



May 7, 2024

BSE Limited
Phiroze Jeejeebhoy Towers
Dalal Street
Mumbai – 400 021

National Stock Exchange of India Limited
Exchange Plaza, Bandra Kurla Complex,
Bandra (East)
Mumbai – 400 051

Scrip Code: 500271

Scrip Code: MFSL

Dear Sir/Madam,

Sub: **Investor Release– Q4 FY 24**

Pursuant to Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we are enclosing Investor Release – Q4 FY24 being issued by the Company on the outcome of its Board meeting held on May 7, 2024.

You are requested to kindly take the aforesaid on record.

Thanking you,

Yours faithfully

for **Max Financial Services Limited**

Piyush Soni
Company Secretary & Compliance Officer

Encl: As above

MAX FINANCIAL SERVICES LIMITED

CIN: L24223PB1988PLC008031

Corporate Office: L20M, Max Towers, Plot No. C-001/A/1, Sector 16B, Noida 201301 | P 0120 4696000 | www.maxfinancialservices.com
Regd. Office: 419, Bhai Mohan Singh Nagar, Village Railmajra, Tehsil Balachaur, Dist. Nawanshahr, Punjab – 144 533, India

Max Financial Performance Update

Investor Release FY24

May 7, 2024

LEAD
iAM THE
DIFFERENCE

India Ke
Bharose Ka
Number
99.51%^A
Death Claims Paid Ratio

Ranked
18th
in India

Great
Place
To
Work.
Certified
YES 2023-24

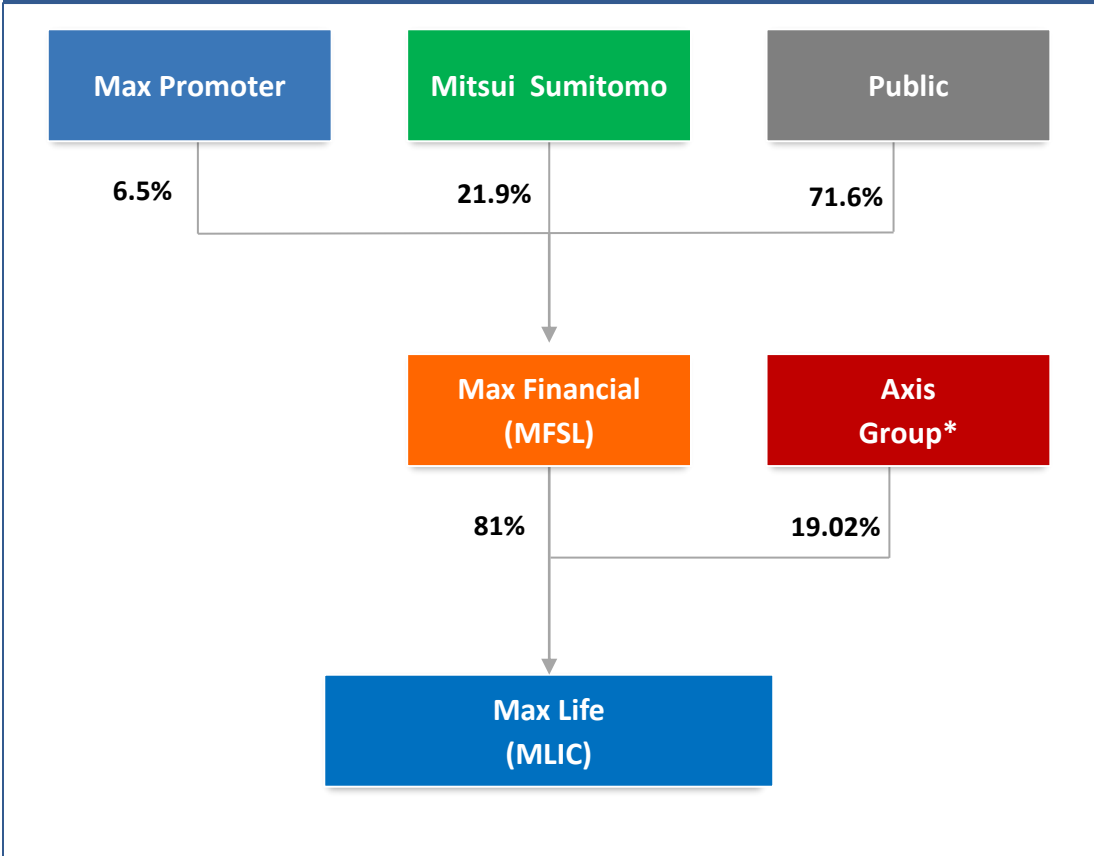


SECTION I

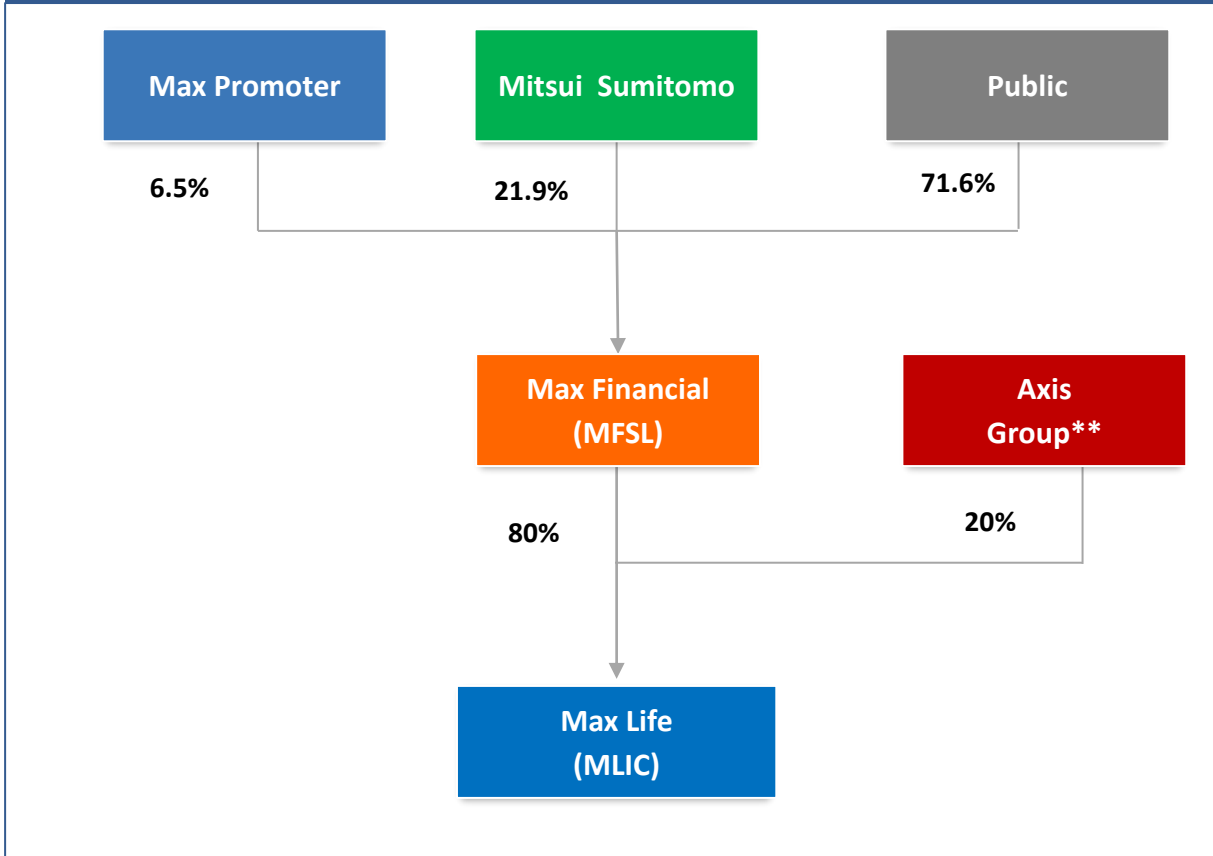
- ▶ Max Financial Services and Max Life Insurance :
FY'24 Key Highlights
- 

Transaction Update

Current Structure (As of Apr'24)



Final structure (Post completion of series of transactions step wise details given below)



Apr 2021

MFSL sold 12% stake in Max Life to **Axis** and its subsidiaries

Nov 2022

MFSL acquired balance 5.17% stake from MSI


Apr 2024

Axis bank acquired additional **6.02%** stake in MLI through primary issuance

Final Step


Axis and its subsidiaries have right to acquire additional **0.98%** stake in Max Life

Max Life Board of Directors: Max Life has a highly experienced and versatile Board of Directors providing strong and secure foundation


Chairman
Mr. Rajiv Anand

Deputy Managing Director at Axis Bank. He has also served as the MD & CEO of Axis Asset Management Co. Ltd.




Managing Director and CEO
Mr. Prashant Tripathy

A seasoned professional with 29 years of experience. Appointed as Managing Director and CEO in January 2019




Non-executive Director
Mr. Sahil Vachani

A Seasoned professional with experience across various sectors including consumer durables and real estate




Independent Director
Mr. Girish S. Paranjpe

Served as the Co-CEO of Wipro's IT Business from 2008-2011 and was a member of the BoD of Wipro Ltd.




Independent Director
Mr. Jai Arya

Independent Director on the Board of MFSL and a member of the Board of the Official Monetary & Financial Institutions Forum. He is also Senior Adviser, NUS Business School, Singapore



Independent Director
Mr. Rajesh Khanna

Founder & CEO of Arka Capital Advisors Pvt. Ltd. and is an investor in various companies.




Independent Director
Mr. Pradeep Pant

Seasoned business leader with experience in leading FMCG companies like Mondelez, Gillette and Nestle




Non-executive Director
Mr. Mohit Talwar

Seasoned professional with experience of over 40 years in Corporate Finance and Investment Banking




Non-executive Director
Mr. Rajesh Kumar Dahiya

Seasoned professional and the founder & CEO of GoodGovern, a Governance startup. He was an Executive Director of Axis Bank and has served on Boards of various Axis & TATA group entities.




Non-executive Director
Ms. Marielle Theron

Fellow of the Society of Actuaries (FSA). She is a Principal of Erlen Street Corporation, Switzerland



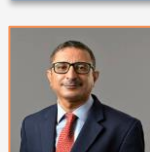
Non-executive Director
Mr. Subrat Mohanty

Executive Director – Banking Operations & Transformation at Axis Bank. He has more than 23 years of experience, spanning different industries and functions




Non-executive Director
Mr. Mitsuru Yasuda

General Manager at MSI as well as MS&AD, and has more than 26 years of experience in life insurance business. He holds a Japanese CPA license.



Non-executive Director
Mr. Munish Sharda

Executive Director at Axis Bank. Seasoned professional with over 25 years in banking and financial services. Previously MD & CEO of Future Generali India Life Insurance



Non-executive Director
Mr. Arjun Chowdhry

Group Executive of Affluent Banking, NRI, Cards & Payments at Axis Bank. Seasoned professional with 29 years of diverse experience across consumer banking businesses, with Citibank India

FY'24 Key highlights

Revenue

- MFSL revenue* excluding investment income at **Rs 29,011 Cr**, grows **16%** in FY'24. Consolidated PAT at **Rs 393 Cr**.
- **Individual Adjusted first year Premium grew by 16%** to **Rs 6,961 Cr** and Total APE grew by **19%** driven by **robust NOP growth of 20%**.
- Private Market share at **9.4%** expanded by 61 bps vs last year

Value Creation

- VNB for FY'24 is at **Rs 1,973 Cr**. New Business Margin at **26.5%** for FY'24 and for Q4 FY'24 is at **28.6%**.
- FY'24 operating RoEV is at **20.2%** and MCEV as at Mar'23 end at **Rs 19,494 Cr**
- Solvency Margin as of March 24 at **172%**. With the infusion of INR 1,612 cr capital by Axis Bank into Max life, Solvency Margin at **206%**.

Distribution strength

- Proprietary channels APE grew by **28%** in FY'24 on YoY basis driven **secular growth** within Agency, E-commerce and Cross sell.
- E-commerce maintained **leadership position in online protection sales and Rank #2** in online Savings.
- **Agent recruitment growth at 54%** in FY'24, **highest among Top 10 private players**. Successfully on-boarded **40+** new partners FY'24, i.e, 1 Bank, 20 new GCL partners, 14 Online & offline Brokers and 6 Corporate agents.

Product Innovation

- **37 Product interventions** through out the year, contributed significantly to new business
- Launched (a) **SWAG Par** with enhanced stories on liquidity, protection & retirement, (b) **STEP (Protection)** Industry first feature of Cover Continuance Benefit, (c) **SWAG Elite** launched with industry first design of guaranteed endowment, (d) **Small Cap & Mid Cap Momentum Index fund** launched to boost savings mix in E-commerce, (e) **SWAG Pension** launched to target retirement category with differentiated industry first options and (f) **SUPR Rider** with option to receive return of premium on maturity.

Retirement and Protection & Health

- Consistent growth momentum in Annuity business; Successfully posted YoY growth of **~59%** in Annuity business on APE basis; Max Life PFM Asset Under Management (AUM) grew by **>300%** and now stands at Rs **~576 cr**.
- Retail Protection and Health grew by **63%** for FY'24 . Credit Life grew by **~62%** and Riders grew by 52% on a YoY basis for FY24.
- Maintained **Rank 3 in Individual Sum Assured** with a growth of 33% in FY'24.

Key Highlights for Max Life FY19-24 (1/2)

Consistent Growth



5-Yr CAGR of 12% on Individual new business¹
vs
10% for Total life insurance industry



Asset Under Management at Rs 1.5 lac cr, CAGR of 19% over last 5 years



Consistent **leadership** position in **online protection**



5-Yr APE CAGR of 21% in Prop channels



5-Yr APE CAGR of 9% in Banca Channel



Protection APE Tripled in 5 years

Brand metrics



VNB CAGR of 18% in 5 years












New Business Margin expansion from **21.7%** in FY19 to **26.5%** in FY24



5-Yr EV[#] CAGR of 20%

Key Highlights for Max Life FY19-24 (2/2)

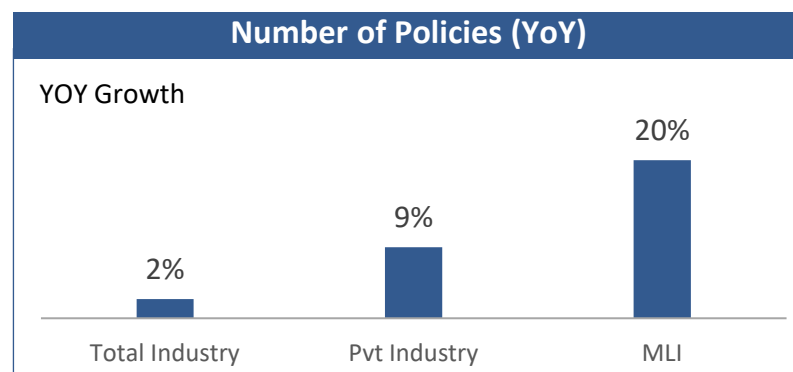
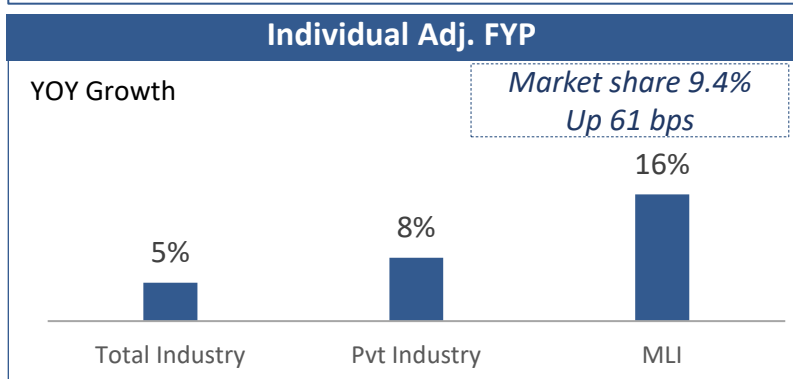
Employee metrics	 <p>Great Places to Work rank #18 in FY21 Rank #55 among Great Places to Work in Asia in FY21</p>	 <p>Experienced leadership¹ with half of the leadership's tenure with Max Life of more than a decade</p>	 <p>13th best place for data scientists to work for within India by Analytics India Magazine</p>
Customer metrics	 <p>Industry leader in Claims paid ratio at 99.51% in FY23</p>	 <p>Company NPS² at 56 and TNPS at 74</p>	 <p>Maintained rank #2 in customer experience for 2nd consecutive year as per Hansa research</p>
Brand metrics	 <p>Highest Share of Voice in the industry in FY24 at 34% share</p>	 <p>Brand Consideration score³ improved by 6% in FY24 Vs FY23</p>	 <p>Maintained rank #3 in Brand Search Query in the industry</p>

1. Includes CVP & above ; 2. Net promoter Score (NPS) as a measure of customer experience was adopted by Max Life in FY19 done by Kantar, TNPS: Transaction NPS; 3 As per syndicated Life Insurance brand track study by Nielson,

FY'24 Update: Industry best outcomes led by holistic growth across channels, driven by unwavering commitment towards our strategic thrust areas, product innovations and investments in expansion



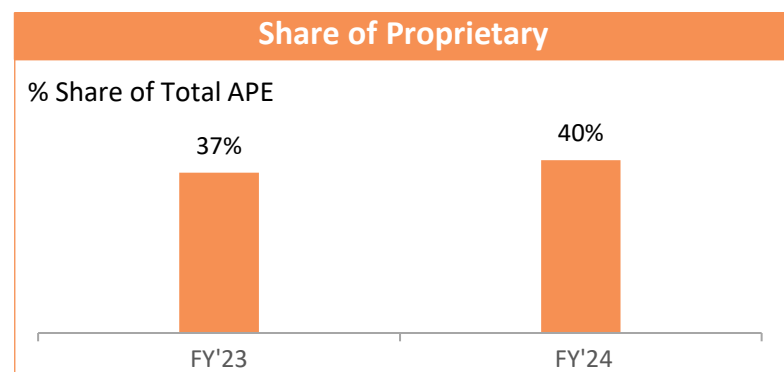
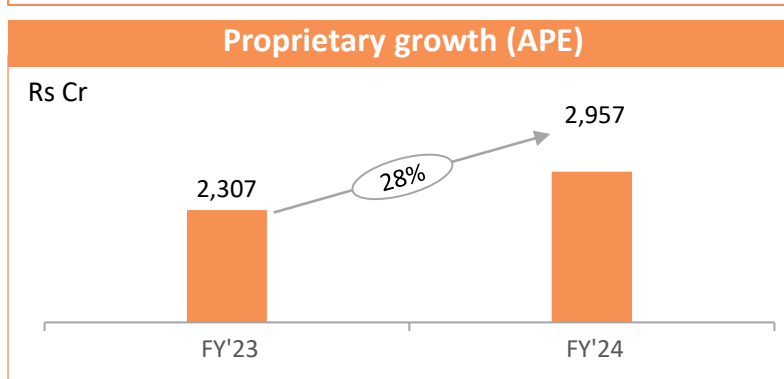
Industry leading outcomes



Product Innovations

- Industry leading product interventions; Contributed to 45% of new business in FY24
- Innovative product launches across business categories- SWAG PAR, STEP (Protection), SWAG Elite (Non Par), SWAG Pension (Retirement), SEWA (Health)

