

MAX FINANCIAL

RESULT UPDATE

KEY DATA

Rating	BUY
Sector relative	Outperformer
Price (INR)	1,540
12 month price target (INR)	1,870
52 Week High/Low	1,669/950
Market cap (INR bn/USD bn)	519/5.9
Free float (%)	76.1
Avg. daily value traded (INR mn)	1,682.1

SHAREHOLDING PATTERN

	Jun-25	Mar-25	Dec-24
Promoter	1.74	1.74	3.34
FII	44.71	44.75	47.5
DII	47.29	47.29	42.69
Pledge	0	28.67	0

FINANCIALS

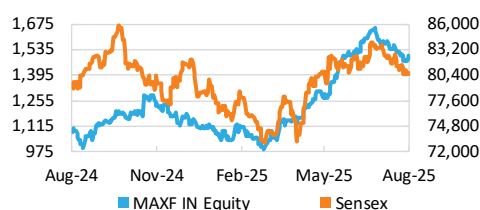
(INR mn)

Year to March	FY25A	FY26E	FY27E	FY28E
APE	87,700	102,175	118,042	135,393
VNB	21,070	25,293	29,951	34,457
VNB margin (%)	24.0	24.8	25.4	25.4
EV	251,910	303,611	358,812	422,410
APAT	4,064	6,029	6,625	7,586
FDEPS	9.4	14.0	15.4	17.6
RoEV (%)	21.0	20.5	18.2	17.9
P/EV (x)	2.6	2.2	1.9	1.6
P/E (x)	163.5	107.7	98.0	85.6

CHANGE IN ESTIMATES

INR bn	Revised estimates		% Revision	
Year to March	FY26E	FY27E	FY26E	FY27E
APE	102.2	118.0	0.7	0.5
VNB	25.3	30.0	2.8	4.0
VNB Margin (%)	24.8	25.4	49.0	87.0
EV	303.6	358.8	2.3	2.4

PRICE PERFORMANCE



Mix drives strong margin outperformance

Axis Max Life (AMLI) posted healthy Q1FY26 APE growth of 14.8% YoY aided by 16.5% YoY growth in banca channels. Q1FY26 VNB margin came in at 20.1% (+260bp YoY) led by rider attachments, product repricing and product mix shift towards NPAR (+488bp YoY) and protection (+300bp YoY). Consequently, Q1 VNB came in at INR3.4bn (+31.9 % YoY), i.e. 6.9% above expectation.

For FY26E, management reiterated the strong top-line growth expectation and VNB margin guidance of 24–25%. Investors will keenly watch out for direct listing of AMLI. We are tweaking FY26E/27E/28E VNB by 2.8%/4%/4% and maintain 'BUY' with a revised TP of INR1,870 (earlier INR1,810), i.e. FY26E/27E P/EV of 2.7/2.2x.

Mix change drives margin expansion and VNB beat

AMLI posted robust APE (excluding GTI) growth of 14.8% YoY to INR16.7bn as the banca channel grew strongly at 16.3% YoY and the proprietary channel by 11% YoY. Within banca, the Axis bank channel registered growth of 10.9% YoY while other banca partnerships surged 53.3% YoY. Management highlighted that the Axis bank channel grew 20%-plus on an NOP basis. The counter share within Axis Bank channel held stable at 65–70%. The proprietary channel growth was weighed down by a 0.4% YoY dip in the online segment even as the offline channel increased 17.9% YoY. Online channel growth slowed as ULIP sales (driven through this channel) fell vis-a-vis Q1FY25. For Q1FY26, NPAR/Individual protection grew 41.1%/35.4% YoY (+488bp/173bp YoY increase in share to 27.1%/11.9%). The company launched a new NPAR savings product—"Smart VIBE Plan" with guaranteed income, life cover, maturity benefit and rider options—the key in rebalancing product mix away from ULIPs in Q1. Linked products' sale fell 3.9% YoY (-661bp YoY to 32.5%). Management highlighted that future ULIP growth would depend on market opportunities, but margins will be kept stable. Group protection jumped 21.6% YoY (+52bp YoY to 10.7%). Management guided for FY26 VNB margin of 24–25%.

Rider attachment, product mix and repricing drive margin

For Q1FY26 VNB margin came in strong at 20.1% (260bp YoY) due to a favourable product mix, increased rider attachment and product repricing. Management stated that the change in NPAR product design, repricing and rider attachments have aided margins following the hit due to surrender value regulation change. Pure individual protection products have witnessed multiple re-pricings over the last three quarters. Q1FY26 operating RoEV came in at 14.3%. Back-book surplus grew 15.1% YoY while new business strain increased 35.3% YoY due to a higher sale of NPAR products.

