the Stock Exchanges seeking their no-objection to the Scheme. As required by the Securities and Exchange Board of India (hereinafter referred to as “SEBI”), NSE had filed a copy of the Scheme along with other documents with SEBI.
- 8.2 NSE and BSE, vide their respective letters, both dated 28 August 2015, had provided their observations on the Scheme and had raised certain concerns including:
- (i) the Scheme of Arrangement in its current form is resulting in partial delisting of a listed company and will be detrimental to the public shareholders of the Applicant Company as the delisting process is achieved through a non-transparent, inequitable and unfair method and will also tantamount to circumvention of the SEBI (Delisting of Equity Shares) Regulations, 2009. Further, the partial delisting of the Applicant Company without providing an exit opportunity to only non-resident shareholder and foreign institutional investors but not to resident investors, thereby providing preferential treatment to one set of shareholders over others; and
 - (ii) due to clubbing of the number of independent unrelated transactions in the Scheme, the right of shareholders to decide on each transaction independent of decision on approval of the Scheme has been diluted. Further, the said letter also stated that BSE and NSE to ensure that the “fairness opinion” submitted by the Applicant Company is displayed on the website of the Applicant Company and the stock exchanges along with various documents and considering that the Applicant Company is the promoter of the Resulting Company and the shareholding of the Applicant Company in the Resulting Company is proposed to be cancelled as part of the proposed scheme, stock exchanges may advise the Applicant Company to consider modifying the Scheme to clearly state that the obligation of purchasing the equity shares and redeemable preference shares pursuant to the Scheme will be on the promoters of the Applicant Company and not on the Applicant Company.
- 8.3 A copy of each of the said letters dated 28 August 2015, written by the NSE and the BSE are enclosed herewith.
- 8.4 Pursuant to the receipt of the above letters from NSE and BSE, the Applicant Company, amended the Scheme:

- (i) by deleting provision relating to transfer of investment of the Applicant Company in East North Interconnections Company Limited to Sterlite Grid Limited (erstwhile Clause 21);
 - (ii) by deleting provision relating to enhancement of borrowing and lending power of the Resulting Company to ₹ 3,000 Crores (erstwhile Clause 22.1, 22.2 and 22.3); and
 - (iii) Clause 10, Clause 11 and Clause 12 of the Scheme to clarify that obligation to purchase Resulting Company Equity Shares and Redeemable Preference Shares as per Clauses 10, 11 and 12 of the Scheme will be on the promoters of the Applicant Company and not on the promoters of the Resulting Company. The Applicant Company by way of its letter dated 15 September, 2015, informed the NSE and BSE of the above.
- 8.5 A copy of the said letter dated 15 September 2015 is enclosed herewith. NSE and BSE have uploaded the revised Scheme of Arrangement on their respective websites.
- 8.6 As required by the SEBI Circular, the Applicant Company has filed the Complaints Report (indicating NIL complaint) with BSE and NSE on 1 July 2015. After filing of the Complaints Report, the Applicant Company has received NIL complaints. A copy of the aforementioned Complaints Report is enclosed herewith.
- 8.7 The shares issued by the Resulting Company are not listed on any recognised stock exchanges.
- 9. GENERAL**
- 9.1 The Scheme is conditional on and subject to:
- (a) the Scheme being approved by the requisite majorities in number and value of such classes of persons including the members and/or creditors of the Parties to the Scheme as may be directed by the High Court or any other Appropriate Authority, as may be applicable;
 - (b) the Parties complying with other provisions of the SEBI Circulars, including the requirements stated in Clause 25.1(a) of the Scheme;
 - (c) the sanction or approval of the Appropriate Authorities including the Reserve Bank of India being obtained and granted in respect of any of the matters in respect of which such sanction or approval is required; and
 - (d) the sanction of the High Court, under Sections 391 to 394 of the Act read with Section 52 of the Companies Act 2013 and Sections 100 to 103 of the Companies Act, 1956 in favour of the Demerged Company and Resulting Company to the necessary order or orders under Section 394 of the Act, being obtained.
- 9.2 In the event of the Scheme failing to take effect finally by 31 December 2016, or by such later date as may be agreed by the respective Boards of Directors of the Parties, this Scheme shall become null and void and in that event no rights and liabilities whatsoever shall accrue to or be incurred, inter-se, by the Parties or their shareholders or creditors or employees or any other person. In such case, each Party shall bear its own costs, charges and expenses incurred in relation or in connection with this Scheme or as may be mutually agreed.
- 9.3 Except for shares held by the Directors and KMP stated in Clause 7 above, none of the Directors and KMP in the Applicant Company or the Resulting Company or their respective relatives are in any way connected or interested in the aforesaid resolutions.
- 9.4 The Scheme is not prejudicial to the interests of the creditors of the Applicant Company.
- 9.5 There are no winding up proceedings pending against the Applicant Company as of date. No investigation proceedings are pending or are likely to be pending under the provisions of Part VII of the Companies Act 2013 in respect of the Applicant Company.
- 9.6 Inspection of the following documents may be had by the Secured Creditors of the Applicant Company at the Registered Office of the Applicant Company on any working day (except Saturdays) prior to the date of the meeting between 11:00 am and 1:00 pm:
- (i) Copy of the Order dated 30 October 2015 of the Hon'ble High Court of Judicature at Bombay passed in Company Summons for Direction No. 844 of 2015 directing the convening of the meeting of the Secured Creditors of the Applicant;
 - (ii) Papers and proceeding of the Company Summons for Directions No. 844 of 2015;
 - (iii) Memorandum and Articles of Association of the Applicant Company and the Resulting Company;
 - (iv) Audited Financial Statements of the Applicant Company for last three financial years ended 31 March 2015, 31 March 2014 and 31 March 2013;

(v) Unaudited Financial Statement of the Resulting Company as on 30 September 2015; and

(vi) Register of Director's Shareholdings of the Applicant Company.

- 9.7 A copy of this Scheme, Explanatory Statement, Form of Proxy and Attendance Slip may be obtained free of charge on any working day (except Saturdays) prior to the date of the meeting, from the Registered Office of the Applicant Company situated at E1, MIDC Area, Waluj, Aurangabad – 431136, Maharashtra and/or at the Advocate appearing for the Applicant Company having its office at Khaitan & Co, One Indiabulls, 13th Floor, Tower C, Senapati Bapat Marg, Mumbai 400 013.

Sd/

Arun Tadarwal

Chairman appointed for the meeting

Date : November 7, 2015

Place : Mumbai

CIN : L31300MH2000PLC269261

Registered office : E1, MIDC Area, Waluj, Aurangabad – 431136, Maharashtra

SCHEME OF ARRANGEMENT

UNDER SECTIONS 391-394 READ WITH SECTIONS 100-103 OF THE COMPANIES ACT, 1956 AND
SECTION 52 OF THE COMPANIES ACT 2013

BETWEEN

STERLITE TECHNOLOGIES LIMITED

AND

STERLITE POWER TRANSMISSION LIMITED

AND

THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS

A. PREAMBLE

- (i) This Scheme of Arrangement provides for the demerger of the Power Products and Transmission Grid Business of Sterlite Technologies Limited, the Demerged Company, into Sterlite Power Transmission Limited, the Resulting Company ("**Demerger**"), pursuant to provisions of Sections 391 - 394 of the Act, read with Sections 100 – 103 of the Companies Act, 1956 and Section 52 of Companies Act, 2013, and other applicable provisions of the Act; and
- (ii) Subject to satisfactory fulfilment and implementation of (i) above, reduction and reorganization of equity share capital of Sterlite Power Transmission Limited, pursuant to Sections 391 to 394 read with Sections 100 to 104 of the Act.

B. DESCRIPTION OF COMPANIES

- (i) Sterlite Technologies Limited ("**Demerged Company**") is a public limited company incorporated under the provisions of the Companies Act 1956 and is existing under the provisions of the Act. The equity shares of Demerged Company are listed on both BSE and the NSE and the Demerged Company GDRs (*as defined hereinafter*) are not listed on any Stock Exchange. The Demerged Company is engaged in the business, *inter alia*, of manufacturing optical fiber and optical fiber cables, power conductors and high voltage and extra high voltage power cables and providing turnkey transmission solutions for the telecom and power industries in addition to participating in the creation of power transmission infrastructure across the country
- (ii) Sterlite Power Transmission Limited ("**Resulting Company**") is a public limited company incorporated under the provisions of the Companies Act 2013. The Resulting Company is incorporated to carry on the business, *inter alia*, manufacturing of power transmission products such as power conductors and high voltage and extra high voltage cables, providing turnkey solutions for power industries and participating in the creation of power transmission infrastructure across the country. As on the date hereof, the Resulting Company is a wholly owned subsidiary of the Demerged Company.

C. RATIONALE

- (i) The nature of risk and competition inherent in each of the telecom and Power Products and Transmission Grid Business (as defined below) is distinct, since both are subject to distinct business cycle and operate *inter alia*, under different regulations and market structure, necessitating different management approaches and focus. Moreover, the capital intensity and return profiles of these business are very different and do not enjoy material synergistic benefits from being housed together. Further, both business have now reached a meaningful scale and will be able to benefit by becoming independently focused businesses.
- (ii) Thus, separation of the Power Products and Transmission Grid Business together with its business, undertakings and investments (including the investment of the Demerged Company in power transmission infrastructure companies) as a going concern, pursuant to the scheme of arrangement, from the Demerged Company would lead to significant benefits for both businesses including:
 - (a) allowing each business to create a strong and distinct platform which enables greater flexibility to pursue long-term objectives;
 - (b) enabling accelerated growth of the telecom business and allowing the power business to explore suitable strategies to fund its growth plans;
 - (c) offering shareholders a clear focussed investment opportunity in the telecom sector and thereby unlocking value of their holding; and
 - (d) allowing shareholders an option to align with their investment philosophy by continuing to participate in the long term capital intensive power sector if they choose or select available options to fairly and appropriately exit.
- (iii) With a view to achieve the aforesaid growth potential, the Demerged Company proposes to re-organise and segregate, by way of demerger, the Power Products and Transmission Grid Business together with its business, undertakings and investments (including the investment of the Demerged Company in power transmission infrastructure companies) as a going concern, into the Resulting Company. The restructuring proposed by this Scheme will also provide an opportunity to the investors to select investments which best suit their investment strategies and risk profiles.
- (iv) The Scheme would be in the best interest of the shareholders, the creditors, the employees and all other stakeholders of the Demerged Company.

D. OPERATION OF THE SCHEME

- (i) The Scheme provides for demerger of the Power Products and Transmission Grid Business together with its business, undertakings into the Resulting Company, pursuant to the applicable provisions of the Act and/or any other Applicable Laws.
- (ii) The Demerged Company will continue its interests in the Remaining Undertaking (as defined below) as is presently being carried out but with greater focus on growth opportunities, *inter alia*, in telecom business.

- (iii) The Resulting Company shall, issue and allot Securities (as defined below) to all the shareholders of the Demerged Company as consideration for the transfer of the Demerged Undertaking in proportion of their shareholding in the Demerged Company and provide an option to the shareholders of the Demerged Company to elect the Securities being issued by the Resulting Company. Simultaneously with issuance of Securities, in the books of the Resulting Company, all the equity shares issued by the Resulting Company to the Demerged Company shall stand cancelled, extinguished and annulled on and from the Effective Date.
- (iv) The Redeemable Preference Shares issued by the Resulting Company shall be listed on a recognised stock exchange. However, equity shares of the Resulting Company shall not be listed on any stock exchange. The Scheme, therefore, provides for an exit opportunity to the public shareholders of the Resulting Company in the manner set out in the Scheme.
- (v) The Demerger of the Demerged Undertaking in accordance with this Scheme shall take effect from the Appointed Date in accordance of the provisions of Sections 391 - 394 of the Act read with Sections 100 - 104 of the Companies Act, 1956 and Section 52 of Companies Act, 2013, and shall be in accordance with Section 2(19AA) of the Income Tax Act, 1961, such that:
 - (a) all the properties of the Demerged Undertaking, being transferred by the Demerged Company, as on the Appointed Date shall become the properties of the Resulting Company by virtue of this Scheme;
 - (b) all the liabilities relating to the Demerged Undertaking, as on the Appointed Date shall become the liabilities of the Resulting Company by virtue of this Scheme;
 - (c) the properties and the liabilities relating to the Demerged Undertaking being transferred by the Demerged Company shall be transferred to the Resulting Company at the value appearing in the books of account of the Demerged Company immediately before the Demerger;
 - (d) the Resulting Company shall issue, in consideration of the Demerger, its Securities to the shareholders of the Demerged Company as on the Record Date on a proportionate basis;
 - (e) the Resulting Company shall issue, in consideration of the Demerger, the Resulting Company Equity Shares on a *pro-rata* basis to holders of the Demerged Company GDRs;
 - (f) all the shareholders of the Demerged Company as on the Record Date shall become the shareholders of the Resulting Company by virtue of the Demerger; and
 - (g) the transfer of the Demerged Undertaking shall be on a going concern basis.
- (vi) The Scheme shall be in compliance with the applicable SEBI guidelines including particularly the circulars being CIR/CFD/DIL/5/2013 dated 4 February 2013 and Circular CIR/CFD/DIL/8/2013 dated 21 May 2013 and any subsequent amendments thereof (collectively referred to as the “**SEBI Circulars**”).

E. GENERAL

This Scheme is divided into the following parts:

- (i) Part I of the Scheme, deals with definitions and share capital;
- (ii) Part II of the Scheme, deals with the Demerger and hiving-off of the Demerged Undertaking of Demerged Company on a going concern basis and transfer to and vesting of the Demerged Undertaking into the Resulting Company;
- (iii) Part III of the Scheme, deals with the reduction and reorganization of the share capital of Resulting Company; and
- (iv) Part IV of the Scheme, deals with general terms and conditions applicable to the Scheme.

- F. The Scheme is drawn up in compliance with the provisions of Section 2(19AA) of the Income Tax Act, 1961 pertaining to the Demerger and should always be read as in compliance of the said section.

PART – I

1 DEFINITIONS AND INTERPRETATIONS

- 1.1 In this Scheme, unless inconsistent with the subject or context, the following expressions shall have the following meanings.

“Act” means the Companies Act, 1956, or as applicable, the Companies Act, 2013 and any statutory modification or re-enactment thereof for the time being in force.

“Applicable Laws” means any statute, notification, bye laws, rules, regulations, guidelines, rule of common law, policy, code, directives, ordinance, orders or instructions having the force of law enacted or issued by any Appropriate Authority including any statutory modification or re-enactment thereof for the time being in force.

“Appointed Date” means opening business hours of 1 April 2015.

“Appropriate Authority” means and includes any governmental, statutory, departmental or public body or authority, including RBI, SEBI, BSE, NSE, Registrar of Companies, National Company Law Tribunal and the High Court.

“Articles of Association” means the articles of association of a company.

“Board” in relation to each of the Demerged Company and the Resulting Company, as the case may be, means the board of directors of such company, and shall include a committee duly constituted and authorised for the purposes of matters pertaining to the Demerger, the Scheme and/or any other matter relating thereto.

“BSE” means the BSE Limited.

“Demerged Company” means Sterlite Technologies Limited, a company incorporated under the provisions of the Companies Act, 1956 under CIN L31300DN2000PLC000340 and having its registered office at Survey No 68/1, Rakholi Village, Madhuban Dam Road, Silvassa, Dadra

“Demerged Company GDRs” means the GDRs issued by the Demerged Company pursuant to the deposit agreement executed by it with the Depository (as amended from time to time) and as are outstanding as of the Record Date.