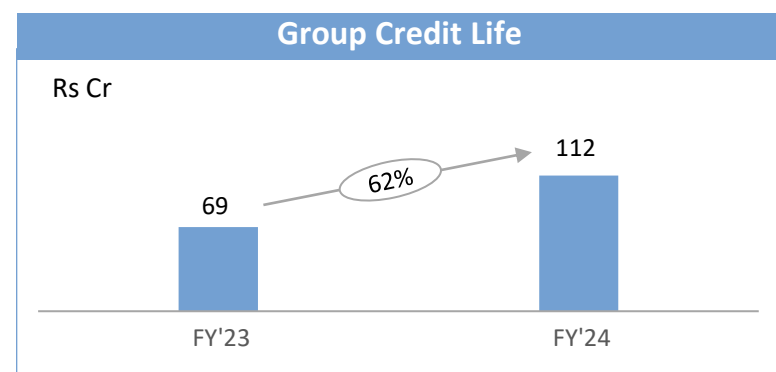
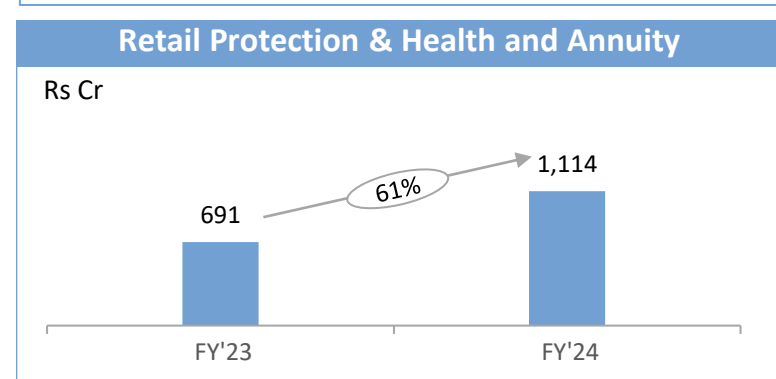
Secular Proprietary growth



Expanding franchisee

- Successfully on-boarded 40+ new partners FY'24
- Recruitment of 47,957 agents, 54% growth
- Opened 80 new office units
- Stable counter share in all existing partners

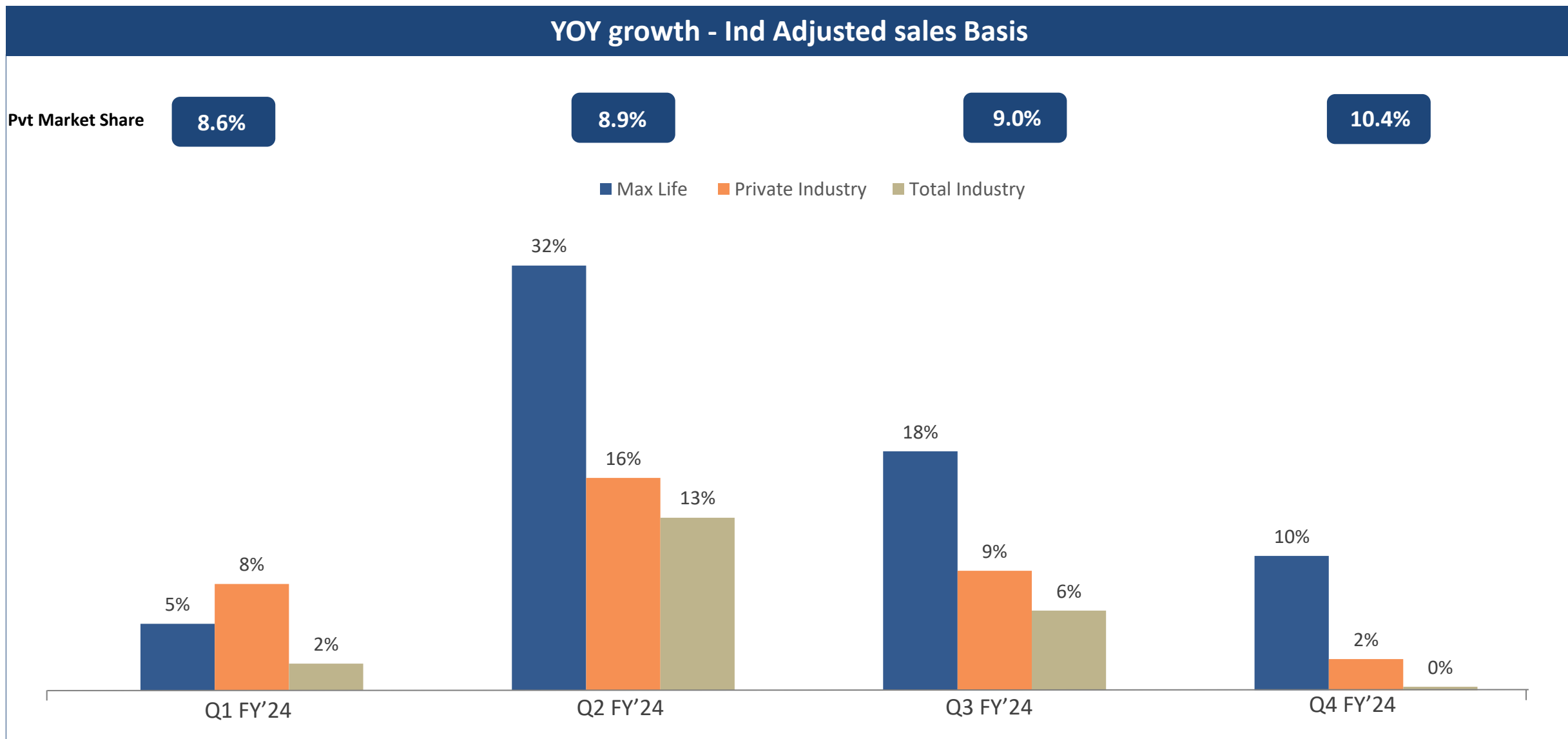
Focus on Annuity and Protection & Health



Customer and Employee Experience

- Secured rank #2 in 2024**
- Rank # 1 in 13M persistency (NOP based)
- Overall Net Promotor Score at 56 (+4 points YoY)
- Employee engagement score 95%***

Consistently Improving Market share across all quarters and growth surpassing industry



Financial Performance Summary of Max Life* FY24

<p>Total APE</p> <p>Rs 7,433 Cr [Rs 6,248 Cr]</p> <p>19% ↑</p>	<p>Gross Written Premium</p> <p>Rs 29,529 Cr [Rs 25,342 Cr]</p> <p>17% ↑</p>	<p>Renewal Premium</p> <p>Rs 18,506 Cr [Rs 16,382 Cr]</p> <p>13% ↑</p>	<p>AUM*</p> <p>Rs 1,50,836 Cr [Rs 1,22,857 Cr]</p> <p>23% ↑</p>									
<p>Profit After tax</p> <p>Rs 360 Cr [Rs 435 Cr]</p> <p>-17% ↓</p>	<p>Net Worth</p> <p>Rs 3,998 Cr [Rs 3,547 Cr]</p> <p>13% ↑</p>	<p>Policyholder Cost to GWP Ratio</p> <p>22.0% [20.5%]</p> <p>150 bps ↑</p>	<p>Policyholder Expense to GWP Ratio</p> <p>13.8% [14.2%]</p> <p>34 bps ↓</p>									
<p>New business margin</p> <p>26.5% [31.2%]</p> <p>465 bps ↓</p>	<p>Operating RoEV</p> <p>20.2% [22.1%]</p> <p>190 bps ↓</p>	<p>Embedded Value</p> <p>19,494 [16,263]</p> <p>20% ↑</p>	<p>Solvency[^]</p> <p>172%/206% [190%]</p> <p>16% ↑</p>									
<p>VNB</p> <p>1,973 Cr [1,949 Cr]</p> <p>1% ↑</p>	<p>Policies Sold ('000)</p> <p>715 [597]</p> <p>20% ↑</p>	<p>Ind. New business Sum assured</p> <p>2,92,258 [2,19,250]</p> <p>33% ↑</p>	<p>Protection & Health Mix**</p> <table border="1"> <thead> <tr> <th>Retail</th> <th>Group</th> <th>Total</th> </tr> </thead> <tbody> <tr> <td>8%</td> <td>5%</td> <td>14%</td> </tr> <tr> <td>[6%]</td> <td>[5%]</td> <td>[11%]</td> </tr> </tbody> </table>	Retail	Group	Total	8%	5%	14%	[6%]	[5%]	[11%]
Retail	Group	Total										
8%	5%	14%										
[6%]	[5%]	[11%]										

Figures in [brackets] are for previous year numbers. Totals may not match due to rounding; *All these numbers pertain to MLI not MFSL

**Group protection (incl. Group credit life adjusted for 10% for single premium and term business); [^] Solvency Margin at 172% as on Mar-24 and post capital infusion of INR 1,612 cr capital by Axis Bank into Max life would be 206%

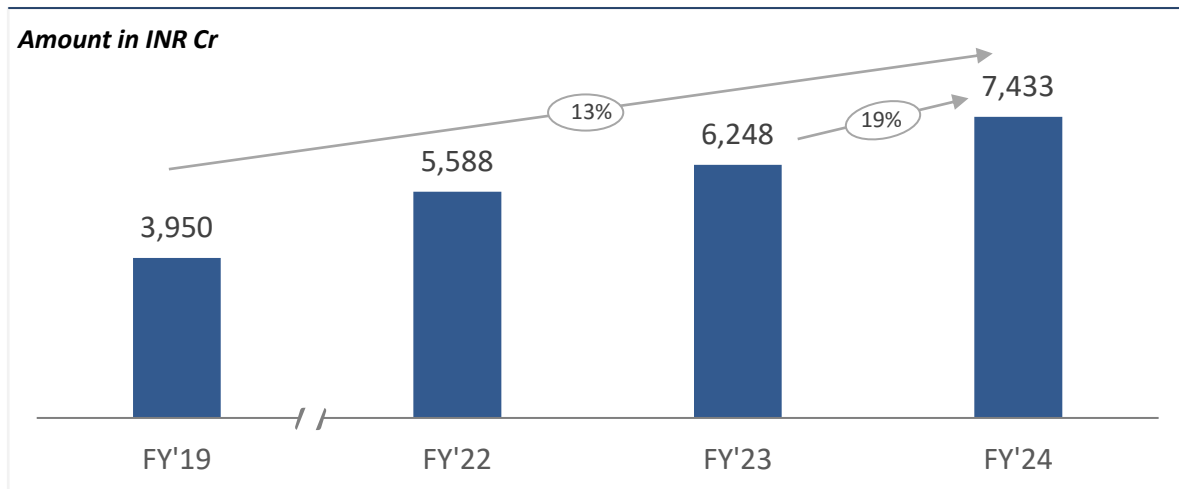


SECTION II

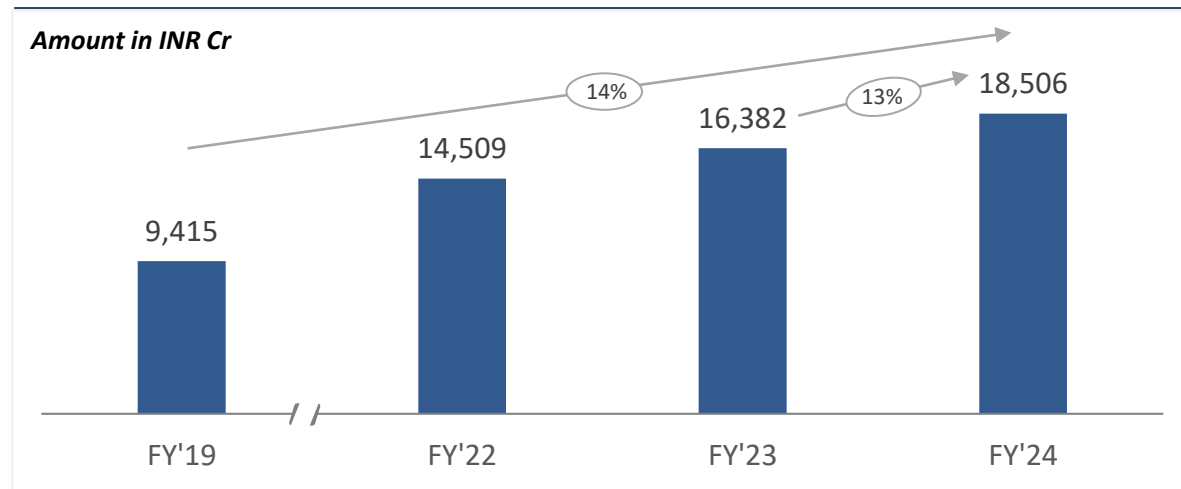
- ▶ Max Life Insurance – Business Overview and Financials Update
- 

Max Life has delivered strong business performance

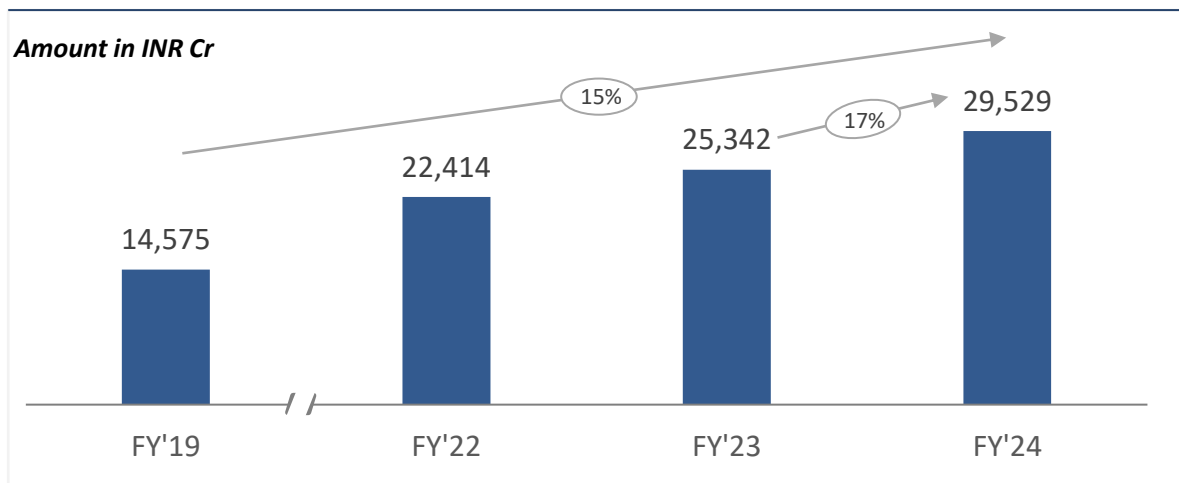
New Business Premiums (on APE basis) –Driven by strong growth in across channels



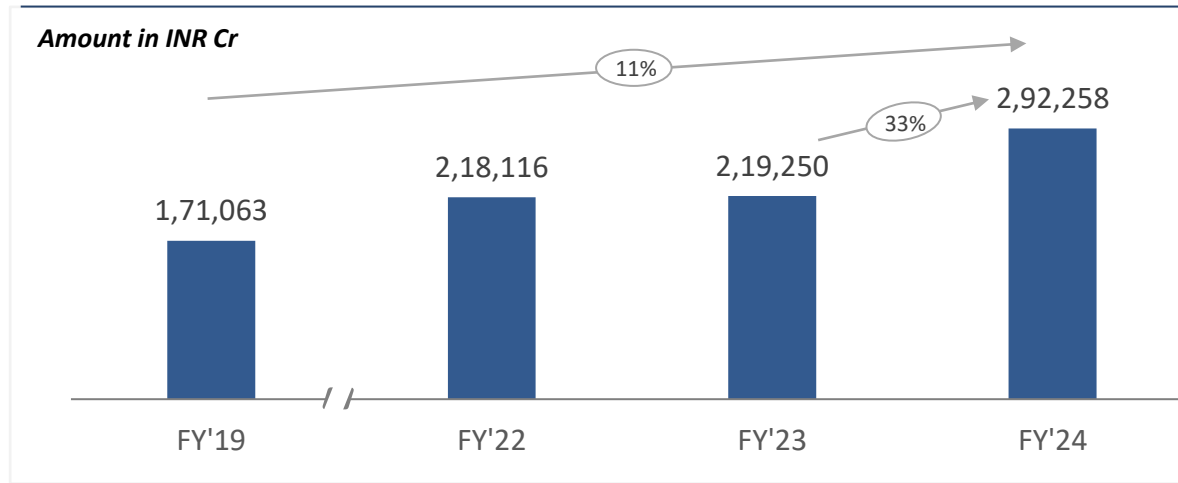
Renewal Income – Delivering consistent growth



Gross Written Premium

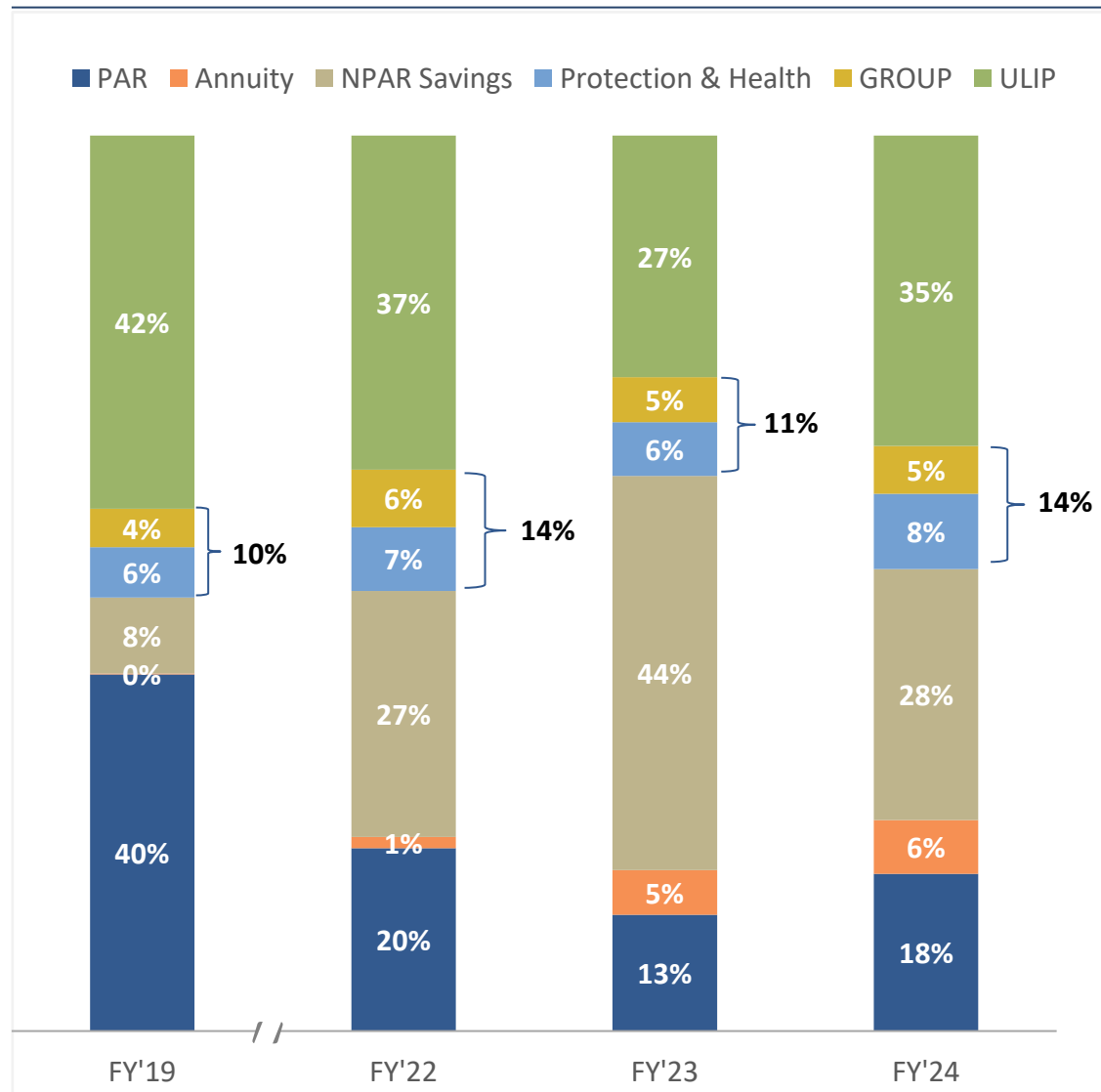


Individual Sum Assured of New business- Rank 3 in individual sum assured



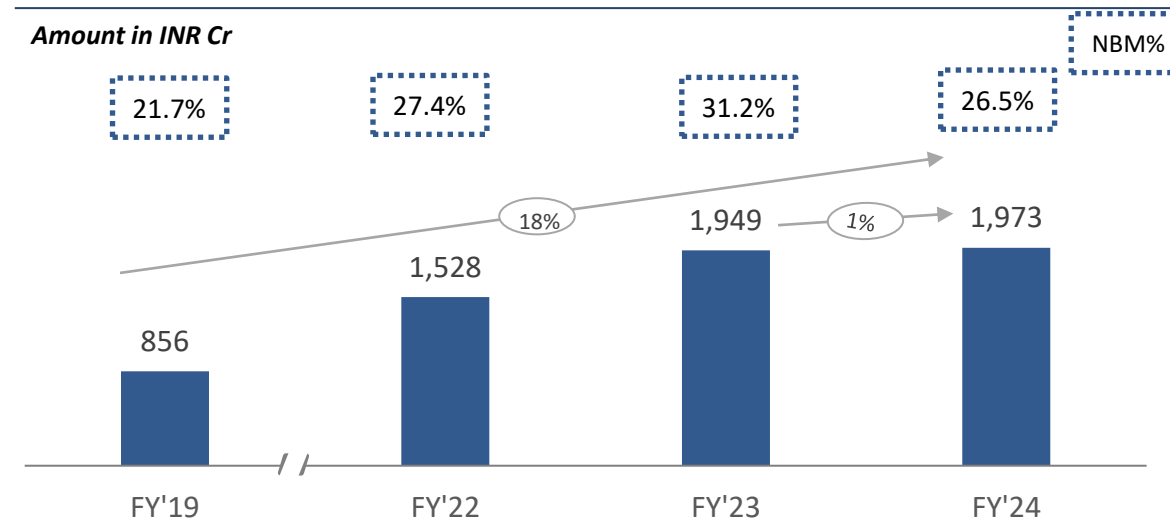
Best in class Margin outcomes consistent with strategy of sales growth

