

IRDAI approves swap of Mitsui Sumitomo's Max Life stake with its listed parent Max Financial Services

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Max Financial Services Limited (MFSL) announced that Insurance Regulatory and Development Authority of India (IRDAI) has approved the proposed transfer of 39,47,75,831 equity shares constituting 20.57% of the paid-up equity share capital of Max Life Insurance Company Limited (Max Life) held by Mitsui Sumitomo Insurance Company Limited (“MSI”) to MFSL in exchange for issuance of 7,54,58,088 Equity shares of MFSL, constituting 21.87% of issued and paid-up share capital of MFSL (Share Swap Transaction).

MFSL will now proceed for the implementation of the Share Swap Transaction, which will entail swapping by MSI of its 20.57% stake in Max Life with a 21.87% stake in MFSL by way of issue and allotment of 7,54,58,088 equity shares of Rs. 2/- each at a price of Rs. 565.11 per equity share on a preferential allotment basis.

Upon consummation, this will effectively result in MFSL's stake in Max Life increasing to 93.10%. Presently, MFSL holds a 72.5% stake in Max Life and MSI owns 25.5% stake.

Earlier on November 19, 2020, MFSL had disclosed that it has received approval from Department of Economic Affairs (DEA), Ministry of Finance for the aforesaid transaction and that the transaction will be consummated upon receipt of approval from IRDAI.

Commenting on the development, Mohit Talwar, MD, Max Financial and Vice Chairman, Max Group, said, , “IRDAI's approval is a very important milestone for the implementation of our Share Swap transaction. We will work to close the transaction as soon as possible.”

MFSL had recently announced that Axis Bank and its subsidiaries, Axis Capital Limited & Axis Securities Limited (together Axis Entities), have entered into agreements with MFSL for acquisition of up to 19% stake in Max Life, in accordance with existing laws and regulations.

Max Life is the fourth largest private life insurer in India while Axis Bank is the third largest private bank. The two companies have had a successful business relationship for over a decade, providing long term saving and protection products to nearly 20 lakh customers. The total premium generated through this relationship has aggregated to over Rs. 40,000 crore. Both companies have invested extensively in product and need-based sales training, thereby leading to consistent increase in productivity.

About Max Financial Services Limited:

Max Financial Services Limited (MFSL) is part of the leading business conglomerate – the Max Group. Focused on Life Insurance, MSFL owns and actively manages a 72.5% stake in Max Life Insurance, India’s largest non-bank, private life insurance company. MFSL earned a revenue of Rs. 18,242 crore in FY20. The Company is listed on the NSE and BSE. Besides a 22.% holding by Analjit Singh sponsor family, some other shareholders include KKR, Ward ferry, New York Life, Baron, Vanguard, Aberdeen, First Voyager, Jupiter, Blackrock and the Asset Management Companies of Reliance, HDFC, ICICI Prudential, Motilal Oswal, Aditya Birla Sun Life, Mirae, and Kotak. In April 2020, MFSL announced its intent to bring in India’s third largest private bank, Axis Bank as a JV partner for its life insurance business Max Life.

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