“Demerged Undertaking” means and include all the business, undertakings, properties, investments and liabilities of whatsoever nature and kind and wheresoever situated, of the Demerged Company, in relation to and pertaining to the Power Products and Transmission Grid Business on a going concern basis, together with all its assets and liabilities and shall mean and include (without limitation):

- (a) all the movable and immovable properties including plant and machinery, equipment, furniture, fixtures, vehicles, stocks and inventory, leasehold assets and other properties, real, corporeal and incorporeal, in possession or reversion, present and contingent assets (whether tangible or intangible) of whatsoever nature in relation to the Power Products and Transmission Grid Business, investments in the share capital of the power transmission and infrastructure companies including Sterlite Power Grid Ventures Limited and its step down subsidiaries, powers, authorities, allotments, approvals, consents, letters of intent, registrations, contracts, engagements, arrangements, settlements, rights, credits, titles, interests, benefits, advantages, leasehold rights, sub-letting tenancy rights, with or without the consent of the lessor/ landlord as may be required by law, goodwill, other intangibles, industrial and other licenses, permits, authorizations, import quotas and other quota rights, right to use and avail of telephones, telex, facsimile and other communication facilities, connections, installations and equipment, utilities, electricity and electronic and all other services of every kind, nature and description whatsoever, provisions, funds and benefits of all agreements, arrangements, deposits, advances, recoverable and receivables, whether from government, semi-government, local authorities or any other person including customers, contractors or other counter parties, etc., all earnest monies and/or deposits, privileges, liberties, easements, advantages, benefits, exemptions, licenses, privileges concerning the Power Products and Transmission Grid Business and approvals of whatsoever nature (including but not limited to benefits of all tax holiday, tax relief including under the Income Tax Act, 1961 such as credit for advance tax, taxes deducted at source, brought forward accumulated tax losses, unabsorbed depreciation, etc.) and wheresoever situated, belonging to or in the ownership, power or possession or control of or vested in or granted in favour of or enjoyed by the Demerged Company in relation to the Power Products and Transmission Grid Business as on the Appointed Date;
- (b) all the debts, borrowings, obligations and liabilities, whether present or future, whether secured or unsecured, of the Demerged Company in relation to the Power Products and Transmission Grid Business as on the Appointed Date comprising of:
 - (i) all the debts, duties, obligations and liabilities, including contingent liabilities which arise out of the activities or operations of the Demerged Company in relation to the Power Products and Transmission Grid Business and all other debts, liabilities, duties, and obligations of the Demerged Company relating to the Demerged Undertaking which may accrue or arise after the Appointed Date but which related to the period up to the day of immediately preceding the Appointed Date;

- (ii) the specific loans and borrowings raised, incurred and utilised solely for the activities and operations of Demerged Company in relation to the Power Products and Transmission Grid Business; and
- (iii) liabilities other than those referred to in sub-clauses (i) and (ii) above and not directly relatable to the Power Products and Transmission Grid Business, being the amounts of any general or multipurpose borrowings of Demerged Company as stand in the same proportion which the value of assets transferred under this Clause of Power Products and Transmission Grid Business bears to the total value of the assets of the Demerged Company immediately before the Appointed Date;
- (c) all intellectual property rights, including trademarks, trade names and the goodwill associated therewith, patents, patent rights, copyrights and other industrial designs and intellectual properties and rights of any nature whatsoever including know-how, or any applications for the above, assignments and grants in respect thereof of the Demerged Company in relation to the Power Products and Transmission Grid Business as on the Appointed Date;
- (d) all books, records, files, papers, engineering and process information, records of standard operating procedures, computer programmes along with their licenses, drawings, manuals, data, catalogues, quotations, sales and advertising materials, lists of present and former customers and suppliers, customer credit information, customer pricing information and other records whether in physical or electronic form, in connection with or relating to the Power Products and Transmission Grid Business of the Demerged Company as on the Appointed Date;
- (e) all employees of the Demerged Company engaged in the Power Products and Transmission Grid Business; and
- (f) any question that may arise as to whether a specific asset (tangible or intangible) or any liability pertains or does not pertain to the Power Products and Transmission Grid Business or whether it arises out of the activities or operations of the Power Products and Transmission Grid Business or not, shall be decided by the Board of the Demerged Company or any committee thereof.

“Depository” means Deutsche Bank AG, the depository for the Demerged Company GDRs.

“Effective Date” means the last of the dates on which the certified copy or authenticated copy of the order of the High Court sanctioning the Scheme is filed with the Registrar of Companies by the Demerged Company and the Resulting Company. Reference in this Scheme to the date of **“coming into effect of this Scheme”** or **“effectiveness of this Scheme”** shall mean the Effective Date.

“Eligible Member” means the equity shareholder of the Demerged Company whose name is recorded in the register of members and records of the depository as a member of the Demerged Company on the Record Date.

“Encumbrance” means (i) any mortgage, charge (whether fixed or floating), pledge, lien, hypothecation, assignment, deed of trust, title retention, security interest or other encumbrance of any kind securing, or conferring any priority of payment in respect of, any obligation of any person, including any right granted by a transaction which, in legal terms, is

not the granting of security but which has an economic or financial effect similar to the granting of security under Applicable Laws; (ii) any proxy, power of attorney, voting trust agreement, interest, option, right of first offer, refusal or transfer restriction in favour of any person; and (iii) any adverse claim as to title, possession or use.

“FII” means a Foreign Institutional Investor in terms of the SEBI (Foreign Institutional Investors) Regulations, 1995.

“GDR” means global depository receipts representing underlying shares of an Indian company issued pursuant to the Issue of Foreign Currency Convertible Bonds and Ordinary Shares (Through Depository Receipt Mechanism) Scheme, 1993 and other Applicable Law and, where relevant, shall include the underlying shares as well.

“High Court” means the High Court of Judicature at Bombay and shall include National Company Law Tribunal constituted under the Act or the Company Law Board, as applicable.

“Listing Agreement” means the listing agreement executed by the Demerged Company with each of the BSE and the NSE.

“Memorandum” means memorandum of association of a company.

“NSE” means the National Stock Exchange of India Limited.

“Parties” or “Parties to the Scheme” means the Demerged Company and the Resulting Company.

“Power Products and Transmission Grid Business” means (i) the power products and solutions business located at Rakholi (Silvassa), Piparia (Silvassa, Dadra Nagara), Jharsuguda (Odisha), Haridwar (Uttarakhand), offices in Pune, etc. carried out by the Demerged Undertaking of the Demerged Company; and (ii) the investment in transmission grid subsidiaries by the Demerged Company.

“RBI” means the Reserve Bank of India.

“Record Date” means the date to be fixed by the board of directors of the Resulting Company in consultation with the Demerged Company for the purpose of reckoning names of the equity shareholders of the Demerged Company, who shall be entitled to receive Securities of the Resulting Company upon coming into effect of this Scheme as specified in Clause 10 of this Scheme and in terms of the Listing Agreement.

“Redeemable Preference Share” shall have the meaning ascribed to it in Clause 10.1(b).

“Regional Provident Fund Commissioner” means the Regional Provident Fund Commissioner having jurisdiction over the Demerged Company.

“Registrar of Companies” means the Registrar of Companies, Ahmedabad, Gujarat.

“Remaining Employees” means all the permanent employees of the Demerged Company other than the Transferred Employees.

“Remaining Undertaking” means all the undertakings, businesses, activities and operations of the Demerged Company other than those comprised in the Demerged Undertaking.

“Resulting Company” means Sterlite Power Transmission Limited, a company incorporated under the provisions of the Companies Act 2013 under CIN U74120DN2015PLC000475 and having its registered office at Survey No. 68/1, Rakholi Village, Madhuban Dam Road, Silvassa, Dadar Nagar Haveli- 396230.

“Resulting Company Equity Share” shall have the meaning ascribed to it in Clause 10.1(a).

“Rs” means Indian Rupees, the lawful currency of the Republic of India.

“SEBI” means the Securities and Exchange Board of India.

“SEBI Circulars” means the circulars issued by the SEBI being Circular CIR/CFD/DIL/5/2013 dated 4 February 2013 and Circular CIR/CFD/DIL/8/2013 dated 21 May 2013 and shall include any amendments thereof.

“Scheme”, “the Scheme”, “this Scheme”, “Scheme of Arrangement” means this scheme of arrangement in its present form or as modified by an agreement between the Parties submitted to the High Court or any other Appropriate Authority in the relevant jurisdictions with any modification thereof as the High Court or any other Appropriate Authority may direct.

“Securities” means the Resulting Company Equity Shares and/ or the Redeemable Preference Shares, as the case may be.

“Stock Exchanges” means collectively, the BSE and the NSE.

All terms and words not defined in this Scheme shall, unless repugnant or contrary to the context or meaning thereof, have the same meaning ascribed to them under the Act, the Securities Contracts (Regulation) Act, 1956, the Depositories Act, 1996, Income Tax Act, 1961 and other Applicable Laws, rules, regulations, bye laws, as the case may be, including any statutory modification or re-enactment thereof from time to time.

1.2 In this Scheme, unless the context otherwise requires:

- (a) words denoting singular shall include plural and vice versa;
- (b) headings and bold typeface are only for convenience and shall be ignored for the purposes of interpretation;
- (c) references to the word “include” or “including” shall be construed without limitation;
- (d) a reference to an article, section, paragraph or schedule is, unless indicated to the contrary, a reference to an article, section, paragraph or schedule of this Scheme;
- (e) unless otherwise defined, the reference to the word “days” shall mean calendar days;
- (f) references to dates and times shall be construed to be references to Indian dates and times;
- (g) reference to a document includes an amendment or supplement to, or replacement or novation of, that document;
- (h) word(s) and expression(s) elsewhere defined in the Scheme will have the meaning(s)

respectively ascribed to them.

2 DATE OF TAKING EFFECT AND OPERATIVE DATE

The Scheme set out herein in its present form or with any modification(s) approved or imposed or directed by the High Court, shall be effective from the Appointed Date but shall be operative from the Effective Date.

3 SHARE CAPITAL

3.1 The share capital of the Demerged Company as on 15 May 2015 is as under:

	Rs
AUTHORISED SHARE CAPITAL	
75,00,00,000 equity shares of Rs 2 each	150,00,00,000
SUBSCRIBED, ISSUED AND PAID-UP SHARE CAPITAL	
39,40,59,001 fully paid up equity shares of Rs 2 each	78,81,18,002

The equity shares of the Demerged Company are listed on BSE and NSE and its GDRs are not listed on any stock exchange.

The issued and paid-up share capital includes 85,550 (Eighty five thousand five hundred fifty) equity shares represented by 85,550 (Eighty five thousand five hundred fifty) Demerged Company GDRs as on 15 May 2015.

3.2 The share capital of the Resulting Company as on 15 May 2015 is as under:

	Rs
AUTHORISED SHARE CAPITAL	
50,000 equity shares of Rs 10 each	500,000
SUBSCRIBED, ISSUED AND PAID-UP SHARE CAPITAL	
50,000 fully paid up equity shares of Rs 10 each	500,000

The entire share capital of the Resulting Company as on 15 May 2015 is held by the Demerged Company and hence Resulting Company is a wholly-owned subsidiary of the Demerged Company.

PART - II

DEMERGER AND HIVING OFF OF THE DEMERGED UNDERTAKING

4 Transfer of Assets

4.1 With effect from the Appointed Date and upon coming into effect of this Scheme, the Demerged Undertaking (including all the estate, assets, rights, claims, title, interest and authorities including accretions and appurtenances of the Demerged Undertaking) shall, pursuant to the provisions of Sections 391 to 394 of the Act and all other provisions of the Act and Section 2(19AA) of the Income Tax Act, 1961, and without any further act, deed, matter or thing be demerged from the Demerged Company and be and stand transferred to and vested in or shall be deemed to be transferred to and vested in the Resulting Company on a going concern basis such that all the properties, assets, rights, claims, title, interest, authorities, investments and liabilities comprised in the Demerged Undertaking immediately

before the Demerger shall automatically, and without any other order to this effect, become the properties, assets, rights, claims, title, interest, authorities, investments and liabilities of the Resulting Company simply by virtue of approval of the Scheme and in the manner provided in this Scheme with effect from the Effective Date.

- 4.2 Without prejudice to the generality of Clause 4.1 above and upon coming into effect of the Scheme, with effect from the Appointed Date, the entire business and undertaking of the Demerged Company in relation to the Demerged Undertaking including all the properties, investments, shareholding interests in other companies, claims, title, interest, assets of whatsoever nature such as licenses and all other rights, title, interest, contracts or powers of every kind, nature and description of whatsoever nature and wheresoever situated shall, pursuant to the provisions of Section 394 and other applicable provisions, if any, of the Act and pursuant to the order of the High Court sanctioning this Scheme and without further act or deed or instrument, but subject to the charges affecting the same as on the Appointed Date, be and stand automatically transferred to and vested in the Resulting Company as a going concern.

Provided that, for the purpose of giving effect to the vesting order passed under Sections 391 to 394 of the Act in respect of this Scheme, the Resulting Company shall at any time pursuant to the final approval and the relevant orders on this Scheme, be entitled to get effected the change in the title and the appurtenant legal right(s) upon the vesting of such properties (including immovable properties) of the Demerged Company in relation to the Demerged Undertaking in accordance with the provisions of Sections 391 to 394 of the Act, at the office of the respective Registrar of Assurances or any other concerned authority, where any such property is situated, without any other order to this effect.

- 4.3 In respect of such of the assets and properties of the Demerged Undertaking as are movable in nature or incorporeal property or are otherwise capable of transfer by delivery or possession, or by endorsement and/or delivery, the same shall with effect from the Appointed Date stand so transferred by the Demerged Company upon coming into effect of the Scheme and shall, *ipso facto* and without any other order to this effect, become the assets and properties of the Resulting Company.
- 4.4 With effect from the Appointed Date, all consents, permissions, licenses, certificates, insurance covers, clearances, authorities, powers of attorney given by, issued to or executed in favour of the Demerged Company in relation to the Demerged Undertaking shall stand vested in or transferred automatically to the Resulting Company without any further act or deed and shall be appropriately mutated by the authorities concerned therewith in favour of the Resulting Company as if the same were originally given by, issued to or executed in favour of the Resulting Company and Resulting Company shall be bound by the terms thereof, the obligations and duties thereunder and the rights and benefits under the same shall be available to the Resulting Company. The benefit of all statutory and regulatory permissions including the statutory or other licenses, tax registrations, permits, permissions or approvals or consents required to carry on the operations of the Demerged Undertaking shall automatically and without any other order to this effect, vest into and become available to the Resulting Company pursuant to this Scheme.
- 4.5 The Demerged Company in relation to the Demerged Undertaking may be entitled to various incentive schemes and pursuant to this Scheme, it is declared that the benefits under all such schemes and policies pertaining to the Demerged Undertaking shall be automatically transferred to and vested into the Resulting Company and all benefits, entitlements and incentives of any nature whatsoever including benefits under the income tax, excise, sales tax,

service tax, exemptions, concessions, remissions, subsidies and other incentives in relation to the Power Products and Transmission Grid Business, to the extent statutorily available, shall be claimed by the Resulting Company. The Resulting Company shall be entitled to get credit/claim refund regarding any tax paid and/or tax deduction at source certificates, pertaining to Demerged Undertaking, on or after the Appointed Date by the Demerged Company.

- 4.6 It is clarified that, upon the Effective Date and until the licenses, permit, quotas, approvals, incentives, subsidies, rights, claims, leases, tenancy rights, liberties, rehabilitation schemes, special status are transferred, vested, recorded effected and or perfected, in the record of the relevant regulator/authority, in favor of Resulting Company, the Resulting Company is authorized to carry on business in the name and style of the Demerged Company and under the relevant license and or permit and or approval, as the case may be, and the Resulting Company shall keep of record and or account of such transactions.
- 4.7 Notwithstanding anything contained in this Clause, the immovable property/ies of the Demerged Undertaking shall stand transferred to the Resulting Company either under the Scheme or by way of a separate conveyance, as may be decided by Board of Directors of the Demerged Company and the Resulting Company.