Financials

Year to March	Q1FY26	Q1FY25	% Change	Q4FY25	% Change
APE	16,680	14,530	14.8	30,390	(45.1)
VNB	3,350	2,540	31.9	8,520	(60.7)
VNB margin (%)	20.1	17.5	(260bp)	28.0	(795)bp
EV	264,780	220,430	20.1	251,920	5.1

Financial Statements

Policyholder AC (INR mn)

Year to March	FY25A	FY26E	FY27E	FY28E
Total Premium earned	325,977	411,118	487,729	566,797
Commission	31,449	31,304	36,671	42,559
Operating expenses	45,140	57,968	68,770	79,918
Provisions and taxes	2,717	2,704	2,989	2,982
Benefits Paid	170,283	182,603	213,649	250,939
Other income	762	800	840	882
Transfer from shareholders AC	3,267	3,920	4,312	4,743
Net Cash Flow	80,415	141,258	166,429	191,532
Income from Investments	131,358	153,077	179,478	210,635
Change in valuation of liabilities	205,253	282,219	338,989	394,124
Surplus/(deficit) after tax	6,520	6,054	6,918	8,043
Transfer to shareholders AC	2,777	2,724	3,459	4,022

Shareholders AC (INR mn)

Year to March	FY25A	FY26E	FY27E	FY28E
Transfer from Policyholders' a/c	2,777	2,724	3,459	4,022
Invst. income and other Income	6,129	8,485	8,876	9,808
Total income	8,907	11,209	12,336	13,829
Expenses	1,127	644	682	723
Contribution to Policyholders' a/c	3,267	3,920	4,312	4,743
Provisions other than taxation	29	(7)	31	(8)
Profit before tax	4,484	6,652	7,310	8,371
Taxes	420	623	685	784
PAT	4,064	6,029	6,625	7,586

Balance Sheet (INR mn)

Year to March	FY25A	FY26E	FY27E	FY28E
Share capital	20,614	20,614	20,614	20,614
Reserve and surplus	39,784	45,813	52,438	60,024
Net worth	60,397	66,427	73,052	80,638
Borrowings	9,960	9,960	9,960	9,960
Credit/debit balance in fair value a/c	846	931	1,024	1,126
Policyholders' a/c	1,662,998	1,945,217	2,284,206	2,678,331
Funds for future appropriation	42,470	46,574	51,075	56,010
Total Liabilities	1,776,671	2,069,109	2,419,317	2,826,066
Investments	1,750,723	2,042,613	2,392,251	2,798,404
Loans	12,551	12,551	12,551	12,551
Fixed assets + DTA	4,938	5,061	5,188	5,317
Net current assets	8,460	8,883	9,327	9,793
Goodwill	0	0	0	0
Total Assets	1,776,671	2,069,109	2,419,317	2,826,066

Source: Company and Nuvama estimates

Key metrics (INR mn)

Year to March	FY25A	FY26E	FY27E	FY28E
NBP	121,736	180,478	221,370	260,613
APE	87,700	102,175	118,042	135,393
VNB	21,070	25,293	29,951	34,457
EV	251,910	303,611	358,812	422,410
EVOP	37,300	46,201	55,200	64,289
PAT	4,064	6,029	6,625	7,586
FDEPS (INR)	9.4	14.0	15.4	17.6
FDBVPS (INR)	140.0	154.0	169.3	186.9
Growth (YoY %)				
NBP	10.4	48.3	22.7	17.7
APE	18.0	16.5	15.5	14.7
VNB	6.8	20.0	18.4	15.0
EV	29.2	20.5	18.2	17.7
EVOP	13.5	23.9	19.5	16.5
PAT	13.0	48.4	9.9	14.5
FDEPS	13.0	48.4	9.9	14.5
FDBVPS	53.4	10.0	10.0	10.4
Expense ratios (%)				
Commissions/TWRP	9.6	7.6	7.5	7.5
Opex/TWRP	13.8	14.1	14.1	14.1
Total expenses/TWRP	23.5	21.7	21.6	21.6
Effeciency ratios (%)				
VNB Margin	24.0	24.8	25.4	25.4
ROEV return	21.0	20.5	18.2	17.9
Operating RoEV	19.1	18.3	18.2	17.9
Non-operating RoEV	1.8	2.2	0	0
RoAA	0.3	0.3	0.3	0.3
RoAE	9.2	9.5	9.5	9.9