Product Mix: Focus on Annuity and Protection & Health



Line of Business [#]	FY'23	FY'24	Growth
Par	872	1,358	56%
Annuity	293	465	59%
NPAR Savings	2,844	2,167	-24%
Protection & Health	398	649	63%
Group ¹	309	413	34%
ULIP	1,772	2,681	51%

Value of New Business: Due to lower Non-Par mix & distribution investments



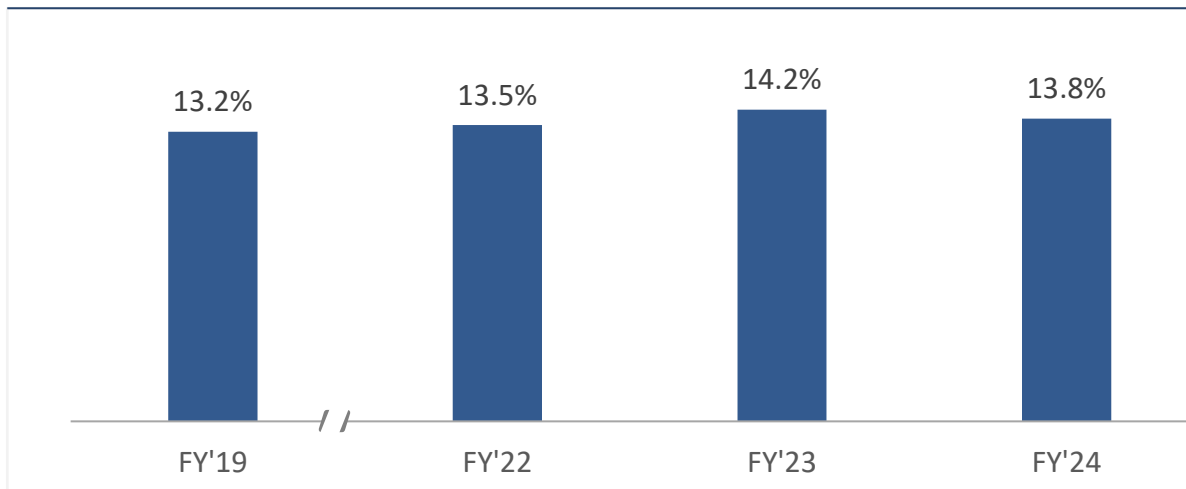
Note: Numbers may not add up to 100% due to rounding off, Group protection including Group credit life adjusted for 10% for single premium and term business, #Amounts in Cr, ¹Group includes GTL & GCL

Value of New Business (VNB) and New Business Margin (NBM) Walk

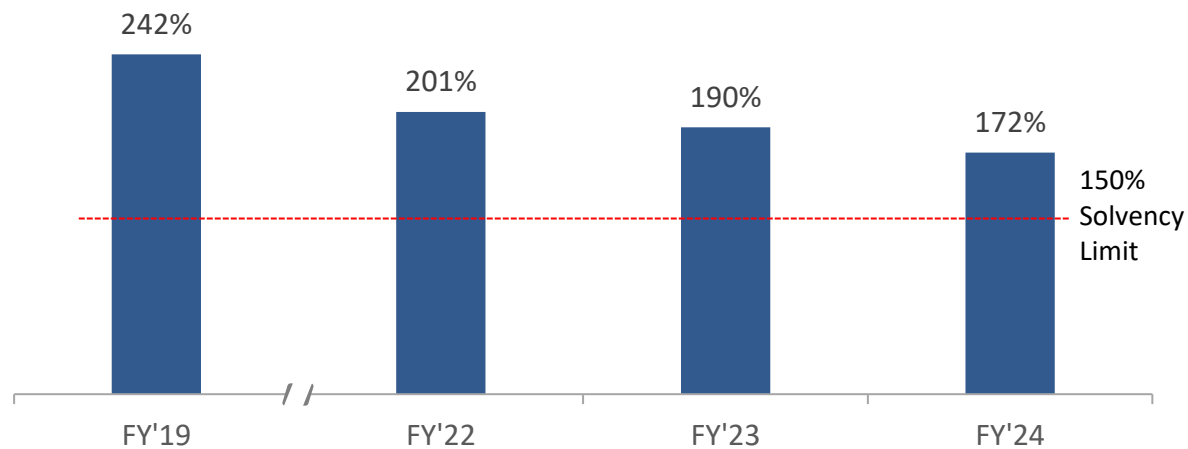


Efficient capital management with profitable growth

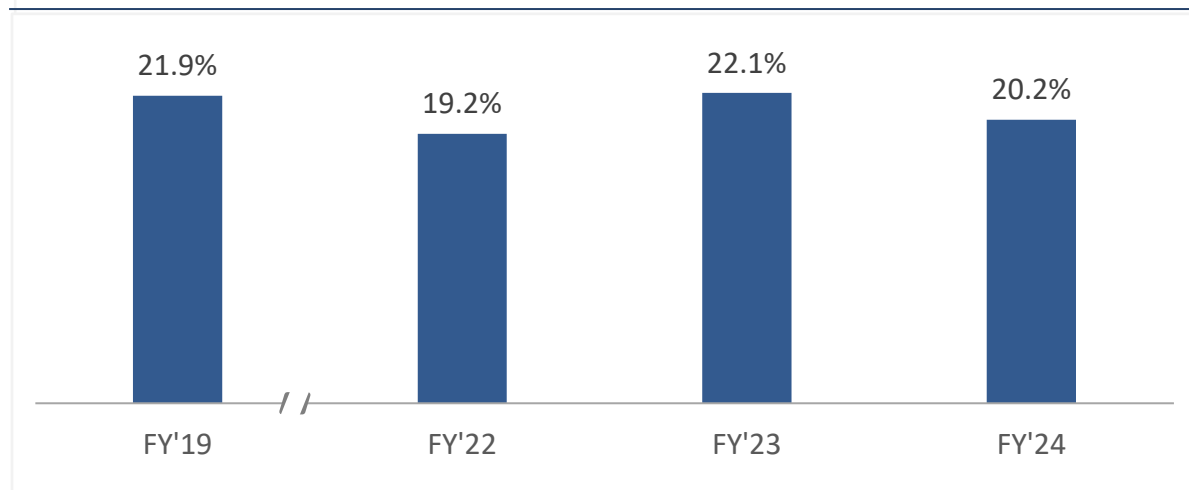
Opex to GWP: Investing towards building distribution



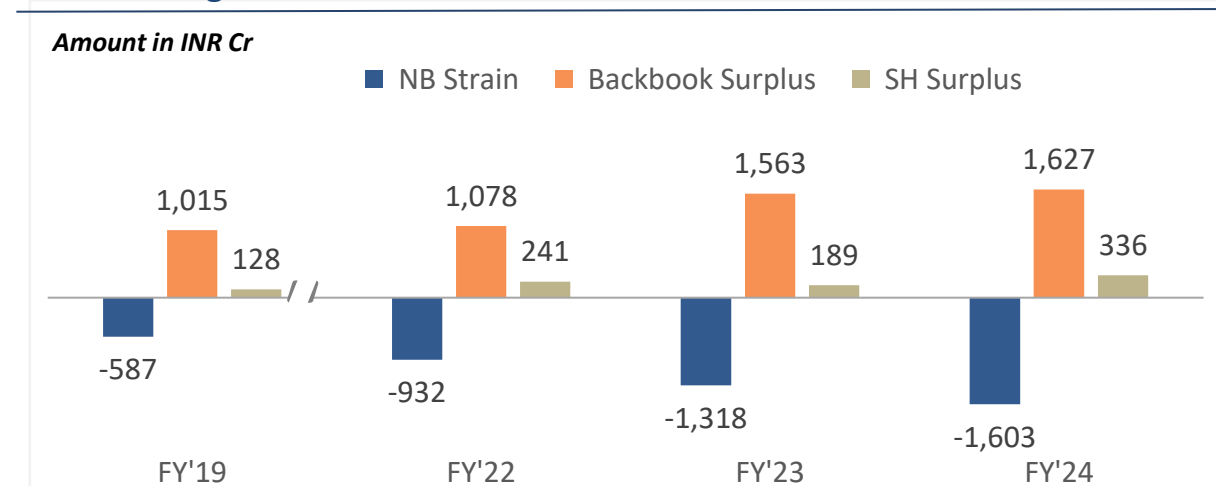
Solvency Ratio (Pre-dividend): Now at **206%** post primary issue of INR 1,612 cr capital to Axis



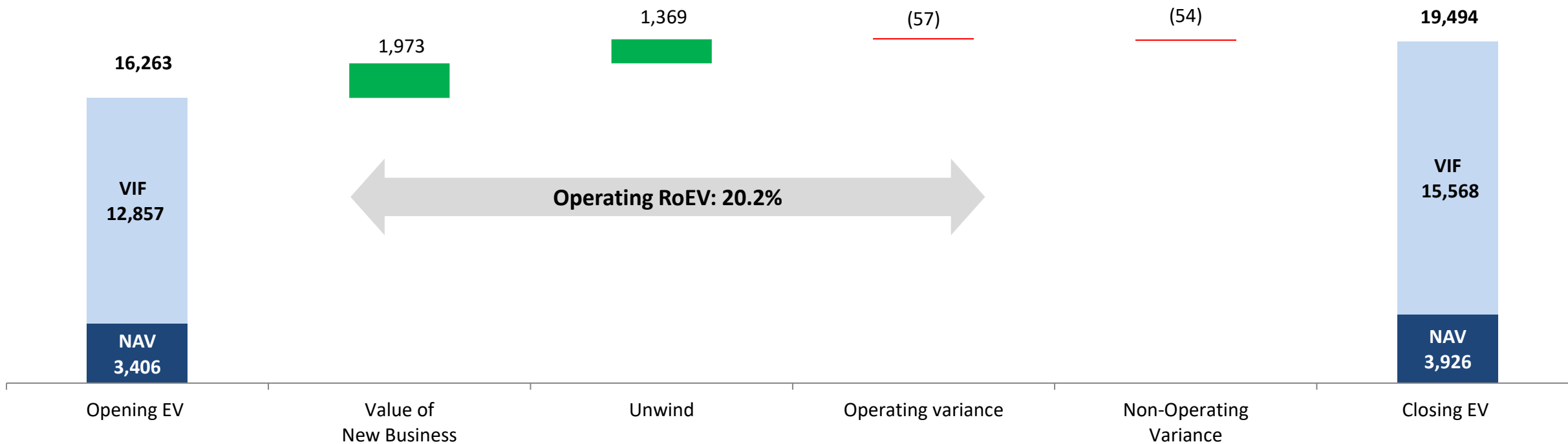
Operating RoEV



Underwriting Profits



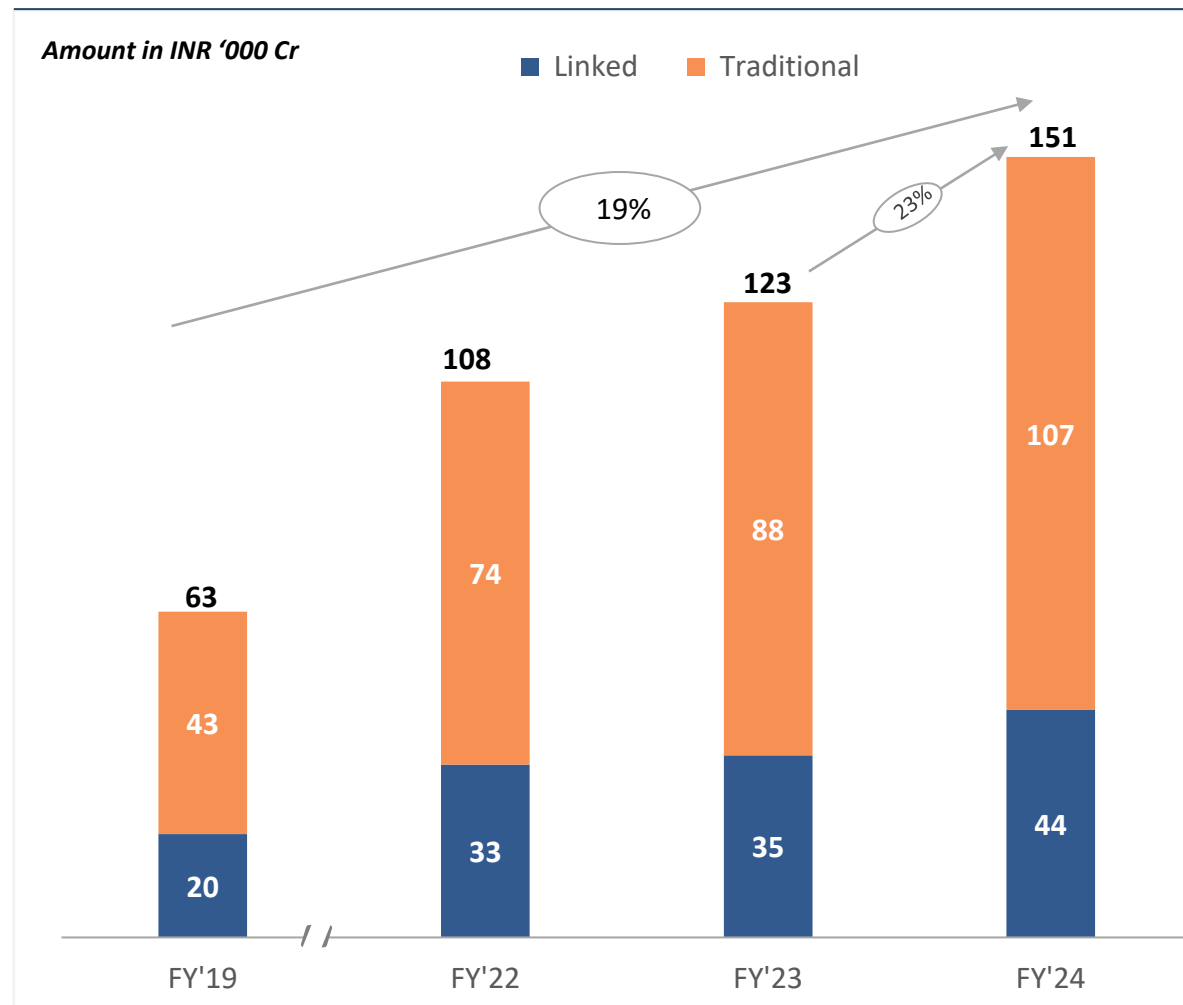
EV movement analysis: March 2023 to March 2024



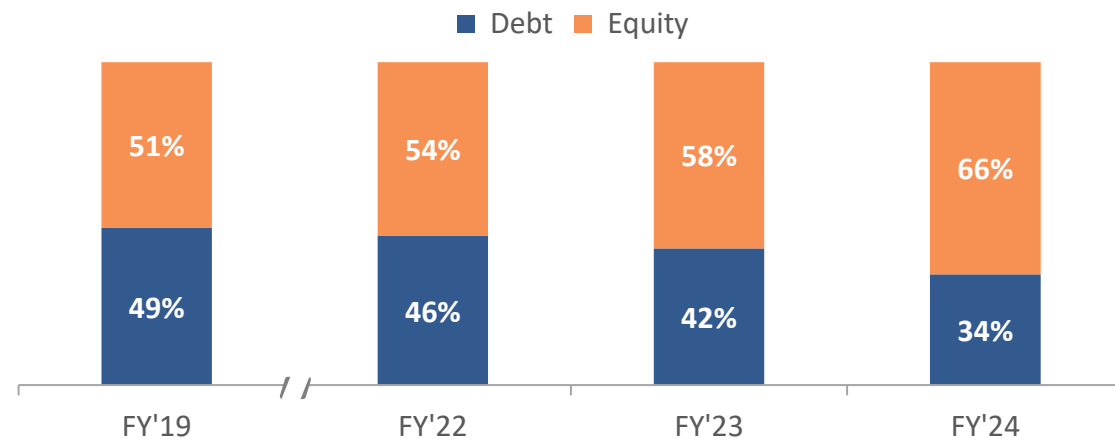
- The Operating Return on EV (RoEV) over FY24 is **20.2%**.
- Operating return on EV is mainly driven by new business growth and unwind.

