



Tube Investments of India Ltd.

Dare House, 234, N.S.C. Bose Road, Chennai 600 001, India
Tel: 91.44.4217 7770-5 Fax: 91.44.4211 0404
Website: www.tiindia.com CIN: L35921TN1949PLC002905

3rd November, 2016

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
Phiroze Jeejeebhoy Towers,
Dalal Street
Mumbai 400 001

Dear Sirs,

Outcome of Board Meeting held on 3rd November, 2016

We write to inform that the Board of Directors of the Company at its meeting held today viz., 3rd November, 2016 approved the Scheme of Arrangement (hereinafter referred to as "the Scheme") pursuant to Sections 391 to 394 read with Sections 100 and 103 and other applicable provisions of the Companies Act, 1956/Companies Act, 2013 whereby the Manufacturing Business Undertaking of the Company (hereinafter referred to as "Demerged Company"), which includes manufacturing of tubes, strips, tubular components, bicycles and fitness products, chains for automobile sector and industrial applications, roll-formed sections, other metal formed products, industrial gears, designing and manufacturing of dies, will be demerged, on a going concern basis into TI Financial Holdings Limited, a Wholly-owned Subsidiary of the Company (hereinafter referred to as "Resulting Company"). The Appointed Date for the demerger is 1st April, 2016.

Consequent to the demerger of the Manufacturing Business Undertaking, the Resulting Company will issue 1 (One) fully paid up Equity Share of Re.1 (Rupee One Only) each of the Resulting Company for every 1 (One) fully paid up equity share of Rs.2 (Rupees Two) each held in the Demerged Company. The Scheme provides for the listing of the equity shares to be issued by the Resulting Company pursuant to the Scheme.

The Scheme also provides for reduction of the face value of Demerged Company from Rs.2/- each fully paid to Re.1/- each fully paid.

The Scheme is subject to necessary statutory and regulatory approvals including the approval of the Hon'ble High Court of Judicature of Madras (hereinafter referred to as "High Court"), the Stock Exchanges, the Securities & Exchange Board of India, the respective shareholders of both the companies.

The Scheme will be effective on the date on which the authenticated copies of the orders of the High Court, sanctioning the Scheme, are filed with the Registrar of Companies, Tamilnadu, Chennai.



murugappa



INDIA

The Scheme will be filed with the Stock Exchanges pursuant to the provisions of Regulation 37 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations")

Disclosure pursuant to Regulation 30 of the SEBI Listing Regulations, 2015 is annexed.

A copy of the Press Release issued in this regard is also attached herewith for your records.

Thanking you,

Yours faithfully,
For TUBE INVESTMENTS OF INDIA LTD

S SURESH
COMPANY SECRETARY

Encl.



murugappa



Disclosure pursuant to Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 relating to the proposed demerger of the Manufacturing Business Undertaking of Tube Investments of India Limited (“Demerged Company”) into TI Financial Holdings Limited (“Resulting Company”)

| Disclosure requirement | Details |
|--|--|
| a) Brief details of the division(s) to be demerged | The Manufacturing Business Undertaking of the Company which includes manufacturing of tubes, strips, tubular components, bicycles and fitness products, chains for automobile sector and industrial applications, roll-formed sections, other metal formed products, industrial gears, designing and manufacturing of dies including investments in Shanthi Gears Ltd., Financiere C10 and TI Tsubamex Ltd. |
| b) Turnover of the demerged division and as percentage to the total turnover of the listed entity in the immediately preceding financial year / based on financials of the last financial year | <ul style="list-style-type: none"> • Turnover of the demerged undertaking (as on March 31, 2016):- Rs.3,790.05 Cr. • % of turnover of the demerged undertaking to the turnover of the listed entity (as on March 31, 2016):- ~ 100% |
| c) Rationale for demerger | <p>The Company (also, the Demerged Company in the context of the Scheme of Arrangement) is presently engaged in multiple businesses broadly classified into the following categories:</p> <ul style="list-style-type: none"> - Manufacturing of tubes, strips, tubular components, bicycles and fitness products, chains for automobile sector and industrial applications, roll-formed sections, other metal formed products, industrial gears, designing and manufacturing of dies (“Manufacturing Business”). The Manufacturing Business is also carried out through the Company’s subsidiaries (Shanthi Gears Limited, Financiere C10 SAS, SEDIS SAS, SEDIS Co Limited, TI Tsubamex Private Limited, etc.) - The Company is also engaged in financial services business through subsidiaries, joint ventures, associates viz., Non-Banking Financial Business (through Cholamandalam Investment and Finance Company Limited), Insurance Business (through Cholamandalam MS General |



