

Max Financial Services

Estimate change



TP change



Rating change



Bloomberg	MAXF IN
Equity Shares (m)	345
M.Cap.(INRb)/(USD\$)	593.2 / 6.7
52-Week Range (INR)	1728 / 950
1, 6, 12 Rel. Per (%)	6/29/32
12M Avg Val (INR M)	1180

Financials & Valuations (INR b)

Y/E MARCH	FY25	FY26E	FY27E
Gross Premium	332.2	386.8	450.6
PAT	4.1	3.0	5.9
APE	87.7	102.3	121.7
VNB margin (%)	24.0	25.0	26.0
Op. RoEV (%)	19.1	17.4	18.9
AUM (INRb)	1,751	1,968	2,217
VNB(INRb)	21.1	25.6	31.6
EV per Share	584	691	828

Valuations

P/EV (x)	2.9	2.5	2.1
P/EVOP (x)	19.9	16.9	13.1

Shareholding Pattern (%)

As On	Sep-25	Jun-25	Sep-24
Promoter	1.7	1.7	3.3
DII	47.3	47.3	44.0
FII	44.8	44.7	46.2
Others	6.2	6.3	6.4

FII includes depository receipts

CMP: INR1,719

TP: INR2,100 (+22%)

BUY

Product mix shift drives VNB margin expansion; guidance intact

- Axis Max Life Insurance (MAXLIFE) reported an APE growth of 16% YoY to INR25.1b (in line). For 1HFY26, APE grew 15% YoY to INR41.8b.
- MAXLIFE's VNB grew 25% YoY to INR 6.4b (7% beat), resulting in a VNB margin of 25.5% (150bp beat) vs 23.6% in 2QFY25. For 1HFY26, VNB grew 27% YoY to INR9.7b, resulting in a VNB margin of 23.3%.
- At the end of 1HFY26, the company reported an EV of ~INR269b, reflecting an RoEV of 15% and an operating RoEV of 16.3% (16.8% in 1HFY25).
- The loss of ITC led to a 60bp impact on VNB margin in 1HFY26, and the company expects a 300–350bp drag without any changes to commissions or any other actions. However, the negotiations on commissions are ongoing, and other operating efficiencies would help offset the impact. Management maintained its VNB margin guidance of 24–25% for FY26.
- We retain our APE estimates and slightly raise our VNB margin estimates by 50bp to 25%/26%/26.5% in FY26/FY27/FY28. **We reiterate our BUY rating with a TP of INR2,100, premised on 2.3x Sep'27E EV.**

Rising contributions from protection, annuity, and non-par savings

- Gross premium income grew 18% YoY to INR91b (in-line). Renewal premium grew 19% YoY to INR56.3b (in-line). For 1HFY26, the premium grew 18% YoY to INR154.9b.
- The maintained growth momentum drove market share expansion to 10.1% during 1HFY26 from 9.3% in 1HFY25.
- VNB margin expansion of 190bp YoY was largely driven by a product mix shift in 2QFY26, with non-par savings contribution increasing to 35% (30% in 2QFY25) and protection contribution rising to 18% (15% in 2QFY25), while ULIP contribution declined to 35% (44% in 2QFY25).
- The high-margin segments, such as protection, witnessed an APE growth of 36% YoY in 1HFY26 to INR5.4b, with rider APE rising 80% YoY. Annuity APE posted 85% YoY growth to INR3.4b in 1HFY26. Group credit life has started to recoup from 2QFY26, witnessing a growth of 24% YoY during 2Q.
- MAXLIFE launched the Group Smart Health Insurance Plan, a comprehensive fixed-benefit health solution that offers the benefit of choosing from multiple benefit options.
- On the distribution front, the proprietary channel maintains strong growth momentum, growing 22% YoY during 2QFY26, aided by a 26% YoY growth in the offline channel and 14% YoY growth in the online channel. The partnership channel grew 9% YoY in 2Q, driven by a 6% YoY growth in the Axis Bank channel and a 31% YoY growth in other partner channels.
- The opex-to-GWP ratio improved 100bp YoY to 15.5% in 1HFY26.
- Persistency on the premium basis improved across long-term cohorts, especially in the 25th-month (+500bp YoY to 76%) and 61st-month (+200bp YoY to 54%). However, the 13th-month persistency dipped 200bp YoY to 85%.
- AUM grew 9% YoY to INR1.85t. The solvency ratio stood at 208% in 1HFY26 vs. 198% in 1HFY25.

