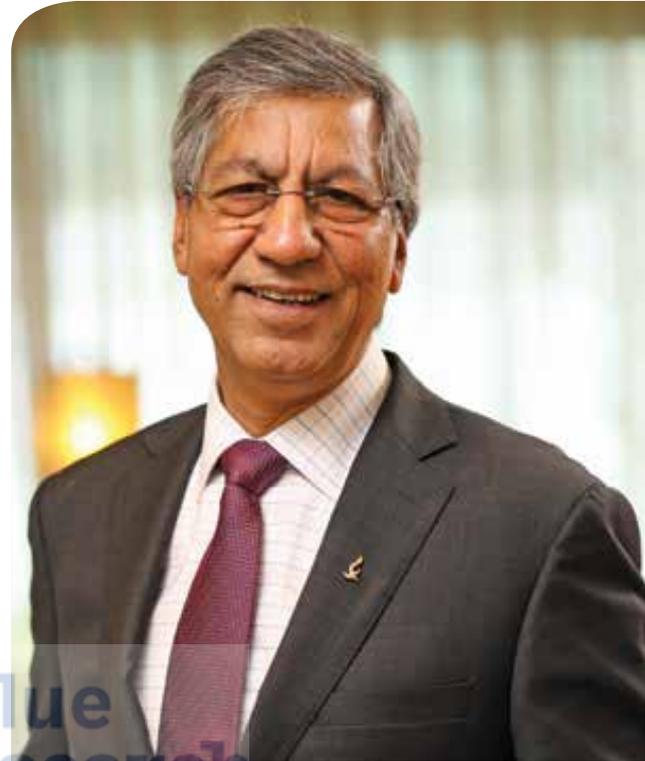
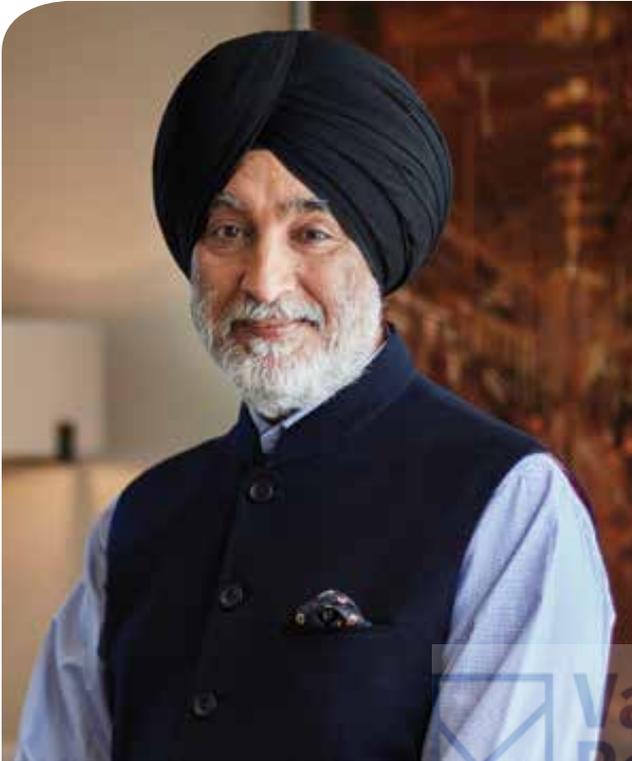


Chairman & MD's Letter



Dear Shareholders,
Greetings!

We have held the belief that Max Group's growth and progress have been shaped to a significant extent by its very conscious and selective find of joint venture (JV) partners and the success of these JVs over the last three decades. As a result, our portfolio of JV partners is long and storied with names such as New York Life, Mitsui Sumitomo Insurance, Bupa Plc, Hutchison Telecommunications, Gist-Brocades, Motorola, Life Healthcare, Toppan, among others.

This year, we have been fortunate to usher in another highly respected name as a prospective JV partner. In April 2020, Max Financial Services Limited (MFSL) signed definitive agreements with Axis Bank, India's third largest private bank, to form a Joint Venture with MFSL's sole subsidiary Max Life Insurance Company (Max Life). In April 2020, Max Financial Services Limited (MFSL) signed definitive agreements with Axis Bank, India's third largest private bank, and its subsidiaries, to form a Joint Venture with MFS' sole subsidiary Max Life Insurance Company (Max Life). The agreement was subsequently modified to allow Axis Bank and its subsidiaries to collectively acquire up to 19% stake in Max Life.

In strategic importance, the proposed joint venture parallels our partnership at the dawn of the millennium in 2000, with New

York Life (NYL), America's largest mutual and most admired Life Insurer. The JV with NYL and the Max Group helped build expertise in critical functions such as underwriting, creation of a gold standard Agency distribution network, etc. These valuable skills helped Max New York Life (now Max Life) level the playing field versus large bank owned life insurers, which were supported by their parent brands' and their branch network. The company went on to establish itself as one of India's most respected life insurance specialists that till today stands for need-based marketing, financial strength, service excellence, and fair dealings with the customer, making it among the most trusted life insurers.