Valuation

Year to March	FY25A	FY26E	FY27E	FY28E
P/E (x)	163.5	107.7	98.0	85.6
P/ABV (x)	11.0	9.8	8.9	8.1
P/EV (x)	2.6	2.2	1.9	1.6
P/VNB Multiple (x)	16.0	11.1	12.0	8.9
P/EVOP (x)	14.2	11.5	12.0	10.3
P/VIF (x)	2.8	2.3	2.3	2.0
P/AUM (x)	0.4	0.3	0.3	0.2

Valuation on TP

Year to March	FY25A	FY26E	FY27E	FY28E
P/E (x)	198.5	129.5	117.9	102.9
P/ABV (x)	13.4	11.8	10.7	9.7
P/EV (x)	2.6	2.1	2.2	1.9
P/VNB Multiple (x)	21.4	15.6	16.8	13.0
P/EVOP (x)	17.3	14.0	14.6	12.5
P/VIF (x)	3.4	2.7	2.8	2.4
P/AUM (x)	0.4	0.3	0.3	0.3

Exhibit 1: Total APE growth surges to 14.8% YoY in Q1FY26

Particulars (INR mn)	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	YoY (% / bp)	QoQ (% / bp)
New Business Premium	20,760	30,150	30,000	40,830	25,240	21.6	(38.2)
Gross Written Premium	53,990	77,380	82,230	118,630	63,970	18.5	(46.1)
First year Premium	13,838	20,761	20,089	29,230	15,729	13.7	(46.2)
Renewal Premium	33,230	47,230	52,230	77,800	38,730	16.6	(50.2)
Single Premium	6,922	9,389	9,911	11,600	9,511	37.4	(18.0)
Total APE	14,530	21,700	21,080	30,390	16,680	14.8	(45.1)
Individual APE	14,270	21,400	20,770	30,070	16,410	15.0	(45.4)
Protection APE	3,178	3,350	3,070	4,050	4,227	33.0	4.4
Individual Protection APE	1,589	2,251	2,159	3,100	2,206	38.8	(28.9)
Share of protection in Total APE (%)	20.0	14.9	14.2	13.1	22.9	290bp	988bp
VNB (post over-run)	2,540	5,123	4,887	8,520	3,350	31.9	(60.7)
VNB margin (post over-run) (%)	17.5	23.6	23.2	28.0	20.1	260bp	(795)bp
FYTD VNB (post over-run)	2,540	7,663	12,550	21,070	3,350	31.9	NM
FYTD VNB margin (post over-run) (%)	17.5	21.2	21.9	24.0	20.1	262bp	NM

Source: Company, Nuvama Research

Exhibit 2: NPAR/individual protection growth strong at 41.1%/35.4% YoY; bank share in channel mix improves 71bp YoY

Product Mix - Total APE basis (INR mn)	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	YoY (% / bp)	QoQ (% / bp)
PAR	2,090	2,260	3,530	5,700	2,130	1.9	(62.6)
Individual protection	1,610	2,350	1,980	3,020	2,180	35.4	(27.8)
Group protection	1,620	1,110	810	940	1,970	21.6	109.6
Non PAR savings	3,530	5,680	4,750	6,800	4,980	41.1	(26.8)
Annuity	820	1,030	1,190	1,880	1,140	39.0	(39.4)
ULIP	6,220	10,080	9,330	12,660	5,980	(3.9)	(52.8)
Total	15,890	22,510	21,590	31,000	18,380	15.7	(40.7)
Product Mix - Total APE basis (%)							
PAR	13.2	10.0	16.4	18.4	11.6	(156)bp	(680)bp
Individual protection	10.1	10.4	9.2	9.7	11.9	173bp	212bp
Group protection	10.2	4.9	3.8	3.0	10.7	52bp	769bp
Non PAR savings	22.2	25.2	22.0	21.9	27.1	488bp	516bp
Annuity	5.2	4.6	5.5	6.1	6.2	104bp	14bp
ULIP	39.1	44.8	43.2	40.8	32.5	(661)bp	(830)bp
Total	100	100	100	100	100	-	-
Channel Mix-Total APE (%)							
Proprietary	49.3	43.3	42.2	38.7	47.7	(162)bp	899bp
Banks	48.5	54.4	55.8	58.8	49.2	71bp	(964)bp
Others	2.2	2.3	2.0	2.5	3.1	92bp	65bp
Total	100	100	100	100	100	-	-