5 **Transfer of Liabilities**

- 5.1 With effect from the Appointed Date and upon coming into effect of this Scheme, all loans raised and utilized and all debts, duties, undertakings, liabilities and contingent liabilities and all other debts, liabilities, duties, and obligations of the Demerged Company relating to the Demerged Undertaking which may accrue or arise after the Appointed Date but which related to the period up to the day of immediately preceding the Appointed Date, if any, whether quantified or not and obligations incurred or undertaken by the Demerged Company in relation to or in connection with the Demerged Undertaking as on the Appointed Date shall pursuant to the sanction of the Scheme by the High Court and under the provisions of Sections 391 to 394 and other applicable provisions of the Act, without any further act, instrument or deed being required, be and shall stand automatically transferred to and vested in or be deemed to have been transferred to and vested in the Resulting Company to the extent that they may be outstanding as on the Appointed Date and shall become the debt, duties, undertakings, liabilities and obligations of the Resulting Company on the same terms and conditions as were applicable to the Demerged Company and further that it shall not be necessary to obtain the consent of any third party or other person who is a party to any contract or arrangement by virtue of which such liabilities have arisen in order to give effect to the provisions of this Clause 5.
- 5.2 In so far as any encumbrance in respect of the loans, borrowings, debts and liabilities of the Demerged Company in relation to or in connection with the Demerged Undertaking ("**Transferred Liabilities**") is concerned, upon coming into effect of this Scheme and with effect from the Appointed Date, such encumbrance shall, without any further act, instrument or deed being required, be modified and shall be extended to and shall operate only over the assets comprised in the Demerged Undertaking which may have been encumbered in respect of the Transferred Liabilities as transferred to the Resulting Company pursuant to this Scheme. For the avoidance of doubt, it is hereby clarified that in so far as the assets comprising the Remaining Undertaking are concerned, the encumbrance, if any, over such assets relating to the Transferred Liabilities, as and from the Appointed Date without any further act, instrument or deed being required be released and discharged from the obligations and encumbrances relating to the same. Further, in so far as the assets comprised in the Demerged

Undertaking are concerned, the encumbrance over such assets relating to any loans, borrowings or other debts which are not transferred to the Resulting Company pursuant to this Scheme and which shall continue with the Demerged Company shall without any further act or deed be released from such encumbrance and shall no longer be available as security in relation to such liabilities with effect from the Appointed Date and upon coming into effect of this Scheme.

Provided always that this Scheme shall not operate to enlarge the security from any loan, deposit or facility created by the Demerged Company in relation to the Power Products and Transmission Grid Business by virtue of this Scheme and the Resulting Company shall not be obliged to create any further or additional security therefore after the Scheme has become operative.

- 5.3 Upon the effectiveness of the Scheme, the Demerged Company and the Resulting Company shall execute any instrument or document and/or do all such acts or deeds as may be required, including filing if necessary particulars and/or modification of the charge, if any, with the respective Registrar of Companies to give formal effect to the provisions of this Clause 5.

6 Contracts, Deeds, etc.

- 6.1 Subject to the other provisions of this Scheme and upon coming into effect of this Scheme and with effect from the Effective Date, all contracts, deeds, bonds, agreements, settlements, indemnities, arrangements, licenses, engagements and other instruments, if any, of whatsoever nature in relation to the Demerged Undertaking, to which the Demerged Company is a party or to the benefit of which the Demerged Company is eligible and which are subsisting or having effect immediately before the Effective Date, shall remain in full force and effect automatically against or in favour of the Resulting Company, as the case may be, and shall be binding on and be enforceable by or against the Resulting Company as fully and effectually as if, instead of the Demerged Company, the Resulting Company had been originally a party or beneficiary or obligee thereto or thereunder.

- 6.2 Without prejudice to the other provisions of this Scheme and notwithstanding the fact that vesting of the Demerged Undertaking occurs by virtue of this Scheme itself, the Resulting Company may, at any time after coming into effect of the Scheme, take such actions and execute such deeds, writings or confirmations, novations or enter into arrangements with any party to any contract or arrangement to which the Demerged Company is a party in order to give formal effect to the provisions of this Scheme, if so required. The Resulting Company shall be deemed to be competent and authorized to execute any such deeds, writings or confirmations on behalf of the Demerged Company and to perform or carry out all formalities or compliances required on the part of Demerged Company to give effect to the provisions of this Scheme.

- 6.3 After the Scheme becomes effective, the Resulting Company shall, in its own right, be entitled to realize all monies and complete and enforce all pending contracts and transactions in respect of the Demerged Undertaking, in so far as may be necessary.

7 Employees

- 7.1 Upon coming into effect of this Scheme:

- (a) All employees of the Demerged Company engaged in or in relation to the Demerged Undertaking and who are in such employment as on the Effective Date shall be

transferred to and become the employees of the Resulting Company with effect from the Effective Date (the “**Transferred Employees**”) on the same terms and conditions of employment on which they are engaged by the Demerged Company without any break or interruption in service for the purpose of calculating retirement benefits. The Resulting Company undertakes to continue to abide by any agreement/settlement entered into by the Demerged Company with any union/employee of the Demerged Company in relation to the Transferred Employees.

- (b) All consultants, retainers and other persons engaged in the Demerged Undertaking (other than Transferred Employees) on a non-permanent basis, shall become consultants, retainers and persons engaged by the Resulting Company with effect from the Appointed Date, and, subject to the provisions hereof, on terms and conditions not less favourable than those on which they are engaged by the Demerged Company in relation to the Demerged Undertaking and without any interruption of or break in service as a result of the transfer of the Demerged Undertaking.
- (c) Insofar as the existing provident fund, gratuity fund and superannuation fund, trusts, retirement fund or benefits and any other funds or benefits created by the Demerged Company inter alia for the Transferred Employees are concerned (collectively referred to as the “**Funds**”), the Funds and such investments made by the Funds which are preferable to the Transferred Employees in terms of Clause 7.1(a) above shall be transferred to the similar Funds created by the Resulting Company and shall be held for their benefit pursuant to this Scheme in the manner provided hereinafter. In the event that the Resulting Company does not have its own Funds in respect of any of the above, the Resulting Company may, subject to necessary approvals and permissions, continue to contribute to the relevant Funds of the Demerged Company, until such time that the Resulting Company creates its own Funds, at which time the funds and the investments and contributions pertaining to the Transferred Employees shall be transferred to the Funds created by the Resulting Company.
- (d) In relation to those Transferred Employees who are not covered under the provident fund trust of the Demerged Company, and for whom the Demerged Company is making contributions to the government provident fund, the Resulting Company shall stand substituted for the Demerged Company, for all purposes whatsoever, including relating to the obligation to make contributions to the said fund in accordance with the provisions of such fund, bye laws, etc. in respect of such Transferred Employees.
- (e) If any exemptions granted by the Regional Provident Fund Commissioner, or any other competent authority under the Employees’ Provident Funds & Miscellaneous Provisions Act, 1952, to the Demerged Company and its subsidiaries, joint ventures and associates require re-issue or renewal on account of the Scheme, the Demerged Company shall, and shall cause its subsidiaries, joint ventures and associates to, apply for the reissue or renewal, and the Regional Provident Fund Commissioner or any other competent authority shall grant the same such that the privileges, rights and benefits of the Remaining Employees continue uninterrupted. Likewise, the Resulting Company shall apply for granting of similar exemptions and the Regional Provident Fund Commissioner or any other competent authority shall grant the same such that the privileges, rights and benefits of Transferred Employees continue uninterrupted.
- (f) In relation to any other fund created or existing for the benefit of the Transferred Employees being transferred to the Resulting Company, the Resulting Company shall

stand substituted for the Demerged Company, for all purposes whatsoever, including relating to the obligation to make contributions to the said funds in accordance with the provisions of such scheme, funds, bye laws, etc. in respect of such Transferred Employees.

- (g) In so far as the existing benefits or funds created by the Demerged Company for the Remaining Employees are concerned, the same shall continue and the Demerged Company shall continue to contribute to such funds and trusts in accordance with the provisions thereof, and such funds and trusts, if any, shall be held inter alia for the benefit of the Remaining Employees.

8 Employee Stock Option Scheme

- 8.1 The options granted (whether vested or not) ("**Options**") by the Demerged Company pursuant to the existing stock option scheme of the Demerged Company ("**Existing Stock Option Scheme**") to its employees (whether Transferred Employees or Remaining Employees) will continue to be governed by the provisions of the Existing Stock Option Scheme.
- 8.2 Upon the Scheme coming into effect, the Options shall be restructured by the Compensation Committee in such a manner that the employees on exercise of such Options will be entitled to the same benefit in terms of value of equity shares of the Demerged Company as they would have received on exercise of the Options prior to the Demerger. While determining the minimum vesting period required for stock options, the Demerged Company shall take into account the period for which the Transferred Employees held stock options prior to their transfer to the Resulting Company pursuant to the Scheme.
- 8.3 While determining the minimum vesting period required for stock options, the Demerged Company shall take into account the period for which the Transferred Employees held stock options prior to their transfer to the Resulting Company pursuant to the Scheme.
- 8.4 From the Effective Date, any options that may be granted by the Demerged Company under the Existing Stock Option Scheme, shall exclude the Transferred Employees and shall only be granted to the Remaining Employees.
- 8.5 Upon the Scheme becoming effective, Existing Stock Option Scheme shall be deemed to have been suitably modified, subject to the provisions approvals/permissions/compliances as may be required under the law. The variations in the Existing Stock Option Scheme of the Demerged Company mentioned in this Clause 8, have been approved by the Compensation Committee of the Demerged Company in accordance with the Existing Stock Option Scheme. The vesting of Options in line with the Scheme will be deemed to be a compliance of the Act and other Applicable Law.
- 8.6 Further, approval granted to the Scheme by the shareholders of the Demerged Company and the Appropriate Authorities shall also be deemed to be approval granted to any modifications made to the Existing Stock Option Scheme required to give effect to the provisions of the Scheme. No further approval of the shareholders of the Demerged Company or Appropriate Authority would be required in this connection. The variations to the Existing Stock Option Schemes made pursuant to this Clause 8 are not detrimental or prejudicial to the interests of the concerned employees.

9 Legal Proceedings

- 9.1 Upon coming into effect of this Scheme, all suits, actions, administrative proceedings,

tribunals proceedings, show cause cases, demands and legal proceedings of whatsoever nature by or against the Demerged Company pending and/or arising on or before the Appointed Date or which may be instituted any time thereafter and in each case relating to the Demerged Undertaking shall not abate or be discontinued or be in any way prejudicially affected by reason of the Scheme or by anything contained in this Scheme but shall be continued and be enforced by or against the Resulting Company with effect from the Appointed Date in the same manner and to the same extent as would or might have been continued and enforced by or against the Demerged Company. Except, as otherwise provided herein, the Demerged Company shall in no event be responsible or liable in relation to any such legal or other proceedings that stand transferred to the Resulting Company. The Resulting Company shall be replaced/added as party to such proceedings and shall prosecute or defend such proceedings at its own cost, in cooperation with the Demerged Company and the liability of the Demerged Company shall consequently stand nullified.

- 9.2 If any proceedings are taken or demand is made by the relevant governmental authorities against the Demerged Company in respect of matters referred in Clause 9.1 above, it shall defend the same or deal with such demand in accordance with the advice of the Resulting Company and at the cost of the Resulting Company and the latter shall reimburse and indemnify the Demerged Company against all liabilities and obligations incurred by or against the Demerged Company in respect thereof.
- 9.3 The Resulting Company undertakes to have all legal, taxation or other proceedings initiated by or against the Demerged Company referred to in Clause 9.1 above transferred to its name as soon as is reasonably practicable after the Effective Date and to have the same continued, prosecuted and enforced by or against the Resulting Company to the exclusion of the Demerged Company on priority. Both Parties shall make relevant applications and take steps as may be required in this regard.

10 Consideration

- 10.1 In consideration of the Demerger, the Resulting Company shall at the election of an Eligible Members being resident, by way of delivering the Election Notice in accordance with Clause 11 below, issue and allot to such Eligible Member, either:
 - (a) 1 (one) fully paid equity share of Rs 2 (Rupees two) each of the Resulting Company ("**Resulting Company Equity Share**") for every 5 (five) fully paid up equity shares of Rs 2 (Rupees two) each of the Demerged Company held by the said Eligible Member; or
 - (b) 1 (one) fully paid-up redeemable preference share of Rs 2 (Rupees two) each at a premium of Rs 110.30 (Rupees One hundred ten and thirty paise) per redeemable preference share (the terms of which are provided in Clause 10.6 below) in the Resulting Company (the "**Redeemable Preference Share**") for every 5 (five) fully paid equity shares of Rs 2 (Rupees two) each of the Demerged Company held by the said Eligible Member, with the option of seeking voluntary exit in accordance with Clause 12.1 below.
- 10.2 In view of the provisions of Applicable Laws (which does not permit the issuance of Redeemable Preference Shares to non-residents), in consideration of the Demerger, such Eligible Members who are non-resident (including Depositary in respect of the equity shares of the Demerged Company underlying the Demerged Company GDRs but other than FIIs) shall be issued and allotted 1 (one) Resulting Company Equity Share for every 5 (five) fully paid up

equity shares of Rs 2 (Rupees two) each of the Demerged Company held by them on the Record Date. All such Resulting Company Equity Shares issued under this Clause 10.2 shall, subject to Applicable Law, be purchased by the promoters of the Demerged Company and/ or their affiliates or any other person and/or entity identified by them, in the manner as stated in Clause 12.2 below.

- 10.3 In view of provisions of Applicable Laws, the Resulting Company shall, in consideration of the Demerger, subject to receipt of the approval of the Appropriate Authority including RBI and SEBI, and fulfilment of such other conditions including declarations and undertakings as may be required and/or prescribed by the Appropriate Authority under Applicable Laws, at the election of Eligible Members being FII, by way of delivering the Election Notice in accordance with Clause 11 below, issue and allot to such Eligible Members; either:

- (a) 1 (one) Redeemable Preference Share for every 5 (five) fully paid up equity shares of Rs 2 (Rupees two) each of the Demerged Company held by them on the Record Date; or
- (b) 1 (one) Resulting Company Equity Share for every 5 (five) fully paid up equity shares of Rs 2 (Rupees two) each of the Demerged Company held by them on the Record Date which shall be compulsorily purchased by the promoters of the Demerged Company and/ or their affiliates or any other person and/or entity identified by them, in the manner as stated in Clause 12.2 below.

- 10.4 In the event, approvals from the Appropriate Authority as stated in 10.3 above is not received by the Resulting Company on or before the Effective Date, notwithstanding anything to the contrary contained in the Scheme, the Resulting Company shall compulsorily issue and allot 1 (one) Resulting Company Equity Share for every 5 (five) equity shares of the Demerged Company held by such FIIs on the Record Date. All such Resulting Company Equity Shares issued under this clause shall be compulsorily purchased by the promoters of the Demerged Company and/ or their affiliates or any other person and/or entity identified by them, in the manner as stated in Clause 12.2 below.

- 10.5 Price Waterhouse & Co. LLP have issued the report on the aforesaid share entitlement ratio adopted under the Scheme. Axis Capital Limited, a Category-I Merchant Banker, has provided its fairness opinion on the aforesaid share entitlement ratio. The aforesaid report on share entitlement ratio and fairness opinion have been duly considered by the Boards of the Demerged Company and the Resulting Company.

- 10.6 Terms of issue of Redeemable Preference Shares:

- (a) Face Value

The Redeemable Preference Shares issued pursuant to Clause 10 shall have a face value of Rs 2 (Rupees two) per Redeemable Preference Share.

- (b) Premium on Issue

The Redeemable Preference Shares issued pursuant to Clause 10 shall be issued at a premium of Rs 110.30 (Rupees One hundred ten and thirty paise) per Redeemable Preference Share.

- (c) Coupon

The Redeemable Preference Shares shall, subject to the provisions of the Articles of Association of the Resulting Company and subject to the provisions of the Act, confer on the holders thereof a right to a fixed preferential dividend of 8% (Eight per cent) per annum in priority to the equity shares subject to deduction of taxes at source if applicable.

(d) Voting Rights

The holder of Redeemable Preference Share shall have the right to vote in general meeting of the Resulting Company in accordance with Section 47 of the Act.

(e) Redemption

The Redeemable Preference Shares are redeemable on the expiry of 18 (eighteen) months from the date of allotment thereof. Each Redeemable Preference Share shall be redeemed at a premium of Rs 123.55 (Rupees One hundred twenty three and fifty five paise) per Redeemable Preference Share.

(f) Taxation

All payments in respect of redemption of Redeemable Preference Share shall be made less any deductions or withholding for or on account of any present or future taxes or duties as required by Applicable Laws.

(g) Listing

The Redeemable Preference Shares shall be listed on a recognised stock exchange.

