Standard Life to increase its stake in HDFC Life to 35%

In 2000, HDFC and Standard Life launched a joint venture, HDFC Life, which was the first private life insurance company to be granted a licence to operate in India. In line with the laws governing foreign ownership in the insurance sector, Standard Life's ownership in HDFC Life has thus far been restricted to 26%. A long-held understanding between HDFC and Standard Life was that Standard Life would increase its shareholding to parity with HDFC at such time as legislation allowed. After the increase in the foreign ownership limits in the sector, Standard Life and HDFC have had discussions and today's agreement will see Standard Life increase its stake in HDFC Life to only 35%, its preferred long-term shareholding, without parity.

As per the agreement, subject to receiving all necessary regulatory approvals, Standard Life will acquire 9% of the shares of HDFC Life from HDFC at a price of Rs. 95 per share. As a consequence, Standard Life will increase its shareholding in HDFC Life to 35% from 26% at present. Accordingly, HDFC's shareholding in HDFC Life would then stand at 61.65%.

Deepak Parekh, Chairman, HDFC Limited said, "I am delighted that Standard Life is increasing its stake in HDFC Life to 35 %. The founding shareholders are also committed to obtaining a listing for HDFC Life. This will allow investors to participate in the growing Indian insurance sector."

Keith Skeoch, CEO of Standard Life plc said, "Today's announcement marks a strengthening of our well-established relationship with HDFC. The proposed investment demonstrates our long-term commitment to India and the future success of HDFC Life.

"Amitabh Chaudhry, MD & CEO, HDFC Life said, "The stake increase reiterates the trust and commitment of Standard Life towards the Indian life insurance sector and specifically for HDFC Life. Both promoter shareholders have been very supportive of our strategy and growth over the last few years. This transaction is in line with the long-term vision of shareholders to jointly build a world class life insurance company. We continue to focus on long-term protection and saving needs of India and delivering sustainable performance."

Notes to Editors:

About Standard Life

- Standard Life is a leading long term investment savings business, established in Edinburgh in 1825.
- Standard Life is a global business, employing around 6,500 people internationally, through businesses in the UK, Europe, North America, Asia and Australia.
- Around 4.5 million customers worldwide trust Standard Life with their financial futures and the business is responsible for administration of £302 billion of their assets (as at the end of June 2015). Standard Life supports a further 20 million customers through its Chinese and Indian joint venture businesses.
- The Standard Life Investments brand offers truly global asset management expertise with strong investment capabilities.
- Wherever Standard Life operates in the world, it is motivated by a sense of responsibility. That is what has helped it be a sustainable business over the long term. Standard Life is proud to be listed as a leader for corporate sustainability in its industry in the Dow Jones Sustainability Indices (DJSI World and DJSI Europe).
- In the UK, Standard Life offers a range of individual and group pensions, SIPPs, ISAs, annuities, life assurance, offshore bonds, investment management, wealth management, tax and estate planning services. By understanding and offering innovative products and the right support, Standard Life makes it easier for its customers and clients to plan ahead and feel more confident about the future.
- Standard Life plc is listed on the London Stock Exchange and has around 1.2 million individual shareholders in over 50 countries around the world. It is one of the top 500 companies worldwide, by revenue, as listed in the 2015 Fortune Global 500.
- You can follow Standard Life Group on www.twitter.com/StandardLifeplc

About HDFC Limited

HDFC was promoted in October 1977 as a public limited company specialising in providing housing finance primarily to individual households and corporates for the purchase and construction of residential housing. HDFC is India's first retail housing finance company and is currently one of the largest originators of housing loans in the country.

As at June 30, 2015, HDFC had gross loans outstanding of Rs. 2,589.88 billion (US$ 40.60 billion). Since inception, HDFC has financed 5.1 million housing units. 79% of shareholders in HDFC are foreign investors. HDFC's market capitalisation as at June 30, 2015 stood at US$ 32 billion.

Over the years, the HDFC group has emerged as a strong financial conglomerate in the Indian capital markets with a presence in banking, life and general insurance, asset management, venture capital and education finance. HDFC's key associate and subsidiary companies include HDFC Bank Limited, HDFC Standard Life Insurance Company Limited, HDFC Ergo General Insurance Company Limited, HDFC Asset Management Company Limited, GRUH Finance Limited, HDFC Venture Capital Limited and Credila Financial Services Limited.

About HDFC Life

HDFC Life is India's 2nd largest private life company by new business received premium, with a market share of 15.8% amongst the private players for the trailing 12 month period ending 31 March 2015, supported by strong bancassurance distribution and a diversified product range. HDFC Life reported profit after tax of INR7.9bn for the year ending on 31 March 2015, up 8% yoy, and new business profits of INR 6.6bn for individual businesses (on a loaded acquisition expense basis) with a margin of 22.5% on APE. New business profits for the same period, based on actual expenses were INR 5.2 bn for individual business, representing margins of 17.5%. At an overall level, including group business, HDFC Life reported new business margins (based on actual expenses incurred) of 18.5% for the year ending 31 March 2015. HDFC Life reported MCEV of INR88.1bn as at 31 March 2015, up 26% over the last twelve months.

For the quarter ended 30 June, 2015, HDFC Life collected total premium of INR 28.0 bn, with underlying profit after tax of INR 2.3 bn and new business margin (on a loaded acquisition expense basis) for overall business (including individual and group) of 24.3%.

HDFC Life's product portfolio comprises solutions, which meet various customer needs such as Protection, Pension, Savings, Investment, Health and Group solutions. As on June 30, 2015 Company had 27 retail and 8 group products in its portfolio, along with 10 optional rider benefits catering to the diverse customer needs. HDFC Life continues to have one of the widest reach amongst new insurance companies, with over 400 branches in India and 8,300+ partner branches.

All figures are based on Indian GAAP.

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