Stock Holding Corporation of India Limited

Teaser Document

Building a better
working world

Opportunity to acquire stake in SHCIL, India's largest custodian & depository participant

Largest custodian and depository participant in the country with **assets under custody of over Rs. 30 lac crore**

Dominant player in the domestic institutions custodian segment, enjoying a **market share of ~36%**

One of the largest retail depository participants in the country, with a **client base of ~ 6.1 lacs**

Aggregate value of transactions settled daily of over Rs. 5,000 crore

Participated in promotion of various financial institutions in India, including **NSE, where it holds 5% stake**

Only agency appointed by the Govt. of India for providing e-stamping services across India; currently **serving 17 states**

Fast-growing Document Management business with banks, FIs, courts and regulators as clients and an **order book of Rs. 250 crore**

Group structure

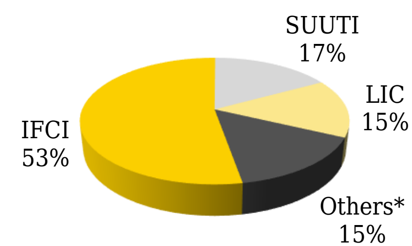
SHCIL

- SHCIL Services Limited
- StockHolding Document Management Services Limited

SHCIL's Wholly Owned

- SHCIL Services Limited: provides stock broking services
- StockHolding Document Management Services (SHCIL DM): provides end-to-end document storage & digitization services

Current shareholding pattern



Opportunity to acquire 26% stake in SHCIL from IFCI, who is looking at partial divestment of its stake in the Company

*Others include General Insurance Corporation, New India Assurance, United India Insurance, Oriental Insurance and National Insurance Company

Wide range of services offered to Institutional and Retail customers, centred around SHCIL's core capabilities

Services offered by SHCIL

- **Institutional Segment**
  - **Custodian Services**
    - DP & Transaction Clearing
    - Corporate Action Management
    - Collateral Management (Lending/ Pledging)
    - Fund Accounting & Valuation, Reporting and MIS
    - Securities and Derivatives broking
    - PCM Services; Securities Lending and Borrowing
- **Retail Segment**
  - **Depository Participant Services**
  - **E-Stamping**
  - **Securities Related Services**
    - Stock Broking
    - Derivatives Clearing
  - **Third Party Distribution**
    - Mutual Funds & Financial Products
    - Bullion
- **Document Management (through subsidiary)**
  - Document Digitization
  - Document Storage
  - Workflow Solutions
  - SaaS

Market leadership in established businesses and fast growing new businesses…

Segment-wise key highlights

Institutional custodian services

- Largest custodian in India with over 240 clients and AUC of Rs. 12 lac crore
- Market share of ~36% in domestic institution custodian segment
- Approved by US SEC to provide custodian services to US based funds for investors and only non-bank entity to offer custodial services for Indian G-sec

e-Stamping

- Provides e-stamping (a web-based, stamp duty collection mechanism) services in 17 states with transaction value of Rs. 9,000 crore in 9MFY16 and ~1.5 lac transactions processed daily
- Over 9,000 points of presence, through own branches and Authorized Collection Centers (ACCs)

Document Management

- Only player to offer integrated end-to-end document management solutions including digitization, physical & electronic storage and secure document destruction, with a robust order book of Rs. 250 crore
- Offers customized and cost-effective solutions to banks, FIs, courts and regulators

Retail DP and Securities related Services

- One of the largest, retail depository participants with 6.1 lac DP accounts
- Offers stock broking services to a client base of ~2.0 lacs

Third Party Distribution

- Leveraging on the strong network of 188 branches, distributes a large bouquet of investment products including MFs, FDs, IPOs, tax free bonds, loans etc. with total mobilization of INR 5,160 crore in 9MFY16
- Fast growing bullion business with plans to launch gold accumulation plan and gold vault services

NBFC (Proposed)

- Proposes to commence NBFC operations; LAS and margin funding to be key offerings
- Expects to leverage on the captive capital-market customer base

…led by sustainable differentiators for market leadership

Differentiators of key business segments

Institutional Segment	Retail Segment	Document Management
Premier custodian in the country - undisputed market leadership	Servicing ~4 crore clients annually	Only player providing end-to-end document management solutions
Ability to offer customized solutions, with quick turnaround	Only Central Record Keeping Agency appointed by the Govt. to provide e-Stamping	Only player to have set up a robotics-based storage system
End-to-end custodian services and other value-added services	Highest number of Active DP accounts[(1)]	Large and fast-growing order book

Key Enablers

In-house developed IT systems – widely awarded and recognized	Professional and highly experienced team
❑ First Asian company to be bestowed with the prestigious Smithsonian Award for 'visionary use of IT' ❑ ISO/ IEC 27001:2013 certification for Mahape Data Center ❑ SHCIL DM is CMM Level 3 certified	❑ Over 600 man-years of experience in custodian services ❑ Lean and flat organization structure – highly tech-enabled operations

(1) Recognized as such by NSDL for 3 consecutive years

Consolidated Income Statement

Values in Rs. crore	FY13	FY14	FY15	H1 FY16
Operating Income	266	241	276	134
Other Income	43	51	64	40
Total Income	309	292	340	174
Employee Cost	94	85	102	48
Other Expenses	111	107	122	70
Total Expenses	206	192	224	119
EBTD	104	100	116	55
Depreciation	27	25	10(1)	11
PBT before exceptional item	77	75	106	44
Exceptional item	-	-	-	0
PBT after exceptional item	77	75	106	44
Tax	21	21	28	8
PAT	56	54	78	36
Dividend	11	11	14	NA
Dividend distribution tax	2	2	3	NA
EBTD Margin	33%	34%	35%	32%
PBT Margin (before exceptional items)	25%	26%	31%	25%
PAT Margin	18%	19%	23%	21%

(1) Fall in the depreciation charge for FY15 is due to (a) change in the method of providing depreciation from WDV method to SLM method for certain asset classes and (b) revision of useful life of assets pursuant to notification of Schedule II to the Companies Act, 2013.

Consolidated Balance Sheet

Values in Rs. crore	FY13	FY14	FY15	H1 FY16
Shareholder's Funds	502	544	604	640
Non-Current Liabilities	50	50	55	52
Short Term Borrowings	-	85	-	-
Trade Payables	18	50	38	20
Other Current Liabilities	310	242	336	314
Short Term Provisions	5	8	11	5
Total Liabilities	**885**	**979**	**1,044**	**1,031**
Cash and Bank Balances	363	364	311	460
Tangible Assets, including	147	137	147	140
Buildings	77	73	70	69
Intangible Assets	4	2	2	1
Capital Work-in-Progress	4	3	4	4
Non-Current Investments	87	137	150	145
NSE	4	4	4	4
BSE	3	3	3	3
Government securities	32	49	35	31
PSU / Corporate bonds	16	60	95	92
Others	32	21	13	16
Deferred Tax Assets	8	9	9	12
Long Term Loans and Advances	76	81	71	81
Other Non-Current Assets	121	126	173	60
Current Investments	16	21	11	5
Stock In Trade	1	-	36	0
Trade Receivables	35	50	51	57
Short Term Loans and Advances	14	27	60	35
Other Current Assets	9	22	19	31
Total Assets	**885**	**979**	**1,044**	**1,031**

Important Disclosure