
HomeIndustryBanking financeSBI sells 4 pct stake in SBI Life Insurance to KKR, Temasek for Rs 1,794 cr

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SBI (Reuters)

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The bank plans to divest 3.9 crore shares at a price of Rs 460 per share. An investment vehicle affiliated to KKR-managed funds and an affiliate of Temasek, the Singapore-based investment company, will each purchase 1.95 crore shares from SBI. Upon completion of the transaction, SBI will hold a 70.1% stake in SBI Life while its joint venture partner, BNP Paribas Cardif, will continue to hold 26%.

SBI chairman Arundhati Bhattacharya said, "State Bank of India is happy to welcome KKR and Temasek as our incoming partners in SBI Life. The partnership with KKR and Temasek is a recognition of the efforts of SBI Life's commitment to create a high-quality institution which is a leader in the private Indian life insurance space. Moreover, this transaction values SBI Life at R46,000 crore, reflecting significant value creation since its inception in 2001."

This is the latest announcement from the life insurance market after the sector saw a merger and an initial public offering (IPO) this year. The board of HDFC Standard Life Insurance and Max Financial Services had signed three-way merger in August and in September

participants.

Arijit Basu, MD & CEO of SBI Life, said, “SBI Life is a leader in an attractive industry with strong underlying growth drivers and this transaction particularly reflects investor conviction in the business strength of our franchise. We are delighted to partner with KKR and Temasek and look forward to an enriching association to support SBI Life’s continued growth, sustainable profitability and contribution to our policy holders’ progress.”

SBI Life is the fastest growing large private life insurer and the largest private life insurer by new business premium and number of policies sold. The company earned Rs 7,107 crore and Rs 4,640 crore of new business premium during FY2016 and first half of current fiscal respectively. The company had 22% private sector market share in terms of new business premium. Kotak [Mahindra](#) Capital and SBI Capital Markets acted as the exclusive financial advisers for the transaction and the transaction completion is subject to regulatory approvals.

According to the SBI Life’s annual report 2015-16, its assets under management (AUM) rose by 12% to Rs 79,828 crore as on March 31, 2016, against Rs 71,339 crore a year earlier. SBI Life had reported a profit of Rs 861 crore for the financial year ended March 31, 2016, an increase of 5% over the previous financial year. For SBI Life Insurance the agency channel contributed to 27% of total new business premium, bancassurance contributed 54% of the total new business premium and corporate solutions contributed 18% of total new business premium for the last financial year.