(h) Winding-up

In the event of winding up of Resulting Company, the holders of Redeemable Preference Shares shall have a right to receive repayment of the capital paid-up and arrears of dividend, whether declared or not, up to the commencement of winding up, in priority to any payment of capital on the equity shares out of the surplus of Resulting Company but shall not have any further right to participate in the profits or assets of the Resulting Company.

10.7 The Securities shall be fully-paid up and free of all liens, charges and Encumbrances, and shall be freely transferable in accordance with the Articles of Association of the Resulting Company.

10.8 The Securities issued to the members of the Demerged Company by the Resulting Company pursuant to this Clause 10 shall be issued in dematerialized form by the Resulting Company, unless otherwise notified in writing by the shareholders of the Demerged Company to the Resulting Company on or before such date as may be determined by the Board of Directors of the Demerged Company or a committee thereof. In the event that such notice has not been received by the Resulting Company in respect of any of the members of the Demerged Company, the Securities shall be issued to such members in dematerialised form provided that the members of the Demerged Company shall be required to have an account with a depository participant and shall be required to provide details thereof and such other confirmations as may be required. It is only thereupon that the Resulting Company shall issue and directly credit the dematerialized Securities to the account of such member. In the event the Resulting Company has received notice from any member that Securities are to be issued in physical form or if any member has not provided the requisite details relating to his/her/its

account with a depository participant or other confirmations as may be required, then the Resulting Company shall issue Securities in physical form to such member.

- 10.9 The Securities to be issued by the Resulting Company pursuant to this Clause 10 in respect of such of the equity shares of the Demerged Company which are held in abeyance under Section 126 of the Companies Act 2013 (erstwhile Section 206A of the Companies Act 1956) shall, pending allotment or settlement of dispute by order of Court or otherwise, also be kept in abeyance by the Resulting Company. In the event of any dispute in relation to the ownership of any equity shares of the Demerged Company, Resulting Company Equity Shares shall be issued and allotted in respect of such shares (pursuant to this Clause 10), which shares (together with any fractional entitlements) shall be held in trust for and on behalf of the holder of the equity shares of the Demerged Company by the Resulting Company, pending settlement of dispute by order of Court or otherwise.
- 10.10 In the event of there being any pending share transfers, whether lodged or outstanding, of any shareholder of the Demerged Company, the Board of Directors of the Demerged Company shall be empowered in appropriate cases, prior to or even subsequent to the Record Date, to effectuate such a transfer in the Demerged Company as if such changes in registered holder were operative as on the Record Date, in order to remove any difficulties arising to the transferor of the share in the Resulting Company and in relation to the Securities issued by the Resulting Company after the effectiveness of the Scheme under this Clause 10. The Board of Directors of the Demerged Company shall be empowered to remove such difficulties as may arise in the course of implementation of this Scheme and registration of new members in the Resulting Company on account of difficulties faced in the transaction period.
- 10.11 The Securities issued under this Clause 10, may not be registered under the United States Securities Act of 1933, as amended (the “**Securities Act**”) and the Resulting Company may elect, in its sole discretion, to rely upon an available exemption from the registration requirements of the Securities Act or any other exemption that the Resulting Company may elect to rely upon. In the event the Resulting Company elects to rely upon an exemption from the registration requirements of the Securities Act, the sanction of the High Court to this Scheme will be relied upon for the purpose of qualifying the issuance and distribution of the Securities for such an exemption from the registration requirements of the Securities Act. The Resulting Company may elect, in its sole discretion, to register the Securities Act, as is required by the Securities Act.
- 10.12 The Securities issued and allotted by the Resulting Company in terms of this Scheme shall be subject to the provisions of the Memorandum and Articles of Association of the Resulting Company and shall rank *pari passu* inter-se in all respects including dividends declared, voting and other rights. The issue and allotment of Securities of Resulting Company in terms of this Scheme shall be deemed to have been carried out as if the procedure laid down under Section 62 of the Companies Act, 2013 and any other applicable provisions of the Act have been complied with. Further the issue and allotment of Redeemable Preference Shares in terms of this Scheme shall be deemed to be a Private Placement in accordance with the SEBI (Issue and Listing of Non-Convertible Redeemable Preference Shares) Regulations, 2013.
- 10.13 The Resulting Company shall, if necessary and to the extent required, increase its authorized share capital to facilitate issue of Securities under this Scheme. It is clarified that the approval of the members of the Resulting Company to the Scheme shall be deemed to be their consent/ approval also to the alteration of the Memorandum and Articles of Association of the Resulting Company as required under Sections 13, 14, 61 and 64 of the Companies Act, 2013 and other applicable provisions of the Companies Act 2013 and the Companies Act 1956.

- 10.14 The Redeemable Preference Shares including those issued under this Scheme shall be listed on a recognised stock exchange. However, the Resulting Company Equity Shares, including those issued in terms of this Clause 10, shall not be listed and/or admitted on any of the stock exchanges in India. The Scheme therefore envisages an exit mechanism as set out in Clause 12 below for the Eligible Members of the Demerged Company. The Resulting Company shall apply for listing of its Redeemable Preference Shares including those issued in terms of this Clause 10 on a recognized stock exchange in terms of the SEBI Circulars.
- 10.15 Subject to the provisions of this Scheme including Exit Options provided under Clause 12, the Redeemable Preference Shares allotted by the Resulting Company pursuant to the Scheme shall remain frozen in the depositories system till listing/trading permission is given by the designated stock exchange.
- 11 Election Procedure**
- 11.1 The Demerged Company shall approach the Stock Exchanges within a period of 7 (seven) business days or such other time as may be decided by the Board of the Demerged Company, from the Effective Date to ascertain the Record Date and the Eligible Members.
- 11.2 Within 7 (seven) business days from the Record Date, or such other date as may be required by the Stock Exchanges, the Demerged Company shall dispatch the format of a notice (the **"Election Notice"**) to each Eligible Member (being resident and FIIs), which shall allow such Eligible Member (subject to receipt of requisite approvals as set out in Clause 10.3 in case of Eligible Members being FIIs), the following options, and contain or require the furnishing of such other information as may be necessary to give effect to such options:
- (a) issuance and allotment of Resulting Company Equity Shares (as consideration pursuant to Clause 10.1 and 10.3); or
 - (b) issuance and allotment of Redeemable Preference Shares (as consideration pursuant to Clause 10.1 and 10.3) with an option to voluntary exit in accordance with Clause 12.1 below.
- 11.3 The Eligible Members being the promoter(s) and/or the promoter group of the Demerged Company shall be compulsorily issued Resulting Company Equity Shares (as consideration pursuant to Clause 10) and shall not be eligible to exercise the exit option provided under the Scheme.
- 11.4 Each resident Eligible Member (other than the Custodian) shall be required to submit the duly completed Election Notice to the Demerged Company on or prior to the expiry of 30 (thirty) business days from dispatch of the Election Notice, or such other date as may be required by the Stock Exchanges (**"Election Period"**). Eligible Members shall be required to exercise the option available to them under this Clause 11 in its entirety and not in parts.
- 11.5 If any resident Eligible Member has not submitted the duly completed Election Notice to the Demerged Company prior to the expiry of the Election Period or has not provided requisite details as may be required in relation to the option or where such Election Notice has not been received by Demerged Company or its registrars or the Election Notice has returned undelivered or the ownership of the equity shares of the Demerged Company is in dispute, then in that event, such resident Eligible Member shall be compulsorily allotted Resulting Company Equity Shares (as consideration pursuant to Clause 10) in the ratio as stated in Clause 10.1 above.

- 11.6 Within 7 (seven) business days of the expiry of the Election Period, or such other date as may be required by the Stock Exchanges, the Resulting Company shall, issue and allot (the date of issuance and allotment, the **"Allotment Date"**):
- (a) Redeemable Preference Shares to the Eligible Members who have opted for the Redeemable Preference Shares pursuant to Clause 11.2; and
 - (b) Resulting Company Equity Shares to the Eligible Members who have opted for Resulting Company Equity Shares pursuant to Clause 11.2.
- 11.7 In case any shareholder's holding in the Demerged Company is such that the shareholder becomes entitled to a fraction of a Security of the Resulting Company, the Resulting Company shall not issue any fractional shares to such shareholder but shall consolidate such fractions and issue consolidated Securities to a trustee nominated by the Resulting Company in that behalf, who shall sell such Securities to the promoters of the Demerged Company and/ or their affiliates or any other person and/or entity identified by them, at a value per Security provided in the Scheme and distribute the net sale proceeds (after deduction of applicable taxes and other expenses incurred) to the shareholders entitled to the same in proportion to their fractional entitlements.
- 11.8 Notwithstanding anything set out in this Scheme and subject to the approval of the Stock Exchanges, the Demerged Company may dispatch the Election Notice to the members of the Demerged Company and complete the processes set out in Clause 11 prior to the Redeemable Preference Shares commencing trading subsequent to the Record Date for the Demerger, in which event the timelines set out in this Clause 11 shall stand modified accordingly in consultation with the Stock Exchanges.

12 Exit Options

12.1 Exit option to Redeemable Preference Shareholders

- (a) The Eligible Members, who have exercised the exit option available to them under Clause 11.2 above; shall sell the Redeemable Preference Shares to the promoters of the Demerged Company and/ or their affiliates or any other person and/or entity identified by them (**"Purchaser- RPS"**), within 30 (thirty) days from the date of allotment of the Redeemable Preference Shares by the Resulting Company at a price of Rs 112.30 (Rupees One hundred twelve and thirty paise) which includes a premium of Rs 110.30 (Rupees One hundred ten and thirty paise) per Redeemable Preference Share (**"Purchase Consideration- RPS"**) (**"Exit Right/ Event"**).
- (b) On occurrence/ exercising of the Exit Right/ Event, the Eligible Members will within 7 (seven) business days from the receipt of the Redeemable Preference Shares, the Purchaser-RPS shall send the Purchase Consideration-RPS by the bankers cheque/demand draft at the address notified in the Election Notice or as available in the records of the Demerged Company. In the event if the bank details of the Eligible Members are notified with the registrar and transfer agent of the Demerged Company, the Purchaser-RPS may also within 7 (seven) business days of transfer of Redeemable Preference Shares, credit the Purchase Consideration-RPS by e-transfer in the bank accounts of each of the Eligible Member registered with the registrar and transfer agent of the Demerged Company. The stamp duty for the transfer shall be borne by the Purchaser-RPS for the said purpose on a pro rata basis. The Purchaser-RPS shall be deemed to include their nominees or assigns who accepts in totality the

terms of the Scheme. Any other liability of including under the Income Tax Act, 1961 shall be borne by the respective parties.

12.2 Exit option to non-resident Resulting Company Equity Shareholders (including Depository and FII)s)

- (a) The Boards of the Demerged Company and the Resulting Company shall cause the promoters of the Demerged Company to appoint a merchant banker (Category-I) registered with the SEBI ("**Merchant Banker**") to act on behalf of and as an agent and trustee of the Eligible Members, being non-residents (including FIIs and the Depository of Demerged Company GDRs) ("**Non Resident Eligible Members**") for the sale and purchase of Resulting Company Equity Shares as stated below.
- (b) Without prejudice to the aforesaid, in the event if (i) the Eligible Members being FIIs (subject to receipt of requisite approvals as set out in Clause 10.3) choose to receive the Resulting Company Equity Shares in accordance with Clause 10.3(b); or (ii) all requisite approval set out in Clauses 10.2 or 10.4, as the case maybe, are not received by the Resulting Company as on the Effective Date, the Resulting Company shall for and on behalf of and in trust for the Non-Resident Eligible Members, issue and allot Resulting Company Equity Shares to the Merchant Banker and the Merchant Banker shall for and on behalf of such Non-Resident Eligible Members receive the aforesaid Resulting Company Equity Shares, subject to receipt of necessary regulatory approval, in an on-shore escrow account opened by it with a scheduled commercial bank in India to be determined by and upon terms and conditions acceptable to the Board, for this purpose ("**Escrow Account**") in the manner stated in this Clause.
- (c) Immediately upon allotment of Resulting Company Equity Shares to the Merchant Banker, the Merchant Banker shall for and on behalf of the Non-Resident Eligible Members, offer for sale the Resulting Company Equity Shares, issued and allotted to it under the Scheme, for purchase by the promoters of the Demerged Company and/or their affiliates or any other person and/or entity identified by them ("**Purchaser-Equity**") within 30 (thirty) days from the date of allotment of the Resulting Company Equity Shares by the Resulting Company at a price of Rs 112.30 (Rupees One hundred twelve and thirty paise) which includes a premium of Rs 110.30 (Rupees One hundred ten and thirty paise) per Resulting Company Equity Share ("**Purchase Consideration-Equity**") in the manner set out below.
- (d) Upon receipt of the Resulting Company Equity Shares from the Eligible Members in accordance with this Clause 12, the Merchant Banker shall on behalf of the Purchaser-Equity, send the Purchase Consideration – Equity by the banker's cheque/demand draft at the address available in the records of the Demerged Company for and on behalf of the Purchaser -Equity. In the event, if the bank details of the Non Resident Eligible Members are notified with the registrar and transfer agent of the Demerged Company, the Merchant Banker may also within 7 (seven) business days, cause the credit of the Purchase Consideration-Equity by e-transfer in the bank accounts of each of the Non Resident Eligible Members registered with the registrar and transfer agent of the Demerged Company. The Purchaser-Equity shall be deemed to include their nominees or assigns who accepts in totality the terms of the Scheme.
- (e) The said sale for and behalf of Non Resident Eligible Members by the Merchant Banker shall be deemed/ considered to be a sale by the Non Resident Eligible Member. Upon the receipt of Purchaser Consideration – Equity in relation to the aforesaid sale of the

Resulting Company Equity Shares, the Merchant Banker shall distribute such proceeds within 7 (seven) business days from receipt of such consideration from the Purchaser-Equity to the Non Resident Eligible Members (after deducting or withholding for or on account of any present or future taxes or duties as required by Applicable Laws), in the same proportion as their entitlements.

- (f) Notwithstanding anything contrary contained in any other law, the allotment of Resulting Company Equity Shares to the Merchant Banker for and on behalf of the Non Resident Eligible Members under this Scheme, shall be deemed to be allotment of equity shares to the Non Resident Eligible Members under the provisions of applicable law including that under the provisions of Section 2(19AA) of the Income Tax Act, 1961.
 - (g) All the expenses including the appointment of the Merchant Banker, opening of the Escrow Account, the stamp duty for the said transfer of Resulting Company Equity Shares shall be borne by the Purchaser-Equity. The Purchaser-Equity shall be deemed to include their nominees or assigns who accepts in totality the terms of the Scheme.
- 12.3 The aforesaid Purchase Consideration – RPS and Purchase Consideration- Equity has been arrived based on the recommendations made in the valuation reports issued by two independent valuers i.e. Price Waterhouse & Co. LLP and Haribhakti & Co.
- 12.4 The exit options provided in the Scheme are fair just, equitable and reasonable. In view of option provided under Clause 10 and exit options provided under Clause 12, the non-listing of Resulting Company Equity Shares will not adversely affect the rights of the shareholders of the Demerged Company regarding sale and disposal of the Resulting Company Equity Shares and Redeemable Preference Shares.

13 Dividends

- 13.1 The Demerged Company and the Resulting Company shall be entitled to declare and pay dividends, whether interim or final, to their respective shareholders in respect of the accounting period prior to the Effective Date in the ordinary course.
- 13.2 Upon the Scheme becoming effective, on and from the Appointed Date, the profits of the Demerged Undertaking shall belong to and be the profits of the Resulting Company and will be available to Resulting Company for being disposed of in any manner as it thinks fit.
- 13.3 It is clarified that the aforesaid provisions in respect of declaration of dividends are enabling provisions only and shall not be deemed to confer any right on any equity shareholder of Demerged Company and/or Resulting Company to demand or claim any dividends which, subject to the provisions of the said Act, shall be entirely at the discretion of the Board of Demerged Company and Resulting Company respectively, subject to such approval of the shareholders, as may be required.