Max Life has consistently grown its Asset Under Management¹, reached 1.5 lakh crore

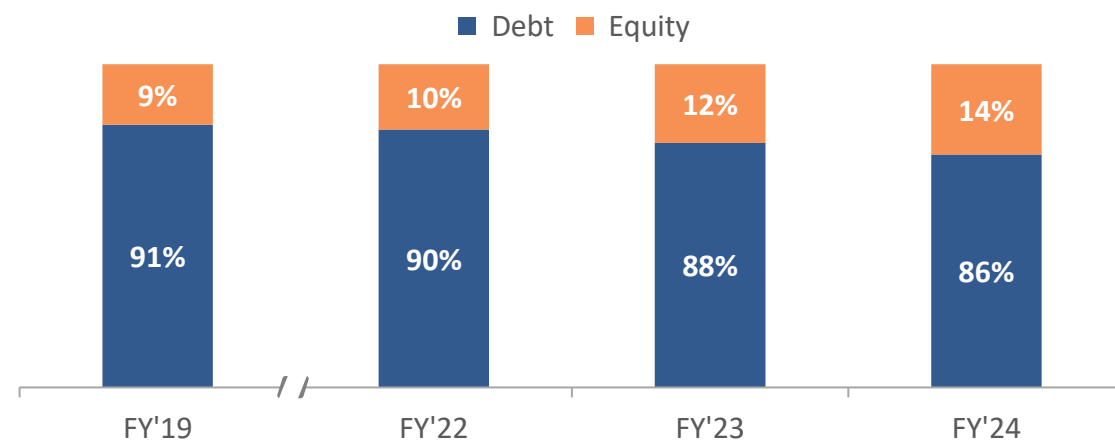
Assets Under Management¹ - MLI is the 4th largest* manager of private LI AUMs and Largest Par fund AUM of ~68K Cr



Linked: Healthy mix of Debt and Equity



Traditional: Consistent mix of Debt and Equity



More than 95% of debt investments is in sovereign papers and AAA rated securities

* As of 31st Dec 2023, 1 *MLI's AUM does not includes Max PFM's AUM ^ includes both Shareholder & Policyholder Investment income

Max Life has been recognised by a number of Indian and foreign business bodies for its excellence in business, customer service and focus on people

Business Excellence

- Awarded Excellence in driving distribution through Digital at the FICCI Insurance industry awards 2022
- Awarded Best Performance Marketing Campaign (Gold) and Best SEO/SEM Campaign (Silver) at Afaqs Digies 2023
- 1st Indian firm to win **Celent Global Model Insurer** award
- Ranked #2 amongst India's top Insurers in delivering **Best In Class Customer Experience** in the 4th edition of Hansa Research's marquee CuES Report
- Awarded for '**Excellence in Financial Reporting** for FY'23' for the second consecutive year at the ICAI
- Awarded in multiple categories at the Elets Insurance Innovation Summit & Awards 2023:
 - : Trailblazers in Cloud Technology Award (Under Industry Category)
 - : Process Optimization and Efficiency Champion Award (Under Industry Category)
 - : Cyber Security Visionary Award (Under Individual Category)
- Awarded in multiple categories at the ACEF Global Customer Engagement Awards 2024:
 - : Gold in Grand Prix Category for Customer Engagement Team of the Year
 - : Silver in Non Traditional Media Category for SWAG in Axis

Leaders in Quality

- No. 2 in Customer Loyalty survey by Hansa Research
- Adjudged the Best fraud prevention company at the **Fraud Risk Management Summit and Awards 2023**
- Platinum Award for P2P investment project** and for Project SEWA (Reducing Customer Grievance) at CII Annual Quality Awards
- Awarded under **Best Claims Settlement** at the **InsureNext Conference and Awards 2023**
- Recognized at **e4m Pride of India Brands – North conference and awards 2023**
- Awarded Digital Enterprise of the Year - BFSI at The Economic Times CIO Awards 2024
- Awarded Gold In Effective use of Market Research, Best Use of Celebrity Endorsement, Innovation, Innovative Loyalty Program and Silver in effectiveness at the 12th ACEF Global Customer Engagement Awards
- Awarded Silver for project 'Quest', a Gold for the SEWA project, and a Platinum for presenting our 'Peer to Peer Investment Opportunity (P2P)' at the 18th Six Sigma National Competition by CII
- Awarded Best Eco-friendly Business Award by the MSME Chamber of Commerce and Industry of India
- Awarded Gold and Platinum spotlight awards for excellence in Annual and Sustainability report 2023 by League of American Communications Professionals
- Secured the Excellence Award for Technology Innovator for Project Titanium at the 10th Dynamic CISO event

Focus on People

- Ranked 55th amongst '2021 Best Workplaces in Asia' by Great Place to Work®**
- Ranked 18th amongst 'India's Great Places to Work For' in 2021**
- Max Life recognized in India's Best Workplaces in BFSI 2021**
- Max Life has been awarded "Excellence in Gender Diversity" at the 4th D&I Summit and Awards by Transformance Forums**
- Awarded Gold for Internal Communications campaign and Best Corporate Communications Team of the Year
- Awarded Gold and Silver at the ASQ International Team Excellence Awards 2022
- Max Life awarded Silver for Best use of Internal Communications at Fulcrum Awards 2022
- Awarded Legal department of the year at **Biz Asia legal award 2022**
- Best Corporate Communications Team of the Year at Economic Times Kaleido awards
- Winners Award for IPQ 5.0 at DMA Trailblazer Awards 2023
- Best Banking and Financial Services Communications Campaign for IRIS (India Retirement Index Study) 2.0 at Fulcrum Award**



SECTION III

- ▶ Max Life Insurance – Strategy
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Max Life's 5-Year Aspirations

	1	2	3	4	5
FY21	 Leader in online acquisition Leader ¹ in online protection	 Fastest growing profitable proprietary distribution #5 player ¹ in offline proprietary distribution	 Leader in Protection + Health & Wellness proposition #5 player ¹ in Protection and health	 Leader in Retirement #4 Annuity ¹ player	 Inorganic expansion No addition of a material partner / inorganic
Aspiration (FY26)	Leader in online Protection + Savings 7-9x sales in 5 years	Among top 3 in offline proprietary distribution ~2.5x sales in 5 years	Among top 3 players in protection and health 3-4x sales in 5 years	Among Top 3 providers of holistic retirement offering ~8-9x annuity sales in 5 years	Augment partnership distribution with M&A / addition of large Bank account
FY24	<ul style="list-style-type: none"> • Continued Leadership¹ in Online Protection • Rank¹ 2 in online savings • 4x sales since FY'21 	<ul style="list-style-type: none"> • 1.8x Sales since FY'21 • Agent Recruitment growth at 54% in FY'24, fastest among Top 10 Pvt. Insurers 	<ul style="list-style-type: none"> • 1.4x Sales since FY'21 • Leadership in Protection penetration² • Rank 3 in Ind. Sum assured 	10x annuity sales since FY'21	Added 40+ new partners

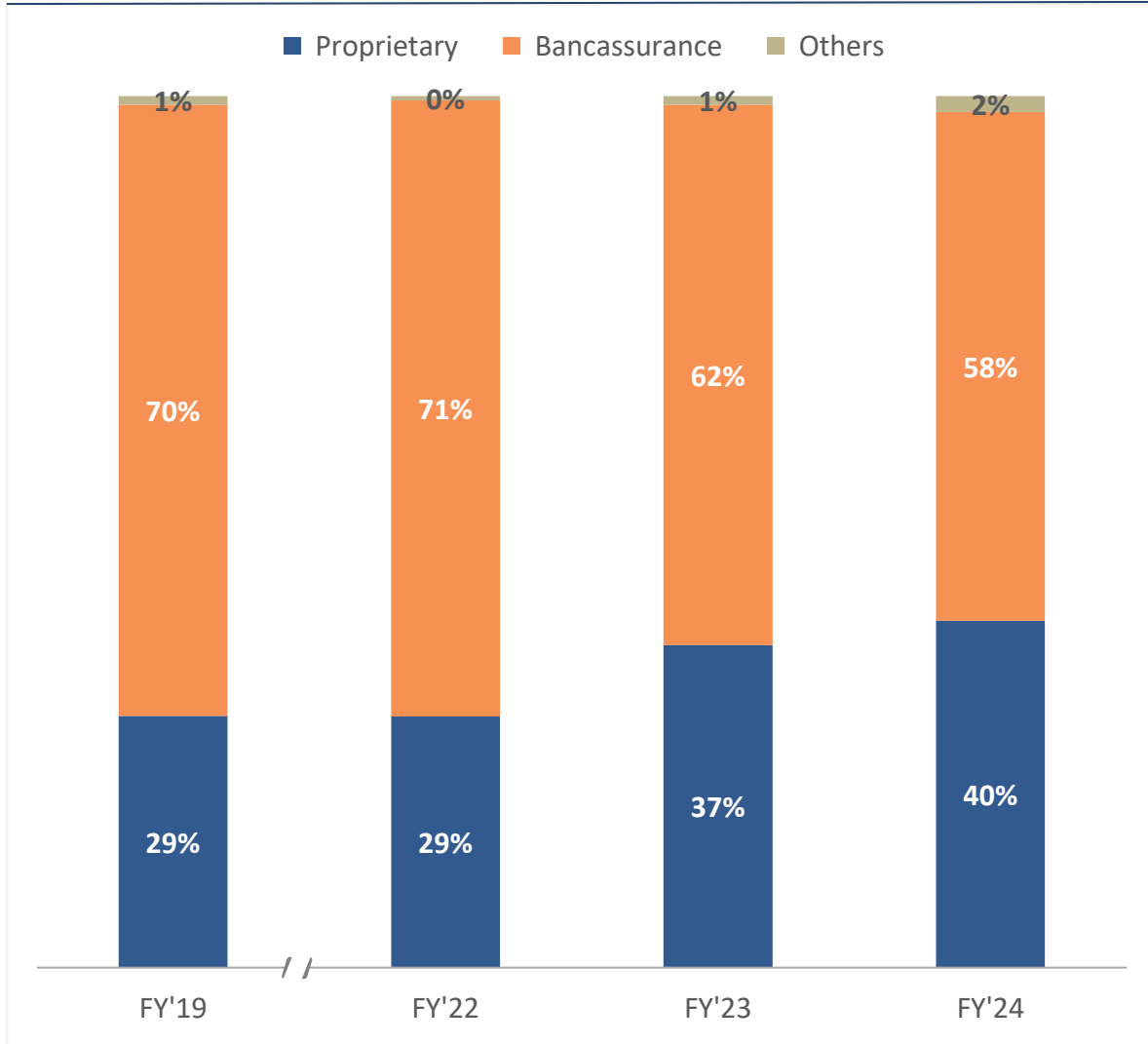
Max Life's Strategic Thrust Areas and progress made

	 A	 B	 C	 D
	Predictable & Sustainable growth	Product innovation to drive margins	Customer centricity across the value chain	Digitization for efficiency and intelligence
Aspirations	<ul style="list-style-type: none"> Fastest growing profitable proprietary distribution Leader in Online Acquisition Inorganic Expansion Deepen Bancassurance partnerships 	<ul style="list-style-type: none"> Leader in Protection + Health & Wellness proposition Leader in Retirement Drive Non- Par saving Enhanced investment and mortality risk management 	<ul style="list-style-type: none"> Improve position in 13M and 61M persistency ranking Highest Relationship Net Promoter Score (NPS) in the industry 	<ul style="list-style-type: none"> Continue with digitization agenda across the organisation Build intelligence (AI) in all digital assets
Progress achieved	<ul style="list-style-type: none"> Proprietary channels APE grew by robust 28% in FY'24 driven by secular growth in Agency (~6%/24%^{**}), E-comm (79%) & Direct sales force (55%). Continued leadership in online protection & rank 2 in online savings in FY'24. Successfully on-boarded 40+ New – 1 bank, 6 Corporate Agents, 14 online & offline Brokers & 20 GCL - partners in FY'24 	<ul style="list-style-type: none"> 37 product Interventions contributed 45% to New business. Launched Max Life SWAG Pension with guaranteed lifelong Income Smart Total Elite Protection (STEP) launched exclusively for affluent segment; Launched Industry first all in one product Max Life Secure Earnings and Wellness Advantage Plan, "SEWA" for Health, Wellness, Life & Savings; Individual Sum assured rank #3 in FY'24; Introduced Industry first Small cap NFO tied to NIFTY 250 quality 50 Index; 	<ul style="list-style-type: none"> Claim paid ratio at 99.51% at the end of FY23, best in the industry Persistency improved across the cohort and Highest ever 13M persistency* Maintained leadership[#] position in 13 Month Based NOP Persistency. Rank 2 in customer experience as per study conducted by Hansa research 	<ul style="list-style-type: none"> Ranked 13th best place for data scientists to work for within India by Analytics India Magazine Core system on Cloud OCI live – only 2nd company in the world to do so Gen AI based SEWA BoT pilot launched for customer service team query resolution New Vernacular WhatsApp bot launched with native payment journeys and customer servicing in 6 languages. PASA engine for Banca Partners Rolled out Gen AI based Marketing campaigns

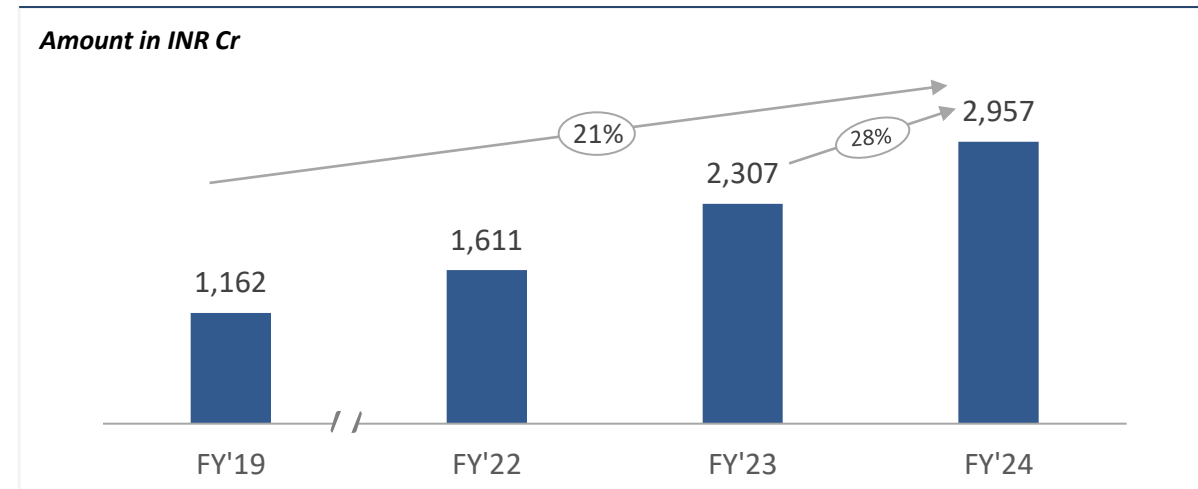
Note: ^as per Nielsen Brand Track Study *Persistency for Regular/Limited pay policies, **Normalised Basis, i.e, Excl. one-off sales of March LY #Rank based on Q3 NOP based Persistency numbers,

Max Life has focused on ensuring growth in both its Proprietary and Bancassurance channels

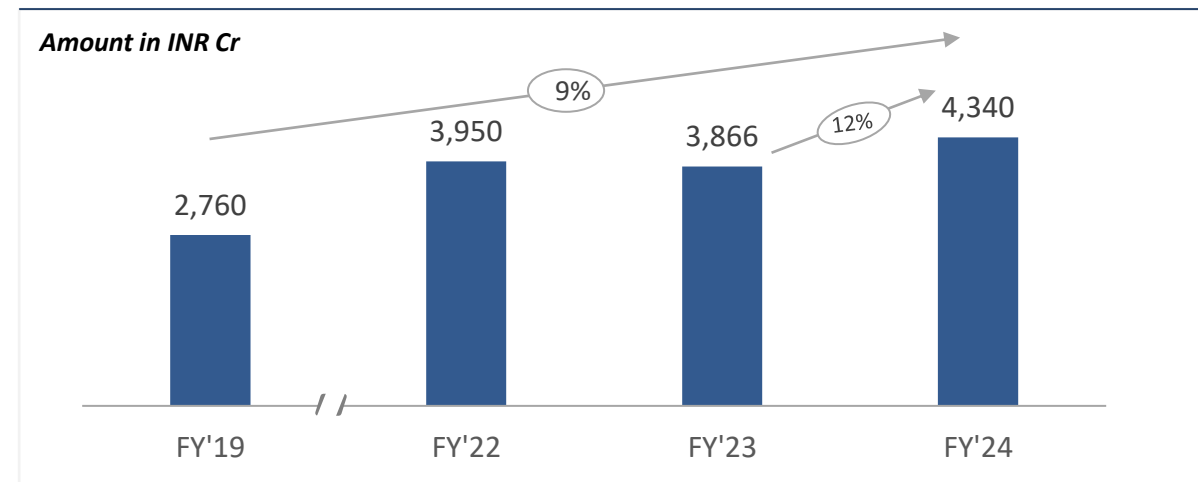
Channel Mix - Focused on maintaining a balanced distribution mix



Proprietary Channels New Business (APE)*



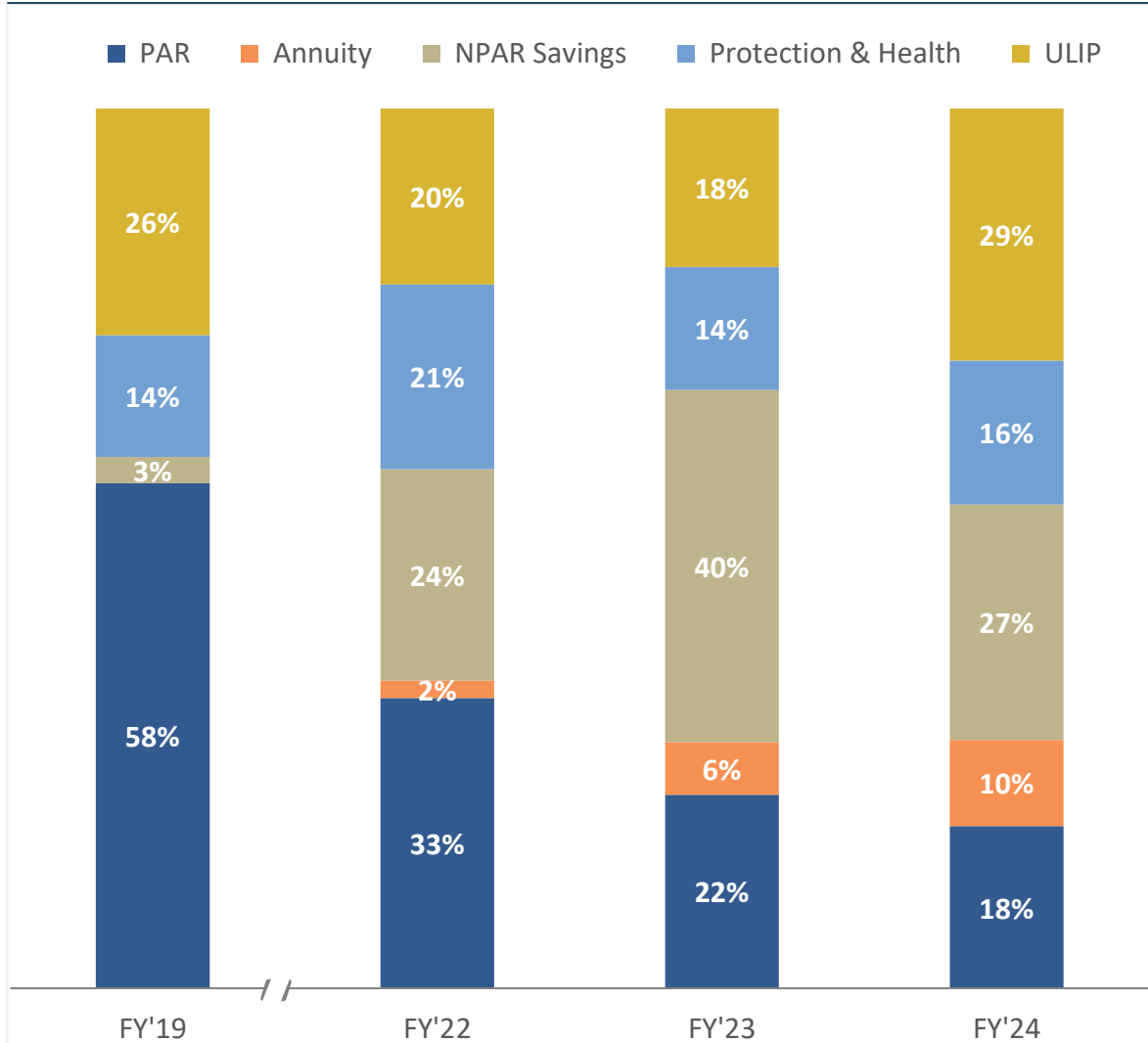
Bancassurance Channel (APE)



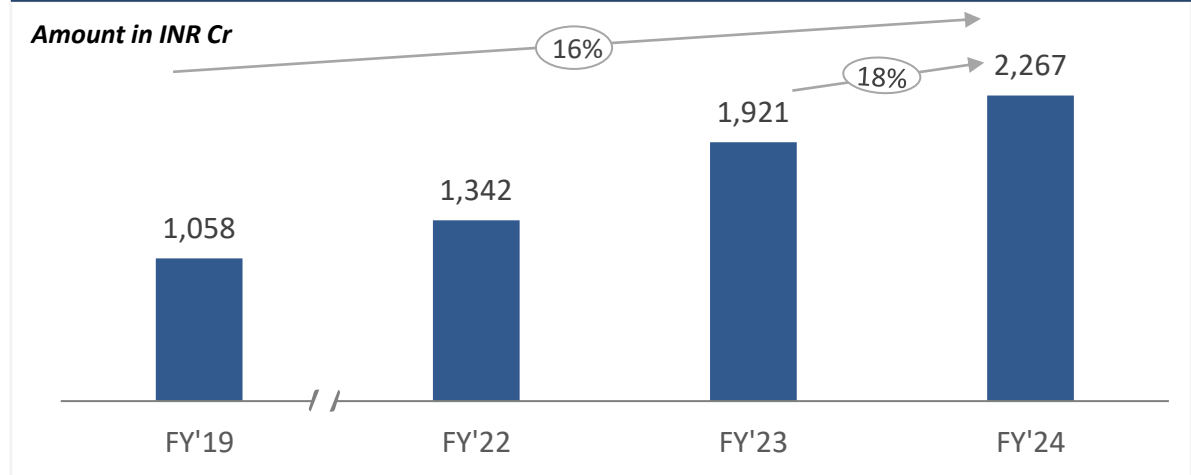
*Proprietary channel sales include individual and group premium sold by direct team

Proprietary channels have grown to 2.5x with bias to drive margins

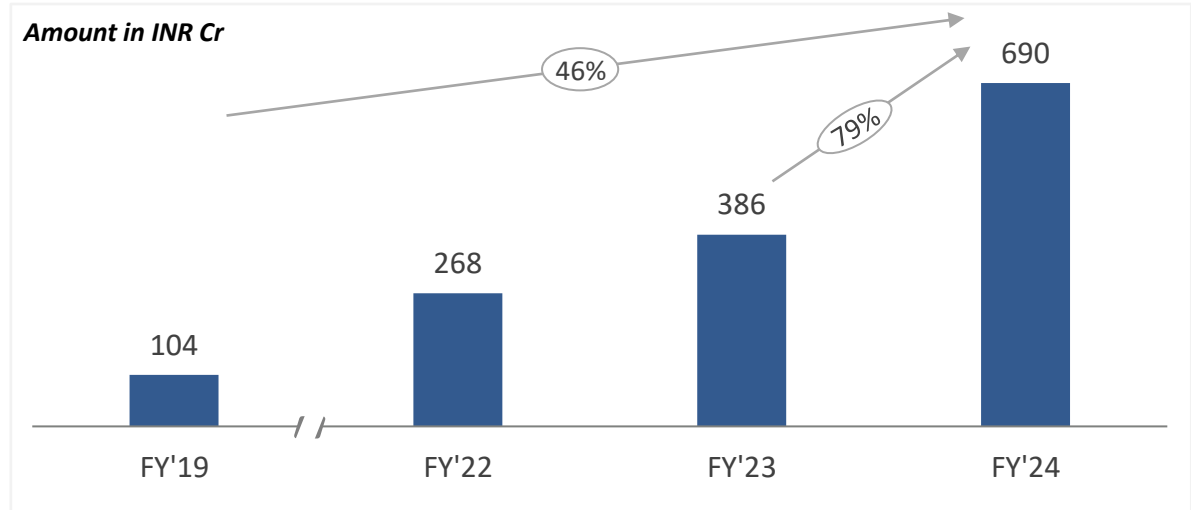
Proprietary Channels Product mix - biased towards traditional products for driving margins, FY24 UL increase led by buoyant market



Offline Proprietary: On a normalized basis¹ offline prop. grew by 34%.