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Key highlights from the management commentary

- Early signs of a strong demand are visible, particularly in protection products, and management expects the impact to deepen over the medium term. About 75% of Sep'25 sales were completed after 22nd Sep'25.
- MAXLIFE now holds the highest market share in retail protection, reflecting its strong franchise in the segment. Pure protection sales grew 34% YoY, with momentum improving week-on-week post-GST exemption. The credit life business also started recovering in 2Q and is expected to sustain traction in the coming quarters.
- Within Axis Bank, MAXLIFE continues to maintain a 65-66% counter share in individual business and ~60% share in credit life. Management expects these shares to improve to 65-70% over time.

Valuation and view

- MAXLIFE maintains a better-than-industry APE growth trajectory. VNB margin witnessed a strong expansion owing to strong growth and a rise in the contribution of protection, non-par, and annuity businesses during 2QFY26. The proprietary channel continues to drive growth across offline and online channels, while the bancassurance channel posted strong growth in non-Axis partnerships. The persistency trends improved across long-term cohorts. While the GST exemption is expected to improve the growth momentum, the efforts to mitigate the impact of the loss of input tax credit will be key.
- We retain our APE estimates and slightly raise our VNB margin estimates by 50bp to 25%/26%/26.5% in FY26/FY27/FY28. **We reiterate our BUY rating with a TP of INR2,100, premised on 2.3x Sep'27E EV.**

Quarterly snapshot

Policyholder's A/c (INR b)	FY25				FY26				FY25	FY26E	FY26E	A
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE			2QE	v/s E (%)
First-year premium	12.6	20.5	20.4	29.8	15.5	23.4	23.9	34.9	82.0	97.8	23.5	0
Growth (%)	27.1	33.6	16.1	17.3	23.3	14.1	17.2	17.2	19.0	19.2	14.5	
Renewal premium	33.2	47.2	52.2	77.8	38.7	56.3	59.8	89.2	210.5	244.0	54.9	3
Growth (%)	10.3	12.4	13.3	16.4	16.6	19.2	14.4	14.6	13.7	15.9	16.2	
Single premium	8.2	9.7	9.6	11.1	9.7	11.3	10.8	13.3	39.7	45.1	11.3	-1
Growth (%)	-5.7	8.4	3.0	-27.0	19.0	16.5	13.1	20.4	-3.9	13.5	17.3	
Gross premium income	54.0	77.4	82.2	118.6	64.0	90.9	94.5	137.4	332.2	386.8	89.7	1
Growth (%)	10.8	16.8	12.7	10.5	18.5	17.5	15.0	15.8	12.5	16.4	15.9	
PAT	1.6	1.4	0.7	0.4	0.9	0.1	0.9	1.2	4.1	3.0	1.5	-96
Growth (%)	51.4	-11.2	-53.8	-174.5	-44.9	-95.7	28.3	207.7	13.0	-26.6	10.7	
Key metrics (INRb)												
New Business APE	14.5	21.7	21.1	30.4	16.7	25.1	25.3	35.2	87.7	102.3	24.8	1
Growth (%)	30.5	31.3	17.4	5.8	14.8	15.5	19.9	15.9	20.9	16.6	0.1	
VNB	2.5	5.1	4.9	8.5	3.4	6.4	6.3	9.5	21.1	25.6	6.0	7
Growth (%)	2.8	23.1	0.0	3.8	31.9	24.8	29.3	11.6	6.8	21.3	0.2	
AUM	1,611.5	1,701.4	1,717.1	1,750.0	1,832.1	1,853.4	1,909.0	1,967.8	1,750.7	1,967.8	1,887	-2
Growth (%)	24.8	26.8	20.4	16.0	13.7	8.9	11.2	12.4	16.1	12.4	0.1	
Key ratios (%)												
VNB Margin (%)	17.5	23.6	23.2	28.0	20.1	25.5	25.0	27.0	24.0	25.0	24.0	