14 Accounting by the Demerged Company and the Resulting Company

- 14.1 Accounting treatment in the books of the Demerged Company:
- (a) Upon the Scheme becoming effective, the Demerged Company shall reduce the book value of assets and liabilities pertaining to the Demerged Undertaking, as on the Appointed Date, from its books of account.;

- (b) The difference, being the excess of book value of assets over the book value of liabilities of the Demerged Undertaking, transferred by Demerged Company to the Resulting Company shall be adjusted against the securities premium account of the Demerged Company and balance, if any, shall be first adjusted against the general reserve account of the Demerged Company and thereafter against profit and loss account of the Demerged Company.
- (c) The reduction, if any, in the securities premium account of the Demerged Company shall be effected as an integral part of the Scheme in accordance with the provisions of Section 52 of the Companies Act, 2013 and Sections 100 - 103 of the Companies Act, 1956 and the order of the High Court sanctioning the Scheme shall be deemed to be also the order under Section 102 of the Act for the purpose of confirming the reduction. The reduction would not involve either a diminution of liability in respect of unpaid share capital or payment of paid-up share capital, and the provisions of Section 101 of the Act will not be applicable. The Demerged Company shall not be required to add the words "and reduced" as a suffix to its name consequent upon such reduction.
- (d) All existing shares held by the Demerged Company in the Resulting Company shall stand cancelled, without any further act or deed as an integral part of this Scheme in accordance with Clause 20. The loss on such cancellation shall be debited to profit and loss account of the Demerged Company.

14.2 In the books of the Resulting Company

- (a) Upon coming into effect of this Scheme and upon the arrangement becoming operative, the Resulting Company shall record the assets and liabilities comprised in the Demerged Undertaking transferred to and vested in it pursuant to this Scheme, at the same value appearing in the books of Demerged Company on the close of business on 31 March 2015.
- (b) The Resulting Company shall credit its share capital account in its books of account with the aggregate face value of the Securities issued to the shareholders of Demerged Company pursuant to Clause 10 of this Scheme. Further, the Resulting Company shall credit to its securities premium account, the aggregate premium on Securities issued by it pursuant to Clause 10. The securities premium recorded by the Resulting Company shall be applied as per the provisions of Section 52 of the Companies Act, 2013.
- (c) The difference, being the excess of value of Net Assets Value of the Demerged Undertaking transferred from the Demerged Company and recorded by the Resulting Company in accordance with Clause 14.2(a) above, over the amount credited as share capital and securities premium account as per Clause 14.2(b), and after adjusting the reduction in the capital of the Resulting Company pursuant to Clause 20 below, shall be credited to capital reserve of the Resulting Company and the deficit, if any, shall be debited to goodwill account of the Resulting Company. Such goodwill, if any, shall be amortised over a period of 5 years from the Appointed Date.

Explanation:

"**Net Assets Value**" for the purpose of this Clause shall be computed as the book value of the assets of the Demerged Company pertaining to the Demerged Undertaking

transferred to the Resulting Company less the book value of the liabilities pertaining to the Demerged Undertaking becoming liabilities of the Resulting Company.

- (d) If considered appropriate for the purpose of application of uniform accounting methods and policies between the Demerged Company and the Resulting Company, the Resulting Company may make suitable adjustments and adjust the effect thereof in its securities premium account.

15 Remaining Undertaking

- 15.1 The Remaining Undertaking and all the assets, liabilities and obligations pertaining thereto shall continue to belong to and remain vested in and be managed by the Demerged Company.
- 15.2 All legal, taxation and / or other proceedings by or against the Demerged Company under any statute, whether pending on the Appointed Date or which may be instituted at any time thereafter, and relating to the Remaining Business of the Demerged Company (including those relating to any property, right, power, liability, obligation or duties of the Demerged Company in respect of the remaining business) shall be continued and enforced against the Demerged Company.
- 15.3 If proceedings are taken against the Resulting Company in respect of matters referred to in Clause 15.2 above relating to the Remaining Undertaking, it shall defend the same in accordance with the advice of the Demerged Company and at the cost of the Demerged Company, and the latter shall reimburse and indemnify the Resulting Company, against all liabilities and obligations incurred by the Resulting Company in respect thereof.

16 Authorised Share Capital

- 16.1 Upon the Scheme being effective, and prior to issuance of Securities under Clause 10 above, the Authorised Capital of the Resulting Company shall stand increased and the existing capital clause contained in the Memorandum of Association of the Resulting Company shall, upon coming into effect of this Scheme, be altered and substituted pursuant to Sections 13 and 61 of the Companies Act 2013 and Section 394 and other applicable provisions of the Companies Act 1956 and Companies Act 2013, as follows:

"The Authorised Share Capital of the Company is Rs. 23,28,00,000 (Rupees twenty three crores twenty eight lakhs) divided into 8,00,00,000 (Rupees eight crores) Equity Shares of Rs. 2 (Rupees) each and 3,64,00,000 (Rupees three crores sixty four lakhs) Redeemable Preference Shares of Rs. 2 (Rupees two) with a power to increase and reduce the capital of the Company or to divide the shares in the capital for the time being into several classes and to attach thereto respectively any preferential, deferred, qualified or special rights, privileges or condition as may be determined by or in accordance with the Articles of the Company and to vary, modify or abrogate any such rights, privileges or conditions in such manner as may be for the time being provided by the Articles of the Company and the legislative provisions for the time being in force."

- 16.2 It is clarified that the approval of the members of the Resulting Company to the Scheme shall be deemed to be their consent/ approval also to the alteration of the Memorandum and Articles of Association of the Resulting Company as required under Sections 13, 14, 61 and 64 of the Companies Act, 2013 and other applicable provisions of the Companies Act 2013 and the Companies Act 1956.

17 Saving of Concluded Transactions

Subject to the terms of the Scheme, the transfer and vesting of the Demerged Undertaking and continuance of proceedings by or against the Resulting Company, as provided herein, shall not affect any transactions or proceedings already concluded by the Demerged Company before the Effective Date, to the end and intent that the Resulting Company accepts and adopts all acts, deeds and things done and executed by and/or on behalf of the Demerged Company in relation to the Demerged Undertaking as acts, deeds and things done and executed by and on behalf of the Resulting Company.

18 Conduct of the business of the Demerged Undertaking

With effect from the Appointed Date and up to and including the Effective Date:

- 18.1 The Demerged Company shall be deemed to have been carrying on and shall carry on the Demerged Undertaking and shall be deemed to have held and stood possessed of and shall hold and stand possessed of all its properties and assets for and on account of and in trust for the Resulting Company. The Demerged Company hereby undertakes to hold its assets with utmost prudence until the Effective Date.
- 18.2 The Demerged Company shall carry on the business and activities of the Demerged Undertaking with reasonable diligence, business prudence and shall not, except in the ordinary course of business or without prior written consent of the Resulting Company, alienate charge, mortgage, encumber or otherwise deal with or dispose of any business or part thereof.
- 18.3 With effect from the Appointed Date, all the profits or income accruing or arising to the Demerged Company or expenditure or losses arising or incurred or suffered by Demerged Company, in relation to the Demerged Undertaking, shall for all purposes be treated and be deemed to be accrued as the income or profits or losses or expenditure as the case may be of the Resulting Company.
- 18.4 The Demerged Company shall not vary the terms and conditions of any agreements or contracts in relation to the Demerged Undertaking except in the ordinary course of business or without the prior consent the Resulting Company or pursuant to any pre-existing obligation undertaken by them, as the case may be.
- 18.5 The Demerged Company and the Resulting Company shall be entitled, pending sanction of the Scheme, to apply to the Central/State Government and all other agencies, departments and authorities concerned as are necessary under any law or rules for such consents, approvals and sanctions, which may be required pursuant to this Scheme.

19 Modification of Scheme

- 19.1 The Demerged Company and Resulting Company by their respective Board of Directors or any Committee thereof or any Director authorized in that behalf (hereinafter referred to as the “**Delegate**”) may assent to, or make, from time to time, any modifications or amendments or additions to this Scheme which the High Court(s) or any authorities under law may deem fit to approve of or impose and which the Demerged Company and Resulting Company may in their discretion accept such modifications or amendments or additions as the Demerged Company and Resulting Company or as the case may be, their respective Delegate may deem fit, or required for the purpose of resolving any doubts or difficulties that may arise for carrying out this Scheme, and the Demerged Company and Resulting Company by their respective Boards of Directors or Delegate are hereby authorised to do, perform and execute

all acts, deeds, matters and things necessary for bringing this Scheme into effect, or review the position relating to the satisfaction of the conditions of this Scheme and if necessary, waive any of such conditions (to the extent permissible under law) for bringing this Scheme into effect. In the event that any conditions may be imposed by the High Court or any authorities, which the Demerged Company or any of the Resulting Company find unacceptable for any reason, then Demerged Company and the Resulting Company shall be at liberty to withdraw the Scheme. The aforesaid powers of the Demerged Company and the Resulting Company may be exercised by the Delegate of the respective Companies.

- 19.2 For the purpose of giving effect to this Scheme or to any modifications or amendments thereof or additions thereto, the Delegates (acting jointly) of the Demerged Company and the Resulting Companies may give such directions as they may consider necessary to settle any question or difficulty arising under this Scheme or in regard to and of the meaning or interpretation of this Scheme or implementation thereof or in any matter whatsoever connected therewith (including any question or difficulty arising in connection with any deceased or insolvent shareholders, depositors or debenture holders of the respective Companies), or to review the position relating to the satisfaction of various conditions of this Scheme and if necessary, to waive any of those conditions (to the extent permissible under law).

PART – III

20 Reduction and reorganization of the share capital of Resulting Company

- 20.1 Simultaneously with the issue and allotment of the Securities by the Resulting Company to the equity shareholders of the Demerged Company in accordance with Clause 10 of this Scheme, in the books of the Resulting Company, all the equity shares issued by the Resulting Company to the Demerged Company shall stand cancelled, extinguished and annulled on and from the Effective Date which shall be regarded as reduction of share capital. The order of the High Court sanctioning the Scheme shall be deemed to be an order under Section 102 of the Act confirming the reduction.

The consent of the shareholders of the Resulting Company to this Scheme shall be deemed to be the consent of its shareholders for the purposes of effecting the above reduction, if any, under provisions of Section 100 to 103 of the Act, and no further resolution under Section 100 to 103 of the Act or any other applicable provisions of the Act, would be required to be separately passed. The Resulting Company shall not be required to add the words “and reduced” as a suffix to its name consequent upon such reduction.

PART – IV

GENERAL PROVISIONS

21 Immediately upon the Scheme being effective:

- 21.1 the Demerged Company and the Resulting Company shall enter into shared services agreements *inter alia* in relation to use by the Resulting Company of office space, infrastructure facilities, club membership facilities, information technology services, security personnel, legal, administrative and other services, etc. of the Demerged Company on such terms and conditions that may be agreed between the Parties and on payment of consideration on an arm’s length basis and which are in the ordinary course of business.

- 21.2 The reduction, if any, in the securities premium account of the Demerged Company shall be effected as an integral part of the Scheme in accordance with the provisions of Section 52 of the Companies Act, 2013 and Sections 100 - 103 of the Companies Act, 1956 and the order of the High Court sanctioning the Scheme shall be deemed to be also the order under Section 102 of the Act for the purpose of confirming the reduction. The reduction would not involve either a diminution of liability in respect of unpaid share capital or payment of paid-up share capital, and the provisions of Section 101 of the Act will not be applicable.

The consent of the shareholders of the Demerged Company to this Scheme shall be deemed to be the consent of its shareholders for the purposes of effecting the above reduction, if any, under provisions of Section 52 of the Companies Act, 2013 and Sections 100 - 103 of the Companies Act, 1956 and no further resolution under Section 100 - 103 of the Act or any other applicable provisions of the Act, would be required to be separately passed.

- 22 The Board of the Demerged Company and the Board of the Resulting Company may assent to any modifications or amendment to the Scheme or agree to any terms and/or conditions which the Appropriate Authorities under law may deem fit to direct or impose or which may otherwise be considered necessary or desirable for setting any question or doubt or difficulty that may arise for implementing and/or carrying out the Scheme and do all acts, deeds and things as may be necessary, desirable or expedient for putting the Scheme into effect.
- 23 The Resulting Company and the Demerged Company, with the approval of their respective Board, shall be entitled to issue bonus shares, rights issue, reclassify, consolidate, sub-divide and/or split their shares subject to requirements pursuant to commitments, obligations or arrangements existing prior to the Scheme coming into effect.
- 24 Notwithstanding anything contained herein, the order of the High Court sanctioning the Scheme shall be adjudicated at the jurisdiction of the registered office of the Resulting Company. Further, since the Scheme is an arrangement between a holding company and its wholly owned subsidiary, the provisions of the Notification No. 1 dated 16 January 1937 will be applicable.
- 25 For the purpose of giving effect to the Scheme or to any modification thereof, the Board of the Demerged Company are hereby authorised to give such directions and/or to take such steps as may be necessary or desirable including any directions for settling any question or doubt or difficulty whatsoever that may arise during implementation of the Scheme.
- 25.1 The Scheme is conditional on and subject to:
- (a) the Scheme being approved by the requisite majorities in number and value of such classes of persons including the members and/or creditors of the Parties to the Scheme as may be directed by the High Court or any other Appropriate Authority, as may be applicable;
 - (b) the Parties complying with other provisions of the SEBI Circulars, including the requirements stated in Clause 25.1(a) above;
 - (c) the sanction or approval of the Appropriate Authorities including the Reserve Bank of India being obtained and granted in respect of any of the matters in respect of which such sanction or approval is required; and
 - (d) the sanction of the High Court, under Sections 391 to 394 of the Act read with Section 52 of the Companies Act 2013 and Sections 100-103 of the Companies Act, 1956 in

favour of the Demerged Company and Resulting Company to the necessary order or orders under Section 394 of the Act, being obtained.

- 25.2 It is hereby clarified that submission of the Scheme to the High Court and to Appropriate Authorities for their respective approvals is without prejudice to all rights, interests, titles or defenses that Demerged Company and Resulting Company have or may have under or pursuant to all appropriate and Applicable Laws and regulations.
- 25.3 All costs, charges and expenses including stamp duty that may be required, in relation to or in connection with the Scheme and of carrying out and completing the terms and provisions of the Scheme and/or other matters incidental or ancillary thereto, shall be borne by the Resulting Company.
- 25.4 The Demerged Company and the Resulting Company acting through their respective Boards shall each be at liberty to withdraw from this Scheme in case any condition or alteration imposed by any Appropriate Authority/person is unacceptable to any of them.
- 25.5 In the event of this Scheme failing to take effect finally by 31 December 2016, or by such later date as may be agreed by the respective Boards of Directors of the Parties, this Scheme shall become null and void and in that event no rights and liabilities whatsoever shall accrue to or be incurred, *inter-se*, by the Parties or their shareholders or creditors or employees or any other person. In such case, each Party shall bear its own costs, charges and expenses incurred in relation or in connection with this Scheme or as may be mutually agreed.
- 25.6 If any part of this Scheme is found to be unworkable for any reason whatsoever, the same shall not, subject to the decision of Demerged Company and Resulting Company, affect the validity or implementation of the other parts and/or provisions of this Scheme.

DCS/AMAL/CS/24(f)/134/2015-16

August 28, 2015

The Company Secretary,
Sterlite Technologies Limited
E 1, MIDC, Survey No 68/1, Rakholi Village,
Madhuban Dam Road, Silvassa,
Dadra- 396 230,
Dadra & Nagar Haveli.

Dear Sir/Madam,

Sub: Observation letter regarding Draft Scheme of Arrangement of Sterlite Technologies Limited and Sterlite Power Transmission Limited.

We refer to your submission of draft Scheme of Arrangement of Sterlite Technologies Limited (STL) and Sterlite Power Transmission Limited (SPTL), filed under clause 24[f] of Listing Agreement and in accordance with SEBI Circular No. CIR/CFD/DIL/5/2013 & No. CIR/CFD/DIL/8/2013 dated February 4, 2013 & May 21, 2013 respectively.

