Exide Life: Acquisition and subsequent merger

September 3, 2021
Proposed structure

Existing Structure (1)
- HDFC Ltd: 49.9%
- Others: 50.1%
- Exide Industries: 100%
- HDFC Life
- Exide Life

Intermediate Structure (2)
- Acquisition of Exide Life
- HDFC Ltd: 47.9%
- Exide: 4.1%
- Others: 48.0%
- HDFC Life: 100% subsidiary
- Exide Life

Proposed Final Structure (2)
- Merger of the subsidiary into holding company
- HDFC Ltd: 48.0%
- Others: 47.9%
- Exide: 4.1%
- MergeCo (HDFC Life)

Deal Sequence
- Acquisition of Exide Life through cash consideration and issuance of shares, followed by merger

Deal consideration
- Aggregate consideration: **Rs 6,687 Cr** (8,70,22,222 shares @ Rs 685/share (3) and cash payout of Rs 726 Cr)

Key approvals
- Shareholder, IRDAI and CCI approval for proposed preferential allotment and acquisition
- IRDAI, NCLT and shareholder approval for proposed merger

Notes: 1. Shareholding as on Aug 31, 2021; 2. Based on shareholding and capital structure as of Aug 31, 2021; 3. SEBI floor price
## Transaction rationale and objectives

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<th><strong>Accelerate proprietary channel growth</strong></th>
<th><strong>Complements our geographical presence</strong></th>
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<td>▪ Adds ~40% to topline of HDFC Life Agency (based on FY21 nos.)</td>
<td>▪ Strong South India presence, especially in Tier 2 and Tier 3 locations</td>
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<td>▪ 36,700+ agent base as on 30th June, 2021</td>
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<th><strong>Good quality of business</strong></th>
<th><strong>Synergies to enhance value for all stakeholders</strong></th>
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<td>▪ Good quality business focused on traditional and protection products</td>
<td>▪ Customers to get access to a wider product suite and service touchpoints</td>
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<td>▪ Prudent risk management &amp; conservative investment strategy resulting in robust Embedded Value</td>
<td>▪ Potential to improve NBM via operating leverage and product mix optimisation</td>
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<th><strong>Respected brand and matching ethos</strong></th>
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<td>▪ Respected brand to help conserve value for all stakeholders</td>
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<tr>
<td>▪ Similar organization DNA and ethos</td>
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<td>▪ Strong human capital comprising vintage and experienced employees</td>
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Key numbers at a glance (1)

### Total Premium
- **HDFC Life**: 38,583 Rs crore
- **EXIDE Life**: 3,325 Rs crore
- **Total**: 41,908 Rs crore

### Renewal Premium
- **HDFC Life**: 18,477 Rs crore
- **EXIDE Life**: 2,544 Rs crore
- **Total**: 21,021 Rs crore

### Individual WRP(2)
- **HDFC Life**: 6,998 Rs crore
- **EXIDE Life**: 591 Rs crore
- **Total**: 7,589 Rs crore

### Individual WRP(2) private market share
- **HDFC Life**: 15.5%
- **EXIDE Life**: 1.3%
- **Total**: 16.8%

### Agency new business
- **HDFC Life**: 937 Rs crore
- **EXIDE Life**: 358 Rs crore
- **Total**: 1,295 Rs crore

### No. of agents (3)
- **HDFC Life**: 107,895
- **EXIDE Life**: 36,710
- **Total**: 144,605

### Embedded Value (3,4)
- **HDFC Life**: 27,331 Rs crore
- **EXIDE Life**: 2,711 Rs crore
- **Total**: 30,042 Rs crore

### AUM (3)
- **HDFC Life**: 1,81,272 Rs crore
- **EXIDE Life**: 18,780 Rs crore
- **Total**: 200,052 Rs crore

**Notes:**
1. Numbers pertain to FY21; 2. WRP stands for weighted received premium; 3. As on 30th June 2021; 4. Embedded Value of Exide Life, as on 30th June 2021, has been reviewed by Willis Towers Watson Actuarial Advisory LLP
Key milestones

**Step 1:** Announcement of Transaction (Sep 3, 2021)

**Step 2:** Regulatory applications for acquisition

**Step 3:** Shareholders’ approvals (Sep 29, 2021)

**Step 4:** Receipt of acquisition approvals. Exide Life becomes 100% subsidiary of HDFC Life

**Step 5:** Regulatory applications for merging Exide Life (WoS)\(^1\) with HDFC Life

**Step 6:** Approval for merger

Note: 1. WoS refers to Wholly owned Subsidiary
Thank You
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