Policyholder's A/c (INRb)	FY25				FY26		YoY	QoQ
	1Q	2Q	3Q	4Q	1Q	2Q		
Gross premium	54.0	77.4	82.2	118.6	64.0	90.9	18	42
First-year premium	12.6	20.5	20.4	29.8	15.5	23.4	14	51
Renewal premium	33.2	47.2	52.2	77.8	38.7	56.3	19	45
Single premium	8.2	9.7	9.6	11.1	9.7	11.3	16	16
Shareholder PAT	1.6	1.4	0.7	0.4	0.9	0.1	-96	-93
APE data (INRb)								
PAR	1.9	2.1	3.5	5.7	2.0	3.0	44	50
Individual Protection	1.5	2.2	2.1	3.0	2.0	3.0	39	50
Group protection	1.5	1.1	0.9	0.9	1.8	1.5	39	-18
Non Par Savings	3.9	6.6	5.5	8.5	5.5	8.7	32	58
ULIP	5.7	9.5	9.4	12.2	5.5	8.7	-9	58
APE (% of total)								
PAR	13.0	9.7	16.4	18.8	12.0	12.0	234	0
Individual Protection	10.0	10.0	10.0	10.0	12.0	12.0	200	0
Group protection	10.0	5.0	4.3	3.1	11.0	6.0	101	-500
Non Par Savings	27.0	30.3	26.3	28.0	33.0	34.7	433	167
ULIP	39.0	44.0	44.7	40.1	33.0	34.7	-934	167
Distribution mix (%)								
Proprietary	49.0	43.7	41.7	38.6	48.0	46.3	264	-167
Partners	50.5	56.3	58.3	61.4	52.0	53.7	-264	167
Key Ratios (%)								
Operating ratios								
Opex to GWP ratio (%)	17.9	16.5	14.9	13.6	17.8	15.5	-100	-230
Solvency Ratio	203.0	198.0	196.0	201.0	199.0	208.0	1,000	900
Profitability ratios								
VNB margins	17.5	23.6	23.2	28.0	20.1	25.5	189	540
Persistency ratios (%)								
13th Month	87.0	87.0	85.0	88.0	86.0	85.0	-200	-100
25th Month	70.0	71.0	72.0	74.0	75.0	76.0	500	100
37th Month	62.0	62.0	64.0	63.0	63.0	63.0	100	0
49th Month	58.0	57.0	67.0	57.0	58.0	58.0	100	0
61st Month	52.0	52.0	58.0	53.0	54.0	54.0	200	0
Key Metrics (INRb)								
VNB	2.5	5.1	4.9	8.5	3.4	6.4	25	91
AUM	1612	1701	1717	1750	1832	1853	9	1
Equity Mix (%)	29.7	43.3	29.5	27.6	29.0	28.5	-1,477	-45



Key highlights from the management commentary

GST impact

- MAXLIFE passed on the entire GST benefit to customers, ensuring that all policyholders benefit from lower premiums post-exemption.
- Early signs of stronger demand are visible, particularly in protection products, and management expects the impact to deepen over the medium term.
- The company ensured seamless operational transition, achieving full GST compliance within two days of the announcement and successfully processing over 15,000 policies post-GST exemption.
- About 75% of Sep'25 sales were completed after 22nd Sep'25, underscoring the quick turnaround and demand pickup.
- The loss of input tax credit led to a 60bp impact on VNB margin in 1HFY26, and management expects a 300–350 bps drag on a run-rate basis. However, the

company remains confident of mitigating this through a mix of distributor renegotiations, cost optimization, product mix adjustments, outsourcing efficiencies, and operational improvements, thereby maintaining its VNB margin guidance at 24–25%.

