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● ₹2,530-CRORE DEAL

# Tokio Marine raises stake in IFFCO-Tokio JV to 49%

Tokio Marine bought 6,19,43,945 shares in the non-life insurance venture for ₹2,530 crore

PRESS TRUST OF INDIA  
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**JAPANESE MAJOR TOKIO** Marine has hiked its stake in non-life insurance venture IFFCO-Tokio to 49% by acquiring additional shares in the company for ₹2,530 crore.

Cooperative fertiliser major IFFCO had entered into the general insurance business in a joint venture with Tokio Marine in 2000. While Tokio Marine had a 26% stake in the JV, IFFCO had 72.64% and Indian Potash had 1.36%.

"Tokio Marine has purchased total 6,19,43,945 shares of IFFCO-Tokio from IFFCO and IPL for a total consideration of ₹2,530 crore," IFFCO managing director US Awasthi said.

As per the agreement, IFFCO has transferred 5,82,81,173 shares of IFFCO-Tokio to



IFFCO's stake in the JV will come down to 51% while Indian Potash will exit the insurance company

Tokio Marine for ₹2,380.4 crore while Indian Potash sold 36,62,772 shares for ₹149.6 crore. Shares of face value of ₹10 per unit were sold at ₹408.43 per share to Tokio Marine.

IFFCO has earned about 20 times more than on its original investment. The three

promoters — IFFCO, IPL and Tokio Marine had invested ₹560 crore in the company. Now the company is valued at ₹11,000 crore.

This transaction would help IFFCO raise the required capital to focus on more agri businesses and to better serve the interests of Indian farmers in the fast changing agriculture sector, Awasthi said.

The stake of IFFCO will come down to 51% in the JV while Indian Potash would exit the insurance company.

"The additional share purchase is in line with Tokio Marine Group's international business strategy to achieve sustainable growth and profit expansion as well as enhance diversified business portfolio through capturing growth opportunities in emerging countries," said Arthur Lee, chief executive of Tokio Marine Asia.

Insurance regulator Irdai has accorded its approval for increasing the stake. The decision regarding divestment was made after the government hiked the FDI limit in insurance sector to 49%.

Asked if the company would require additional capital for growth, Awasthi said both the promoters would bring in as much capital as needed.