

Merger of IDFC Group and Shriram Group

July 2017





Intent & Vision

Merger envisions creation of India's Largest **'Mass Retail Bank'**

It is our belief that together we can create a financial conglomerate with a "Mass retail" Universal bank at its core with the focus and ability to provide the full range of financial products from savings and credit to wealth management and protection to millions in particular to the millions of small customer sand entrepreneurs that are the backbone of our country and are today underserved.

The Underpinnings of the proposed Merger

- Alignment of purpose
- Complementarity of businesses



Snapshot of Respective Businesses

Shriram Capital Limited

Diversified Retail Financial Services Business Group

Shriram Capital investee Companies:

- **Shriram Transport Finance Company:** Market leader in pre-owned commercial vehicles financing with AUMs of ~INR 800 Bn, market capitalization ~INR 250 Bn, market share of about 80% and 1.4 million customers.
- **Shriram City Union Finance Company:** Financier of small businesses and 2-wheel vehicles. AUMs of ~INR 230 Bn, market capitalization of INR ~165 Bn and 3.6 million customers..
- **Shriram Life Insurance Company:** Life insurance JV with Sanlam of RSA. ~1.4% market share among private life insurers with new business premium of INR ~7.4 Bn and Embedded Value (estimate) of INR ~8.7 Bn as of Mar-17.
- **Shriram General Insurance Company:** P&C insurance JV with Sanlam of RSA. ~3.4% market share among private insurers with gross premium of INR ~22 Bn and Net Profit of INR ~2.2 Bn.
- **Shriram Credit Company:** Smaller business across financial products distribution, retail equities, wealth management and Asset Management.

IDFC Limited

Diversified Financial Services Business Group

- **IDFC Bank** - Universal Bank with AUMs of ~66,500crs as on Mar-17, with PAT of 1,020 crs for FY17 and a healthy capital adequacy of 18.9%.
- **IDFC AMC** - Mutual Fund and Investment Advisory business with AAUMs of 59,585crs and 768crs respectively for Mar-17. ranked 10th in the industry as per total AUMs. It offers bouquet of Equity oriented, Debt oriented and Hybrid schemes. AMC delivered 19 crs PAT in FY17.
- **IDFC AIF** - Manages 9 funds with total AUMs of 17,716crs across Infrastructure Equity, Private Equity and Real Estate Fund. Fund has till now made around 81 investments.
- **IDFC IDF** - It is a NBFC-IDF (Infra Debt Fund) that finances infra projects which have being in operation for at least a year. AUMs of 2,683crs, Tier-1 CAR of ~28.9% and carries a AAA rating by CARE and ICRA. IDFC Ltd. owns ~81% of the fund.
- **IDFC Securities** - Provides Equity Research and Institution Broking services to its clients.

Contours of the proposed merger

- All the operating businesses of the respective groups will come together under the flag ship group “IDFC Limited”
- The retail consumer centric business of Shriram capital namely SCUF will absorbed into the bank
- The transport finance business of Shriram Capital namely STFC will remain a standalone NBFC that would become a subsidiary of IDFC Limited
- The life and general insurance businesses will also become subsidiaries of IDFC Limited



Thank You