Business Performance

- MAXLIFE delivered healthy business growth in 2QFY26, with APE growth of ~15% YoY and maintained its full-year APE growth guidance of 15–20%.
- The company continues to lead the industry on 13th-month persistency and ranks second on 25th- and 37th-month persistency, respectively, underscoring its strong customer retention metrics.
- The company is now the third-largest private player by individual sum assured, reflecting steady improvement in protection and savings volumes.
- Growth has been accompanied by cost discipline — operating expenses grew 11%, while GWP increased 18%, implying improving scale efficiencies. Management expects faster GWP growth to further improve the Opex-to-GWP ratio over the rest of the year.
- MAXLIFE continues to operate below the EoM threshold, and efficiency gains are expected to sustain as new business volumes scale.
- The company reiterated its operating RoEV guidance of 18–19% over the medium term, driven by a stable product mix and margin accretion.

Product mix

- The company continues to strengthen its presence across all major product segments, with a particularly strong showing in protection and annuities.
- MAXLIFE now holds the highest market share in retail protection, reflecting its strong franchise in the segment. Pure protection sales grew 34% YoY, with momentum improving week-on-week post-GST exemption.
- The credit life business also started recovering in 2Q and is expected to sustain traction in the coming quarters.
- The rider attachment rate was 37%, supporting overall margin improvement.
- The annuity business grew strongly on the back of both retail and corporate pools, while product-level redesigns in participating plans are enabling a more balanced mix.
- A significant portion of VNB margin improvement came from product mix optimization, with a gradual shift toward higher-margin protection and non-par savings products.

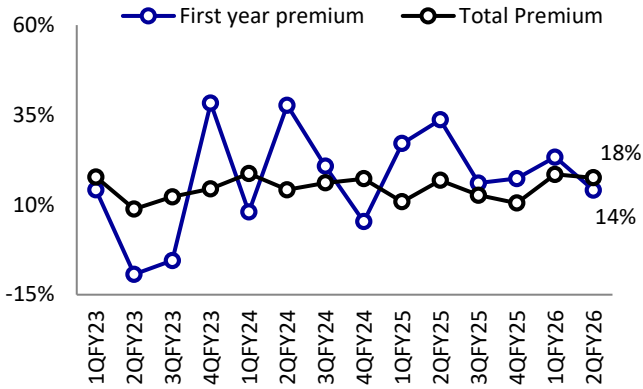
Distribution

- The proprietary channel remains a key growth engine, delivering a 39% three-year CAGR, supported by expansion in both online and offline modes.
- The offline network has expanded through the addition of 150 branches over the last three years, improving regional coverage.
- MAXLIFE continues to deepen its bancassurance and partnership networks, scaling up collaborations in both banking and broking channels. The company now enjoys a counter share of over 25% in all new banca partnerships, a testament to its strong integration with partners.

- During 1HFY26, MAXLIFE added 31 new banks, of which three of the last six additions already have the highest counter share.
- Within Axis Bank, MAXLIFE continues to maintain a 65-66% counter share in individual business and around 60% in credit life, which management expects to rise to 65-70% over time.
- The Axis channel grew 7% YoY, while growth in other partnership channels, including Yes Bank and new additions, was faster — with 14% growth in Yes Bank and over 100% growth in several newly onboarded partners.
- The company has also received IRDAI's SEZ approval and provisional approval for establishing an IFSC center, which will enable it to serve NRI clients more effectively and expand its international footprint.

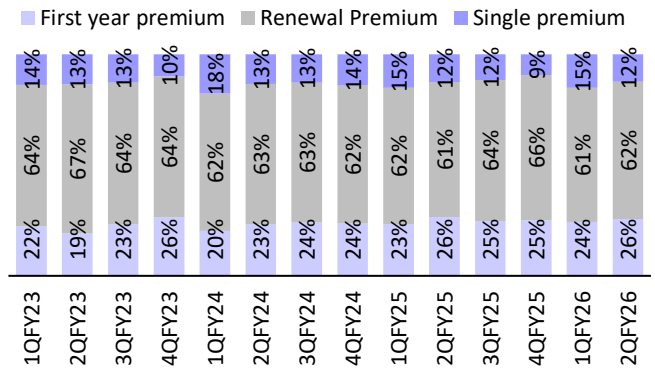
Key exhibits

Exhibit 1: First-year premium grew 14% YoY, while total premium grew 18% YoY in 2QFY26



