

Frequently Asked Questions on Demerger

FREQUENTLY ASKED QUESTIONS (FOR NON-RESIDENT SHAREHOLDERS) IN RELATION TO THE ACTIVITIES POST DEMERGER RECORD DATE

Capitalized terms not defined herein shall have the meanings given to such terms in the Scheme of Arrangement

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

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

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

Shares will be received based on the share entitlement ratio as described below:

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

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

- 3. What will be the tax cost of equity shares received in SPTL in the hands of Eligible Members on demerger of STL?**

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

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

4. Whether any tax will be deducted at source while making payment to non-resident shareholders?

- *Tax will be deducted at source at the maximum marginal rate (plus cess & surcharge as applicable) if the shares are held on trade account or if the Eligible Member fails to certify that the shares are held by it on investment / capital account.*
- *As per the provisions of Income Tax Act, 1961, where the non-resident shareholder fails to furnish its PAN, tax will be required to be withheld at higher of the following rates, unless documents related to “Lower Tax Deduction” or “DTAA” are provided:*
 - ✓ *At the rate specified under the Income-tax Act*;* or
 - ✓ *At the rates in force;* or
 - ✓ *At the rate of 20%*