

**STRICTLY PRIVATE & CONFIDENTIAL**

May 16, 2023

To,  
The Board of Directors,  
Sterlite Technologies Limited  
4th Floor, Godrej Millennium,  
Koregaon Road 9, STS 12/1,  
Pune - 411 001,  
Maharashtra, India.

To,  
The Board of Directors,  
STL Networks Limited  
4th Floor, Godrej Millennium,  
Koregaon Road 9, STS 12/1,  
Pune - 411 001,  
Maharashtra, India.

Dear Sir(s)/ Madam(s),

**Re: Report on recommendation of fair share entitlement ratio for the proposed demerger of 'Global Services Business' of Sterlite Technologies Limited into STL Networks Limited**

We refer to the engagement letter dated May 05, 2023, whereby, SSPA & Co., Chartered Accountants (hereinafter referred to as 'SSPA' or 'Valuer' or 'We') has been appointed by the management of Sterlite Technologies Limited ('STL' or 'Demerged Company') to issue a report recommending a fair share entitlement ratio for the proposed demerger of 'Global Services Business' of STL (hereinafter referred to as 'GSB' or the 'Demerged Undertaking') into STL Networks Limited (hereinafter referred to as 'Resulting Company').

(STL and Resulting Company are hereinafter collectively referred to as the 'Companies').

**1. SCOPE AND PURPOSE OF THIS REPORT**

1.1 We have been informed by the management of STL (hereinafter referred to as 'the Management') that they are considering a proposal for demerger of GSB of STL into Resulting Company pursuant to a scheme of arrangement under section 230 to 232 and other relevant provisions of the Companies Act, 2013 (hereinafter referred to as the 'Scheme').

Subject to necessary approvals, GSB of STL would be demerged into Resulting Company with effect from the appointed date of April 01, 2023 (hereinafter referred to as



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For Sterlite Technologies Limited  
Amit Deshpande  
Company Secretary

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'Appointed Date').

The proposed transaction is hereinafter referred to as the 'Proposed Demerger'.

- 1.2 As a consideration for the Proposed Demerger of GSB of STL into Resulting Company, equity shareholders of STL are proposed to be allotted equity shares of face value of INR 2 each fully paid up of Resulting Company. As part of the Scheme, the existing equity shares of the Resulting Company as held by STL will be cancelled on the demerger coming into effect.
- 1.3 In this regard, we have been requested to issue a report containing recommendation of fair share entitlement ratio for the Proposed Demerger.

**2. BRIEF BACKGROUND**

**2.1. STERLITE TECHNOLOGIES LIMITED**

STL, a global integrator of digital networks, is primarily engaged in designing, manufacturing and marketing of a wide array of optical products and providing information technology, IT-ITES & network services. To elaborate, the portfolio offering of the Demerged Company can be categorized into the following business verticals:

- 1. Optical Networking - the division of the Demerged Company engaged in manufacture and sale of optical fibre, optical fibre cable, specialty cables and optical interconnect products (hereinafter referred to as "Optical Network Business" or "ONB").
- 2. 'Global Service Business' or 'GSB' as defined below;
- 3. Digital & Technology Solutions - the division of the Demerged Company engaged in provision of IT-ITES solutions and services (hereinafter referred to as "Digital Business")

The equity shares of STL are listed on BSE Limited ('BSE') and the National Stock Exchange of India Limited ('NSE').

The issued, subscribed, and fully paid-up share capital of the Demerged Company as on March 31, 2023, is INR 79.72 crores comprising of 39,85,80,433 equity shares of INR 2 each fully paid up.

**2.2. 'GLOBAL SERVICES BUSINESS' OF STERLITE TECHNOLOGIES LIMITED**

The Global Service Business of the Demerged Company is engaged, both directly and through its subsidiaries, in system integration telecom network solutions and





laying/developing private network infrastructure on turn-key project contract basis and provision of related services both in India and overseas, such as, fiber deployment services, managed services, system integrations services, FTTH deployment services, operations and maintenance of fiber and other MPLS based networks (referred to as 'Global Services Business' or 'GSB').