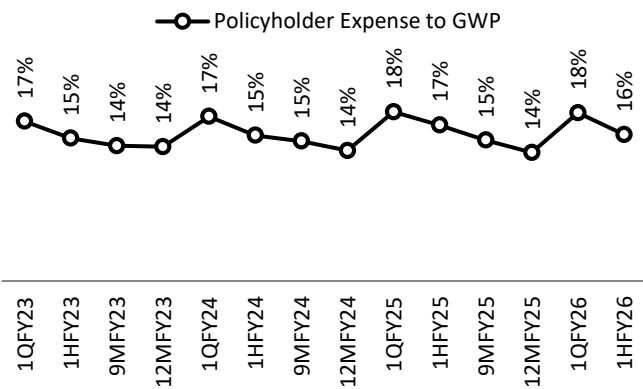
Sources: MOFSL, Company

Exhibit 2: Share of renewal premium at 62% in 2Q



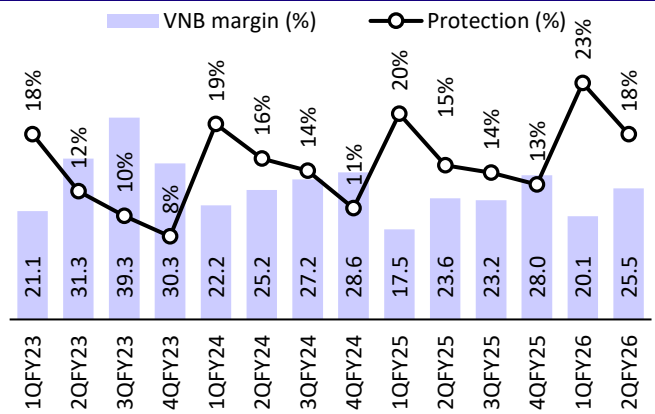
Sources: MOFSL, Company

Exhibit 3: Expense-to-GWP ratio stood at 16% for 1HFY26



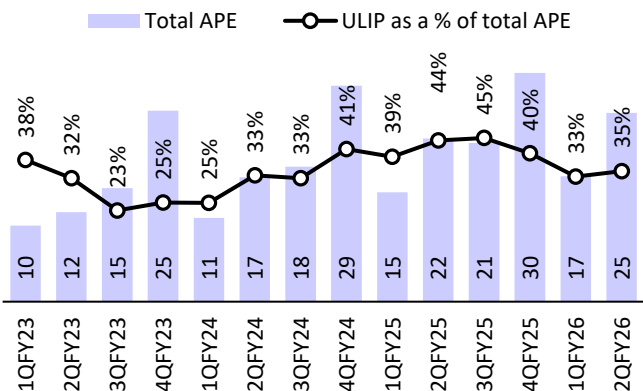
Sources: MOFSL, Company

Exhibit 4: VNB margin expanded 190bp YoY to 25.5%



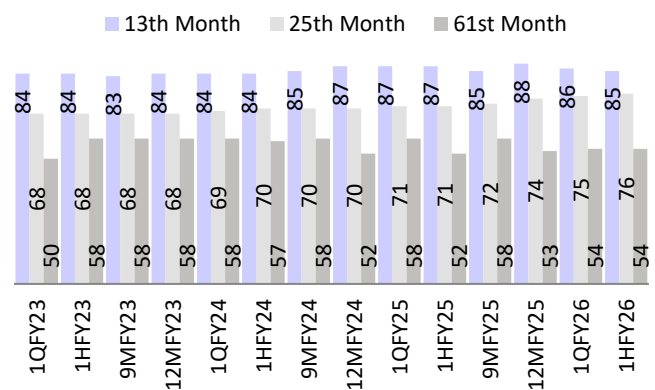
Sources: MOFSL, Company

Exhibit 5: Share of ULIP declined YoY to 35% in 2QFY26