As required under SEBI Circular No. CIR/CFD/DIL/5/2013 & No. CIR/CFD/DIL/8/2013 dated February 4, 2013 & May 21, 2013 respectively, SEBI vide its letter dated August 27, 2015 has given its letter of comments on the draft scheme and a copy of the same is attached as **Annexure I**. In addition to the same, in para 2 of its observation letter, SEBI has interalia stated that:

- a) Stock Exchange(s) to ensure that "fairness opinion" submitted by Sterlite Technologies Limited, as forwarded by NSE, vide letter received by SEBI on June 11, 2015, is displayed from the date of receipt of this letter on the website of the listed company and the Stock Exchange(s) along with various documents submitted pursuant to the Circulars.
- b) Considering that STL is promoter of SPTL and the shareholding of STL in SPTL is proposed to be cancelled as part of the proposed scheme, Stock Exchange(s) may advise the company to consider modifying the draft scheme to clearly state that the obligation of purchasing equity shares and redeemable preference shares pursuant to the scheme of arrangement will be on promoters of STL and not on STL, as informed by STL in earlier communications.
- c) The Company shall duly comply with provisions of Circulars.

Accordingly, you are advised to comply with the same.

In the Annexure I of its aforesaid comment letter dated August 27, 2015, SEBI has raised certain concerns with regards to the following:

1. *Partial Delisting of STL without providing an exit opportunity – an attempt to circumvent the obligations under Delisting Regulations.*
2. *Clubbing of the number of independent unrelated transactions in the draft scheme of arrangement.*

Further, as mentioned in last para of point 7 of Annexure I of the aforesaid SEBI letter, the above comments/observations do not preclude the company from filing the draft scheme with the Hon'ble High Court for sanction.

Yours faithfully,



Nitin Pujari
Manager



Lalit Phatak
Asst. Manager



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Annexure 1

I. Facts of the Case In brief

1. The parties relevant to this case are as under:

1.1. Sterlite Technologies Limited ("STL") - transferor company and listed on BSE & NSE

1.2. Sterlite Power Transmission Limited ("SPTL") – transferee company and Unlisted.

SPTL is a wholly owned subsidiary of the STL.

2. The scheme envisages the following:

2.1. Demerger of Power Products and Transmission Grid Business of STL into SPTL

The Scheme provides for demerger of the Power Products and Transmission Grid Business ('Demerged Undertaking') into SPTL.

SPTL shall, issue and allot Securities to all the shareholders of STL as consideration for the transfer of the Demerged Undertaking in proportion of their shareholding in the STL and provide an option to the shareholders of the STL to elect the Securities being issued by SPTL as either:

2.1.1. 1 (one) fully paid equity share of Rs. 2/- (Rupees two) each of SPTL for every 5 (five) fully paid up equity shares of Rs. 2/- (Rupees two) each of the STL held by the said Eligible Member;

2.1.2. 1 (one) fully paid-up redeemable preference share of Rs. 2/- (Rupees two) each at a premium of Rs 110.30 (Rupees One hundred ten and thirty paise) per redeemable preference share in SPTL for every 5 (five) fully paid equity shares of Rs. 2/- (Rupees two) each of the STL held by the said Eligible Member, with the option of seeking voluntary exit.

The Redeemable Preference Shares issued by SPTL shall be listed on a recognised stock exchange. However, Equity Shares of the SPTL shall not be listed on any stock exchange.

Simultaneously with issuance of Securities, all existing shares held by the STL in SPTL shall stand cancelled, without any further act or deed as an integral part of this

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Scheme. The loss on such cancellation shall be debited to profit and loss account of the STL.

In view of the provisions of Applicable Laws (which does not permit the issuance of Redeemable Preference Shares to non-residents), in consideration of the Demerger, such Eligible Members who are non-resident (including Depository in respect of the equity shares of the STL underlying the STL GDRs but other than FIs) shall be issued and allotted 1 (one) Resulting Company Equity Share for every 5 (five) fully paid up equity shares of Rs. 2 (Rupees two) each of the STL held by them on the Record Date. All such SPTL Equity Shares issued shall, subject to Applicable Law, be purchased by the promoters of the SPTL and/ or their affiliates or any other person and/or entity identified by them, in the manner as stated in para 3.2 below.

In view of provisions of Applicable Laws, SPTL shall, in consideration of the Demerger, subject to receipt of the approval of the Appropriate Authority including RBI and SEBI, and fulfilment of such other conditions, allot either equity shares or redeemable preference share as indicated in para 2.1.1 and 2.1.2 above to eligible members being FIs. In the event, approvals from the Appropriate Authority is not received by SPTL on or before the Effective Date, SPTL shall compulsorily issue and allot 1 (one) Equity Share for every 5 (five) equity shares of the STL held by such FIs on the Record Date. All such SPTL Equity Shares shall be compulsorily purchased by the promoters of the SPTL and/ or their affiliates or any other person and/or entity identified by them, in the/ manner as stated in para 2.2 below.

If any resident Eligible Member has not submitted the duly completed Election Notice(Choice of Equity shares or Preference Shares) to the SPTL prior to the expiry of the Election Period or has not provided requisite details as may be required in relation to the option or where such Election Notice has not been received by SPTL or its registrars or the Election Notice has returned undelivered or the ownership of the equity shares of the SPTL is in dispute, then in that event, such resident Eligible Member shall be compulsorily allotted Resulting Company Equity Shares.

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2.2. Exit Options to Shareholders of STL

2.2.1. Exit option for shareholders opting for Redeemable Preference Shares

Redeemable Preference Shareholders may sell the Redeemable Preference Shares to the promoters of the SPTL and/or their affiliates or any other person and/or entity identified by them within 30 (thirty) days from the date of allotment of the Redeemable Preference Shares by the SPTL at a price of Rs. 112.30.

The Redeemable Preference Shares shall be redeemable on the expiry of 18 (eighteen) months from the date of allotment thereof. Each Redeemable Preference Share shall be redeemed at a premium of Rs. 123.55.

2.2.2. Exit option non-resident shareholders opting for Equity Shares

Non-Resident Eligible Members may offer for sale the SPTL Equity Shares issued and allotted to it under the Scheme for purchase by the promoters of the SPTL and/or their affiliates or any other person and/or entity identified by them within 30 (thirty) days from the date of allotment at a price of Rs. 112.30.

2.2.3. No exit option is envisaged for resident shareholders opting for Equity Shares

2.3. Transfer of Investment in ENICL to Sterlite Grid Limited

Immediately upon the Demerger being effective and upon transfer of investments of the STL in ENICL to the SPTL, SPTL shall in consideration and terms as may be mutually agreed between the SPTL and Sterlite Grid Limited ('SGL'), transfer all the shares held by it in ENICL together with all benefits, rights, privileges, advantages and incidentals attached to the respective shares of ENICL to SGL.

2.4. Restructuring of Employee Stock Option Scheme

The options granted (whether vested or not) ("Options") by STL pursuant to the existing stock option scheme of STL ("Existing Stock Option Scheme") to its employees (whether Transferred Employees or Remaining Employees) will continue to be governed by the provisions of the Existing Stock Option Scheme.

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Upon the Scheme coming into effect, the Options shall be restructured by the Compensation Committee in such a manner that the employees on exercise of such Options will be entitled to the same benefit in terms of value of equity shares of STL as they would have received on exercise of the Options prior to the Demerger.

2.5. Enhancement of Lending and Borrowing limit of SPTL

Clause 22.2 of the proposed scheme provides for enhancing the borrowing limit of the SPTL to Rs. 3000 cr. Further, Clause 22.3 of the proposed scheme provides for enhancing the lending limit of the SPTL to Rs. 3000 cr.

3. The pre and post scheme shareholding pattern in summarized form is given as under:

Share Holding Pattern	STL (Pre-Scheme)		
	No. of shareholders	No. of shares	%
Promoter	8	216027101	54.83
Public	125115	178031900	45.17
Total	125123	394059001	100.00

Assuming all STL shareholders opt for Equity Option

Share Holding Pattern	SPTL (Pre-Scheme)			SPTL (Post-Scheme)		
	No. of shareholders	No. of shares	%	No. of shareholders	No. of shares	%
Promoter	1	500000*	100.00	8	43205420	54.83
Public	0	0	0.00	125115	35506380	45.17
Total	1	500000*	100.00	125123	78811800	100.00

* Entire pre-scheme equity capital of SPTL is held by STL

Assuming all STL shareholders opt for Redeemable Preference Shares Option

Share Holding Pattern	SPTL (Pre-Scheme)			SPTL (Post-Scheme)		
	No. of shareholders	No. of shares	%	No. of shareholders	No. of shares	%
Promoter	1	500000*	100.00	8	43205420	93.43
Public	0	0	0.00	2480	3047080	6.57
Total	1	500000*	100.00	2488	46262500	100.00

* Entire pre-scheme equity capital of SPTL is held by STL

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4. Voting by Shareholders:

The company has given a certificate dated May 18, 2015 from S R B C & Co. LLP confirming that the requirements prescribed in para 5.16(a) of SEBI Circular No. CIR/CFD/DIL/5/2013 dated February 4, 2013 in relation to the voting by public shareholders through postal ballot and e-voting, is not applicable in relation to the proposed scheme.

5. In view of the above, STL has made application to SEBI (through NSE, the designated Stock Exchange) as per the provisions of SEBI Circular No. CIR/CFD/DIL/5/2013 dated February 4, 2013.

II. SEBI's observations with regard to Scheme of Arrangement

6. The Scheme, which involves demerger of Power Products and Transmission Grid Business ('Demerged Undertaking') of STL into SPTL, certain concerns are observed with regard to the following:

6.1 Partial Delisting of STL without providing an exit opportunity - an attempt to circumvent the obligations under Delisting Regulations.

6.2 Clubbing of the number of independent unrelated transactions in the draft scheme of arrangement.

- 6.1. Partial Delisting of STL without providing an exit opportunity - an attempt to circumvent the obligations under Delisting Regulations

6.1.1. The draft scheme proposes to demerge Power Products and Transmission Grid Business ('Demerged Undertaking') of STL into SPTL (an unlisted entity). From the disclosures in draft scheme and supporting documents, it is observed that the contribution of Demerged Undertaking in the operations of STL is as under:

Parameter	STL	Demerged Undertaking	Contri. to STL (%)
Net worth (Rs. Cr.)	1242.65	574.84	46%
Turnover (Rs. Cr.)	3030.10	1499.99	50%
PBT (Rs. Cr.)	99.02	(116.66)	-118%

Thus, from the above parameters, it appears that the Demerged Undertaking contributes significantly to the operations of STL.

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- 6.1.2. From the disclosures in draft scheme and supporting documents, it is observed that the SPTL has been incorporated in May 2015 and has very limited experience in Power Products and Transmission Grid Business.
- 6.1.3. As consideration for the aforesaid demerger, the draft scheme provides for provide an option to the shareholders of the STL to elect the Securities being issued by SPTL as either:
- 1 (one) fully paid equity share of Rs. 2/- (Rupees two) each of SPTL for every 5 (five) fully paid up equity shares of Rs. 2/- (Rupees two) each of the STL held by the said Eligible Member;
 - 1 (one) fully paid-up redeemable preference share of Rs. 2/- (Rupees two) each at a premium of Rs 110.30 (Rupees One hundred ten and thirty paise) per redeemable preference share in SPTL for every 5 (five) fully paid equity shares of Rs. 2/- (Rupees two) each of the STL held by the said Eligible Member, with the option of seeking voluntary exit.
- 6.1.4. The Redeemable Preference Shares issued by SPTL shall be listed on a recognised stock exchange. However, Equity Shares of the SPTL shall not be listed on any stock exchange. Further, the draft scheme provides that Redeemable Preference Shares shall be redeemable on the expiry of 18 (eighteen) months from the date of allotment at a premium of Rs. 123.55 thereof.
- 6.1.5. The equity shares of SPTL will be unlisted from the date of allotment whereas Redeemable Preference Shares shall cease to exist after 18 months from the date of allotment. This effectively means that no securities of the SPTL will continue to remain listed.
- 6.1.6. The draft scheme further proposes that the equity shares allotted to non-residents and FII shareholders of STL shall be compulsorily purchased by promoters of the SPTL whereas no such benefit has been extended to resident shareholders. The company could have provided

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the exit option of compulsory purchase by the Promoters to resident shareholders to maintain parity among shareholders. As per draft scheme, the resident shareholders opting for equity shares will end up holding unlisted equity share whereas non-residents and FIIs will have additional exit option of compulsory purchase by the Promoters. Thus, the exit opportunity provided to shareholders of STL also varies among class of shareholders.

6.1.7. By providing aforesaid exit option only to non-residents and FIIs shareholders, it appears that company has provided preferential treatment to one set of shareholders over others.

6.1.8. SEBI, in order to protect the interest of investors, has put in place SEBI (DELISTING OF EQUITY SHARES) REGULATIONS, 2009 ("Delisting Regulations") which seek to ensure that the delisting of a listed company in the securities market takes place in a fair, equitable and transparent manner. Delisting Regulations are based on the following principles:

- Equality of treatment and opportunity to all shareholders.
- Protection of interests of shareholders.
- Fair and truthful disclosure of all material information by the acquirer in all public announcements.
- Availability of sufficient time to shareholders for making informed decisions.
- Delisting offer to be announced only after most careful and responsible consideration.
- Delisting Price determined by independent market mechanism (Reverse Book Building)

6.1.9. Delisting Regulations require the promoter to make an offer/ give exit opportunity to incumbent shareholders before delisting the listed company.

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- 6.1.10. However, it may be argued that such delisting of listed company due to scheme of arrangement pursuant to the sanction of Hon'ble High Court will not be in line with the procedure laid down in Delisting Regulations.
- 6.1.11. Partial delisting of listed company is taking place without any reasonable exit opportunity to the public shareholders of the listed entity. Moreover, the shareholding of the erstwhile public shareholders of the listed entity in SPTL would get reduced to a significantly low percentage in the post scheme capital, i.e. from 45.17% to only 6.57% of post-scheme capital of SPTL if all STL shareholders opt for Redeemable Preference Shares Option.
- 6.1.12. Partial delisting of listed company is being achieved without going through the transparent mechanism of envisaged in the Delisting Regulations. Thus, the principles underlying the regulations have also been defeated because of this non-transparent method adopted through the Scheme of Arrangement.
- 6.1.13. The present Scheme appears to have been designed as an artifice to circumvent the compliance with the provisions of the Delisting Regulations.
- 6.2. Clubbing of the number of independent unrelated transactions in the draft scheme of arrangement**
- 6.2.1. The draft scheme, in addition to demerger of demerge Power Products and Transmission Grid Business ('Demerged Undertaking') of STL into SPTL, seeks approval for following:
- Transfer of investment in ENICL to Sterlite Grid Limited (SGL)
 - Enhancing the borrowing and lending limit of the SPTL to Rs. 3000 cr.
- 6.2.2. Due to the clubbing of the number of independent unrelated transactions in the draft scheme of arrangement, the shareholders are required to choose (by voting) either the all transactions together or none of the transactions. Had the transaction involving ENICL or enhancing the borrowing and lending limit not been included in draft

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scheme, the regulatory framework would have provided opportunity to the shareholders to decide on each transaction independent of decision on approval the draft scheme. The limited supporting information about the transactions further aggravates the problem.

7. Conclusion on the Scheme of Arrangement

7.1. The Scheme of Arrangement in its current form is resulting in partial delisting of a listed company and will be detrimental to the public shareholders of STL as the delisting process is achieved through a non-transparent, inequitable and unfair method.

7.2. Due to clubbing of the number of independent unrelated transactions in the draft scheme of arrangement, the right of the shareholders to decide on each transaction independent of decision on approval the draft scheme has been diluted.

The above comments/observations do not preclude the company from filing the draft scheme with the Hon'ble High Court for sanction.

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Ref: NSE/LIST/40148

August 28, 2015

The Company Secretary
Sterlite Technologies Limited
Godrej Millennium,
9, Koregaon Road,
Pune – 411001.

Kind Attn.: Mr. Amit Deshpande

Dear Sir,

Sub: Observation letter for Scheme of Arrangement between Sterlite Technologies Limited and Sterlite Power Transmission Limited and their respective Shareholders and Creditors.

This has reference to draft Scheme of Arrangement between Sterlite Technologies Limited and Sterlite Power Transmission Limited and their respective Shareholders and Creditors (Pursuant to Sections 391 to 394 read with sections 100-103 of the Companies Act, 1956 and section 52 of the Companies Act 2013) submitted to NSE vide your letter dated June 8, 2015.