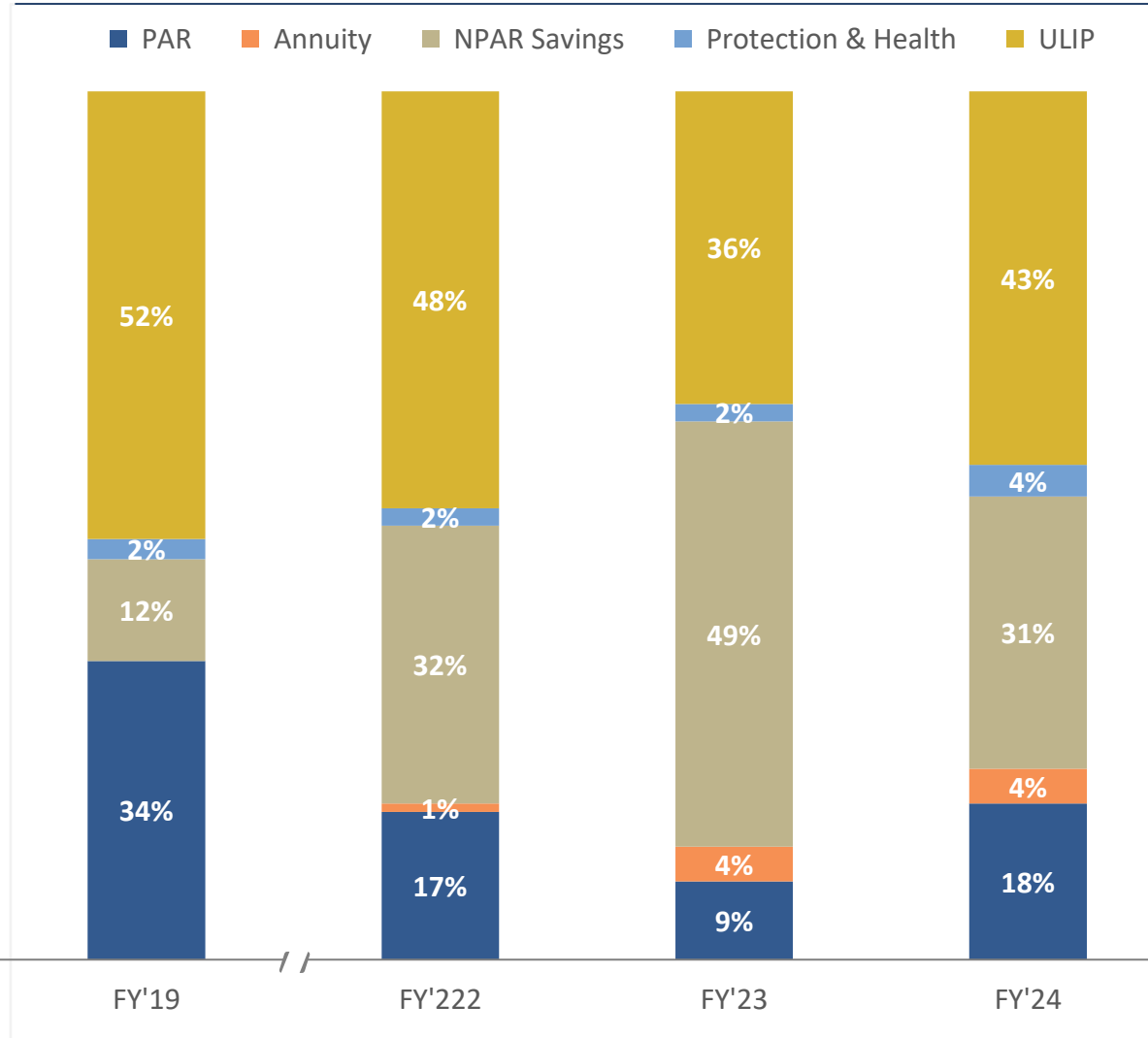
Online Proprietary



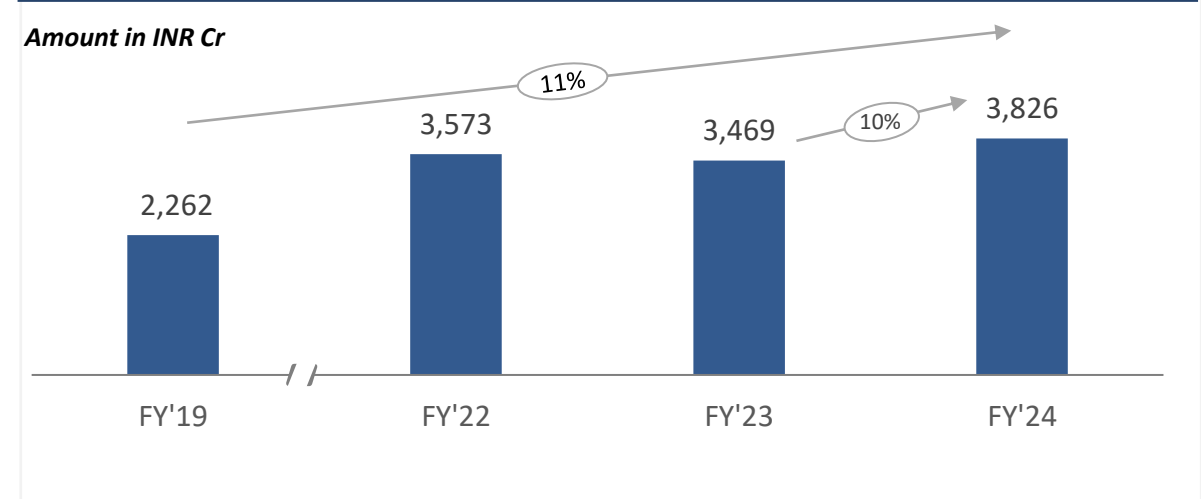
Note: 1 Normalized Sales for Agency in Fy'23 Adjusted for One sales in March for FY'24

Bancassurance partners continue to contribute strongly

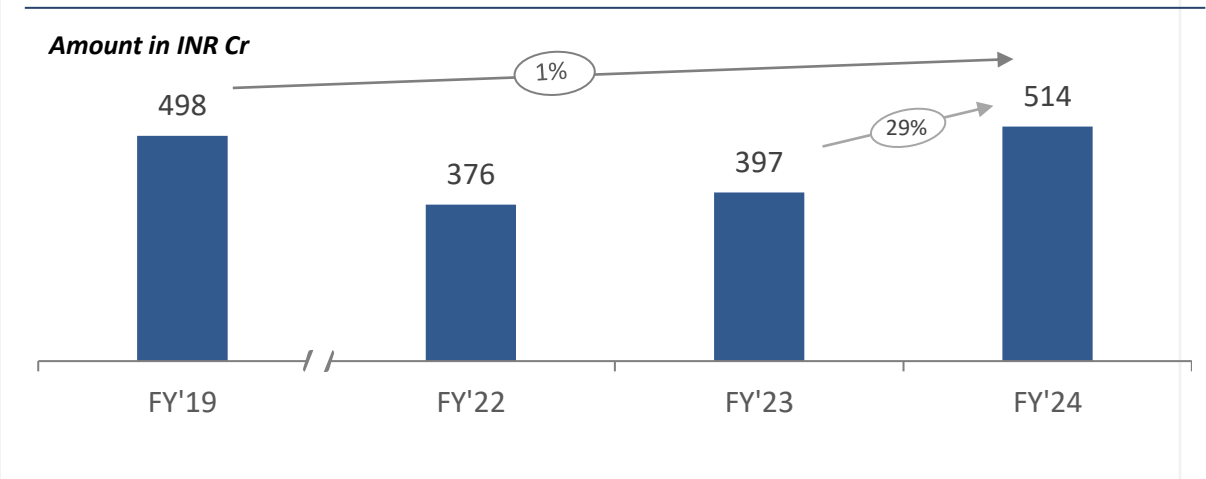
Bancassurance Product Mix - has been biased towards Savings & ULIP to cater to target customer segments



Axis Bank: Axis bank grew by 10%



Other Bancassurance Partnerships



A Max Life has been augmenting its distribution capability by expanding both traditional and emerging ecosystems with 40+ new partnerships in FY'24



Ecosystems **Key partners signed by Max Life**

Bancassurance



Corporate Agents



Online/Offline Brokers & others



Group Credit Life*



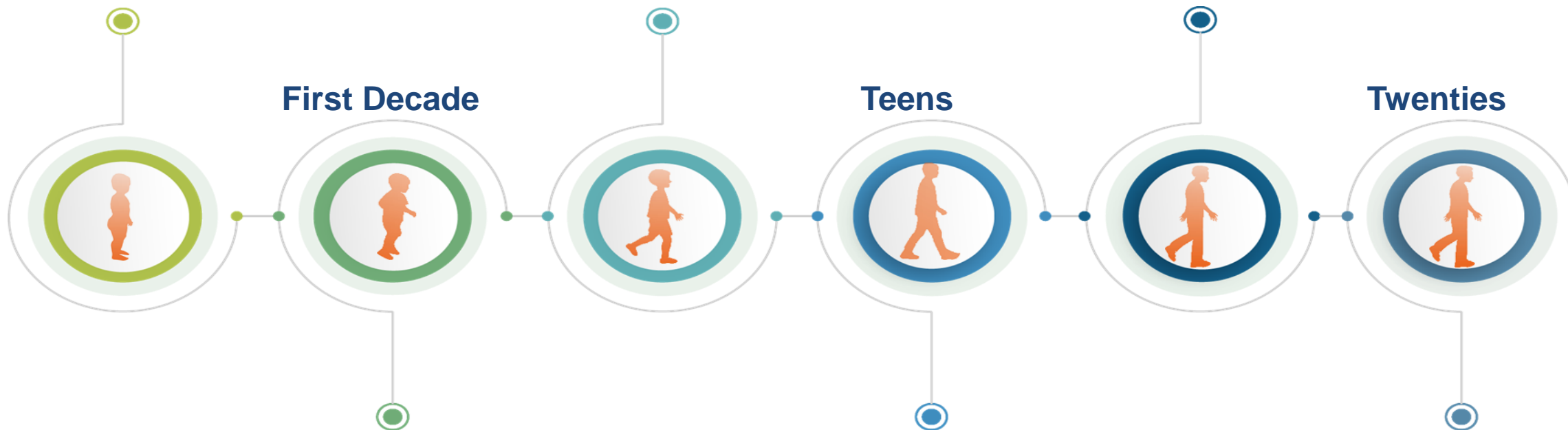
Note: *AXIS in GCL is for Personal Loan segment

Max Life has been at the forefront of driving Products Innovation by creating first-in-industry propositions

1. Break the endowments category clutter with Industry **First Whole Life plan**
2. Provide **liquidity & flexibility through First Cash & Premium Offset Bonus** options
3. **First PAR Top Up** option

6. Enabled transparent customer participation in Bonds with **First Index-Linked Non PAR plan**

10. **Hedged Guarantees with Derivatives**
11. Launched industry **First COVID-19 Rider** (diagnosis & death benefit)
12. **Differentiated Term plan** with industry firsts (Special exit value, Premium holiday option)



4. Enable Customer Obsession **through First "Freelook Period"**, became Regulation later
5. **Created Universal Life product** – Enable transparent customer participation in Debt market

7. **Scaled "Monthly Income" category** first on Non PAR and then on PAR platforms

13. **Strengthened PAR proposition** (guarantees under early income variant)
14. Launched new savings proposition **Smart Fixed-return Digital Plan**
15. Ventured into **health segment** with **Secure Earnings and Wellness Advantage**
16. Launched **SWAG Elite** segment with industry first design of guaranteed endowment

B

Accelerating product innovation agenda through experiments and creating new customer segments



Benefits to cater to need of death, Health & Savings

Secure Earnings & Wellness Advantage Plan

Industry first design of guaranteed endowment

Max Life SWAG Elite Plan

Option to get back all premiums paid back at no cost.

Smart Total Elite Protection Term Plan

Income streams (Cash Bonus + Guaranteed)

Smart Wealth Advantage Growth Par Plan

Option to receive return of premium on maturity

Max Life Smart Ultra Protect Rider

Guaranteed Lifelong income for Customer and their loved ones

Max Life Smart Wealth Annuity Guaranteed Pension Plan

AN INDUSTRY FIRST: "ALL IN ONE PRODUCT"

Max Fit App: Customized Wellness Offering



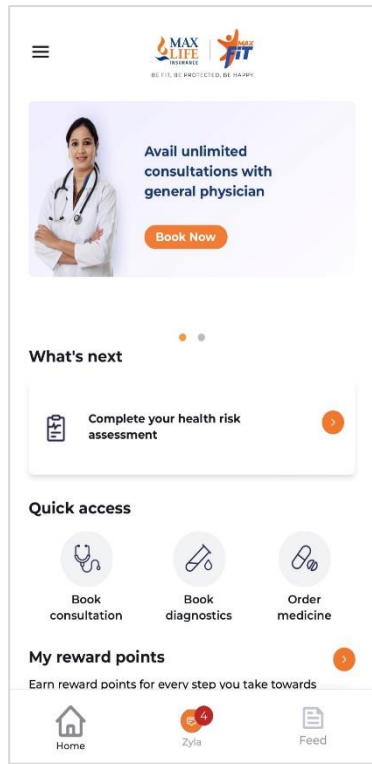
Industry First Features

100% ROP Guarantee even if any claim is availed

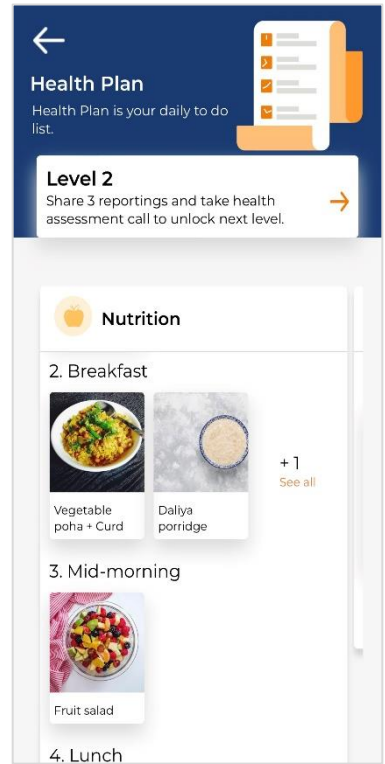
Partial Withdrawals allowed (Elite Variant)

Fixed Benefit Pay-out (For Hospitalization & Surgery)

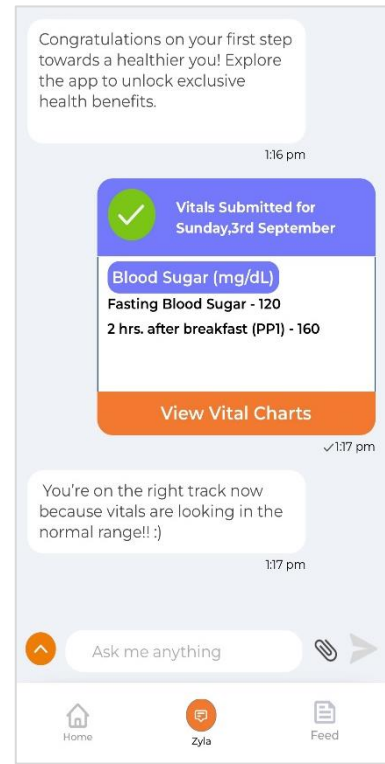
Health & Wellness Booster (To increase savings)



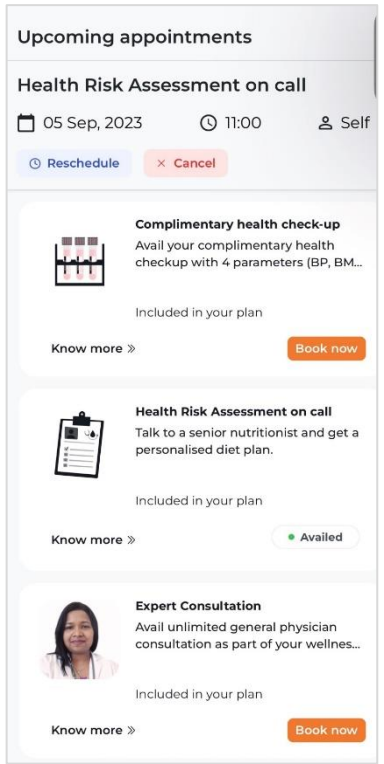
App experience customized basis your health needs



Diet Plan post Health Risk Assessment with Nutritionist



24*7 chat care support



Avail Health services for customers & their family

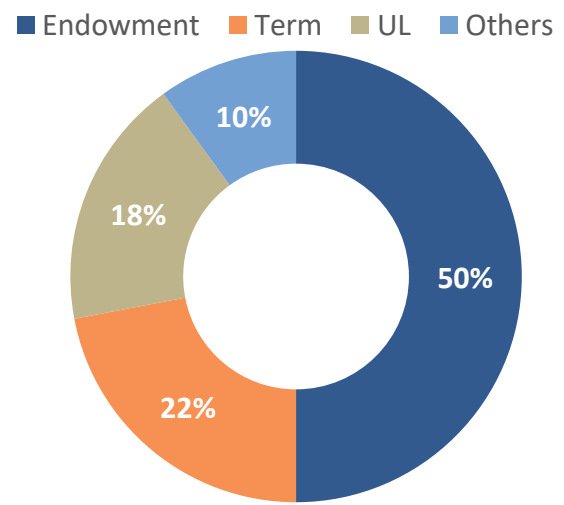
B Max Life has a complete suite of products and focus is on selling longer term products along with improving penetration of pure protection & Health offerings



Max Life has products across all categories

- 4 Protection plans
- 6 Income plans
- 5 Endowment plans
- 5 ULIP plans
- 5 Child plans
- 2 Health plan
- 4 Annuity plan
- 1 Retirement ULIP
- 2 Whole life
- 6 Riders

Current portfolio¹ biased towards traditional products



Product Type	Average Policyholder Age (Years)	Average Policy Term (Years)	Average PPT (Years)
Endowment	35	22	10
ULIP	38	15	8
Whole Life	36	64	52
Money back	26	17	17
Pure Term	34	38	31
Guaranteed products	43	19	9
Health	37	23	23
Cancer Insurance	38	30	30
Pension	31	25	25
Annuity	62	58	3

As on 31st Mar 2024



(1) Based on all policies sold till date; (2) Others include Money back, Whole life, Guaranteed products, Health, Cancer Insurance, Pension & Annuity.