### 2.3. STL NETWORKS LIMITED

The Resulting Company is a public limited company incorporated on 26 March 2021 under the provisions of the Companies Act 2013 having its registered office at 4th Floor, Godrej Millennium, Koregaon Road 9, STS 12/1, Pune 411001. The Resulting Company is a wholly owned subsidiary of Sterlite Technologies Limited. The main object of Resulting Company is, inter-alia, to carry out the Global Services Business.

The change of name and objects of the Resulting Company is underway.

We have been informed that with the issue and allotment of equity shares by the Resulting Company to the equity shareholders of the Demerged Company in accordance with the proposed Scheme, all the existing equity shares issued by the Resulting Company to the Demerged Company shall stand cancelled.

### 3. REGISTERED VALUER - SSPA & CO., CHARTERED ACCOUNTANTS

SSPA, is a partnership firm, located at 1st Floor, "Arjun", Plot No. 6A, V. P. Road, Andheri (West), Mumbai - 400 058, India. SSPA is engaged in providing various corporate consultancy services.

We are a firm of practising Chartered Accountants registered with The Institute of Chartered Accountants of India ('ICAI'). We are also registered with the Insolvency and Bankruptcy Board of India ('IBBI'), as a Registered Valuer for asset class - 'Securities or Financial Assets' with Registration No. IBBI/RV-E/06/2020/126.

### 4. SOURCES OF INFORMATION

For the purpose of this exercise, we have relied upon the following sources of information received from the Management and information available in the public domain:

- (a) Management certified provisional statement of assets and liabilities of GSB as on March 31, 2023.
- (b) Draft scheme of Arrangement



(c) Such other information and explanations as we required and which have been provided by the Management, including Management Representations.

**5. SCOPE LIMITATIONS, ASSUMPTIONS, QUALIFICATIONS, EXCLUSIONS, AND DISCLAIMERS**

- 5.1. Our report is subject to the scope and limitations detailed hereinafter. As such the report is to be read in totality, and not in parts, in conjunction with the relevant documents referred to herein and in the context of the purpose for which it is made. Further, our report containing recommendation of fair share entitlement ratio for the Proposed Demerger is in accordance with ICAI Valuation Standards 2018 issued by The Institute of Chartered Accountants of India.
- 5.2. This report has been prepared for the Board of Directors of STL and of Resulting Company solely for the purpose of recommending a fair share entitlement ratio for the Proposed Demerger.
- 5.3. The report assumes that the Companies / Demerged Undertaking of STL comply fully with relevant laws and regulations applicable in its area of operations and usage unless otherwise stated, and that the Companies / Demerged Undertaking of STL will be managed in a competent and responsible manner. Further, as specifically stated to the contrary, this report has given no consideration to matters of a legal nature, including issues of legal title and compliance with local laws, and litigations.
- 5.4. The draft of the present report was circulated to the management of the Companies (excluding the recommended fair share entitlement ratio) for confirming the facts stated in the report and to confirm that the information or facts stated are not erroneous.
- 5.5. For the purpose of this exercise, we were provided with both written and verbal information including information detailed hereinabove in para 'Sources of Information'. Further, the responsibility for the accuracy and completeness of the information provided to us by the Companies and / or its auditors / consultants, is that of the Management. Also, with respect to explanations and information sought from the Companies, we have been given to understand by the Management that they have not omitted any relevant and material information about the Companies / Demerged Undertaking of STL. The Management have indicated to us that they have understood that any omissions, inaccuracies or misstatements may materially affect our conclusions.