Based on our letter reference no Ref: NSE/LIST/32685 submitted to SEBI and pursuant to SEBI Circular No. CIR/CFD/DIL/5/2013 dated February 04, 2013 and SEBI Circular no. CIR/CFD/DIL/8/2013 dated May 21, 2013, SEBI vide letter dated August 27, 2015, has given following comments on the draft Scheme of Amalgamation:

SEBI's Observations with regard to the Scheme of Arrangement:

1. *The Scheme, which involves demerger of Power Products and Transmission Grid Business ('Demerged Undertaking') of STL into SPTL, certain concerns are observed with regard to the following:*
 - 1.1 *Partial Delisting of STL without providing an exit opportunity- an attempt to circumvent the obligations under Delisting Regulations.*
 - 1.2 *Clubbing of the number of independent unrelated transactions in the draft scheme of arrangement.*
- 1.1 *Partial Delisting of STL without providing an exit opportunity- an attempt to circumvent the obligations under Delisting Regulations*
 - 1.1.1. *The draft scheme proposes to demerge Power Products and Transmission Grid Business ('Demerged Undertaking') of STL into SPTL (an unlisted entity). From the disclosures in draft scheme and supporting documents, it is observed that the contribution of Demerged Undertaking in the operations of STL is as under:*

Parameter	STL	Demerged Undertakin	Contri. to STL (%)
Net worth (Rs. Cr.)	1242.65	574.84	46%
Turnover (Rs. Cr.)	3030.10	1499.99	50%
PBT (Rs. Cr.)	99.02	(116.66)	-118%



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CIN: U67120MH1992PLC069769 • Tel: +91 22 26598100 / 66418100 • Fax: +91 22 26598120 Web site: www.nseindia.com



Thus, from the above parameters, it appears that the Demerged Undertaking contributes significantly to the operations of STL.

1.1.2. From the disclosures in draft scheme and supporting documents, it is observed that the SPTL has been incorporated in May 2015 and has very limited experience in Power Products and Transmission Grid Business.

1.1.3. As consideration for the aforesaid demerger, the draft scheme provides for provide an option to the shareholders of the STL to elect the Securities being issued by SPTL as either:

- 1(one) fully paid equity share of Rs. 2/- (Rupees two) each of SPTL for every 5 (five) fully paid up equity shares of Rs. 2/- (Rupees two) each of the STL held by the said Eligible Member;
- 1 (one) fully paid-up redeemable preference share of Rs. 2/- (Rupees two) each at a premium of Rs. 110.30 (Rupees One hundred ten and thirty paise) per redeemable preference share in SPTL for every 5 (five) fully paid equity shares of Rs. 2/- (Rupees two) each of the STL held by the said Eligible Member, with the option of seeking voluntary exit.

1.1.4. The Redeemable Preference Shares issued by SPTL shall be listed on a recognised stock exchange. However, Equity Shares of the SPTL shall not be listed on any stock exchange. Further, the draft scheme provides that Redeemable Preference Shares shall be redeemable on the expiry of 18 (eighteen) months from the date of allotment at a premium of Rs. 123.55 thereof.

1.1.5. The equity shares of SPTL will be unlisted from the date of allotment whereas Redeemable Preference Shares shall cease to exist after 18 months from the date of allotment. This effectively means that no securities of the SPTL will continue to remain listed.

1.1.6. The draft scheme further proposes that the equity shares allotted to non-residents and FII shareholders of STL shall be compulsorily purchased by promoters of the SPTL whereas no such benefit has been extended to resident shareholders. The company could have provided the exit option of compulsory purchase by the Promoters to resident shareholders to maintain parity among shareholders. As per draft scheme, the resident shareholders opting for equity shares will end up holding unlisted equity share whereas non-residents and FIIs will have additional exit option of compulsory purchase by the Promoters. Thus, the exit opportunity provided to shareholders of STL also varies among class of shareholders.

1.1.7 By providing aforesaid exit option only to non-residents and FIIs shareholders, it appears that company has provided preferential treatment to one set of shareholders over others.

1.1.8. SEBI, in order to protect the interest of investors, has put in place SEBI (DELISTING OF EQUITY SHARES) REGULATIONS, 2009 ("Delisting Regulations") which seek to ensure that the delisting of a listed company in the securities market takes place in a fair, equitable and transparent manner. Delisting Regulations are based on the following principles:

- Equality of treatment and opportunity to all shareholders.
- Protection of interests of shareholders.
- Fair and truthful disclosure of all material information by the acquirer in all public announcements.
- Availability of sufficient time to shareholders for making informed decisions.
- Delisting offer to be announced only after most careful and responsible consideration.



- *Delisting Price determined by independent market mechanism (Reverse Book Building)*
- 1.1.9. *Delisting Regulations require the promoter to make an offer/ give exit opportunity to incumbent shareholders before delisting the listed Company.*
- 1.1.10. *However, it may be argued that such delisting of listed company due to scheme of arrangement pursuant to the sanction of Hon'ble High Court will not be in line with the procedure laid down in Delisting Regulations.*
- 1.1.11. *Partial delisting of listed company is taking place without any reasonable exit opportunity to the public shareholders of the listed entity. Moreover, the shareholding of the erstwhile public shareholders of the listed entity in SPTL would get reduced to a significantly low percentage in the post scheme capital, i.e. from 45.17% to only 6.57% of post-scheme capital of SPTL if all STL shareholders opt for Redeemable Preference Shares Option.*
- 1.1.12. *Partial delisting of listed company is being achieved without going through the transparent mechanism of envisaged in the Delisting Regulations. Thus, the principles underlying the regulations have also been defeated because of this non-transparent method adopted through the Scheme of Arrangement.*
- 1.1.13. *The present Scheme appears to have been designed as an artifice to circumvent the compliance with the provisions of the Delisting Regulations.*
- 1.2. ***Clubbing of the number of independent unrelated transactions in the draft scheme of arrangement***
 - 1.2.1 *The draft scheme, in addition to demerger of demerge Power Products and Transmission Grid Business ('Demerged Undertaking') of STL into SPTL, seeks approval for following:*
 - *Transfer of investment in ENICL to Sterlite Grid Limited (SGL)*
 - *Enhancing the borrowing and lending limit of the SPTL to Rs. 3000 cr.*
 - 1.2.2 *Due to the clubbing of the number of independent unrelated transactions in the draft scheme of arrangement, the shareholders are required to choose (by voting) either the all transactions together or none of the transactions. Had the transaction involving ENICL or enhancing the borrowing and lending limit not been included in draft scheme, the regulatory framework would have provided opportunity to the shareholders to decide on each transaction independent of decision on approval the draft scheme. The limited supporting information about the transactions further aggravates the problem.*

2. Conclusion on the Scheme of Arrangement

- 2.1. *The Scheme of Arrangement in its current form is resulting in partial delisting of a listed company and will be detrimental to the public shareholders of STL as the delisting process is achieved through a non-transparent, inequitable and unfair method.*
- 2.2. *Due to clubbing of the number of independent unrelated transactions in the draft scheme of arrangement, the right of the shareholders to decide on each transaction independent of decision on approval the draft scheme has been diluted.*

The above comments/observations do not preclude the company from filing the draft scheme with the Hon'ble High Court for sanction.




In addition to above, the Company has to comply with following:-

- a. *The Company to ensure that "fairness opinion" submitted by the Company Sterlite Technologies Limited, as forwarded by NSE, vide Letter received by SEBI on June 11, 2015, is displayed from the date of receipt of this letter on the website of the listed Company along with various documents submitted pursuant to the Circulars.*
- b. *Considering that STL is promoter of SPTL and the shareholding of STL in SPTL is proposed to be cancelled as part of the proposed scheme, it may advise the Company to consider modifying the draft scheme to clearly state that the obligation of purchasing equity shares and redeemable preference shares pursuant to the scheme of arrangement will be on promoters of STL and not on STL, as informed by STL in earlier communications.*
- c. *The Company shall duly comply with various provisions of the Circulars.*

Further, in case the Company proposes to file the present scheme with the Hon'ble High Court, the company is advised to take following actions:

- a. The objections/observation of the SEBI and/or Stock Exchange shall be incorporated in the petition to be filed before the Hon 'ble High Court and the Company is obligated to bring the aforesaid objections to the notice of the Hon'ble High Court;.
- b. To request the Hon'ble High Court to serve a notice on Stock Exchange and SEBI, in case if any clarification is required to enable Stock Exchange and SEBI to appear before the Hon'ble High Court.
- c. To provide a copy of advertisement to Stock Exchange, in case the Hon'ble High Court directs the company to advertise the scheme inviting objections, if any, to the scheme, before approving the scheme.

Yours faithfully,
For National Stock Exchange of India Limited

 Kamlesh Patel
Manager

Sterlite Technologies Limited
Godrej Millennium
9 Koregaon Road, Pune 411001
Maharashtra, INDIA
CIN L31300DN2000PLC000340

Phone: +91.20.30514000
Fax: +91.20.30514113
www.sterlitetechnologies.com

To,

National Stock Exchange of India Limited
Exchange Plaza, Plot no. C/1, G Block,
Bandra- Kurla Complex,
Bandra (E), Mumbai- 400051

Kind Attn: Mr. Kamlesh Patel

BSE Limited
Floor 25, Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai- 400 000

Kind Attn: Mr. Nitin Pujari

Sub: Observation letter for Scheme of Arrangement between Sterlite Technologies Limited and Sterlite Power Transmission Limited and their respective Shareholders and Creditors

Dear Sir,

This has reference to your Observation letters dated 28 August 2015, wherein you have summarized the observations of Securities Exchange Board of India ("SEBI") ("**Observation Letter**") in relation to the Scheme of Arrangement between Sterlite Technologies Limited ("**STL**") and Sterlite Power Transmission Limited ("**SPTL**") and their respective Shareholders and Creditors ("**Scheme**").

As per the Observation Letter, SEBI has observed that by clubbing independent unrelated transactions in the Scheme the right of shareholder to decide on each transaction is diluted.

Further, the Observation letter also requires the Company (i) to clarify that obligation to purchase Resulting Company Equity Shares and Redeemable Preference Shares as per Clauses 10 and 12 of the Scheme will be on the promoters of STL (i.e. the Demerged Company) and not on the promoters of SPTL (i.e. the Resulting Company); (ii) to display the fairness opinion on the website of the Company along with other documents as submitted pursuant to the SEBI Circulars.

In light of the aforesaid observations, the Company has amended the Scheme as follows:

- (i) By deleting provision relating to transfer of investment of STL in East North Interconnections Company Limited to Sterlite Grid Limited (erstwhile Clause 21);
- (ii) By deleting provision relating to enhancement of borrowing and lending power of SPTL to Rs. 3,000 Cr (erstwhile Clause 22.1, 22.2 and 22.3); and
- (iii) Clause 10, Clause 11 and Clause 12 of the Scheme to clarify that obligation to purchase Resulting Company Equity Shares and Redeemable Preference Shares as per Clauses 10, 11 and 12 of the Scheme will be on the promoters of STL (i.e. the Demerged Company) and not on the promoters of SPTL (i.e. the Resulting Company).

Further, the Company had already uploaded the fairness opinion along with other documents as submitted pursuant to SEBI Circulars on its website.

Registered office: Survey No. 68/1, Madhuban Dam Road, Rakholi 396 230
Union Territory of Dadra & Nagar Haveli, INDIA



 **Sterlite™**

Sterlite Technologies Limited
Godrej Millennium
9 Koregaon Road, Pune 411001
Maharashtra, INDIA
CIN L31300DN2000PLC000340

Phone: +91.20.30514000
Fax: +91.20.30514113
www.sterlitetechnologies.com

We enclose a copy of the revised Scheme amended in the manner stated above. Further, for sake of convenience, we have also enclosed a copy of the scheme in track mode reflecting the changes made by us for your attention.

We request you to display the enclosed revised copy of the Scheme (without track changes) on NSE and BSE website. The revised Scheme, once displayed by NSE and BSE, will immediately be displayed by the Company on its website.

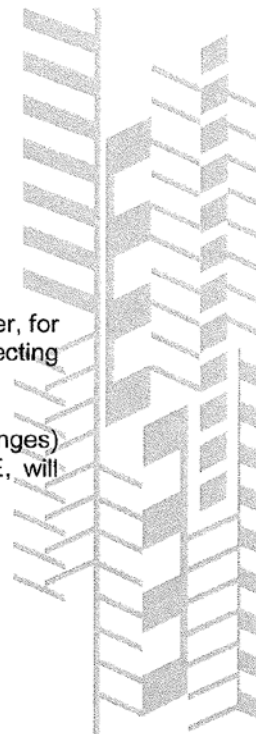
Yours' Faithfully,
For Sterlite Technologies Limited

A.U. Deshpande

Amit Deshpande
Company Secretary (ACS 17551)



Date: September 15, 2015



CONFIDENTIAL

May 18, 2015

The Board of Directors,
Sterlite Technologies Limited
Survey No. 68/1,
Rakholi village,
Madhuban Dam Road, Silvassa,
Union Territory of Dadra & Nagar Haveli - 396 230

Dear Members of the Board:

I. Engagement Background

We understand that the Board of Directors of Sterlite Technologies Limited is considering the demerger of "Power Products and Transmission Grid Business" of Sterlite Technologies Limited (the "**Demerged Company**" or "**STL**") into Sterlite Power Transmission Limited (the "**Resulting Company**") through a Scheme of Arrangement under sections 391-394 of the Companies Act, 1956 and other applicable provisions of the Act.

The scheme envisages demerger of the "Power Products and Transmission Grid Business" (the "**Demerged Undertaking**") of STL into Resulting Company as per terms and conditions more fully set forth in the Scheme of Arrangement to be placed before the Board for their approval.

In consideration of the demerger pursuant to the Scheme of Arrangement, every Shareholder of the Demerged Company shall on a proportionate basis be entitled to receive 1 (one) Share of Rs.2/- each ("**New Equity Share**") in the capital of the Resulting Company for every 5 (five) equity shares of Rs.2/- each fully paid up and held by members of the Demerged Company on the Record Date. The capital of the Resulting Company comprises of Equity Shares and Redeemable Preference Shares ("**RPS**") and the Scheme provides an option to the Equity Shareholders of STL to opt for either one fully paid up New Equity Share of face value of Rs.2/- each or one Redeemable Preference Share of face value of Rs.2/- and premium of Rs.110.30 each in the Resulting Company (hereinafter referred to as the "**Share Entitlement Ratio**").

In connection with the aforesaid, you requested our Fairness Opinion (the "**Opinion**") as of the date hereof, as to the fairness of the Share Entitlement Ratio to the Equity Shareholders of the Demerged Company.

1



Axis Capital Limited (Erstwhile "Axis Securities and Sales Limited")

SEBI Merchant Banker Regn No.: MB/INM000012029 Member Of: BSE Ltd. & National Stock Exchange of India Ltd., Mumbai.

CIN No. U51900MH2005PLC157853

Regd. Office: Axis House, 8th Floor, Wadia International Centre, P. B. Marg, Worli, Mumbai - 400 025 &

Corp. Office: Axis House, C-2, Wadia International Centre, P.B. Marg, Worli, Mumbai - 400 025.

Tel.: (022) 4325 1199, Fax No. (022) 4325 3000, Website: www.axiscapital.co.in

II. Basis of Opinion

In the Rationale of the scheme, it has been provided that, as part of an overall re-organization plan and in order to achieve greater efficiencies in operations and with the intent of providing focus and greater attention to both the Power Products and Transmission Grid Business and the Telecom Business of the Demerged Company, it is considered necessary, desirable and expedient to transfer the Demerged Undertaking to the Resulting Company.

The Scheme mentions that the nature of risk and competition inherent in each of the telecom and Power Products and Transmission Grid Business is distinct, since both are subject to distinct business cycle and operate inter alia, under different regulations and market structure, necessitating different management approaches and focus. Moreover, the capital intensity and return profiles of these business are very different and do not enjoy material synergistic benefits from being housed together. Further, both business have now reached a meaningful scale and will be able to benefit by becoming independently focused businesses.