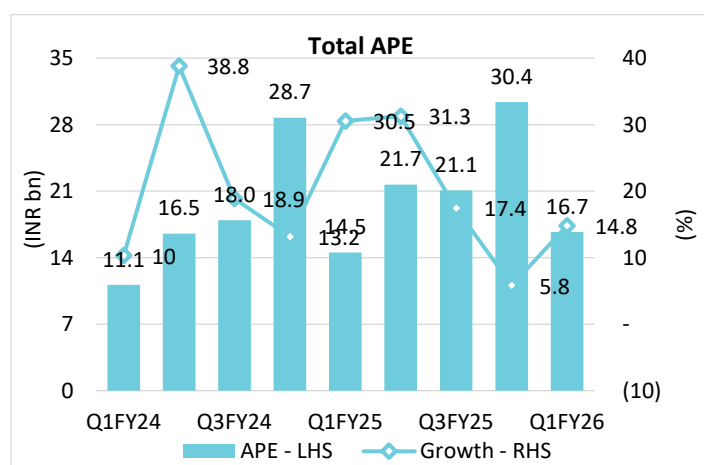
Source: Company, Nuvama Research

Exhibit 3: Persistency improves across 61st month cohorts; AUM grows 13.7% YoY

	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	YoY (% / bp)	QoQ (% / bp)
AUM (INR bn)	1,612	1,701	1,717	1,751	1,832	13.7	4.6
Debt Mix (%)	70.2	68.5	70.3	72.4	69.8	(41)bp	(261)bp
Equity Mix (%)	29.8	31.5	29.7	27.6	30.2	41bp	261bp
Non -Linked (%)	70.8	70.5	71.6	72.5	72.1	132bp	(41)bp
Linked (%)	29.2	29.4	28.5	27.4	27.9	(132)bp	45bp
Persistency FYTD (excluding single premium) (%)							
13th month	87.0	87.0	87.0	88.0	86.0	(100)bp	-
25th month	70.0	71.0	72.0	74.0	75.0	500bp	-
37th month	62.0	64.0	64.0	63.0	63.0	100bp	-
49th month	58.0	67.0	67.0	57.0	58.0	-	-
61th month	52.0	58.0	58.0	53.0	54.0	200bp	-
Policyholder expense to Gross premium (%)	17.9	16.5	14.9	13.6	17.8	(10)bp	420bp
Opex at Max Financial-Standalone	58	59	59	61	53	(8.5)	(14.3)
Cash expenses at Max Financial-Standalone	61	62	62	65	56	(8.4)	(14.1)
Solvency (%)	203	198	196	201	199	(400)bp	(200)bp