Our upcoming partnership with Axis Bank has been a natural culmination of a decade-long relationship. Like New York Life, our JV with Axis Bank is well-timed and crucial. Axis Bank is an exceptional partner with complementary skills, a matching belief system, and a shared vision for the future of our life insurance business. In the past, the two companies have provided long term saving and protection products to over 20 Lakh customers. The total premium generated through this relationship has aggregated to over ₹ 40,000 Cr. Both Max Life and Axis Bank have also invested extensively in product

and need-based sales training, thereby leading to consistent increase in productivity. This JV, which we will treat as nothing short of an equal partnership, is therefore an emphatic signal that Max Life will become an even more formidable player in the Indian life insurance space.

Another significant marker of this financial year was the onset of the novel Coronavirus. With a global pandemic combined with lockdowns, businesses were forced to think of alternate ways to function as even the mightiest economies of the world grappled with major crisis such as dented healthcare infrastructure, frozen supply and operation chains, layoffs, among others.

At Max Group, however, we believe that difficult times show the true character of individuals and organizations. The first management actions at Max Life were directed towards the health and safety of employees and agent advisors. Our next objective during this crisis was to retain the confidence of all our stakeholders by ensuring a rapid shift to everything digital. Within days of a nationwide lockdown, Max Life switched to 100% digitization of all its customer and business facing activities through digital tools, online agent recruitment and training, paperless onboarding, and virtual sales office governance, which not only helped the organization ride out this critical period but also outrank its peers in March 2020, the first month of the lockdown. As a result of Max Life's digital dexterity and agility, the company issued more than 24,000 policies in March alone with an adjusted First Year Premium (FYP) of ₹ 163 Cr. since the announcement of the lockdown.

With customer centricity at the core, its 'Close to Customer' program ensured proactive communication to reassure customers and enable digital modes of servicing. In addition to establishing a digital sales ecosystem, with a focus on 'Protection for All', it invested in product innovations to capture emerging opportunities by creating a balanced product mix of traditional savings cum protection plans, unit linked plans, and pure protection products. Max Life also achieved cost rationalization during these extraordinary times, through multiple structural initiatives including reimagining the futuristic operating model, increasing business efficiencies, investment in profitable channel growth etc.

For the full financial year, FY 20, Max Life delivered credible results on most business parameters despite the challenging environment. Its gross premium of ₹ 16,184 Cr. represents a growth of 11% vs previous year. The company reported a Market-Consistent Embedded Value (MCEV) of ₹ 9,977 Cr., with an Operating Return on Embedded Value (RoEV) of 20.3%. The Value of New Business (VNB) written during FY 20 was ₹ 897 Cr., growing 5% over FY 19, and New Business Margin stood at 21.6%, witnessing a marginal 10 bps reduction compared to the previous year. It also maintained its lead in the industry with a Claims Paid Ratio of 99.22%.

Max Life's superior business practices won them multiple awards and recognitions through the year, but the one that we would like to share with you is Max Life emerging as the only Insurer (Life, General or Health) in the 'Top 100 Best Companies to Work For' survey for India conducted jointly by the Great

Place to Work (GPTW) Institute and the Economic Times. Max Life was the 24th best employer overall, progressing 11 ranks from its last year's position. The recognition marked the fourth consecutive year of Max Life's representation being ranked one of top 50 companies in GPTW's best workplaces league table.

Max Life has carried over this momentum to the first quarter of FY 21. In June, we ranked third amongst all private life insurers. The individual protection penetration saw a 105% increase in the first quarter, implying that every second policy sold was a protection policy. In the same period, Individual New Business sum assured grew by 39%.

While it is no surprise that 2020 has been a harbinger of uncertainties and change, it has also ushered in positive transformation on multiple aspects. With a global pandemic, many are now cognizant of the need for protection products such as life insurance. Equally importantly, a highly digitized life insurance ecosystem can be the catalyst to solve India's problem of insurance under-penetration and unravel the cumbersomeness associated with purchasing a life insurance policy.

In FY 21, MFSL's and Max Life's management actions will be focused on preserving profitability, while navigating changing consumer preferences and a protracted phase of economic revival in the country. These factors will not only drive new business volumes, mix, case size etc. but also, policyholder lapse behavior, which impacts both in-force and new business profitability.

Over the upcoming few years, the proposed Axis Bank joint venture will provide fillip to our next phase of growth. Axis Bank's financial muscle power, know-how, and bandwidth will significantly improve our positioning as compared to the competition. This joint venture, while bringing immense value to customers, also has the potential to catapult Max Life further up on the life insurance league table. The combined legacy and trust of the Max and Axis franchise will hold us in good stead, especially in the current scenario where people are seeking safety in well-governed and trusted institutions.

If there is a lesson to be learnt from the present global crisis, it is that growth and resilience continue to be possible for those foreseeing landscape shifts and acting swiftly to capitalize on them. It is our firm belief that despite the present turmoil, given Max Life's top quartile position in the sector and an agile strategy, backed by strong execution muscle, we will not only attain our business milestones but also emerge as a stronger organization.

With all good wishes and gratitude for your support and confidence.

Analjit Singh
Founder & Chairman

Mohit Talwar
Vice Chairman