

KKR acquires 9.95% in Max Financial Services

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KKR on Thursday announced it had acquired 9.95 per cent stake in Max Financial Services, newly demerged entity of the Max Group that owns 72 per cent stake in Max Life, India's fourth-largest private life insurance player. KKR acquired its stake from a sponsor group, led by Analjit Singh, chairman emeritus of the Max Group. The stake buy would be valued at nearly \$140 million (₹959.4 crore), given the company's market capitalisation of \$1.35 billion.

KKR made its investment from its Asian Fund II through the portfolio investment route. Further details of the transaction were not disclosed.

With this deal, the promoter group's stake in Max Financial Services would come down from around 41 per cent to 31 per cent. Speaking to *Business Standard*, a person close to the promoter group said part of the proceeds from the stake sale would be used to de-

WHAT IT MEANS FOR KKR

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- The promoter group's stake in Max Financial Services would come down from around 41% to 31%
- Part of the proceeds from the stake sale will be used to de-leverage portion of pledged promoter shares, and fund, says a person close to the promoter group



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ANALJIT SINGH

Chairman emeritus, Max Group

leverage portion of pledged promoter shares, and fund new business ventures. On the question of offering a board seat to the new investors, the person said though KKR was entering Max Financial Services purely as a financial investor, the group promoters would be happy to “welcome them on the board of the company,

given their pedigree, though we are under no formal obligation to do so”.

Welcoming KKR's investment, Singh said, “KKR has been a long-standing, value-added partner to Max Group across various business initiatives.

The extension of our partnership couldn't have happened at a more opportune

time than now, following the listing of Max Financial Services, which creates an unparalleled platform to invest in the Indian life insurance space.”

Sanjay Nayar, member and chief executive officer of KKR India, said, “We continue to believe in India's growth potential, increase in financial savings and resultant life insurance industry growth. Within the sector we are excited to partner with Analjit Singh and his team at Max Financial Services, a company well positioned in the life insurance industry.”

JM Financial executed this trade on behalf of both parties.

The partnership between KKR and Max Financial Services comes as the Indian life insurance sector steadily recovers from a recent slow-down and is poised for growth. Life insurance as a product category is significantly under-penetrated in India versus some of its Asian peers. India's increasing workforce, a rise in the country's median age and favourable savings trends are all expected to drive insurance growth.