

DETAILS OF SCHEME

The Scheme of Arrangement for demerger of the Power Products and Transmission Grid Business of Sterlite Technologies Limited (the "**Company**") (into Sterlite Power Transmission Limited ("**SPTL**") ("**Scheme**")):

- **Brief particulars of the scheme:**

The Scheme provides for demerger of the Power Products and Transmission Grid Business together with its business, undertakings into SPTL, pursuant to the applicable provisions of the Act and/or any other Applicable Laws.

The Company will continue its interests in the Remaining Undertaking as is presently being carried out but with greater focus on growth opportunities, inter alia, in telecom business.

- **Rationale for the scheme**

- (i) 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.
- (ii) Thus, separation of the Power Products and Transmission Grid Business together with its business, undertakings and investments as a going concern, pursuant to the scheme of arrangement, from the 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.

- **Consideration**

Shareholders of the Company as on the record date will be issued equity shares or redeemable preference shares of SPTL in the manner detailed below –



- (i) Resident Indian shareholders of the Company on the record date can choose from options as per their investment objectives. They may opt to: (i) receive 1 (one) equity share in SPTL for every 5 (five) equity shares with face value of Rs.2 each in the Company that they hold; or (ii) receive 1 (one) fully paid-up Redeemable Preference Share of Rs 2 each at a premium of Rs 110.30 per redeemable preference share in SPTL for every 5 (five) equity shares of Rs 2 each of the Company that they hold, with an option of seeking voluntary exit as per the Scheme.
- (ii) Non-resident shareholders (excluding Foreign Institutional Investors ("FIIs")) of the Company on the record date would be entitled to receive 1 (one) equity share in SPTL for every 5 (five) equity shares with face value of Rs.2 each in the Company that they hold. All such equity shares that are issued and allotted to non-resident shareholders of the Company (excluding FIIs), subject to applicable law, will be immediately purchased by the promoters of the Company and/ or their affiliates or any other person and/or entity nominated by them as per the Scheme.
- (iii) FII shareholders of the Company on the record date, subject to receipt of approval from the appropriate regulatory authorities can choose from options as per their investment objectives. They may opt to: (i) receive 1 (one) Redeemable Preference Share in SPTL for every 5 (five) equity shares of the Company that they hold; or (ii) receive 1 (one) equity share in SPTL for every 5 (five) equity shares with face value of Rs.2 each in the Company that they hold. All such equity shares that are issued and allotted to FII shareholders, subject to applicable law, will be immediately purchased by the promoters of the Company and/ or their affiliates or any other person and/or entity nominated by them as per the Scheme.

The equity shares of SPTL will not be listed on any stock exchanges and the redeemable preference shares issued pursuant to the Scheme shall be listed on BSE Limited and the National Stock Exchange of India Limited.

• **Effectiveness of the Scheme**

From the effective date i.e. May 23, 2016, the Company continues to be a publicly listed company with focus on the growth opportunities in the telecom sector. Power Products and Transmission Grid Business stands transferred to SPTL, effective from May 23, 2016. Both the Companies will continue separate businesses and there is no dissolution of any Company under the Scheme.

The Shareholders may refer to www.sterlitetechnologies.com (Demerger tab) for further details.

Thanking you.

Yours faithfully,
For **Sterlite Technologies Limited**

A.V. Deshpande

Amit Deshpande
Company Secretary (ACS 17551)

