

REPORT ADOPTED BY THE BOARD OF DIRECTORS OF STERLITE TECHNOLOGIES LIMITED IN ACCORDANCE WITH SECTION 232(2)(C) OF THE COMPANIES ACT, 2013 AND CIRCULAR NO. SEBI/HO/DDHS/DDHSDIV1/P/CIR/2022/0000000103 DATED JULY 29, 2022 AS AMENDED FROM TIME TO TIME, ISSUED BY THE SECURITIES AND EXCHANGE BOARD OF INDIA ("SEBI SCHEME CIRCULAR – DEBT"), AT ITS MEETING HELD ON MAY 17, 2023

1. The Board of Directors of the Company ("Board") considered the proposal involving demerger of Global Services Business ("GSB") of Sterlite Technologies Limited ("Demerged Company" or "STL" or "the Company") as an undertaking into Sterlite Networks Limited ("Resulting Company"), pursuant to a scheme of arrangement, under the provisions of Sections 230 - 232 and other relevant provisions of the Companies Act, 2013 ("Act"), including the rules thereunder ("Scheme"), and in accordance with the circular no. SEBI/HO/DDHS/DDHSDiv1/P/CIR/20 22/0000000103 dated July 29, 2022 issued by SEBI, as amended from time to time, on Schemes of Arrangement by entities who have listed their non-convertible debt securities/non-convertible redeemable preference shares ("SEBI Scheme Circular - Debt"); and the SEBI Master Circular No. SEBI/HO/CFD/DIL1/CI R/P/2021/0000000665 dated November 23, 2021, on Schemes of Arrangement by Listed Entities and Relaxation under Sub-rule (7) of rule 19 of the Resulting Company Equity Shares Contracts (Regulation) Rules, 1957, as amended from time to time, issued by SEBI ("SEBI Scheme Circular - Equity"). (collectively, "SEBI Scheme Circulars")
2. The Scheme *inter alia* provides for the following:
 - 2.1 demerger of the Demerged Undertaking (as defined in the Scheme) of the Demerged Company into the Resulting Company on a going concern basis ("Demerger") and the consequent issuance of equity shares by the Resulting Company to the shareholders of the Demerged Company; and
 - 2.2 various other matters consequential or integrally connected therewith, including the reorganisation of the share capital and listing of the Resulting Company.
3. Words and expressions, used in capitalized form but not defined in this report, shall have the meaning ascribed to them in the Scheme.
4. Resulting Company is a wholly owned subsidiary of STL.
5. The Scheme is to be filed with the National Company Law Tribunal, Mumbai Bench.
6. The draft of the Scheme was approved by the Audit Committee in their meeting held on 16 May 2023 and the Board of Directors of the Company at their meeting held on May 17, 2023.
7. As per Section 232(2)(c) of the Companies Act, 2013, a report is required to be adopted by the Board explaining the effect of the Scheme on each class of shareholders, key managerial personnel, promoters and non-promoter shareholders of the Company laying out in particular the share exchange ratio, specifying any special valuation difficulties, if any.
Further, pursuant to the requirements of the SEBI Scheme Circular - Debt, the Board is required to also comment on impact of the scheme on the holders of non-convertible debentures ("NCDs"), safeguards for the protection of the holders of NCDs and exit offer to the dissenting shareholders of NCDs, if any.
Accordingly, this report is being prepared to comply with the requirements of the Companies Act, 2013 and SEBI Scheme Circular - Debt ("the Report") and for adoption by the Board.
8. The following documents / draft documents were placed before the Board at its Meeting held on May 17, 2023:
 - a. Scheme;
 - b. The Valuation Report containing the Share Entitlement Ratio dated May 16, 2023 from SSPA & Co Chartered Accountants (IBBI Registration No. IBBI/RV/06/2018/10092) ("Valuation Report");