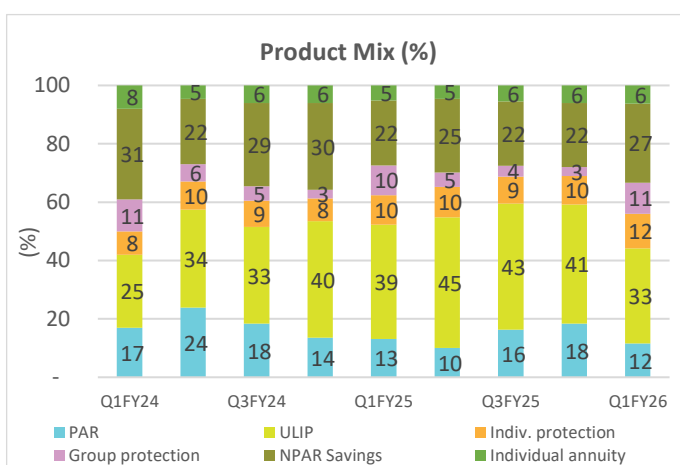
Source: Company, Nuvama Research

Exhibit 4: APE (ex-GTI) clocks growth of 14.8% YoY



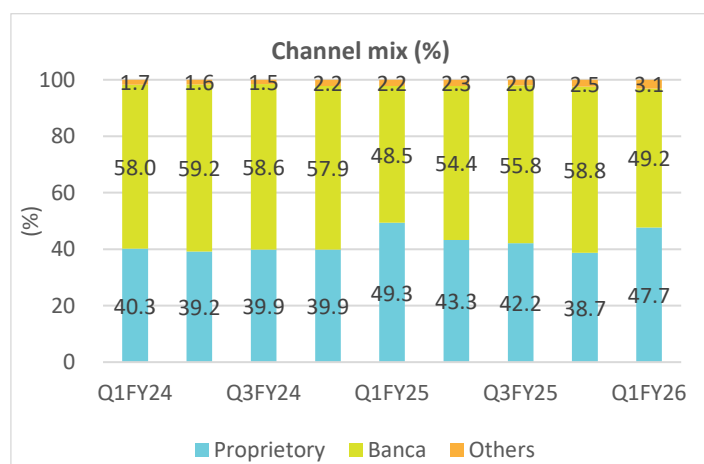
Source: Company, Nuvama Research

Exhibit 5: NPAR product share rises 488bp YoY



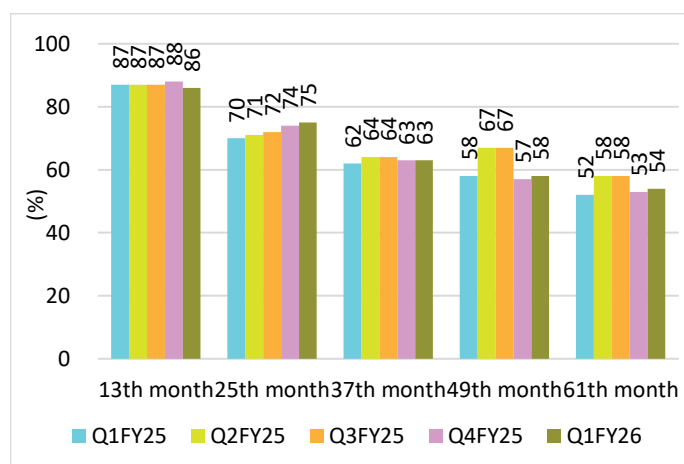
Source: Company, Nuvama Research

Exhibit 6: Banca channel contribution improves YoY



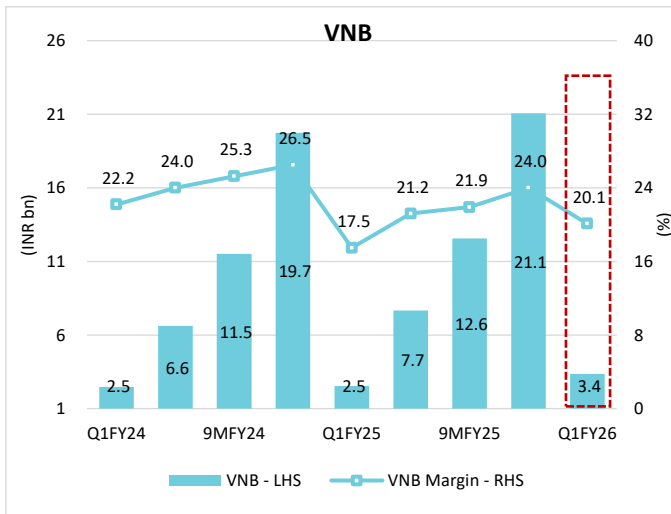
Source: Company, Nuvama Research

Exhibit 7: Persistency improves across 61st cohorts



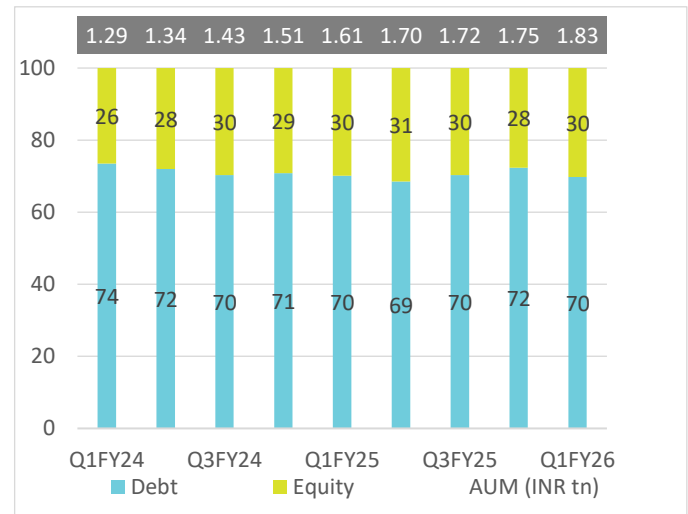
Source: Company, Nuvama Research

Exhibit 8: VNB margin expands 260bp YoY to 20.1%



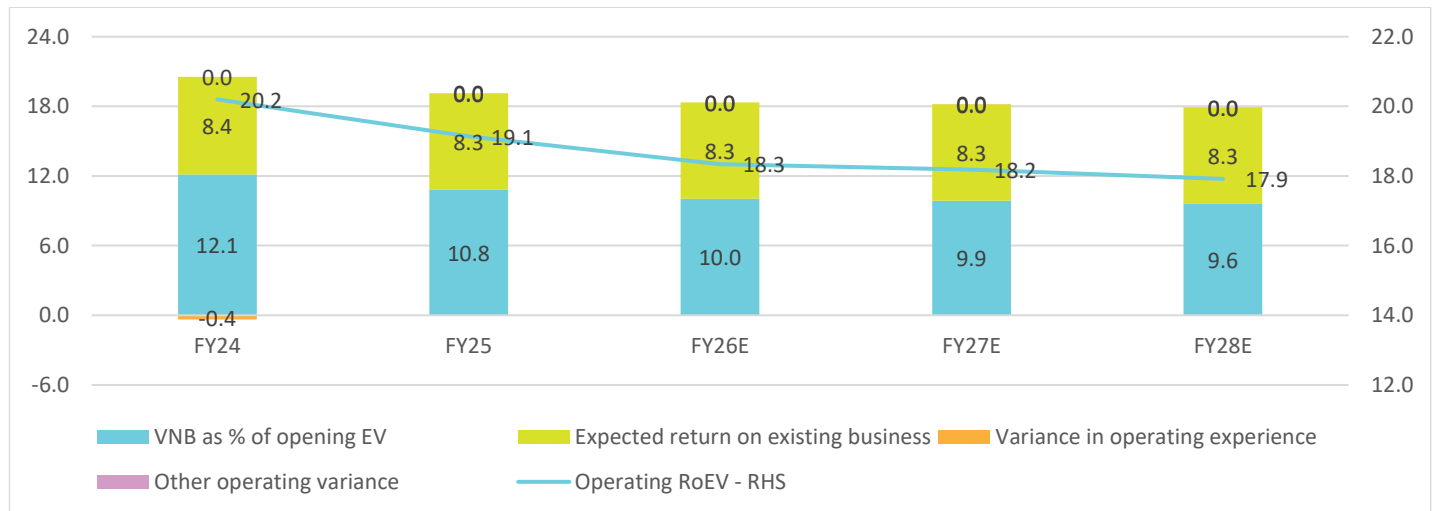
Source: Company, Nuvama Research

Exhibit 9: Equity share in AUM mix increases to 30%



Source: Company, Nuvama Research

Exhibit 10: Operating RoEV expected at ~18% levels over FY26E–28E



Source: Company, Nuvama Research

Exhibit 11: EV movement

EV movement (INR bn)	FY24	FY25	FY26E	FY27E	FY28E
Opening IEV	162.6	194.9	251.9	303.6	358.8
Expected return on existing business	13.7	16.2	20.9	25.2	29.8
Net VNB	19.7	21.1	25.3	30.0	34.5
Variance in Operating experience	(0.6)	0.1	0.0	0.1	0.1
IEV operating earnings	32.9	37.3	46.2	55.2	64.3
Economic variances	(0.5)	3.6	5.5	0.0	0.0