| | |
|---|---|
| | <p>Insurance Company Limited), Chola MS Risk Services Limited (“Financial Services Business”).</p> <p>The Resulting Company is a wholly owned subsidiary of the Demerged Company.</p> <p>In order to segregate the Manufacturing Business and Financial Services Business, it is intended to demerge the Manufacturing Business Undertaking on a going concern basis into a separate entity with a mirror image shareholding.</p> <p>The proposed restructuring would result in better and efficient control by the management for the segregated businesses and promote their growth. Further, it would also result in the following benefits:</p> <ul style="list-style-type: none"> • Greater administrative efficiency; • Operational rationalisation, organisation efficiency and optimum utilisation of various resources; • Ability to leverage financial and operational resources of each business; and • Each business would be able to address independent business opportunities, pursue efficient capital allocation and attract different sets of investors, strategic partners, lenders and other stakeholders. <p>The proposed restructuring is likely to be value accretive for the shareholders and would enable them to select investments best suited to their investments strategies. Further, the segregation is also expected to unlock the value of the businesses of the Demerged Company.</p> |
| <p>d) Brief details of change in shareholding pattern (if any) of all entities;</p> | <p>The Demerged Company and the Resulting Company will have mirror image/identical shareholding upon allotment of equity shares by the Resulting Company to the shareholders of the Demerged Company in proportion to their shareholding on the record date to be fixed.</p> |





| | |
|--|--|
| e) In case of cash consideration – amount or otherwise share exchange ratio; | The proposed share exchange ratio is as under : 1 (One) fully paid up Equity Share of Re.1 (Rupee One Only) each of the Resulting Company shall be issued and allotted for every 1 (One) fully paid up equity share of Rs.2 (Rupees Two) each held in the Demerged Company. |
| f) Whether listing would be sought for the resulting entity. | Yes. Listing on the Stock Exchange(s) would be sought for the Resulting Company. |





Board of Directors approves Demerger of Manufacturing Business Undertaking of Tube Investments of India Limited

Chennai, India, November 03, 2016 – The Board of Directors of Tube Investments of India Limited (TIIL), at their meeting held today, approved the composite scheme of arrangement for demerger pursuant to which the Manufacturing Business Undertaking, of TIIL will be demerged into TI Financial Holdings Ltd (TIFHL), a wholly owned subsidiary of TIIL. This Scheme is subject to the requisite statutory and regulatory approvals and if approved would be effective from April 1, 2016.

The demerged undertaking is involved in manufacturing of tubes, strips, tubular components, bicycles and fitness products, chains for automobile sector and industrial applications roll formed sections and other metal formed products, industrial gears, designing and manufacturing of dies. The Manufacturing Business is also carried out through subsidiaries (Shanthi Gears Limited, Financiere C10 SAS, SEDIS Co Limited etc.).

Post demerger:

- TIFHL would carry on Manufacturing Business and its equity shares would be listed on the BSE and NSE; and
- TIIL would be carrying on Financial Services Business through its subsidiaries

Pursuant to the Scheme, the name of TIFHL would be changed to TIIL and name of TIIL would be changed to TIFHL.

Upon the Scheme becoming effective and upon vesting of the Manufacturing Business Undertaking of TIIL, TIFHL will issue equity shares to the shareholders of TIIL, in the ratio of one equity share of Re.1 fully paid up for every one equity share of Rs.2 each held in TIIL. The equity shares to be issued by TIFHL will be listed in BSE and NSE. The face value of existing equity share of TIIL will be reduced from Rs.2/- each to Re 1/- each.

The shareholding pattern of TIFHL would be a mirror image of the existing shareholding pattern of TIIL. TIIL's current shareholding in TIFHL would stand cancelled once the Scheme is effective.

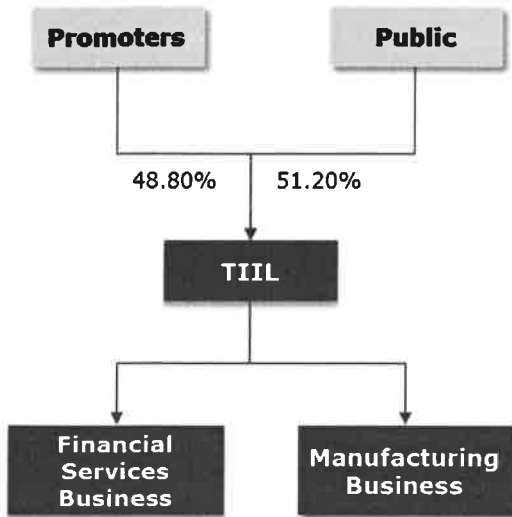
The rationale of Board for approving this Scheme in brief is as follows:

- Better and efficient control by the management for the segregated businesses and ability to promote their individual growth.
- Capability to address independent business opportunities, pursue efficient capital allocation and attract different sets of investors, strategic partners, lenders and other stakeholders.
- Greater administrative efficiency; Operational rationalization and optimum utilisation of various resources; Ability to leverage financial and operational resources of each business

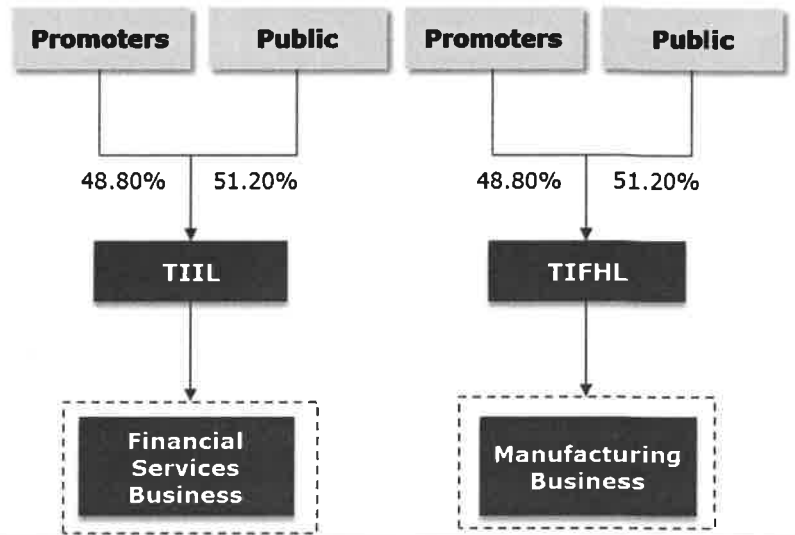
The shareholding structure for the entities pre and post demerger is hereinbelow:



Existing Structure



Resultant Structure



About Tube Investments of India Limited:

Tube Investments of India Ltd is a flagship company of the Murugappa Group and is engaged in multiple businesses broadly classified into the following categories:

- Manufacturing of tubes, strips, tubular components, bicycles and fitness products, chains for automobile sector and industrial applications, roll formed sections and other metal formed products, industrial gears, designing and manufacturing of dies.
- Financial services business through subsidiaries, joint ventures, associates viz Non-Banking Financial Business, Insurance Business and Risk Consultancy Business.

The company was founded in 1949 and is based in Chennai, India.

In over six decades of its existence, TIIL has built significant skills in engineering and metallurgy, which is fully supported by a central R&D function. A Total Quality Management approach has ensured a satisfied community of customers and TIIL is the preferred supplier in all the markets it operates. TIIL continues the tradition of financial discipline and prudence set by the founding fathers. It is this tradition that has earned TIIL the unique distinction of uninterrupted dividend distribution since 1954.

About Murugappa Group:

Founded in 1900, the INR 269 Billion Murugappa Group is one of India's leading business conglomerates. The Group has 28 businesses including nine listed Companies traded in NSE & BSE. Headquartered in Chennai, the major Companies of the Group include Carborundum Universal Ltd., Cholamandalam Investment and Finance Company Ltd., Cholamandalam MS General Insurance Company Ltd., Coromandel International Ltd., Coromandel Engineering Company Ltd., E.I.D. Parry (India) Ltd., Parry Agro Industries Ltd., Parry Sugar industries Ltd, Shanthi Gears Ltd., Tube Investments of India Ltd., and Wendt (India) Ltd.

Market leaders in served segments including Abrasives, Auto Components, Transmission systems, Cycles, Sugar, Farm Inputs, Fertilisers, Plantations, Bio-products and Nutraceuticals, the Group has forged strong alliances with leading international companies such as GroupeChimiqueTunisien, Foskor,



Mitsui Sumitomo, Morgan Advanced Materials, Sociedad Química y Minera de Chile (SQM), Yanmar & Co. and Compagnie Des Phosphat De Gafsa (CPG). The Group has a wide geographical presence all over India and spanning 6 continents.

Renowned brands like BSA, Hercules, Ballmaster, Ajax, Parry's, Chola, Gromor, Shanthi Gears and Paramfos are from the Murugappa stable. The Group fosters an environment of professionalism and has a workforce of over 32,000 employees.

In relation to the transaction, PriceWaterhouseCoopers are acting as tax and regulatory advisors to TIIL. SSPA & Co. has provided the share entitlement ratio report and Axis Capital Limited has provided a fairness opinion on the same.