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- c. The Fairness Opinion Report dated May 16, 2023 issued by RBSA Capital Advisors LLP (Registration Code: INM000011724), a SEBI Registered Merchant Banker, providing its opinion on the fairness of the share entitlement ratio as recommended in the Valuation Report ("Fairness Opinion Report");
 - d. Report of the meeting of the Audit Committee and Independent Directors of the Committee held on 16 May 2023 recommending the scheme to the Board.
 - e. The Certificate from Price Waterhouse Chartered Accountants LLP, Chartered Accountants (Firm Registration No. 012754N/N500016), the Statutory Auditor of the Company ("Statutory Auditor"), certifying that the accounting treatment proposed in the Scheme is in compliance with the accounting standards prescribed under the Act;
 - f. The Certificate from Price Waterhouse Chartered Accountants LLP, Chartered Accountants (Firm Registration No. 012754N/N500016), the Statutory Auditor of the Company ("Statutory Auditor"), certifying the non-applicability of clause 10(b) read with clause 10(a) of SEBI Circular number SEBI/HO/CFD/DIL1/CIR/P/2021/0000000665 dated November 23, 2021;
 - g. Other presentations, reports, documents and information pertaining to the draft Scheme made available to/ circulated to the Board.

9. **Rationale of the Scheme:**

The Scheme, inter-alia provides for the following:

- (i) The Global Services Business and other business verticals of the Demerged Company have been commenced and nurtured over different periods of time. They are currently at different stages of growth and maturity with each having distinct market dynamics, geographic focus, strategy, capital requirements and investor interest. The Demerged Undertakings and the Remaining Undertaking have both achieved scale and experience to sustain business independently in terms of profitability, turnover, order book, customer profile, talent, etc. Hence, segregation of the Demerged Undertaking into a separate entity would enable focused managements to explore the potential business opportunities more effectively and efficiently in the respective business;
 - (a) The nature of opportunities, growth areas, risk and competition inherent in the Global Services Business is distinct from the Remaining Undertaking of the Demerged Company, since it is subject to distinct business cycle and market structure, necessitating different management approaches, focus and it is capable of attracting different set of investors, strategic partners, talent, lenders and other stakeholders.
 - (b) Further growth and expansion of the Global Services Business would require a differentiated strategy aligned to its industry specific risks, market dynamics and growth trajectory. Moreover, the Global Services Business has now reached a meaningful scale and will be able to benefit by becoming independently focused company.
 - (c) The Government of India's commitment to BharatNet phase three, which is a \$10 billion plus program, gives an opportunity to the Demerged Company to grow its core business, i.e. the Optical Network Business and also provides consequent opportunities for the Global Services Business. Similarly, the Demerged Company is seeing an acceleration on the 5G deployment front which is driving requirement for fiber roll-out for network.



In light of the above, there is a need for the activities of the Global Services Business and the other businesses of the Demerged Company to be organized and managed in a distinct way to tap in on the opportunities arising from the growing demand of telecom infrastructure in the country.

- (ii) Thus, the Demerger is expected to lead to following benefits:
 - (a) allowing respective businesses to create a strong and distinct platform which enables greater flexibility to pursue long-term objectives;
 - (b) better alignment of the respective businesses to its customers and to improve competitiveness, operational efficiencies and strengthen its position in the relevant marketplace resulting in a more sustainable long-term growth and competitive edge;
 - (c) enabling accelerated growth of ONB and allowing the GSB to explore suitable strategies to fund its growth plans;
 - (d) creation of an independent company focusing exclusively on GSB and exploring opportunities in the said sector. The independent company can attract different sets of investors, strategic partners, lenders and other stakeholders having a specific interest in the GSB;
 - (e) the Demerger and consequent issue of equity shares by the Resulting Company are proposed to allow shareholders of the Demerged Company and investors to invest in the distinct key businesses and allow shareholders to unlock the value of their investments.
 - (f) dedicated and specialized management focus on the specific needs of the respective businesses.
- (iii) In order to effect the segregation of the Global Services Business from the other businesses of the Demerged Company, it is proposed to transfer the Global Services Business to the Resulting Company by way of Demerger in accordance with Sections 230-232 of the Act.
- (iv) Accordingly, the Scheme is expected to be in the best interests of both companies and their respective shareholders, employees and creditors.
- (v) This Scheme accordingly provides for the transfer by way of Demerger of the Demerged Undertaking from the Demerged Company to the Resulting Company, and the consequent issue of equity shares by the Resulting Company to the shareholders of the Demerged Company in accordance with the Share Entitlement Ratio (as hereinafter defined) and various other matters consequential or integrally connected therewith, including the reorganisation of the share capital of the Resulting Company, pursuant to Sections 230-232 and other applicable provisions of the Act, the SEBI Scheme Circular and in compliance with the Income Tax Act, 1961 ("IT Act") including Section 2(19AA) thereof.