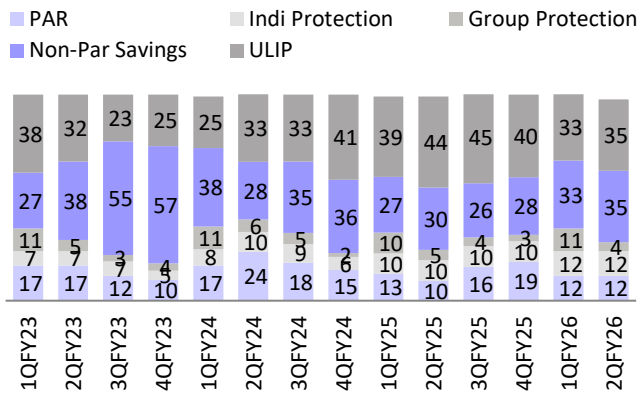
Sources: MOFSL, Company

Exhibit 6: Trends in 13th/25th/61st month persistency



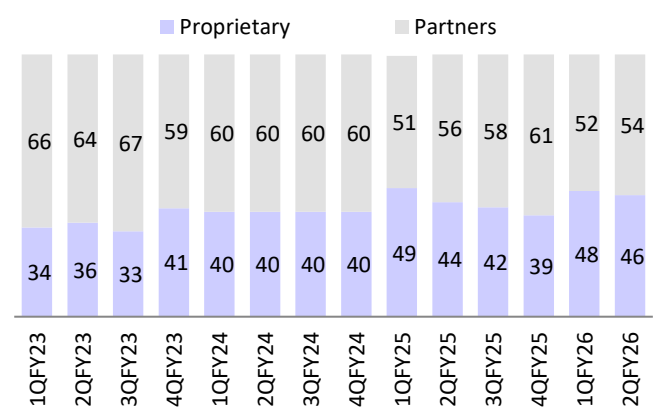
Sources: MOFSL, Company

Exhibit 7: Share of protection stood at 16% of the total APE



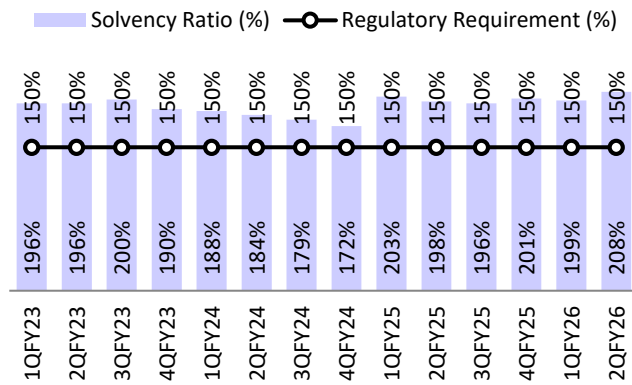
Sources: MOFSL, Company

Exhibit 8: Distribution mix (%)



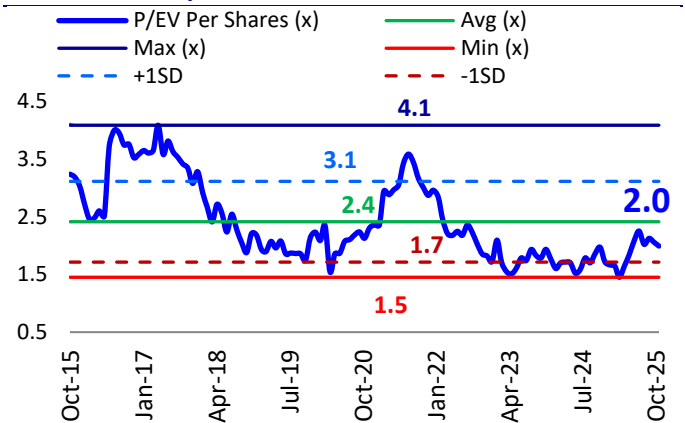
Sources: MOFSL, Company

Exhibit 9: Solvency ratio healthy at 208%, well above the regulatory requirement of 150%