The Scheme mentions that the transfer therefore will lead to significant benefits for both businesses including:

- a) allowing each business to create a strong and distinct platform which enables greater flexibility to pursue long-term objectives;
- b) enabling accelerated growth of the telecom business and allowing the power business to explore suitable strategies to fund its growth plans;
- c) offering shareholders a clear focused investment opportunity in the telecom sector and thereby unlocking value of their holding; and
- d) allowing shareholders an option to align with their investment philosophy by continuing to participate in the long term capital intensive power sector if they choose or select available options to fairly and appropriately exit.

A brief history of each of the aforesaid companies is as under -

- (a) Sterlite Technologies Limited, a listed public limited company incorporated under the provisions of the Indian Companies Act, 1956 under CIN L31300DN2000PLC000340 and having its registered office at Survey No. 68/1,

Rakholi Village, Madhuban Dam Road, Silvassa, Union Territory of Dadra & Nagar Haveli - 396 230. STL is engaged in the business, inter alia, of manufacturing optical fiber and optical fiber cables, power conductors and high voltage and extra high voltage power cables and providing turnkey transmission solutions for the telecom and power industries in addition to participating in the creation of power transmission infrastructure across the country.

- (b) Sterlite Power Transmission Limited is a public limited company incorporated under the provisions of the Companies Act 2013 under CIN U74120DN2015PLC000475 and having its registered office at Survey No. 68/1, Rakholi Village, Madhuban Dam Road, Silvassa, Union Territory of Dadra & Nagar Haveli - 396 230. The Resulting Company is engaged in the business inter alia, of manufacturing of power transmission products such as power conductors and high voltage and extra high voltage cables, providing turnkey solutions for power industries and participating in the creation of power transmission infrastructure across the country.

The key features of the Scheme of Arrangement provided to and relied upon by us for framing a fairness opinion on transfer of Demerged Undertaking of STL into Resulting Company are as under:

- (i) Resulting Company is currently a 100% subsidiary of STL
- (ii) Upon the coming into effect of the Scheme and with effect from the Appointed Date, the Demerged Undertaking (including all the estate, assets, rights, claims, title, interest and authorities including accretions and appurtenances of the Demerged Undertaking) of the Demerged Company shall stand transferred to and be vested in or deemed to have been transferred to or vested in, as a going concern, into the Resulting Company
- (iii) On the record date, all shareholders of the Demerged Company will be entitled to receive shares in the Resulting Company.
- (iv) The Scheme provides an option to the resident Equity Shareholders of STL to opt for either one fully paid up New Equity Share of face value of Rs.2/- each or one RPS of face value of Rs.2/- and a premium of Rs.110.30 each in the Resulting Company for every five equity shares of Rs.2/- each fully paid up and held by them of the Demerged Company on the Record Date.
- (v) The Promoters of STL and non-resident shareholders (including Depository in respect of the equity shares of the Demerged Company underlying the Demerged Company GDRs but other than FIIs) of STL shall for every 5 equity shares held by them in the Demerged Company be issued and allotted 1 New Equity Share of face value Rs.2/- each credited as fully paid up of the Resulting Company. All such Resulting Company

Equity Shares issued to Depository in respect of the equity shares of the Demerged Company underlying the Demerged Company GDRs shall be compulsorily purchased by the promoters of the Resulting Company and / or their affiliates or any other person and/or entity nominated by them in the manner as stated in the Scheme.

- (vi) The FII's who are shareholders of STL shall, subject to receipt of the approval of the Appropriate Authority including RBI and SEBI, and fulfilment of such other conditions including declarations and undertakings as may be required and/or prescribed by the Appropriate Authority under Applicable Laws, have an option to opt for either one fully paid up New Equity Share of face value of Rs.2/- each or one RPS of face value of Rs.2/- and a premium of Rs.110.30 each in the Resulting Company for every five equity shares of Rs.2/- each fully paid up and held by them of the Demerged Company on the Record Date.
- (vii) In the event approvals from the Appropriate Authority as stated in clause (vi) above is not received by the Resulting Company on or before the Effective Date, the Resulting Company shall compulsorily issue and allot 1 (one) Resulting Company Equity Share for every 5 (five) equity shares of the Demerged Company held by such FIIs on the Record Date. All such Resulting Company Equity Shares issued to FIIs shall be compulsorily purchased by the promoters of the Resulting Company and / or their affiliates or any other person and/or entity nominated by them in the manner as stated in the Scheme.
- (viii) In the event any shareholder's holding in the Demerged Company is such that the shareholder becomes entitled to a fraction of a Security of the Resulting Company, the Resulting Company will not issue any fractional shares to such shareholder but shall consolidate such fractions and issue consolidated Securities to a trustee nominated by the Resulting Company in that behalf, who will sell such Securities to the promoters of the Resulting Company and/ or their affiliates or any other person and/or entity identified by them, at a value per Security provided in the Scheme and distribute the net sale proceeds (after deduction of applicable taxes and other expenses incurred) to the shareholders entitled to the same in proportion to their fractional entitlements.
- (ix) Share Entitlement Ratio is based on a Share Entitlement Ratio Report submitted by M/s. Price Waterhouse & Co. LLP dated 18 May 2015
- (x) On and from the Effective Date, the existing equity capital of Rs.500,000 of the Resulting Company held by STL shall be cancelled.

- (xi) STL will retain all the undertakings, businesses and activities which are not exclusively related to or utilized by the Power Products and Transmission Grid Business.
- (xii) The New Equity Shares of the Resulting Company issued in consideration of the demerger will not be listed with any stock exchange. The Scheme provides for an exit opportunity to the public shareholders of the Resulting Company.
- (xiii) The Redeemable Preference Shares of Resulting Company shall be listed and admitted to trading on a recognized stock exchange.

We have taken the foregoing facts (together with the other facts and assumptions set forth in section III of this Opinion) into account when determining the meaning of "fairness" for purposes of this Opinion.

III. Limitation of Scope and Review

Our Opinion and analysis is limited to the extent of review of documents as provided to us by the Resulting Company and the Demerged Company including the Share Entitlement Ratio Report prepared by M/s. Price Waterhouse & Co. LLP dated 18 May 2015 and a Draft of the Scheme of Arrangement. The Company has been provided with the opportunity to review the draft Opinion as part of our standard practice to make sure that factual inaccuracy / omissions are avoided in our final Opinion.

We have relied upon the accuracy and completeness of all information, documents, data and explanations provided to us, without carrying out any due diligence or independent verification or validation of such information to establish its accuracy or sufficiency. We did not review any financial forecasts relating to the Demerged Company and / or its subsidiaries and the Resulting Company. We have not conducted any independent valuation or appraisal of any of the assets or liabilities of the Demerged Company and / or its subsidiaries or the Resulting Company and / or its subsidiaries. In particular, we do not express any opinion as to the value of any asset of the Demerged Company and / or its subsidiaries or the Resulting Company and / or its subsidiaries, whether at current prices or in the future. We also believe that the same bears very limited relevance, given that the shareholders of the Demerged Company shall have a right to opt for either One fully paid up New Equity Share of face value of Rs.2/- each or One RPS of face value of Rs.2/- and a premium of Rs.110.30 per RPS in the Resulting Company for every five equity shares of Rs.2/- each held in the Demerged Company. Accordingly, if all the shareholders of the Demerged Company opt for New Equity Shares in the Resulting Company, in that case, the shareholding pattern of Resulting Company will mirror that of the Demerged Company.



We do not express any opinion as to the price at which shares of the Demerged Company and/or the redeemable preference shares of the Resulting Company may trade at any time, including subsequent to the date of this Opinion. In rendering our Opinion, we have assumed, that the Scheme will be implemented on the terms described therein, without any waiver or modification of any material terms or conditions, and that in the course of obtaining the necessary Regulatory or third party approvals for the Scheme, no delay, limitation, restriction or condition will be imposed that would have an adverse effect on the Demerged Company and / or its subsidiaries, Resulting Company and / or its subsidiaries and their respective Shareholders.

We do not express any Opinion as to any tax or other consequences that might arise from the Scheme on the Demerged Company and / or its subsidiaries, Resulting Company and / or its subsidiaries and their respective shareholders, nor does our Opinion address any legal, tax, regulatory or accounting matters, as to which we understand that the Companies have obtained such advice as it deemed necessary from qualified professionals. In addition, we express no view or opinion as to the fairness of the amount or nature of, or any other aspects relating to, the compensation to any officers, directors or employees of any parties to the Scheme, or class of such persons, relative to the Share Entitlement Ratio or otherwise.

We assume no responsibility for updating or revising our Opinion based on circumstances or events occurring after the date hereof. Our Opinion is specific to the transfer and vesting of the Demerged Undertaking of the Demerged Company into the Resulting Company as contemplated in the Scheme provided to us and is not valid for any other purpose. It is to be read in totality, and not in parts, in conjunction with the relevant documents referred to therein.

We have in the past provided, and may currently or in the future provide, investment banking services to the Demerged and the Resulting Company and/or its subsidiaries or their respective affiliates that are unrelated to the proposed Scheme, for which services we have received or may receive customary fees. In addition, in the ordinary course of their respective businesses, affiliates of Axis Capital Ltd. may actively trade securities of the Demerged and/or the Resulting Company and / or its subsidiaries or group companies or for their own accounts and for the accounts of their customers and, accordingly, may at any time hold a position in such securities. Our engagement and the Opinion expressed herein are for the benefit of the Board of Directors of the Demerged Company and/or Resulting Company in connection with its consideration of the Scheme and for none other. Neither Axis Capital Ltd., nor its affiliates, partners, directors, shareholders, managers,

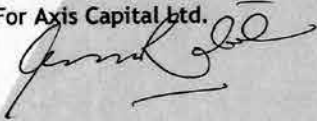
employees or agents of any of them, makes any representation or warranty, express or implied, as to the information and documents provided to us, based on which the Opinion has been issued. All such parties and entities expressly disclaim any and all liability for, or based on or relating to any such information contained therein.

Our Opinion is not intended to and does not constitute a recommendation to any shareholder as to how such holder should vote or act in connection with the Scheme or any matter related thereto.

IV. Conclusion

Based on and subject to the foregoing, we are of the opinion that, as of the date hereof, Share Entitlement Ratio is fair to the Equity shareholders.

Very truly yours,
For Axis Capital Ltd.



Authorized Signatory

Sterlite Technologies Limited
Godrej Millennium,
9, Koregaon Road, Pune 411 001
Maharashtra, INDIA

Phone: +91-20-30514000
Fax: +91-20-30514113
www.sterlitetechnologies.com

July 1, 2015

To,
National Stock Exchange of India Limited
Exchange Plaza, 5th Floor,
Plot No. C-1, G Block,
Bandra Kurla Complex, Bandra (East)
Mumbai – 400051

The General Manager
Department of Corporate Services,
BSE Limited,
1st Floor, P.J.Towers,
Dalal Street,
Mumbai – 400 001.

Dear Sir/Madam,

Sub: Application under Clause 24(f) of the listing agreement for the proposed scheme of Sterlite Technologies Limited

We hereby submit the Complaints Report with respect the proposed scheme of Demerger of Sterlite Technologies Limited:

Part A		
Sr. No.	Particulars	Number
1	Number of complaints received directly	Nil
2	Number of complaints forwarded by Stock exchanges	Nil
3	Total Number of complaints/comments received (1+2)	Nil
4	Number of complaints resolved	N.A.
5	Number of complaints pending	N.A.

Part B			
Sr. No.	Name of Complainant	Date of Complaint	Status Resolved / Pending)
1	Not Applicable		

This is for information and records.

Thanking you.

Yours faithfully,
For **Sterlite Technologies Limited**

Amit Deshpande
Amit Deshpande
Company Secretary (ACS 17551)





STERLITE TECHNOLOGIES LIMITED

(CIN: L31300MH2000PLC269261)

Registered Office: E1, MIDC Area, Waluj, Aurangabad – 431136, Maharashtra

Tel: 020-3051 4000, Fax: 020- 3051 4113

E-mail: amit.deshpande@sterlite.com, Website: <https://www.sterlitetechnologies.com/>

ATTENDANCE SLIP

Name and Address of the Creditors/Proxy: _____

Amount of Debt: _____

I/We hereby record my/our presence at the court convened meeting of the secured creditors of Sterlite Technologies Limited held on at Sterlite Technologies Limited, Centre Of Excellence, E1, MIDC Area, Waluj, Aurangabad – 431 136, on Tuesday, 15th December, 2015 at 12.00 p.m. or immediately after the conclusion of the court convened meeting of the equity shareholders of Sterlite Technologies Limited.

Name of the Secured Creditor/Proxy Holder/Authorised Representative	:	
Signature	:	

Note: Secured Creditor/proxy holder(s) are requested to complete and bring the attendance slips with them when they come to the meeting and hand over them at the entrance after affixing their signatures on them.



STERLITE TECHNOLOGIES LIMITED

(CIN: L31300MH2000PLC269261)

Registered Office: E1, MIDC Area, Waluj, Aurangabad – 431136, Maharashtra

Tel: 020-3051 4000, Fax: 020- 3051 4113

E-mail: amit.deshpande@sterlite.com, Website: <https://www.sterlitetechnologies.com/>

IN THE HIGH COURT OF JUDICATURE AT BOMBAY ORDINARY ORIGINAL CIVIL JURISDICTION COMPANY SUMMONS FOR DIRECTION NO 844 OF 2015

In the matter of the Companies Act, 1956;

And

In the matter of Sections 391 to 394 read with Sections 100 to 103 of the Companies Act 1956, and Section 52 of the Companies Act 2013;

And

In the matter of the Scheme of Arrangement under sections 391 to 394 read with Sections 100 to 103 of the Companies Act 1956 and Section 52 of the Companies Act 2013 between Sterlite Technologies Limited and Sterlite Power Transmission Limited and their respective shareholders and the creditors

Sterlite Technologies Limited)
CIN No L31300MH2000PLC269261)
a company incorporated under the)
Companies Act, 1956 and having its)
registered office at E1, MIDC Area,)
Waluj, Aurangabad – 431 136,)
Maharashtra)

Applicant Company

PROXY FORM

Name of the member(s) :

Registered address :

E- mail id :

Folio No/ Client ID :

DP ID : Number of equity shares(s) held

FORM OF PROXY

I/We, _____ the undersigned, being Secured Creditor(s) of the above Applicant Company with amount of debt of ₹ _____ hereby appoint Mr./Ms. _____ resident of _____ and failing him/her Mr. / Ms. _____ resident of _____ as my/our proxy, to act for me/us at the court convened meeting of the Secured Creditors of Sterlite Technologies Limited, the Applicant Company to be held at Sterlite Technologies Limited, Centre Of Excellence, E1, MIDC Area, Waluj, Aurangabad – 431 136 on Tuesday, 15th December 2015 at 12.00 p.m. or immediately after the conclusion of the court convened meeting of the equity shareholders of the Applicant Company, for the purpose of considering and, if thought fit, approving, the arrangement embodied in the Scheme of Arrangement between Sterlite Technologies Limited, Sterlite Power Transmission Limited and their respective shareholders and creditors ("**Scheme**") at such meeting and any adjournment or adjournments thereof, to vote, for me/us and in my/our name(s) _____ (here, if for, insert 'FOR', or if against, insert 'AGAINST' and in the latter case strike out the words 'either with or without modifications' after the word resolution) the said arrangement embodied in the Scheme and the resolution, either with or without modification(s)*, as my/our proxy may approve.

*strike out whatever is not applicable

Signed this _____ day of _____ 2015

Name: _____

Address: _____

Amount of debt: _____

Signature of Secured Creditor(s): _____

Signature of Proxy: _____

Please
Affix Revenue
Stamp

NOTES

- (i) Please affix revenue stamp before putting signature.
- (ii) Proxy need not be a secured creditor.
- (iii) Alterations, if any, made in the form of proxy should be initialed.
- (iv) THE PROXY FORM MUST BE DEPOSITED AT THE REGISTERED OFFICE OF STERLITE TECHNOLOGIES LIMITED NOT LESS THAN 48 HOURS BEFORE THE TIME SCHEDULED FOR HOLDING THE SAID MEETING.
- (v) In case of multiple proxies, the proxy later in time shall be accepted.