Total IEV earnings	32.3	40.9	51.7	55.2	64.3
Capital contributions / dividend payouts	0.0	16.1	0.0	0.0	(0.7)
Closing IEV	194.9	251.9	303.6	358.8	422.4

Source: Company, Nuvama Research

Exhibit 12: EV and VNB sensitivity

Scenario/Change (%)	FY22		FY23		FY24		FY25	
	% change in VNB	% change in EV	% change in VNB	% change in EV	% change in VNB	% change in EV	% change in VNB	% change in EV
Increase by 100bps in the reference rates	4.0	(2.0)	5.2	(0.8)	0.3	(1.5)	0.3	(2.9)
Decrease by 100bps in the reference rates	(5.0)	1.0	(7.4)	0.2	(2.3)	0.8	(0.4)	3.4
10% decrease in equity values	Neg.	(1.0)	Neg.	(1.2)	Neg.	(1.7)	Neg.	(1.3)
10% increase in the discontinuance rates	(2.0)	(1.0)	0.1	0.1	(0.6)	0.8	(3.0)	0.7
10% decrease in the discontinuance rates	2.0	1.0	(0.4)	(0.2)	0.4	(0.9)	3.0	(0.8)
10% increase in maintenance expenses	NA	(2.0)	NA	(2.2)	NA	(2.6)	NA	(2.8)
10% decrease in maintenance expenses	NA	2.0	NA	2.2	NA	2.6	NA	2.8
10% increase in acquisition expenses	(6.0)	(1.0)	(7.2)	(0.9)	(7.9)	(0.9)	(9.3)	(0.9)
10% decrease in acquisition expenses	6.0	1.0	7.2	0.9	7.9	0.9	9.3	0.9
10% increase in mortality/ morbidity rates	(4.0)	NA	(4.3)	NA	(6.5)	NA	(7.9)	NA
10% decrease in mortality/ morbidity rates	4.0	NA	4.3	NA	6.5	NA	7.9	NA
Tax rates increased to 25%	(20.0)	NA	(20.8)	NA	(14.8)	NA	(15.1)	NA