Sources: MOFSL, Company

Exhibit 10: One-year forward P/EV chart trend



Sources: MOFSL, Company

Financials and valuations

Technical account (INR m)	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Gross Premiums	1,61,836	1,90,179	2,24,141	2,53,419	2,95,290	3,32,226	3,86,806	4,50,559	5,25,068
Reinsurance Ceded	2,049	2,788	4,272	4,601	5,443	6,250	7,130	8,305	9,678
Net Premiums	1,59,788	1,87,391	2,19,870	2,48,818	2,89,847	3,25,977	3,79,676	4,42,254	5,15,390
Income from Investments	21,589	1,21,657	87,408	60,936	1,31,370	1,31,358	1,27,140	1,48,789	1,67,941
Other Income	612	730	878	792	77	844	844	844	844
Total income (A)	1,81,989	3,09,778	3,08,155	3,10,547	4,21,294	4,58,179	5,07,660	5,91,888	6,84,175
Commission	(10,244)	(12,270)	(14,028)	(16,138)	(23,983)	(31,449)	(35,726)	(41,156)	(48,770)
Operating expenses	(23,441)	(27,008)	(30,192)	(35,808)	(40,861)	(45,140)	(51,686)	(58,922)	(67,171)
Total commission and opex	(33,685)	(39,277)	(44,220)	(51,947)	(64,843)	(76,589)	(87,412)	(1,00,078)	(1,15,941)
Benefits Paid (Net)	66,222	70,149	92,772	99,792	1,33,212	1,70,258	1,62,708	1,89,127	2,20,341
Chg in reserves	66,394	1,96,686	1,64,581	1,50,603	2,57,486	2,05,278	2,53,802	2,95,855	3,41,206
Prov for doubtful debts									
Total expenses (B)	1,69,073	3,08,010	3,03,993	3,04,550	4,57,656	4,54,806	5,06,500	5,87,661	6,80,113
(A) - (B)	12,916	1,768	4,162	5,997	(36,362)	3,373	1,160	4,226	4,063
Prov for Tax	-	-	-	-	-	(37)	-	-	-
Surplus / Deficit	12,916	1,768	4,162	5,997	(36,362)	3,410	1,160	4,226	4,063

Shareholder's a/c (INR m)	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Transfer from technical a/c	4,690	3,864	2,781	4,563	2,612	2,777	966	3,518	3,382
Income From Investments	2,074	2,360	3,212	3,143	3,943	5,851	5,865	6,745	7,757
Total Income	6,781	6,351	6,033	7,858	6,858	8,907	7,110	10,542	11,418
Other expenses	292	739	707	785	900	1,210	1,367	1,545	1,745
Contribution to technical a/c	410	502	1,168	1,999	2,210	3,184	2,600	2,800	2,800
Total Expenses	701	1,241	1,874	2,784	3,110	4,393	3,967	4,345	4,545
PBT	5,978	5,102	4,170	5,069	3,749	4,484	3,175	6,232	6,911
Prov for Tax	(585)	131	(303)	(694)	(152)	(420)	(190)	(374)	(415)
PAT	5,394	5,232	3,867	4,374	3,597	4,064	2,984	5,858	6,496
Growth	-3%	-3%	-26%	13%	-18%	13%	-27%	96%	11%

Balance sheet (INR m)	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Sources of Fund									
Share Capital	19,188	19,188	19,188	19,188	19,188	20,614	20,614	20,614	20,614
Reserves And Surplus	6,806	10,589	12,760	16,208	20,184	39,784	41,630	46,315	51,638
Shareholders' Fund	25,739	30,079	31,959	35,467	39,983	61,244	63,183	67,972	73,410
Policy Liabilities	4,54,807	5,58,936	6,72,822	8,05,354	9,73,550	11,42,915	13,71,498	16,45,798	19,74,957
Prov. for Linked Liab.	1,74,210	2,54,703	2,94,035	3,03,656	3,87,991	4,23,591	5,22,289	5,00,496	4,63,133
Funds For Future App.	30,962	29,819	32,369	35,803	38,727	42,470	46,717	51,388	56,527
Current liabilities & prov.	20,276	28,853	37,214	38,656	36,183	48,047	52,851	58,137	63,950
Total	6,97,448	9,12,228	10,83,335	12,42,553	15,38,216	17,76,671	20,04,626	22,66,697	25,69,185
Application of Funds									
Shareholders' inv	32,581	38,484	51,477	55,042	58,484	90,932	1,04,571	1,20,257	1,38,296
Policyholders' inv	4,60,484	5,81,847	6,89,187	8,21,021	10,08,078	11,82,110	13,59,427	15,63,341	17,97,842
Assets to cover linked liab.	1,91,642	2,83,736	3,34,432	3,52,502	4,41,793	4,77,681	5,06,341	5,36,722	5,68,925
Loans	4,264	5,322	6,661	9,248	10,605	12,551	19,203	29,381	44,953
Fixed Assets	2,187	2,213	2,604	3,452	4,153	4,938	5,777	6,759	7,908
Current assets	26,566	29,480	36,189	39,942	51,286	56,507	62,157	68,373	75,210
Total	6,97,448	9,12,228	10,83,335	12,42,553	15,38,216	17,76,671	20,04,626	22,66,697	25,69,185

