



# TI FINANCIAL HOLDINGS LIMITED

(Formerly Tube Investments of India Limited)

CIN: L65100TN1949PLC002905

(Incorporated under the Companies Act, 1913/2013)

'Dare House', 234, N S C Bose Road, Chennai – 600 001

Tel: 91.44.42177770-5 Fax: 91.44.42110404 Website: www.tifhl.com

4th September, 2017

## FOR YOUR IMMEDIATE ATTENTION

Dear Shareholder(s),

You may be aware that the Scheme of Arrangement (Demerger) [Scheme] between the Company ("Demerged Company/TIFHL") and Tube Investments of India Limited ("Resulting Company"/"TII") and their respective Shareholders under Sections 230 to 232 of the Companies Act, 2013 was sanctioned by the National Company Law Tribunal, Chennai vide its Order dated 17th July, 2017. The Scheme *inter alia* provided for the vesting of the Manufacturing Business Undertaking of the Company in TII on a going concern basis with effect from the Appointed Date of 1st April, 2016.

The Scheme further provided for issue of equity shares of TII to the shareholders of the Company. For the said purpose, the Company had fixed 28th August, 2017 as the 'Record Date' for determining its shareholders eligible to receive shares of TII. TII has allotted on 1st September 2017 to each shareholder of the Company 1 (one) fully paid up equity share of ₹1 (one) each for every 1(one) fully paid up equity share of ₹2 (two) each held by such shareholder in this Company. TII will also be applying to the Stock Exchanges (BSE and NSE), for listing of the shares. The Scheme also provided for reduction in face value of the equity share of the Company from the existing ₹2 (two) to ₹1 (one) per share and for issue of shares with the reduced face value of ₹1 each to each Member holding shares of ₹2 each of the Company on the aforesaid Record Date. The Company has allotted on 1st September, 2017 to each shareholder of the Company 1 (one) fully paid up equity share of ₹1 (one) each for every ₹1 (one) fully paid up equity share held by the shareholder in this Company.

Kindly note that this communication is issued for your general guidance as a shareholder of this Company for computing the proportionate cost of the acquisition of the equity shares of TII vis-à-vis- the cost of acquisition of the original equity shares of this Company (TIFHL) for the purpose of computing the capital gain/loss as per the provisions of the Income-tax Act, 1961 ("the Act") arising upon sale of the equity shares.

In terms of Section 49(2C) of the Act, the cost of acquisition of the shares of TII (Resulting Company) is to be computed by applying the proportion of the net book value of the assets of the Demerged Undertaking (Manufacturing Business Undertaking) to the net worth of the Company immediately before the demerger. Accordingly, under Section 49(2D) of the Act, the cost of acquisition of the shares of the Company shall be the original cost of acquisition as reduced by the cost of acquisition ascertained for the shares of the Resulting Company under Section 49(2C) of the Act.

In view of the above, shareholders of the Company are hereby advised to apportion their pre-demerger/original cost of acquisition in shares of this Company in the following manner:

Name of the Company	% of the original cost of shares of the Company
TI Financial Holdings Limited (Demerged Company) – ISIN: INE149A01033	49.30
Tube Investments of India Limited (Resulting Company) – ISIN: INE974X01010	50.70
Total	100.00

Under Section 47(vii) of the Act, the issue of shares by TII as the Resulting Company to the shareholders of the Company pursuant to the Scheme is not a transfer and hence, not taxable in the hands of the shareholders. Further, in respect of the equity shares issued by TII, the date of acquisition of such equity shares for computing capital gain/loss in the hands of the shareholder, as and when the shares are sold, will be the date of acquisition of the original shares of this Company (TIFHL) for each shareholder, as per Clause (g) in explanation 1 to Section 2(42A) of the Act. The issue of shares by TII is also not subject to tax in the hands of the shareholders under the provisions of Section 56(2)(x) of the Act (as amended by the Finance Act, 2017).

Thanking you,

Yours faithfully,  
For TI Financial Holdings Ltd  
N Srinivasan  
Director

*This letter is only for general guidance of shareholders and does not constitute any independent or expert opinion which the shareholder may prefer to take separately. The concerned regulatory authority including tax authorities may take a different view from the guidance provided above. No express or implied liability or responsibility for the above guidance will be taken by the Company. In case there is any change in the applicable law with retrospective effect, then the guidance above would have to be reevaluated taking into consideration of such change/s in the applicable law. The Company does not take any responsibility for updating this communication at any point of time in the future.*