Focus on retirement leading to 59% growth in Annuity business in FY'24

Life stage & Objective	Age: 25-45 yrs Accumulate funds	Age: 45-60 yrs Plan for retirement	Age: 60+ yrs Cover the risk of living too long
Needs	<ul style="list-style-type: none"> Tax Saving Savings for future 	<ul style="list-style-type: none"> Tax Saving Lump-sum req. for big events (child's education, buy home, child's marriage) Savings for retirement 	<ul style="list-style-type: none"> Regular income stream until death Legacy planning
Max Life's solutions	<ul style="list-style-type: none"> NPS account (Pension Fund Management - PFM) Pension plan 	<ul style="list-style-type: none"> Long Term Income (Smart Wealth Plan) NPS account (PFM) Pension plan Annuity 	<ul style="list-style-type: none"> Annuity



Max Life Pension Fund Management

- 105 corporates on-boarded
- >8,400 no. of PoP Subscribers
- Garnered INR ~576 Cr AUM, grew by >300%
- Added >19,500 PFM Subscribers

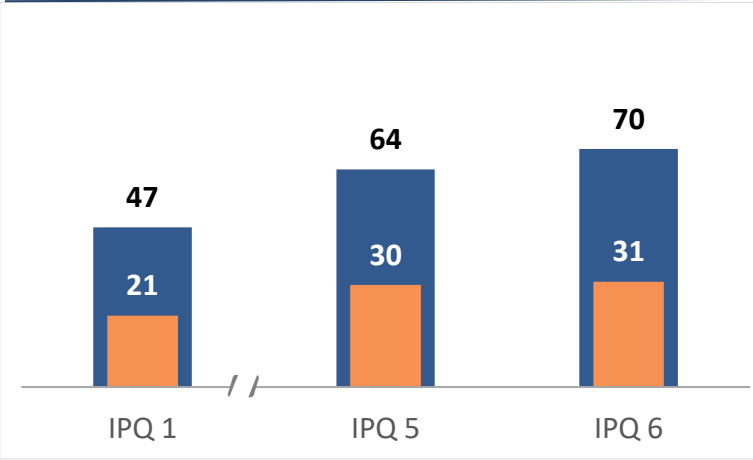
Smart Guaranteed Pension Plan

- Guaranteed Income** to cater to your needs as long as you live
- Advance Annuity Amount** option to take in advance, your next 5 years annuities
- Option for Life-long income:** option to choose a single life or a joint life annuity
- Available for Group members who want to purchase annuities**
- Available for National Pension System(NPS) customers**

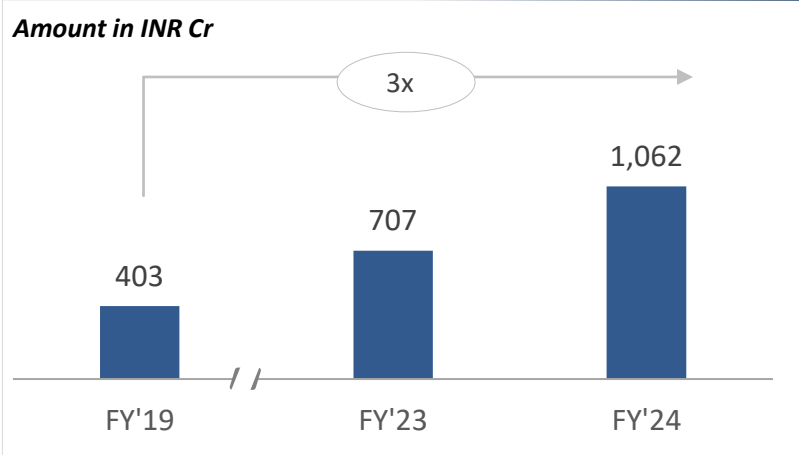
Smart Wealth Annuity Guaranteed Pension

- Guaranteed Lifelong income** for you and your loved ones
- Industry-first features** enables to personalize retirement planning basis unique needs of each individual
- Boost annual income** by 6% every year with increasing annuity variants
- Widened deferment period** for early retirement planning
- Flexibility to take **Early return** of premium on chosen Milestone Age

Awareness & Ownership Gap for Term Products[^]



Total Protection and Health APE



Protection breakup

Line of Business [#]	FY'23	FY'24	Growth*
Protection & Health	398	649	63%
Group Term Life	240	301	25%
Group Credit Life	69	112	62%

Customer Profiling and Selection

- AI based risk models, Credit Bureaus, IIB Database deployed in underwriting risk assessments
- Stringent medical and financial underwriting controls deployed

Experience monitoring

- Regular portfolio review/ Post issuance verification
 - AI models leveraged to monitor and forecast experience
 - Early warning framework for early course correction
 - Industry collaboration against organized frauds

Profitability & Risk Management

- Regular repricing of products
 - Product boundaries based on geography, income and channel
 - Adequacy of reserve to minimize P&L volatility
 - Adequate reinsurance to protect against claims volatility

[^] Indian Protection Quotient

Interest Rate Risks

Robust Asset Liability

Management Framework:

- Cash flow and duration matching
- Comprehensive hedging program
- Natural hedge
- Limit on non-par sales
- Active policyholder bonus management for Par business

Focused Product

Management:

- Repricing to align benefits with current rates
- Variant and channel level granular monitoring

Resilience and Expert

Validation:

- Direct Board oversight
- Stress testing
- Sensitivity tracking
- Peer review of liabilities
- Periodic external review of Derivatives

Investment Risks

Front Office – Led by CIO:

- Differential strategy as per the fund characteristics
- Ensuing diversification and credit quality across portfolio, minimize credit and concentration risks

Middle Office – Led by CFO:

- Independent credit review of portfolio and all new investment proposals
- Derivative risk management
- Early Warning Framework
- Consequence management of stressed assets

Back Office – Led by CFO:

- Ensuring implementation of cash flow matching requirement of ALM
- Valuation, Collateral and Margin management of Derivatives
- Appropriate provisioning for stressed assets

Information Security and Business Continuity Risks

- **Cyber DARE framework for managing security goals:**
- Robust framework based on **ISO 27001**

Internal and External Validation:

- Dedicated CISO, internal security team and external security partner(s)
- Independent external benchmarking (Bit Sight) to keep abreast with emerging security trends

Business Continuity :

- Robust framework based on **ISO 22301**
- Business continuity plans reviewed annually
- Annual BCP drill
- Alternate Disaster Recovery (DR site) and regular data backups with movement to DR site
- Crisis Action Manual

Operational Risks

Preventive Programs:

- Multi-tier governance and automation for highest impact areas
- Quantified risk appetite for
 - Operational errors
 - Product set up errors
- Comprehensive Vendor due diligence

Detective Programs:

- Customized Incident Management program
- Enterprise-wide tool for incident disclosures
- Risk certifications for critical processes

Corrective programs:

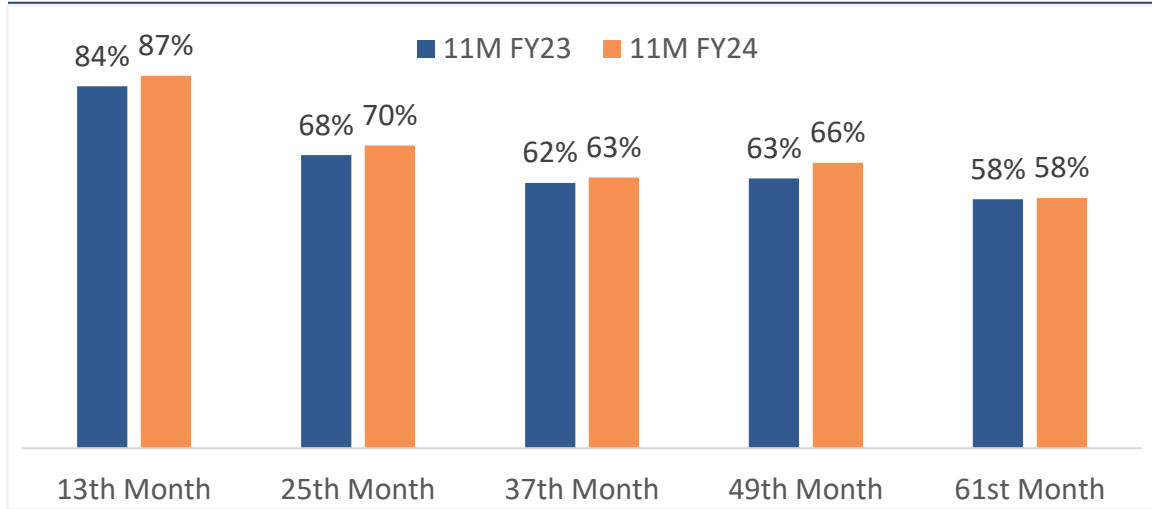
- Revenue Assurance model for concurrent checks
- Cross functional forum for system gaps



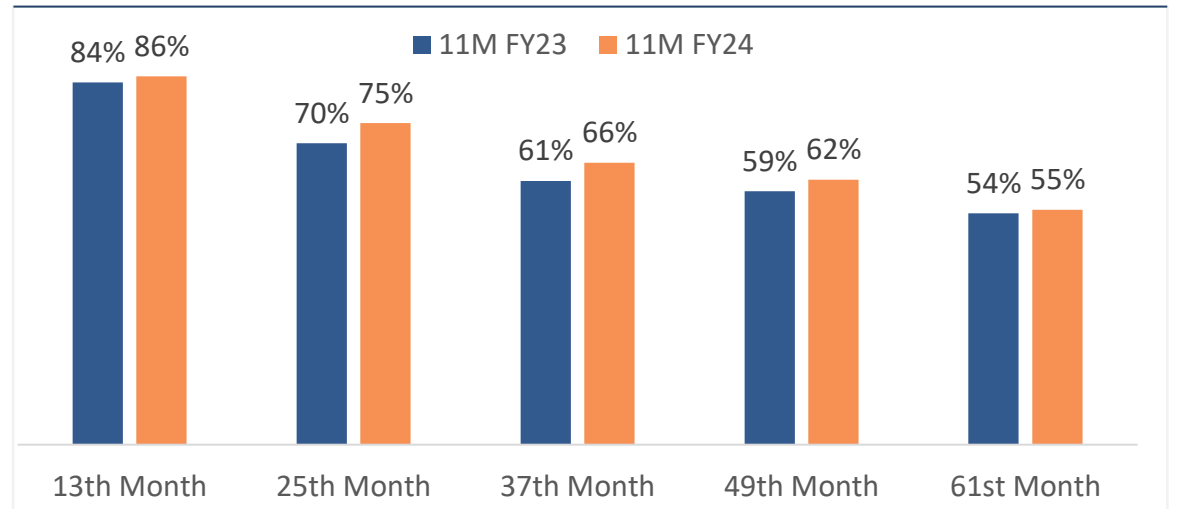
Strong focus towards customer measures has helped deliver superior performance across health parameters and will continue to remain an important priority



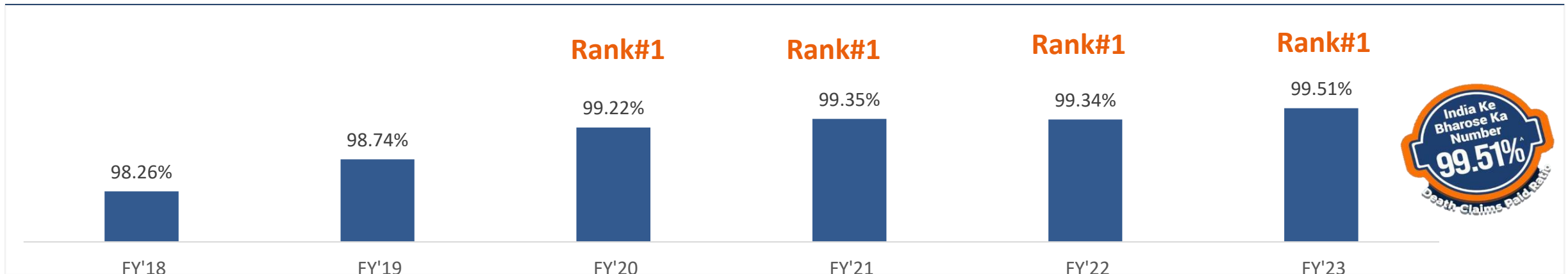
Persistency# (Premium)- Improvement across the cohort



Persistency#(NOP)- Market leader on 13th month NOP persistency



Claims Paid Ratio



Note: The persistency ratios are calculated in accordance with IRDA/ACT/CIR/GEN/21/02/2010 dated February 11, 2010 and IRDAI circular no. IRDAI/F&A/CIR/MISC/256/09/2021 dated September 30, 2021

D Our Digital Strategy is Based on 7 Key Pillars & we aim to be India's Leading Digital First Insurer



1

Scale E-Commerce Business

2

Digital Agency

3

New Business Models & Partnerships

4

Digital CX Platform

5

Digital EX Platform

6

Data & Analytics

7

Modern, Scalable & Flexible Technology Platform

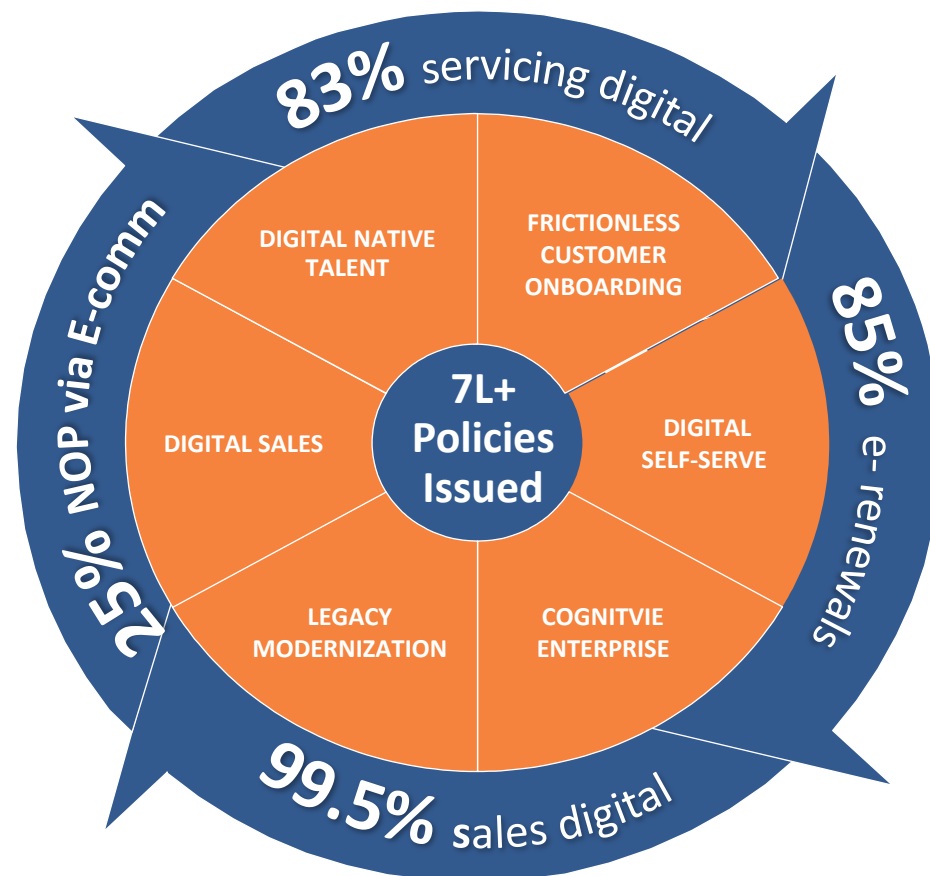
D Significant progress on our Digital Journey

81%
Automated Underwriting (Retail)

64
Website NPS (Purchase + CS)

<3 seconds
Page load time

810
Bitsight Score

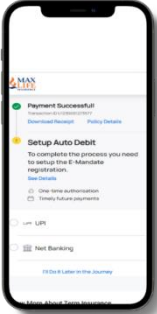


90%
API Coverage - Partner integration

75%
Infra on Cloud

90%
Self-Service Pénétration


100K
Bot queries per month



New Mandate Page

- New mode for auto-pay – UPI-SI
- UPI auto pay SR at >50%
- UPI auto pay contribution to 35%
- Mandate attachment improved to 85%

Experience



NFO Launch

- Small Cap NFO
- Midcap NFO
- Category creating initiatives

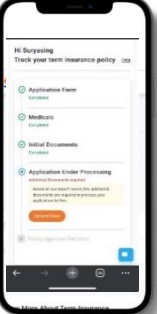
Business



AXIS SFRD

- Axis SFRD Journey first 4 Click journey


Business



Journey Smarts and interventions

- Real time update of policy status
- Document Collection on WhatsApp
- EKYC AA & Native VMER
- Issuance TAT reduction by 40 %*

Experience



Combo Solution Launch till issuance

- Contribution in PB & In Direct Savings Business


Business



PASA Journey

- Additional business line
- Frictionless journey for the customer
- IND Money, Phonepe

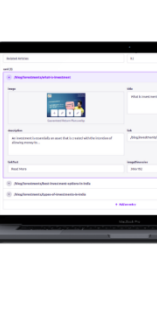
Business



Digital NPS

- Real time customer feedback
- Consistent NPS score of 63+


Experience



Content Management

- Increased through put for tech SEO changes
- Faster TTM for new pages

Efficiency



Real time API monitoring

- Real Time API monitoring covering entire Journey

Efficiency

D Significantly digitalized our Sellers to enable them to win...