10. Effect of the Scheme on the Stakeholders of the Company:

Sr. No.	Category of stakeholder	Effect of the scheme on the stakeholders
(i)	Shareholders	The Company has only one class of equity shareholders Upon the Scheme becoming effective, and in consideration to the transfer and vesting of Demerged Undertaking of the Demerged Company into Resulting Company, the Resulting



		<p>Company shall without any further application, act, instrument or deed, but subject to the terms of the Scheme and in compliance with Applicable Law, issue and allot fully paid up equity shares out of the authorized share capital of the Resulting Company as on the Record Date in the following manner and in compliance with the terms of the Scheme:</p> <p><i>"For every 1 (one) equity share of the Demerged Company of face value of INR. 2 each held in the Demerged Company, every equity shareholder of the Demerged Company, shall without any application, act or deed, be entitled to receive 1(one) equity share of face value INR. 2 each of the Resulting Company, credited as fully paid up on the same terms and conditions of issue as prevalent in the Demerged Company"</i></p> <p>Accordingly, the overall economic interest of the equity shareholders of the Demerged Company shall remain same in both the Demerged Company and Resulting Company. Further, there is no proposed change in the shareholding pattern of the Company pursuant to the said Scheme.</p> <p>The Scheme is expected to have several benefits for the Company, as indicated in the rationale of the Scheme set out in the Scheme and is expected to be in the best interests of the shareholders of the Company.</p>
(ii)	Promoter(s)	Upon the Scheme becoming effective, the Promoters of Demerged Company shall also become the Promoters of the Resulting Company.
(iii)	Non-promoter shareholders	Please refer point (i) above for details regarding effect on the shareholders.
(iv)	Key Managerial Personnel ("KMP")	There will be no change in KMPs of the Company pursuant to the Scheme.
(v)	Impact of the scheme on the holder of the NCDs of the Company	As per the report adopted by the board of directors of Demerged Company held on May 17, 2023:
(vi)	Safeguards for the protection of holder of NCDs	<p>The NCDs of Demerged Company are not being transferred to the Resulting Company. The NCD holder shall continue to hold the same number of NCDs in the Demerged Company on the same terms and conditions with respect to the coupon rate, tenure, redemption price, quantum, , ISIN) as before implementation of demerger.</p> <p>In terms of the Scheme, the security in relation to these NCDs will continue with respect to the assets of the Remaining Undertaking, which are more than adequate to meet the requirements of the liability in relation to the NCDs. Therefore, the Scheme will not have any adverse impact on the holders of the NCDs and thus, adequately safeguards interests of the holders of the NCDs.</p>
(vii)	Exit offer to the dissenting holder of NCDs, if any.	As per the report adopted by the board of directors of Demerged Company held on May 17, 2023:



		Since the Scheme is between the holding company and its wholly owned subsidiary, the holders of NCDs of the Demerged Company shall continue to hold the NCDs on the same terms and conditions, no exit offer is required.
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11. Adoption of the Report by the Directors

The Directors of the Company have adopted this Report after noting and considering the information set forth in this Report. The Board or any fully authorized committee by the Board is entitled to make relevant modifications to this Report, if required, and such modifications or amendments shall be deemed to form part of this Report.

For Sterlite Technologies Limited



Amit Deshpande

General Counsel & Company Secretary (ACS 17551)

Date: 17 May 2023

Place: Pune



Sterlite Technologies Limited

Registered office: 4th Floor, Godrej Millennium, Koregaon Road 9, STS 12/1, Pune, Maharashtra- 411 001, India.
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