



Tube Investments of India Limited

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7th August 2020

National Stock Exchange of India Ltd
Exchange Plaza, 5th Floor
Plot No. C/1, G Block
Bandra-Kurla Complex
Bandra (E)
Mumbai 400 051

BSE Ltd
1st Floor
New Trading Ring, Rotunda Building
P J Towers, Dalal Street
Fort
Mumbai 400 001

Dear Sirs,

Sub: Company's bid for acquiring controlling interest in M/s. CG Power and Industrial Solutions Ltd – Execution of Securities Subscription Agreement

We write to inform that the Board of Directors of the Company (“**TII**”) at the meeting held today (7th August 2020) approved the proposal for making a binding bid for acquiring controlling interest in M/s. CG Power and Industrial Solutions Limited (“**CG Power**”) undertaken in terms of the circular dated June 7, 2019 of the Reserve Bank of India (Prudential Framework for Resolution of Stressed Assets) Directions, 2019 (“**Stressed Asset Directions**”).

CG Power is undergoing financial stress and the its lenders (“**Lenders**”) have initiated the process for resolution of stress in CG Power under the Stressed Asset Directions.

As a first step to the commencement of the bidding process, TII and CG Power entered into a Securities Subscription Agreement today (7th August 2020) for an investment of around Rs.700,00,00,005/- (Rupees Seven Hundred Crores and Five only) in CG Power for acquiring a controlling stake in that company through a combination of (i) investment of around Rs.550,00,00,004/- (Rupees Five Hundred Fifty Crores and Four only) for primary subscription to the equity shares, and (ii) investment of around Rs.150,00,00,001/- (Rupees One Hundred Fifty Crores and One only) for primary subscription to warrants (the “**Warrants**”, which Warrants together with equity shares are referred as the “**Securities**”). The Warrants referred will be convertible into equivalent number of equity shares at the option of TII within 18 (eighteen) months from the allotment. The Securities shall be issued to TII on a preferential issue basis under Regulation 164A of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 (the “**ICDR Regulations**”). Out of the total investment amount for the Warrants, 25% (twenty-five per cent) of the total investment amount will be paid upfront at the time of subscription of the Warrants.

The investment and issue and allotment of Equity Shares and Share Warrants on Preferential basis are subject to TII being declared as successful bidder under the Swiss Challenge Process under Stressed Asset Directions, approval of Competition Commission of India and satisfactory fulfilment of Conditions Precedents contained in the said Securities Subscription Agreement.

A disclosure in the prescribed format pursuant to Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015 is annexed.



We request you to kindly take the above on record.

We will keep the Stock Exchanges informed of the developments in the aforesaid regard.

Thanking you,

Yours faithfully,
For TUBE INVESTMENTS OF INDIA LIMITED

S SURESH
COMPANY SECRETARY

Encl.

Disclosure pursuant to Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015 relating to proposed acquisition by the Company of controlling interest in M/s. CG Power and Industrial Solutions Limited through the Securities Subscription Agreement

Disclosure requirement	Details
a) Name of the target entity, details in brief such as size, turnover etc.	Target entity: M/s. CG Power and Industrial Solutions Ltd. Total Income: Rs.3,169.48 Cr. for FY 2019-20
b) Whether the acquisition would fall within related party transaction(s) and whether the promoter/promoter group/group companies have any interest in the entity being acquired? If yes, nature of interest and details thereof and whether the same is done at "arms' length".	The acquisition will not fall within the meaning of a related party transaction. The Promoter/Promoter Group/Group companies do not have any interest in the entity being acquired.
c) Industry to which the entity being acquired belongs.	CG Power is engaged in the industrial and power sectors.
d) Objects and effects of acquisition (including but not limited to, disclosure of reasons for acquisition of target entity, if the business is outside the main line of business of the listed entity).	The Company considers that TII's operational, financial and governance capabilities and experience will help remove the present difficulties and hardships of CG Power and facilitate create value creation for both TII and CG Power. Since both the companies are in the engineering business, the acquisition is expected to provide synergy for both the companies.
e) Brief details of any governmental or regulatory approvals required for the acquisition.	The investment and issue and allotment of Equity Shares and Share Warrants on Preferential basis are subject to TII being declared as successful bidder under the Swiss Challenge Process under Stressed Asset Directions, approval of shareholders of CG Power and approval of Competition Commission of India.
f) Indicative time period for completion of the acquisition.	The acquisition would be completed before 120 days from the date of the Securities Subscription Agreement.
g) Nature of consideration – whether cash consideration or share swap and details of the same.	Cash consideration of about Rs.700,00,00,005/- (Rupees Seven Hundred Crores and Five only) by way of investment in equity shares and warrants.
h) Cost of acquisition or the price at which the shares are acquired.	The cost of acquisition will be about Rs.700,00,00,005/- (Rupees Seven Hundred Crores and Five only) at Rs.8.56 per Equity Shares of 2/- each of CG Power and at Rs. 8.56 per Warrant. Out of the total cost for the Warrants, 25% (twenty-five per cent) of the amount will be paid upfront at the time of subscription of the Warrants.
i) Percentage of shareholding /control acquired and/or number of shares acquired.	Approximately 50.62% of the issued and subscribed share capital of the target company from the equity shares. After the conversion of the Warrants into equity shares, the shareholding of TII will be approximately 56.61% of the issued and subscribed share capital of the target company.

Disclosure requirement	Details						
<p>j) Brief background about the entity acquired in terms of products/line of business acquired, date of incorporation, history of last 3 years turnover, country in which acquired entity has presence and any other significant information (in brief).</p>	<p>The target company is a public limited company and was incorporated on 28th April 1937. The business of CG Power is in the industrial and power sectors. It has 13 manufacturing facilities and employs over 3,000 people directly and 8,000 people indirectly.</p> <p>The details of total income of target company (standalone basis) for the last three financial years are furnished below:</p> <table border="1" data-bbox="783 577 1315 689"> <tbody> <tr> <td>2019-20</td> <td>Rs.3,169.48 Cr.</td> </tr> <tr> <td>2018-19</td> <td>Rs.5,355.60 Cr.</td> </tr> <tr> <td>2017-18</td> <td>Rs.5,008.00 Cr.</td> </tr> </tbody> </table>	2019-20	Rs.3,169.48 Cr.	2018-19	Rs.5,355.60 Cr.	2017-18	Rs.5,008.00 Cr.
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