Source: Company, Nuvama Research

Exhibit 13: Estimates revision

(INR bn)	Earlier			Revised			Change (%/bp)		
	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
APE	101.4	117.5	134.8	102.2	118.0	135.4	0.7	0.5	0.4
VNB	24.6	28.8	33.1	25.3	30.0	34.5	2.8	4.0	4.0
VNB Margin (%)	24.3	24.5	24.6	24.8	25.4	25.4	49bp	87bp	87bp
Embedded Value	296.9	350.4	412.0	303.6	358.8	422.4	2.3	2.4	2.5
Operating RoEV (%)	17.9	18.0	17.8	18.3	18.2	17.9	47bp	17bp	14bp
Target Price (INR)	1,810			1,870			3.3%		
Rating	BUY			BUY					

Source: Company, Nuvama Research

Q1FY26 conference call highlights

Merger with Max Financial

The company is awaiting passage of the new Insurance Act, expected in the upcoming Parliament session. This legislation is critical to facilitate the proposed reverse merger with Max Financial.

Growth & Reporting Metrics

Management clarified that the Life Insurance Council monthly numbers are reported on an AFIP basis (collection-based) while financial statements use APE basis (entire first-year premium booked upfront). The gap between the two is expected to narrow to 2–3%.

VNB margin

Management provided the FY26 guidance as 24–25%. The impact of surrender value regulation changes is largely mitigated through product repricing, rider attachments, and mix adjustments. Margins improved in some product categories and weakened in others. NPAR product margins were hit by design changes post-regulation.

Protection business saw multiple repricing rounds over the last three quarters.

Product mix

ULIP share reduced from 43% in Q1FY25 to 36% in Q1FY26; future ULIP growth to depend on market opportunities, but margins will be kept stable. In protection, ROP share dropped to 10% as focus shifts to proprietary channels, ROP share will improve. Rider APE surged 300%+ YoY, driving 36% YoY growth in the protection segment.

Distribution channels

Proprietary: Management highlighted that higher ULIP sales in Q1FY25 impacted online channel sales (–0.4% YoY in Q1FY26).

Banca: Axis Bank counter share steady at 65–70%; NOP growth +20% YoY despite slower premium growth.

Other banca partnerships grew 55% YoY, with AMLI gaining strong traction in counter share in some other banks. Management mentioned that the shift towards non-linked products is partly due to market along with its own initiative.

Operating variance: Unwind rate declined from 8.4% to 8.3%. This resulted in positive variance, but modest in quantum.

New App & Product Launch

Axis Max Life App: The new app is industry-first with wellness integration, seamless policy management, and premium payment features—expected to boost persistency.

Smart VIBE Plan: New NPAR savings product with guaranteed income, life cover, maturity benefit, rider options, and policy continuance benefits—key in rebalancing product mix away from ULIPs.

Pricing & Persistency

Management stated that 13-month persistency weakened, especially in traditional products, due to economic impact and lower high-ticket sales; however, the improvement was seen in later cohorts; no major variance expected from persistency.

Capital & Financials

Medium-to-long-term capital emergence planned through a mix of debt and equity to fund growth.

New business strain was up 35.3% YoY due to higher NPAR mix.

Positive economic variance of INR4.3bn was aided by interest rate softening.

Other updates

Management stated that health products witnessed a small decline in post-October 1 regulatory changes as consumer proposition weakened under the new norms.

Management mentioned that Axis Bank is pursuing the RBI approval for primary or secondary investment in the company.

Company Description

Axis Max Life Insurance (AMLI) was established as a joint venture (JV) between Max India and Mitsui Sumitomo. This business saw change in JV partner in June 2012 wherein extant JV partner, Mitsui Sumitomo, acquired 26% stake in the then Max Yew York Life Insurance - 16.63% from New York Life International Holdings (which wanted to exit the JV to focus on their core markets in US and Mexico) and 9.37% from Max India (which in turn acquired it from New York Life Insurance). Today, the business is a JV between Max Financial and Axis Bank, with Axis bank shareholding at 19.02%. Further, Axis Bank's group entities have agreed to buy the additional 0.98% in AMLI from MaxFin to make a total shareholding of 20% in the insurer. Max Financial is further expected to reverse merge into Axis Max Life paving way for the direct listing of AMLI.

Investment Theme

The company's strengths lie in: (i) huge scalability potential; and (ii) globally experienced partners providing technical know-how. We believe that the secular growth trend in financial savings will sustain, benefitting insurance companies. In the insurance space, we expect AMLI to capitalise on the same given its: 1) strong agency network; and (2) partnership with Axis Bank. AMLI operating metrics (growth, persistency, opex, AUM) reflected in core RoEV potential of ~19% is amongst best-in-class.