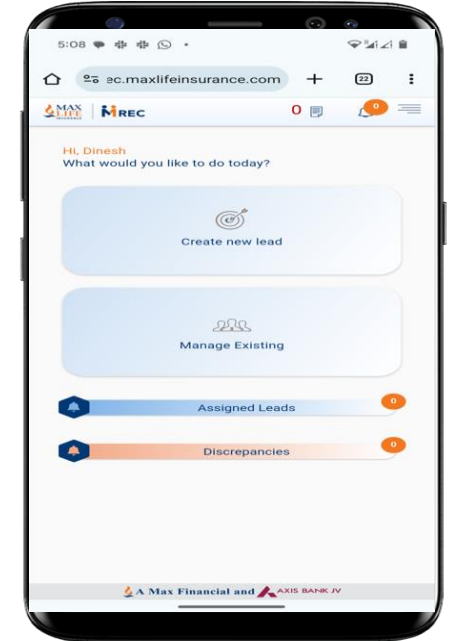
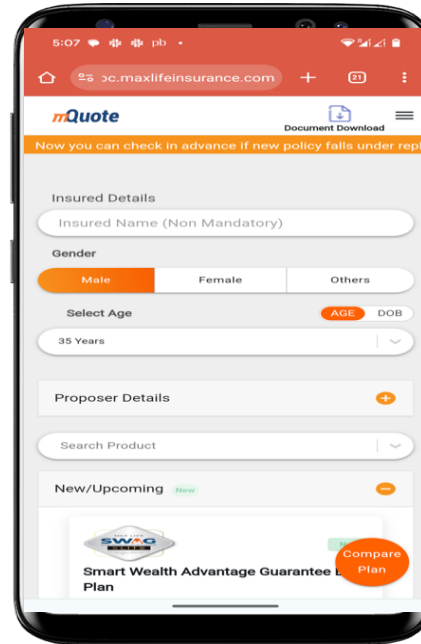
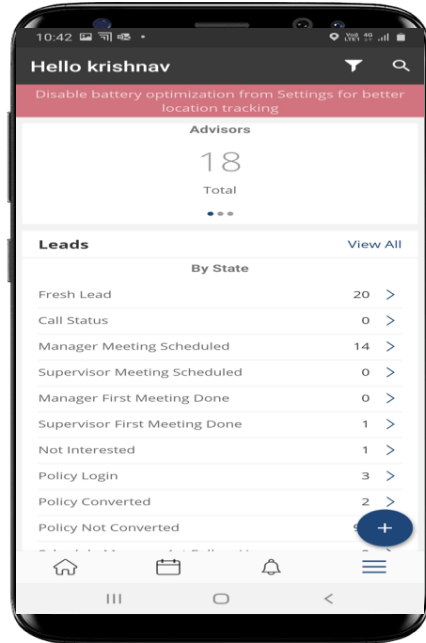
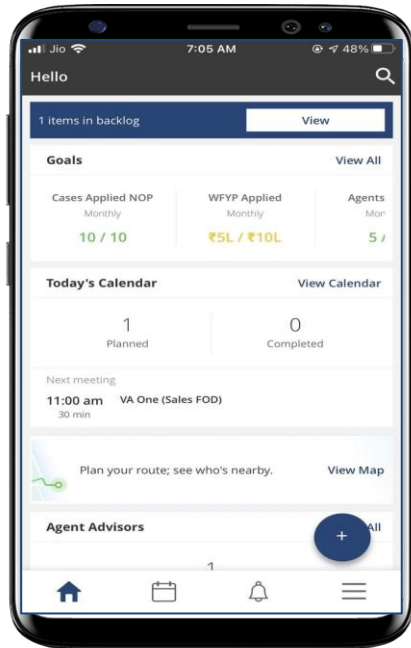
Sales Governance for all channels

Integrated Lead Funnel

Intelligent quotes on the go

Unified Learning & Training Management

Mobile First Recruitment app-



~3.5+ lacs+ activities per month

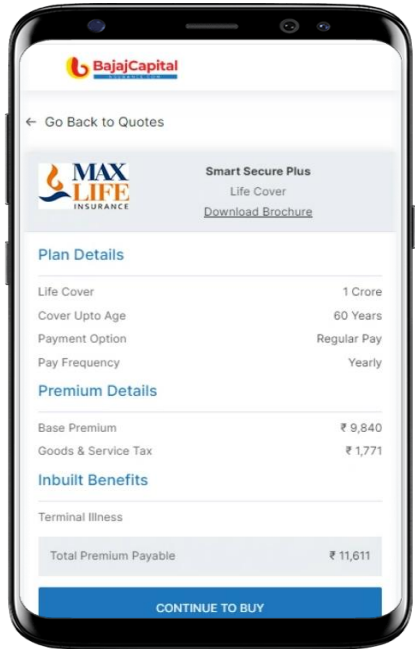
~1.30 lacs+ meeting across all channels

~8+ lac quote generated per month

59% adoption for all channels

100% seller on-boarding

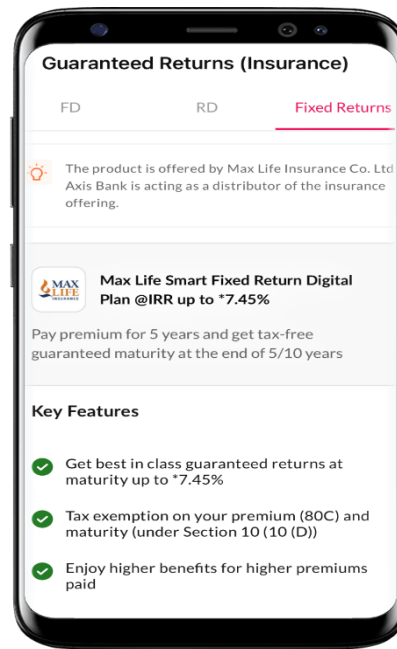
Onboarding Journey



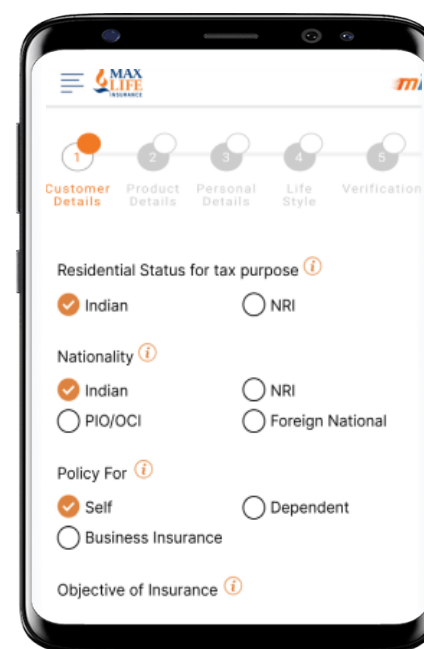
API Suite



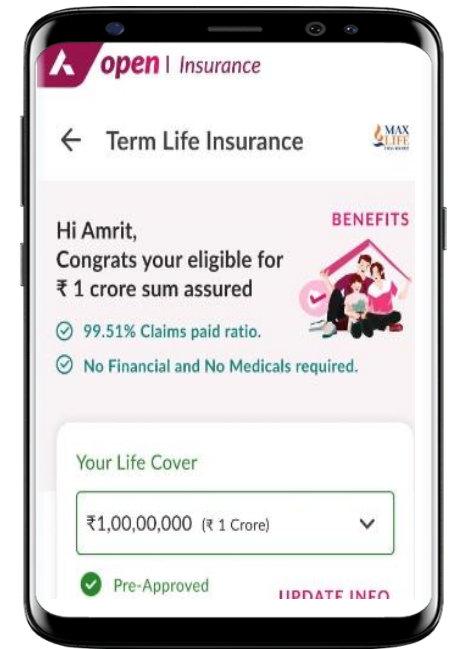
D2C Journeys with Banks and Partners



Tele and NRI



PASA



~ 5 Minute Onboarding Journey, Clear case 81%

~Re-usable APIs > 90 % Coverage

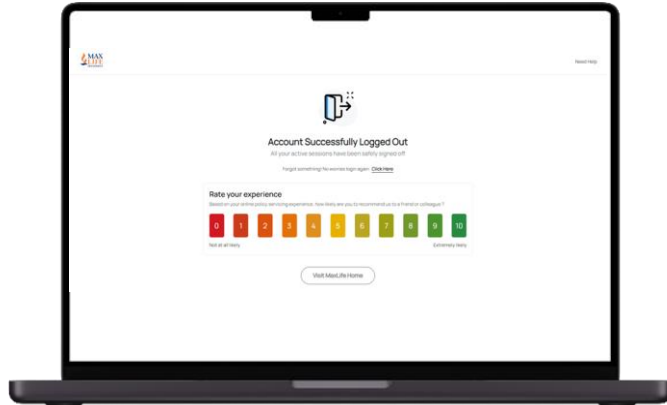
D2C Journeys available for both Term & Savings to drive Business leveraging digital properties of Bank

Lead Conversion Ratio ~40%

~18 Lac offers with 100 % Clear Case

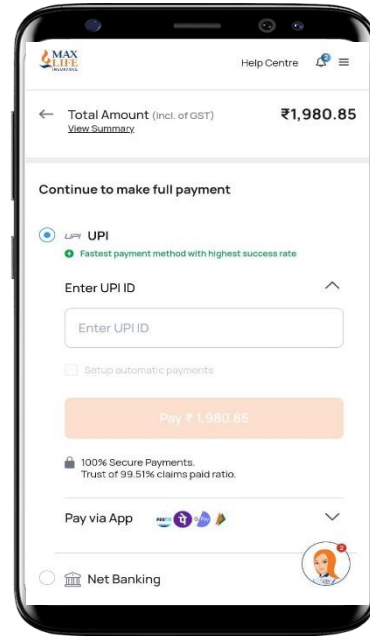
D Building a New Age Digital customer experience platform

Website



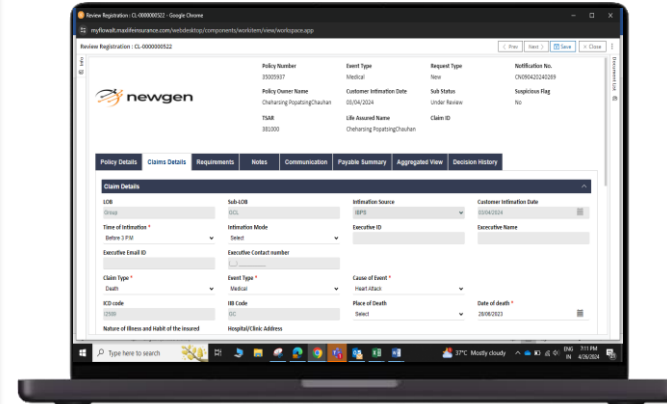
Website NPS has also improved 10 points from 57 in April '23 to 67 in Mar '24

Unified Payment Platform



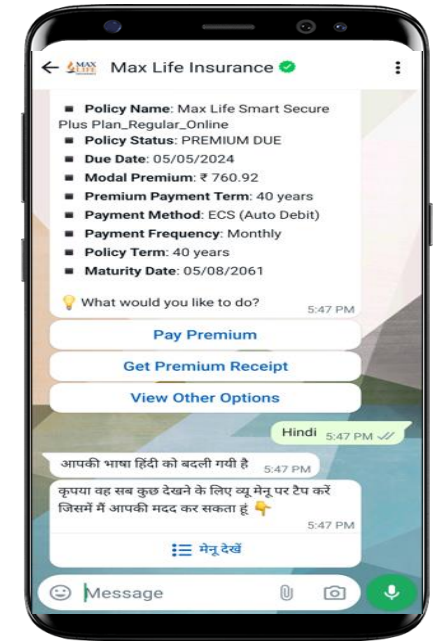
Payment transaction Success Rate for our Unified Platform exceeds the benchmarks from competitions

Group Claims



Industry first initiative of Group claim workflow handling GCL, GTL and PMJJBY claims with Integrated Fraud control checks, Investigation workflow, Referral workflows and Smart BRMS

Revamped - WhatsApp Bot



Enables us to serve our customers in 8 languages, allows for Native Payment, Native downloads of Policy documents and Policy Servicing along with Live Chat Support



90% Self-service Penetration Mar 24 – 67 (All time high)



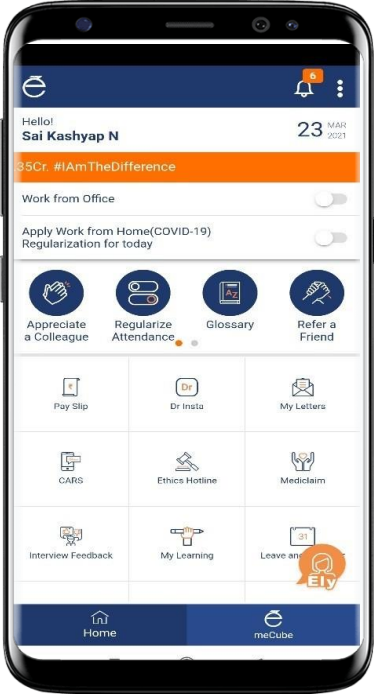
76% success rate for online renewal payment all time high
42% adoption of UPI payment mode



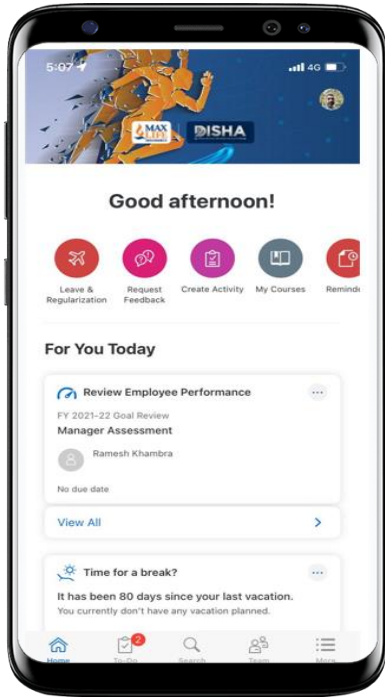
Monthly active base of 1 lac+ unique users

Leveraging Digital & AI to augment employee experience and productivity

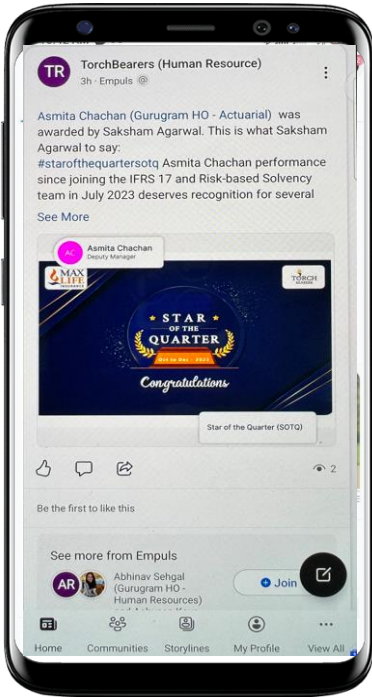
empApp



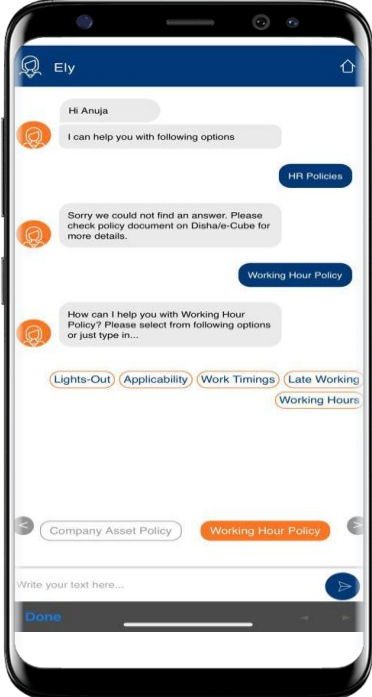
DISHA (Success Factor App)



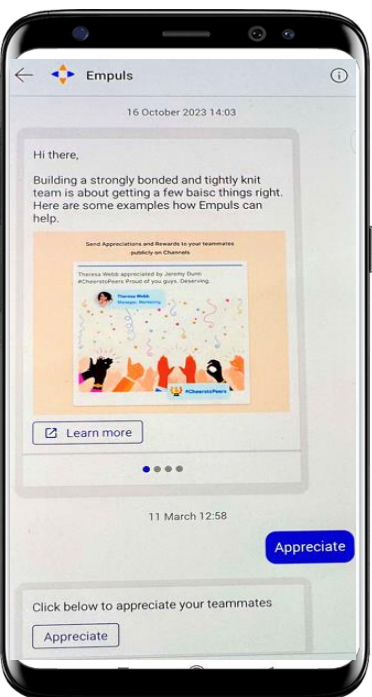
Viva Engage



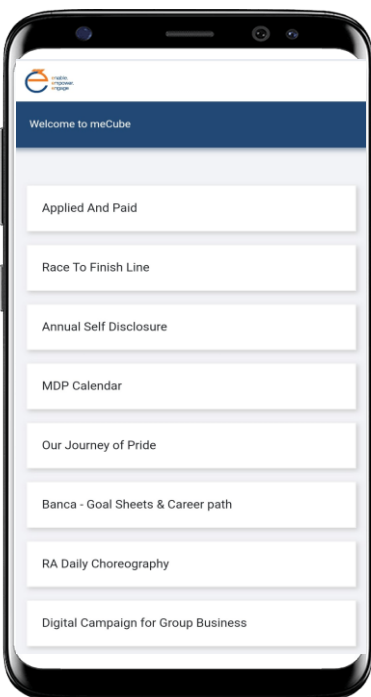
Ely



Empuls



meCube



Employee App with self service modules for Leave management, Employee Letters

Entire hire to retire lifecycle available on SF App

An employee communication platform that allows everyone to connect through communities and conversations

Empowering Employees

Empuls is the employee engagement platform for appreciation, rewards and surveys

Mobile based search to access the MLI policies, SOP library

Did You Know

~1L self-service transactions

72% adoption for SF Mobile App

Viva Engage for Polls, Campaign and Posts

~15K transactions through Bot / month

~700 e-recognitions/month

D India Stack and Insurtech partnerships to accelerate the digitalization

Improve Distribution Reach via Plug & Play Platforms for New Business Sales

Augment Retention, Customer Service & Claims Experiences Leveraging Bharat Stack for Auto-Filling & Consent



Data Augmentation

Leverage Alternate Data Sources Underwriting

Incremental Business Impact FY24 YTD

New Business Enablement	Sourcing Risk Avoidance	Incremental Renewal Collection	Margins enablement
<ul style="list-style-type: none"> Propensity campaigns for Banks Pre-Approved Sum Assured campaigns on Bank Cross sell intelligence for proprietary channels 	<ul style="list-style-type: none"> Mortality Risk avoidance Medical Fraud Avoidance Underwriting Operational loss avoidance 	<ul style="list-style-type: none"> ECS Hit Rate improvement Increment Collection rate in selected cohorts ULIP Alternate Collection Channel 	<ul style="list-style-type: none"> Self serve insights on mortality and pricing levers Profitability (VNB) based decision for business 100% Investment transaction governance

In-line integration of AI/ML in digital assets & journeys



Deep AI/ML capabilities across ML, DL, Cognitive AI, Gen AI, MLOps & Data Engineering (35 member team)



Enterprise Data availability

Employer of Choice for AI Talent

Internships from IITs, Capstone with ISB, Guest Lectures and participation in Industry forums



D We are building a Agile, Flexible, Scalable & Resilient Technology Platform to Digitally power MLI



Data & Analytics Platform

- Data Lake Foundation - Data availability @ 60% on cloud
- Modernization of Integration Stack (API)
- Near real time – DIY Analytics



Compliance & Security

- DevSecOps - Vulnerability Management
- Next Gen Ransomware detection & prevention
- Robust cloud security framework
- Real time BCP for critical Functions



Cloud Foundation

- Multi Cloud Adoption
- 4X peak volume scaled organically
- Mature Fin-Ops Practice



Legacy Modernization

- Transforming Core systems to Cloud
- Centralized product configurator engine for Agility
- Modernization of Enterprise – Treasury, HR and Compliance



~100% Resiliency for Cloud & Critical Apps



BitSight Security Maturity Score- 810 (Best in Industry)



Auto Scaling Design to support peak volume



Provisioning from 8 weeks to 1-2 Days

Won various recognitions across top global and domestic industry forums

**ETBFSI –
Exceller
AI in Fraud
Prevention**

**AWS AI
Conclave-
Generative AI
Excellence**

**AIM AI
Innovation
award**

**Celent Global
Model Insurer
(Analytics & AI)**

**CYPHER – Top
Domestic
Firms using
AI/ML**

**50 Best Firms for Data
Scientist - 23**

**Nasscom AI Game
Changers Award**

**40 Under 40
data scientists
Award – 3
times**

**AI ML Paper/Case
study publications**



FY24

**Economic Times CIO Award for
Enterprise IT Excellence**

**TechCircle Business
Transformation
Digital First Award**

**Elets Insurance Innovation
Trailblazers in Cloud Award**

**Elets Insurance Innovation
Cybersecurity Visionary Award**

**Max Life Gartner Case Study
on Digital Transformation**

**AWS Re-Invent Case Study
Cloud Modernization**





SECTION IV

- ▶ Max Life Insurance – ESG
- 

Four pillars of our sustainability framework



Four pillars of our sustainability framework



Work Ethically & Sustainably

-  Corporate Governance
-  Ethics & Compliance
-  Digital Initiatives
-  Ethical usage of Data
-  Operational Risk Management






Care for People

-  Diversity & Inclusion
-  Employee Development
-  Health & Wellness programs
-  CSR (with Financial Empowerment)







Financial Responsibility

-  Sustainable Investing
-  Product responsibility
-  Customer feedback integration



Green Operations

-  Waste Management
-  Water Management
-  Energy efficiency
-  Emissions control



Governance

- Dedicated **ESG Management Committee**
- Diverse Board composition with optimum no. of Independent Directors** (>50% - MFSL; ~30% - Max Life Insurance)
- Average Board experience > **30 years**
- Charters of Board and Committees** in place which define roles and responsibilities of the Board and respective Committees
- Framework for evaluation of the performance of the Board, Committees of the Board and Individual Directors adopted by the Company



Data Privacy & Security

- MLI received the DSCI Excellence Award for Best Security Practices in India in 2021
- BitSight rating of 810, which is best in financial services
- Certified on International standards **ISO 27001 and ISO 22301**
- Data privacy policy and practices in place
- Board approved Information security policy in line with **Aadhar Act, I-T Act** and other regulatory guidelines
- Dedicated CISO reporting to CRO for independence and better governance



Risk Management

- Max Life has a **robust governance framework with Board risk committee (REALMC)** supported by domain expertise committees (MRC, ALCO, DMC, ORG, IS BCM etc.)
- Risk Appetite and Risk Management** framework in place
- Robust derivative program as well as an ALM framework
- Detailed review process of Business Plan in place by CRO with focus on solvency risk and capital management



Compliance & Policies

- Platforms, mechanisms, channels** in place for grievance addresses, incident investigations and corrective actions and policies
- Dedicated **whistle-blower platform** managed by independent external partner
- Approved **Business Code of Conduct, Anti-bribery and anti corruption, Gifts and Meals policies, POSH, Anti-fraud.**



Diversity & Inclusion

- Gender diversity ratio at **27%** at Max Life
- MLI is at **2nd position** w.r.t **diversity in the Indian LI** sector as per diagnostic study conducted by Michael Page
- Capability building program** for women's leadership culminated successfully
- Max's Women in Network circles launched for all women in leadership with 5 regional circles.



