

SBI Life Insurance to decide on public issue early next fiscal

Not looking at inorganic growth, says CEO Arijit Basu

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SBI Life Insurance Co Ltd (SBI Life) will take a formal call on going in for an initial public offering early next fiscal, its Managing Director & CEO Arijit Basu has said.

This life insurer, which is not looking to raise any capital this fiscal, may require some capital funds only after two years to fund its business growth, Basu told *Business-Line* here.

Basu was in the capital for inauguration of SBI Life's new

regional office in Delhi. He noted that it may take a year or so for SBI Life to hit the markets as and when a decision to go public is taken next fiscal.

SBI to retain 50%

Meanwhile, Basu confirmed that SBI and BNP Paribas Cardiff have concluded talks on new shareholders agreement, which would pave the way for the foreign joint venture partner to raise its stake to 36 per cent from the existing 26 per cent. "This transaction should happen in the next few months now that negotiations have been completed," he added.

Under the new proposed shareholders agreement, SBI

will take a position that its shareholding in SBI Life will not come below 50 per cent. As on date, SBI has 74 per cent shareholding in SBI Life, which is currently capitalised at ₹1,000 crore.

Basu also said SBI Life is aiming to be the industry leader this fiscal (among private life insurers) in terms of new business premium for individuals.

Bancassurance channel

Asked if SBI Life will pursue inorganic growth in the coming days, he replied in the negative. "We are not going to look at inorganic growth. Our focus is to grow our business organically," he said.

Efforts will be taken to improve both the bancassurance channel and also improve the agents network for growth. SBI Life is already in talks with several public sector banks to become their second life insurer now that the insurance regulator has allowed an open architecture — allowing banks to be corporate agents of more than one life insurance company.

Basu also maintained that other consolidation efforts in the life insurance industry (such as the HDFC Life and Max Life Insurance announcement) do not place SBI Life in a disadvantageous position if it were to follow strategy of organic growth only.