- 5.6. Our work does not constitute an audit, due diligence, or certification of these information referred to in this report including information sourced from public domain. Accordingly, we are unable to and do not express an opinion on the fairness or accuracy of any information referred to in this report and consequential impact on the present exercise. However, we have evaluated the information provided to us by the Companies through broad inquiry, analysis, and review. However, nothing has come to our attention to indicate that the information provided / obtained was materially misstated / incorrect or would not afford reasonable grounds upon which to base the report.
- 5.7. This report is issued on the understanding that the Management has drawn our attention to all the matters, which they are aware of concerning the financial position of the Companies / Demerged Undertaking of STL and any other matter, which may have an impact on the report including any significant changes that have taken place or are likely to take place in the financial position of the Companies / Demerged Undertaking of STL. Events and transactions occurring after the date of this report may affect the report and assumptions used in preparing it and we do not assume any obligation to update, revise or reaffirm this report.
- 5.8. We are independent of the Companies and have no current or expected interest in the Companies or its assets. The fee paid for our services in no way influenced the results of our analysis.
- 5.9. Our report is not, nor should it be construed as our opining or certifying the compliance with the provisions of any law including companies, competition, taxation, and capital market related laws or as regards any legal implications or issues arising in India or abroad from the Proposed Demerger.
- 5.10. Any person/party intending to provide finance/divest/invest in the shares/convertible instruments/business of the Companies / Demerged Undertaking of STL shall do so after seeking their own professional advice and after carrying out their own due diligence procedures to ensure that they are making an informed decision.
- 5.11. The decision to carry out the Proposed Demerger (including consideration thereof) lies entirely with the parties concerned and our work and our finding shall not constitute a recommendation as to whether or not the parties should carry out the Proposed Demerger.
- 5.12. Our Report is meant for the purpose mentioned in Para 1 only and should not be used for



any purpose other than the purpose mentioned therein. It is exclusively for the use of the Companies and may be submitted to National Company Law Tribunal /regulatory/statutory authority for obtaining requisite approvals. The Report should not be copied or reproduced without obtaining our prior written approval for any purpose other than the purpose for which it is prepared. In no event, regardless of whether consent has been provided, shall SSPA assume any responsibility to any third party to whom the report is disclosed or otherwise made available.

5.13. SSPA nor its partners, managers, employees make any representation or warranty, express or implied, as to the accuracy, reasonableness, or completeness of the information, based on which this report is issued. We owe responsibility only to the Companies that has appointed us under the terms of the Engagement Letter. We will not be liable for any losses, claims, damages, or liabilities arising out of the actions taken, omissions, or advice given by any other person. In no event shall we be liable for any loss, damages, cost, or expenses arising in any way from fraudulent acts, misrepresentations, or willful default on part of the client or companies, their directors, employees, or agents.

**6. RECOMMENDATION OF SHARE ENTITLEMENT RATIO**

6.1. As mentioned in Para 1.2 above, in consideration for the Proposed Demerger, Resulting Company would issue equity shares to the equity shareholders of STL.

6.2. Accordingly, the management of STL has recommended the following share entitlement ratio in consideration for the Proposed Demerger i.e. demerger of Demerged Undertaking of STL into Resulting Company:

**1 (One) equity share of INR 2 each fully paid up of Resulting Company for every 1 (One) equity share of INR 2 each fully paid up held in STL**

We understand from the Management that for the Proposed Demerger, the share entitlement ratio is decided based on the Management’s desired capital structure of the Resulting Company.

We believe that the aforementioned share entitlement ratio is fair considering that all the shareholders of STL are and will, upon Proposed Demerger, be the ultimate beneficial owners of Resulting Company in the same ratio (inter se) as they hold shares in STL.

6.3. As mentioned above, post the Proposed Demerger all the shareholders of STL are and will be the ultimate beneficial owners of Resulting Company in the same ratio (inter se) as





they hold shares in STL. Therefore, no relative valuation of GSB and of Resulting Company is required to be undertaken for the Proposed Demerger. Accordingly, valuation approaches as indicated in the format (as attached herewith as **Annexure I** to this report) as prescribed by circular number NSE/CML/2017/12 of NSE and LIST/COMP/02/2017-18 of BSE have not been undertaken as they are not relevant in the instant case.

