

M&A Lab

October 06, 2017

HDFC LIFE - MAX LIFE: A LOST PURSUIT

Announcements made on June 17, 2016 by HDFC Standard Life Insurance Company Limited (“**HDFC Life**”), Max Life Insurance Company Limited (“**Max Life**”) and Max Financial Services Limited (“**MFSL**”) regarding a proposed merger of Max Life with HDFC Life (“**Proposed Merger**”), created a stir in the Indian insurance sector. The announcement of the Proposed Merger came after the disclosure made by HDFC Limited to the stock exchanges on April 21, 2016, regarding its intention to sell 10% stake in HDFC Life via an initial public offering process.

The primary objective of the Proposed Merger appeared to have been the proposed listing of HDFC Life through a reverse listing process. However, the Proposed Merger also offered various other baits to the parties involved in the Proposed Merger. While on one hand, the Proposed Merger would have facilitated an exit for the shareholders of Max Life, including the promoter group of Max Life, on the other hand, it would have resulted in a resultant entity commanding 12.4% of the total market share in the Indian life insurance sector (making it the largest private insurance provider in India). The Proposed Merger would have also increased HDFC Life’s solvency margin from 198% to 252% and the resultant entity would have benefitted from the positive synergies and economies of scale, through a wider outreach, broader range of products and access to common pool of resources.

Given the objectives of the parties to the Proposed Merger and regulatory framework for mergers and acquisitions in India, specifically in the Insurance sector, the Proposed Merger: (a) entailed a multi-layered complex merger process through a composite scheme of arrangement between HDFC Life, Max Life, MFSL and Max India Limited; and (b) required scrutiny and approval of Insurance Regulatory and Development Authority of India (“**IRDA**”) and the Competition Commission of India (“**CCI**”). The IRDA rejected the Proposed Merger in the form proposed on a literal interpretation of the provisions of the Insurance Act, 1938.

Having seen a couple of structures rejected by the IRDA and given HDFC Life’s intentions to list itself on the Indian bourses, the Proposed Merger was called off by the parties on July 31, 2017. While the announcements made by HDFC Life calling off the Proposed Merger puts an end to the speculation in the insurance sector regarding the Proposed Merger, we have made an attempt to analyse the legal, regulatory, commercial and tax aspects of the Proposed Merger in this M&A Lab.

For a detailed analysis of the commercial, legal, regulatory and tax considerations and to access the M&A Lab, please [click here](#).

– Rishabh Sharma, Jenisha Kirti Parikh, Nishchal Joshipura, Rishabh Sharma, Jenisha Kirti Parikh & Nishchal Joshipura

You can direct your queries or comments to the authors

DISCLAIMER

The contents of this hotline should not be construed as legal opinion. View detailed disclaimer.

This Hotline provides general information existing This is not a Spam mail. You have received this at the time of preparation. The Hotline is intended mail because you have either requested for it or as a news update and Nishith Desai Associates someone must have suggested your name. Since neither assumes nor accepts any responsibility for India has no anti-spamming law, we refer to the any loss arising to any person acting or refraining US directive, which states that a mail cannot be from acting as a result of any material contained in considered Spam if it contains the sender’s contact this Hotline. It is recommended that professional information, which this mail does. In case this mail advice be taken based on the specific facts and doesn’t concern you, please unsubscribe from

Proud Moments

Legal500 Asia-Pacific 2019: Tier 1 for **Dispute Resolution, Labour & Employment, Investment Funds, Tax, TMT and Corporate M&A**

Chambers and Partners Asia Pacific 2019: Band 1 for **Labour & Employment, Lifesciences, Tax and TMT**

AsiaLaw 2019: Ranked ‘Outstanding’ for **Technology, Labour & Employment, Private Equity, Regulatory and Tax**

IFLR 1000 Asia Pacific 2019: Tier 1 for **TMT, Private Equity**

RSG-Financial Times: **India’s Most Innovative Law Firm (2014, 2015 & 2017)**

RSG- FT Awards (London) 2016: **Asia Pacific’s Most Innovative Law Firm**

Research Papers

The Indian Pharmaceutical Industry: Business, Legal & Tax Perspective

February 15, 2019

Debt Funding in India

February 12, 2019

Fund Formation: Attracting Global Investors

February 12, 2019

Research Articles

The Tips and Traps to Avoid When Investing in India

December 31, 2018

Evolving HR Law: Giving GCs Sleepless Nights?

June 01, 2017

India confirms intent to sign BEPS multilateral instrument curbing tax avoidance

May 17, 2017

Audio

circumstances. This Hotline does not substitute mailing list.
the need to refer to the original pronouncements.

Round Table: Evolving strategies and structures for credit platforms in India

February 08, 2019

Round Table + Webinar: Social Impact Bonds and Impact Investments in India: Opportunities and Misconceptions

December 06, 2018

Webinar: New opportunities open up for funds in IFSC

December 04, 2018

NDA Connect

Connect with us at events, conferences and seminars.

NDA Hotline

[Click here to view Hotline archives.](#)

Video

Whats new and whats hot in the Startup Space

Round Table : Evolving strategies and structures for credit platforms in India

Seminar - Demystifying European Domicile Funds