Key Risks

- Protracted weakness in capital markets affecting ULIP persistency: Limited renewals obviously hurt a largely fixed cost-quasi asset management business—through a rundown in asset size and consequent cost-driven profitability pressures.
- Interest rates and rate curves, may impact availability and attractiveness of FRAs which may consequently impact insurers ability to design and sell products. AMLI has a high percentage of sales of non-participating products.
- Regulatory changes may have a profound impact- especially with increased adoption of open architecture, proposed changes in commission and expenses of management limits, use and file of products, introduction of composite insurance licenses etc.
- Loss of counter share in Axis group's channel; lower margins, especially if Axis Bank increases commission rates.

Additional Data

Management

CEO	Mr. Prashant Tripathy
CFO	Mr. Amrit Singh
COO	Mr. Manu Lavanya
Other	
Auditor	S.R. Batliboi & Co LLP

Holdings – Top 10*

	% Holding		% Holding
HDFC AMC	9.05	Capital Group	2.79
Nippon India	5.80	SBI Funds Manag	2.70
ICICI Prudentia	4.61	Kotak Mahindra	2.35
Vanguard Group	3.07	HDFC Life Insur	2.23
DSP Investment	3.05	Polar Capital P	2.00

*Latest public data

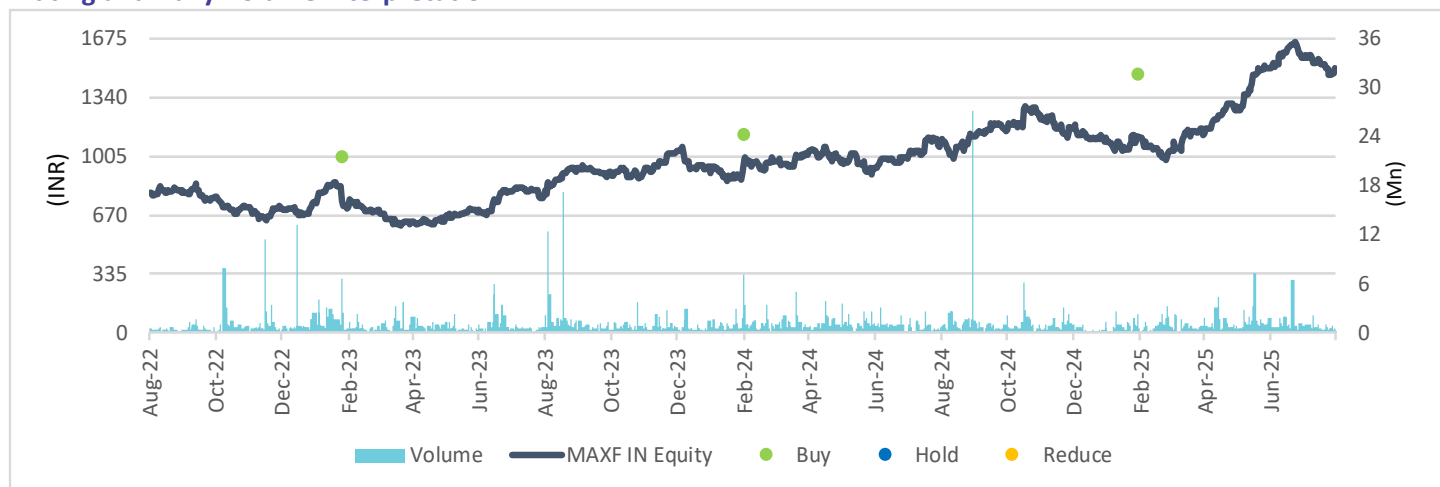
Recent Company Research

Date	Title	Price	Reco
14-May-25	VNB growth set to improve; <i>Result Update</i>	1,300	Buy
05-Feb-25	Adverse mix dents margins ; <i>Result Update</i>	1,101	Buy
23-Oct-24	Operating leverage drives margin beat; <i>Result Update</i>	1,170	Buy

Recent Sector Research

Date	Name of Co./Sector	Title
24-Jul-25	SBI Life Insurance	Strong margins drive beat; <i>Result Update</i>
15-Jul-25	HDFC Life Insurance	Business as usual; <i>Result Update</i>
15-Jul-25	ICICI Prudential Life	Higher protection share drives margins; <i>Result Update</i>

Rating and Daily Volume Interpretation



Source: Bloomberg, Nuvama research

Rating Rationale & Distribution: Nuvama Research

Rating	Expected absolute returns over 12 months	Rating Distribution
Buy	15%	202
Hold	<15% and >-5%	66
Reduce	<-5%	36

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