**7. CONCLUSION**

7.1. The share entitlement ratio in consideration for the Proposed Demerger as recommended by the Management of STL is:

**1 (One) equity share of INR 2 each fully paid up of Resulting Company for every 1 (One) equity share of INR 2 each fully paid up held in STL**

Based on our review, information made available to us and discussions with the Management, in our opinion, the aforementioned share entitlement ratio in consideration for the Proposed Demerger of Demerged Undertaking of STL into Resulting Company is reasonable.

We believe that the aforementioned share entitlement ratio is fair considering that all the shareholders of STL are and will, upon proposed demerger, be the ultimate beneficial owners of the Resulting Company in the same ratio (inter se) as they hold shares in STL.

Thanking you,  
Yours faithfully,

**For SSPA & CO.**  
**Chartered Accountants**  
ICAI Firm registration number: 128851W  
IBBI Registered Valuer No.: IBBI/RV-E/06/2020/126

*Parag S. Ved*



**Parag Ved**  
**Partner**  
ICAI Membership No. 102432  
Registered Valuer No.: IBBI/RV/06/2018/10092

UDIN: 23102432BGUAKR2997  
Place: Mumbai



Annexure I

For Demerger of 'GSB' of STL into STL Networks Limited

| Valuation Approach              | Global Services Business Undertaking of STL |        | STL Networks Limited  |        |
|---------------------------------|---|--------|-----------------------|--------|
|                                 | Value per Share (INR)                       | Weight | Value per Share (INR) | Weight |
| Asset Approach                  | NA  | NA     | NA                    | NA     |
| Income Approach                 | NA  | NA     | NA                    | NA     |
| Market Approach                 | NA  | NA     | NA                    | NA     |
| <b>Relative value per share</b> | <b>NA</b>                                   |        | <b>NA</b>             |        |

NA = Not Adopted / Not Applicable



For Sterlite Technologies Limited  
Amit Deshpande  
 Amit Deshpande  
 Company Secretary



To,  
The General Manager,  
Department of Corporate Services,  
BSE Limited,  
Phiroze Jeejeebhoy Towers,  
Dalal Street,  
Mumbai – 400 001.

To,  
Manager - Listing Compliance  
National Stock Exchange of India Limited  
Exchange Plaza. C-1, Block G,  
Bandra Kurla Complex, Bandra (E),  
Mumbai - 400 051

Dear Sir,

**Sub: Application under Regulation 37 of the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015 for the proposed draft Scheme of Arrangement between Sterlite technologies Limited (“Demerged Company”) and STL Networks Limited (“Resulting Company”) and their respective shareholders and creditors**

This is with reference to Valuation Report containing the Share Entitlement Ratio dated May 16, 2023 from SSPA & Co Chartered Accountants, Registered Valuer having Registration Number: (IBBI Registration No.IBBI/RV/06/2018/10140) (“Valuation Report”) in connection with the proposed Scheme, as applicable, as per Para (A)(4) of Part I of SEBI Master Circular no. SEBI/HO/CFD/DIL1/CIR/P/2021/0000000665 dated November 23, 2021.

In connection with the above, we hereby confirm that:

- No material event impacting the valuation has occurred during the intervening period of filing the scheme documents with Stock Exchange and period under consideration for valuation.
- There is no past default of any listed debt obligations of the Company forming part of the scheme.
- Sterlite Technologies Limited or any of its promoters or directors are not willful defaulters.

**For Sterlite Technologies Limited**

*Amit Deshpande*

Name: Amit Deshpande  
Company Secretary (ACS 17551)  
Place: Pune  
Date: 18 May 2023



**Sterlite Technologies Limited**

Registered office: 4th Floor, Godrej Millennium, Koregaon Road 9, STS 12/1, Pune, Maharashtra- 411 001, India.  
CIN - L31300PN2000PLC202408