Sterlite Technologies Limited
Godrej Millennium, 9 Koregaon Road
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REPORT OF THE AUDIT COMMITTEE OF STERLITE TECHNOLOGIES LIMITED RECOMMENDING THE DRAFT SCHEME OF ARRANGEMENT BETWEEN THE COMPANY AND SPEEDON NETWORK LIMITED

Members Present:

1. Mr. Arun Todarwal - Chairman (Independent Non-Executive Director)
2. Mr. A.R. Narayanaswamy - Member (Independent Non-Executive Director)
3. Mr. Pravin Agarwal - Member(Whole Time Director)

In Attendance:

1. Dr. Anand Agarwal - CEO & Whole Time Director
2. Mr. Anupam Jindal - CFO (Chief Financial Officer)
3. Mr. Amit Deshpande - Company Secretary

1. Background

Meeting of the Audit Committee of Sterlite Technologies Limited ("Company" or "the Resulting Company) was held on October 27, 2016 to consider and recommend the proposed demerger of the Passive Infrastructure Business of Speedon Network Limited ("SNL" or "Demerged Company"), the wholly owned subsidiary of the Company, into the Company, to be implemented in terms of a Scheme of Arrangement ("Scheme") entered into amongst the Company, SNL and their respective Shareholders and Creditors under Sections 391 to 394 read with Sections 100 to 103 of the Companies Act, 1956 and Section 52 of the Companies Act, 2013 and other applicable provisions of the Companies Act, 1956 (or provisions of the Companies Act, 2013, as may be applicable) in compliance with the provisions of section 2(19AA) of the Income Tax Act and as per the terms and conditions mentioned in the Scheme.

The Securities and Exchange Board of India vide its circular No. CIR/CFD/CMD/16/ 2015 dated 30 November 2015 ("SEBI Circular") has, amongst other requirements, sought a report from the Audit Committee of the Listed Company recommending the Draft Scheme of Arrangement, after taking into consideration, inter alia, the Valuation Report and Fairness Opinion. This report of the Audit Committee is made in order to comply with such requirement under the SEBI Circular.

1.1 The following documents were placed before the Audit Committee:

- Draft Scheme of Arrangement, duly initialed by the Company Secretary of the Company for the purpose of identification;
- Valuation Report dated 24 October 2016 prepared by M/s. V A Dudhedia & Co Chartered Accountants
- Fairness Opinion dated 26 October 2016 prepared by Saffron Capital Advisors (P) Ltd, an Independent Merchant Banker
- Certificate obtained from the Statutory Auditors of the Company viz. S R B C & Co. LLP, on the accounting treatment prescribed in the Scheme.

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2. Proposed Scheme of Demerger

The Audit Committee noted the rationale and the benefits of the Scheme, which, inter-alia, includes, the following:

The demerger of the Passive Infrastructure Business / Demerged Undertaking (as defined in the Scheme) from the Demerged Company and consolidation of the same with the Telecom Product and Solutions business currently carried out by the Resulting Company would be in the best interest of the shareholders, creditors, employees and all other stakeholders of the STL and SNL and is envisaged to yield specific benefits as follows:

- Synergy benefits from integration of operations;
- Optimal utilization of resources and better administration;
- Rationalization and optimization of administrative expenses for both the companies by eliminating duplication of efforts;

3. Recommendation of the Audit Committee

The Audit Committee recommends the Draft Scheme, taking into consideration the Valuation Report and Fairness Opinion, to the Board of Directors for its approval and for favorable consideration by the stock exchange(s) and Securities and Exchange Board of India (SEBI).

By order of the Audit Committee

For and on Behalf of
Sterlite Technologies Limited

Arun Todarwal
Chairman - Audit Committee

Place: Pune
Date: October 27, 2016