Well-being of Employees

- Introduced CARS for a digitalized employee helpdesk experience to track queries with one click
- Introduced "Standing Desks" to enable an anti-fatigue and healthier lifestyle
- Artemis introduced to the PAN India Hospital network for discounted services to employees & their family members



Employee Development & Policies

- 2024 sustainable **engagement score of 95%** in the Annual Engagement Survey through Willis Towers Watson
- Average 58 hours of learning** achieved as against the target of 40 (April-March'24) to drive 'Culture of Learning'
- 50% adoption** achieved within 6 months of tool inception – Empuls which enables digital experience for appreciating and acknowledging






CSR Initiatives

- Employee volunteering initiatives: 60,200 beneficiaries
- Financial literacy and insurance awareness campaigns: Approx. 59,134 beneficiaries
- Education initiatives: 26,902 children directly benefited
- Pond rejuvenation project successfully completed at Jharsa village, Gurugram, positively impacting ~27000 citizens in the vicinity.

Financial Responsibility





Committed to responsible investments

-  **ESG evaluation** will be ensured in all equity investment research and decision making
-  **75%** of equity portfolio to be ESG compliant at all times
-  **100%** compliance for equity portions of shareholders fund to be adhered to










Responsible Investments

-  Comprehensive stewardship policy in place and a detailed summary of MLI's voting actions are disclosed on a quarterly basis.
-  Max Life looks at governance closely for its investee companies.





Product Responsibility

-  Benefits for females/transgenders for financial inclusion :
 -  All savings flagship products have Policy Continuance Benefit option that make policy self-sufficient in case of exigency
 -  Under Protection and Annuity Plans, higher returns for female lives and discount is available for transgenders
 -  Annuity plan SWAG Pension offers superior female rates
-  Max Life annuity plans, senior customers guaranteed income throughout their life
-  Additional health protection through our Rider Suite; CIDR offers protection against 64 critical illnesses and disabilities.
-  Launched Pure Growth Fund for ULIPs, where the investment exclude sectors such as alcohol, gambling, contest, entertainment.



Integrating Customer Feedback

-  Focus on integrating feedback from policyholders for our services
-  NPS in Q4 FY 24 : **56**



Holistic approach

- Conducted a **carbon footprint assessment** of our pan-India offices
- Measurement of **GHG emissions** of DLF Square and 90C for FY 2022-23
- To reduce carbon emissions by 80% by 2028



Energy Management

- Replacement of CFL with LED lights ongoing in all offices to reduce energy consumption : Replacement concluded at 21 locations in 4 quarters(Q1 to Q4) of FY 2023-24
- Replacement of old ACs ongoing: ~500 Ton AC replaced in 4 Quarters (Q1 to Q4) of FY 24



Water Conservation






- Water is recycled with the help of STP: ~3202 KL of STP water recycled in 4 quarter (Q1 to Q4) of FY'24
- 100% tap sensors and water aerators in place in HO. Reducing ~70% water consumption
- 10,000 Tree plantation. Plantation drive has been successfully completed in Jul'23



Waste Management

- Dry and wet waste segregation process is being followed at HO
- Installed sanitary pad disposal at HO for sustainable menstrual hygiene management ~**280** kg carbon equivalent conserved in first four quarters of FY 24

Accomplishments in our key strategic shifts identified in our ESG journey

Indicators	Key Metric for ESG Indicators	Key Targets	Current Status
 Digital Operations	Digital penetration	95% of digital penetration by FY26	89% for March 24
 Diversity & Inclusion	Overall Gender Diversity Ratio	Achieve 28% gender diversity ratio by FY25	27% gender diversity ratio in March 2024
 Workforce Training	Number of learning hours to upskill and reskill employees	40 learning hrs per employee	20581 employees spent 61 hours against the target of 40 hours
 Responsible Investments	ESG integration* & Compliance^ in Investment Decision Making	ESG evaluation in equity investment research and decision making 75% of equity portfolio to be ESG compliant at all times 100% compliance for equity portions of shareholders fund to be adhered to	CRISIL has been on-boarded for ESG integration
 Carbon Neutrality	Reduce carbon footprint and achieve Carbon Neutrality	To achieve 80% carbon neutrality by FY28	GHG measurement for FY 2023-24 is on-going

*ESG Integration refers to evaluation of ESG risks and opportunities for each company in the portfolio
 ^ESG compliance refers to all ESG rating categories excluding severe risk category, as per rating agency scores

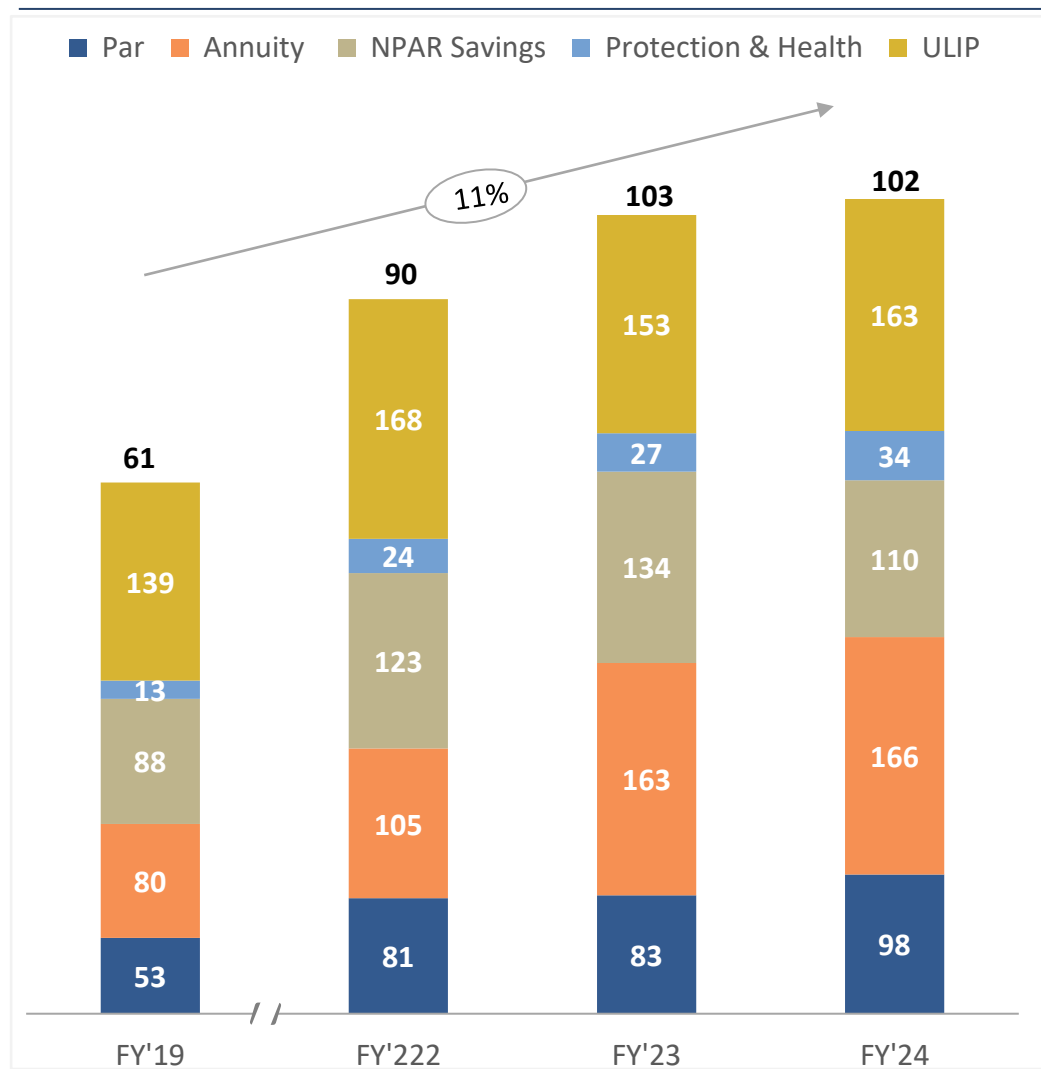


ANNEXURES

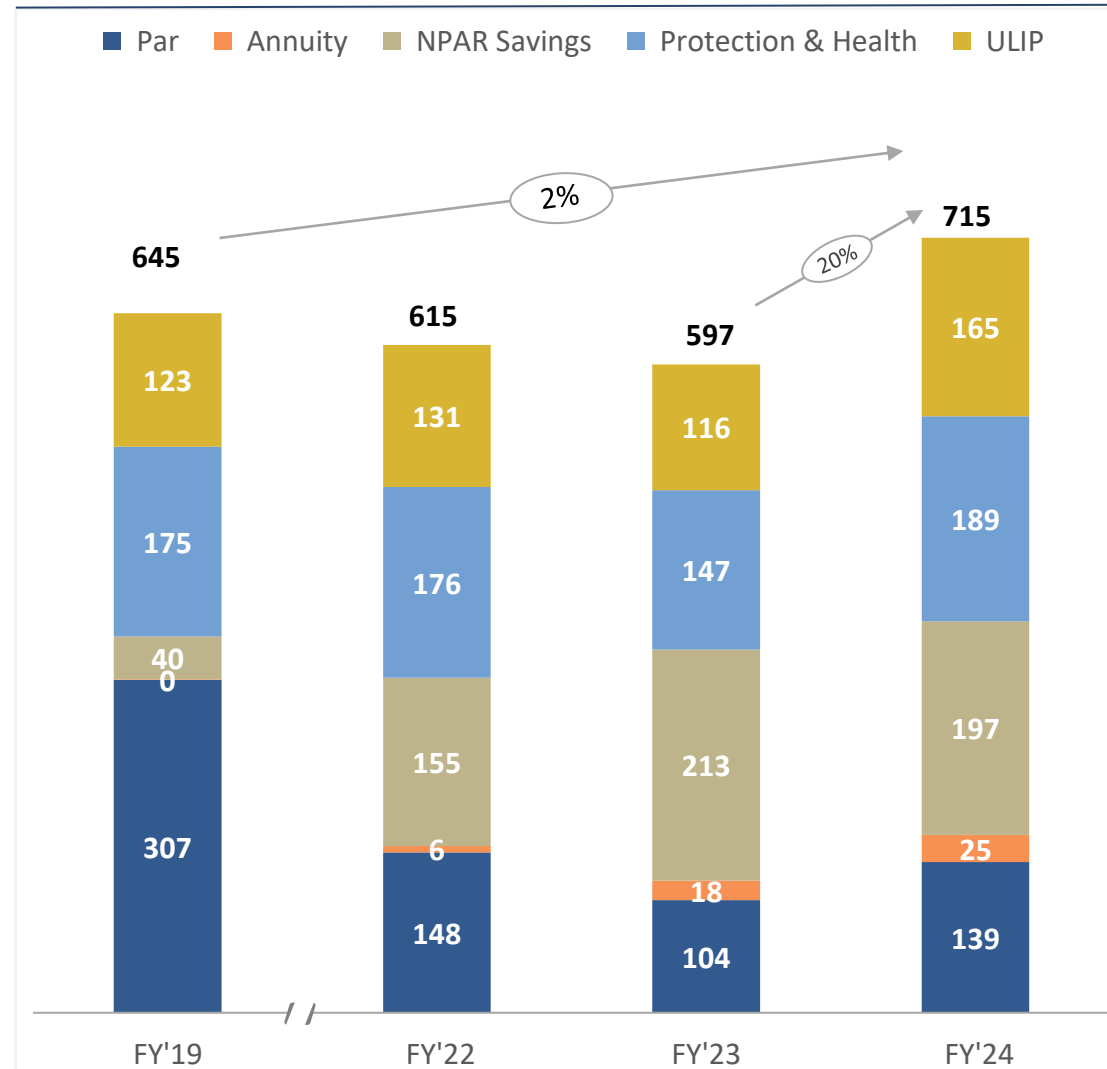


Expansion number of policies sold to be a key driver for FY24

Case Size* (INR'000)



NoP's (000's)



*Based on Individual APE

Sensitivity analysis as at 31st March 2024

Sensitivity	EV		New business	
	Value (Rs Cr)	% change	VNB (Rs Cr) NBM	% change
Base Case	19,494	-	1973 26.5%	-
Lapse/Surrender - 10% increase	19,644	0.8%	1961 26.4%	(0.6%)
Lapse/Surrender - 10% decrease	19,324	(0.9%)	1980 26.6%	0.4%
Mortality - 10% increase	18,994	(2.6%)	1844 24.8%	(6.5%)
Mortality - 10% decrease	19,995	2.6%	2102 28.3%	6.6%
Expenses - 10% increase	19,311	(0.9%)	1817 24.4%	(7.9%)
Expenses - 10% decrease	19,679	0.9%	2128 28.6%	7.9%
Risk free rates - 1% increase	19,209	(1.5%)	1979 26.6%	0.3%
Risk free rates - 1% reduction	19,647	0.8%	1928 25.9%	(2.3%)
Equity values - 10% immediate rise	19,819	1.7%	1973 26.5%	Negligible
Equity values - 10% immediate fall	19,170	(1.7%)	1973 26.5%	Negligible
Corporate tax Rate - 2% increase	19,042	(2.3%)	1907 25.7%	(3.3%)
Corporate tax Rate - 2% decrease	19,947	2.3%	2038 27.4%	3.3%
Corporate tax rate increased to 25%	17,482	(10.3%)	1681 22.6%	(14.8%)

1. Reduction in interest rate curve leads to an increase in the value of assets which offsets the loss in the value of future profits.
2. Risk free rate sensitivities under new business allow for the change in the value of assets as at the date of valuation.

Definitions of the EV and VNB

Market consistent methodology

- The EV and VNB have been determined using a market consistent methodology which differs from the traditional EV approach in respect of the way in which allowance for the risks in the business is made.
- For the market consistent methodology, an explicit allowance for the risks is made through the estimation of the Time Value of Financial Options and Guarantees (TVFOG), Cost of Residual Non-Hedgeable Risks (CRNHR) and Frictional Cost (FC) whereas for the traditional EV approach, the allowance for the risk is made through the Risk Discount Rate (RDR).

Components of EV

The EV is calculated to be the sum of:

- Net Asset value (NAV) or Net Worth: It represents the market value of assets attributable to shareholders and is calculated as the adjusted net worth of the company (being the net shareholders' funds as shown in the audited financial statements adjusted to allow for all shareholder assets on a market value basis, net of tax).
- Value of In-force (VIF): This component represents the Present Value of Future expected post-tax Profits (PVFP) attributable to shareholders from the in-force business as at the valuation date, after deducting allowances for TVFOG, CRNHR and FC. Thus, $VIF = PVFP - TVFOG - CRNHR - FC$.

Covered Business

- All business of Max Life is covered in the assessment except one-year renewable group term business and group fund business which are excluded due to their immateriality to the overall EV.

Components of VIF (1/2)

Present Value of Future Profits (PVFP)

- Best estimate cash flows are projected and discounted at risk free investment returns.
- PVFP for all lines of business except participating business is derived as the present value of post-tax shareholder profits from the in-force covered business.
- PVFP for participating business is derived as the present value of shareholder transfers arising from the policyholder bonuses *plus* one-tenth of the present value of future transfers to the participating fund estate and one-tenth of the participating fund estate as at the valuation date.
- Appropriate allowance for mark-to-market adjustments to policyholders' assets (net of tax) have been made in PVFP calculations to ensure that the market value of assets is taken into account.
- PVFP is also adjusted for the cost of derivative arrangements in place as at the valuation date.

Cost of Residual Non-Hedgeable Risks (CRNHR)

- The CRNHR is calculated based on a cost of capital approach as the discounted value of an annual charge applied to the projected risk bearing capital for all non-hedgeable risks.
- The risk bearing capital has been calculated based on 99.5 percentile stress events for all non-hedgeable risks over a one-year time horizon. The approach adopted is approximate.
- The stress factors applied in calculating the projected risk capital in the future are based on the latest EU Solvency II directives recalibrated for Indian and Company specific conditions.

Components of VIF (2/2)

Time Value Of Options and Guarantees (TVFOG)

- The TVFOG for participating business is calculated using stochastic simulations which are based on 5,000 stochastic scenarios.
- Given that the shareholder payout is likely to be symmetrical for guaranteed non-participating products in both positive and negative scenarios, the TVFOG for these products is taken as zero.
- The cost associated with investment guarantees in the interest sensitive life non-participating products are allowed for in the PVFP calculation and hence an explicit TVFOG allowance has not been calculated.
- For all unit-linked products with investment guarantees, extra statutory reserves have been kept for which no release has been taken in PVFP and hence an explicit TVFOG allowance has not been calculated.

Frictional Cost (FC)

- The FC is calculated as the discounted value of tax on investment returns and dealing costs on assets backing the required capital over the lifetime of the in-force business.
- While calculating the FC, the required capital for non-participating products is funded from the shareholders' fund and is not lowered by other sources of funding available such as the excess capital in the participating business (i.e. participating fund estate).

Key Assumptions for the EV and VNB (1/2)

Economic Assumptions

- The EV is calculated using risk free (government bond) spot rate yield curve taken from FBIL¹ as at March 2024. The VNB is calculated using the beginning of respective quarter's risk free yield curve (i.e. 31st March 2023, 30th June 2023, 30th September 2023 and 31st December 2023).
- No allowance has been made for liquidity premium because of lack of credible information on liquidity spreads in the Indian market.
- Samples from 31st March 2024 and 31st March 2023 spot rate (semi annualized) yield curves used are:

Year	1	2	3	4	5	10	15	20	25	30	40	50
Mar-24	6.99%	7.02%	7.04%	7.06%	7.05%	7.07%	7.09%	7.10%	7.13%	7.15%	7.22%	7.03%
Mar-23	7.16%	7.07%	7.17%	7.19%	7.17%	7.34%	7.38%	7.40%	7.45%	7.45%	7.45%	NA ²
Change	-0.17%	-0.05%	-0.13%	-0.13%	-0.12%	-0.27%	-0.29%	-0.30%	-0.32%	-0.30%	-0.23%	NA

Demographic Assumptions

The lapse and mortality assumptions are approved by Board committee and are set by product line and distribution channel on a best estimate basis, based on the following principles:

- Demographic assumptions are set to reflect the expected long term experience.
- Assumptions are based on last one year experience and expectations of future experience given the likely impact of current and proposed management actions on such assumptions.
- Aims to avoid arbitrary changes, discontinuities and volatility where it can be justified.
- Aims to exclude the impacts of non-recurring factors.

¹ Financial Benchmark India Pvt. Ltd.

² The 50 year term spot rate was not available as at Mar'23

Key Assumptions for the EV and VNB (2/2)

Expense and Inflation

- Maintenance expenses are based on the recent expense studies performed internally by the Company.
- Future CSR related expenses have been taken to be 2% of post tax (risk adjusted) profits emerging each year.
- The commission rates are based on the actual commission payable, if any.

Tax

- The Corporate tax rate is the effective tax rate, post allowing for exemption available on dividend income. Tax rate is nil for pension business.
- For participating business, the transfers to shareholders resulting from surplus distribution are not taxed as tax is assumed to be deducted before surplus is distributed to policyholders and shareholders.
- Goods and Service tax is assumed to be 18%.
- The mark to market adjustments are also adjusted for tax.