Financials and valuations

Operating ratios (%)	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Investment yield	3.3%	15.2%	9.0%	5.1%	9.5%	8.3%	7.1%	7.4%	7.4%
Commissions / GWP	6.3%	6.5%	6.3%	6.4%	8.1%	9.5%	9.2%	9.1%	9.3%
- first year premiums	-17.2%	-17.5%	-18.0%	-18.7%	-27.5%	-30.7%	-29.0%	-28.0%	-28.0%
- renewal premiums	-2.6%	-2.7%	-2.5%	-2.5%	-2.4%	-2.3%	-2.4%	-2.4%	-2.4%
- single premiums	-1.1%	-1.4%	-1.8%	-1.6%	-1.5%	-3.5%	-3.5%	-3.5%	-3.5%
Operating expenses / GWP	-14.5%	-14.2%	-13.5%	-14.1%	-13.8%	-13.6%	-13.4%	-13.1%	-12.8%
Total expense ratio	-20.8%	-20.7%	-19.7%	-20.5%	-22.0%	-23.1%	-22.6%	-22.2%	-22.1%
Claims / NWP	41.4%	37.4%	42.2%	40.1%	46.0%	52.2%	42.9%	42.8%	42.8%
Solvency ratio	207%	202%	201%	194%	172%	201%	176%	172%	168%

Persistency ratios (%)	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
13th Month	83.0%	84.0%	85.0%	84.0%	87.0%	88.0%	89.0%	90.0%	91.0%
25th Month	71.0%	71.0%	68.0%	68.0%	70.0%	74.0%	75.0%	76.0%	77.0%
37th Month	63.0%	63.0%	61.0%	62.0%	63.0%	63.0%	63.5%	64.0%	64.5%
49th Month	59.0%	58.0%	56.0%	63.0%	66.0%	57.0%	57.5%	58.0%	58.5%
61st Month	52.0%	54.0%	50.0%	58.0%	58.0%	53.0%	53.5%	54.0%	54.5%

Profitability ratios (%)	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
New business margin (%)	21.6%	25.2%	27.4%	31.2%	26.5%	24.0%	25.0%	26.0%	26.5%
RoE (%)	20.2%	18.7%	12.5%	13.0%	9.5%	8.0%	4.8%	8.9%	9.2%
Operating RoEV	20.3%	18.6%	19.2%	22.1%	20.2%	19.1%	17.4%	18.9%	19.1%
RoEV (%)	11.6%	18.6%	19.8%	14.7%	19.9%	29.2%	18.3%	19.7%	19.8%

Valuation ratios	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Total AUMs (INR bn)	685	904	1,075	1,229	1,508	1,751	1,968	2,217	2,505
EPS (Rs)	14.5	11.0	8.1	9.2	7.6	9.4	6.9	13.6	15.1
Value of new business (INRb)	9.0	12.5	15.3	19.5	19.7	21.1	25.6	31.6	38.4
Embedded Value (INR bn)	99.8	118.4	141.8	162.6	194.9	251.9	298.1	357.0	427.5
EV Per share (INR)	209.7	248.7	297.9	341.8	409.7	584.2	691.3	827.9	991.4
P/EV (x)	8.2	6.9	5.8	5.0	4.2	2.9	2.5	2.1	1.7
P/EPS (x)	118.5	156.3	211.6	187.0	227.4	182.4	248.4	126.5	114.1
P/EVOP(x)	40.9	40.0	32.6	23.7	22.6	19.9	16.9	13.1	10.9
P/VNB(x)	82.6	59.4	48.5	38.0	37.6	35.2	29.0	23.4	19.3

Note: Valuation ratios adjusted for MFS stake (80%)

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