Max Financial Services | BUY

First Cut: In line growth, strong margins

Axis Max Life reported APE/VNB growth of 15%/27% YoY. While growth was in line, VNB margin of 25.5%, up 190bps YoY, +200ps JMFe, was a positive surprise. This was led by a margin-accretive product mix –ULIP volumes declined while annuity and protection grew 122%/34%. Also, par and non-par business grew 41%/17% YoY. While we had anticipated the mix shift away from ULIPs towards non-linked savings, we had expected margins to be adversely affected by GST 2.0. We wait for management commentary on that. Meanwhile, EV grew (2% QoQ, 15% YoY) to INR 268.9bn, in line with JMFe, including an impact of INR 2.7bn (~1%) due to GST 2.0. We wait for concall to revise our estimates.

- **APE growth inline with RWRP, prop was strong at +18% YoY:** While individual APE grew a strong 15% YoY, slightly ahead of RWRP (Retail Weighted Received Premiums) growth of 14% reported to IRDAI, which was ~800bps lower in 1Q. Growth was led by proprietary channel, up 18% YoY to INR 19.4bn, while partnership channel also reported a healthy growth of 13% YoY. The company changed its channel reporting, combining others and Banca into Partnership channel.
- **Strong margin performance led by product mix shift away from ULIPs, GST impact to be quantified in concall:** The product mix shift was sharp on a YoY basis - ULIPs declined by 7% YoY, while non-par grew at 17%, also seen a sharp increase in annuity by 85%. While we had anticipated the mix shift away from ULIPs towards non-linked savings, the strong shift from ULIP to non-par is seen in this quarter. Meanwhile, group credit life grew ahead of expectations, at 23%. While we await management commentary on margins, we believe the product mix justifies the strong margin performance. EV grew (2% QoQ, 15% YoY) to INR 268.9bn, in line with JMFe. The company has recognised the GST impact of INR 268mn, without which EV amounts to INR 271.6bn.
- **First cut view:** Axis Max Life's management had guided for a growth of 300-400bps above the industry in FY26, with Axis Bank itself growing at 13-14%. Management commentary on sustained growth will be keenly awaited. With GST 2.0 coming in, we are awaiting the impact of GST on demand and ITC on company financials.

  We wait for concall to revise our estimates.

  Concall details: Concall is scheduled at 9 AM tomorrow. [Diamond Pass]

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Recommendation and Price Target	
Current Reco.	BUY
Previous Reco.	BUY
Current Price Target (12M)	1,800
Upside/(Downside)	75.8%
Previous Price Target	1,800
Change	0.0%

Key Data – MAXF IN	
Current Market Price	INR1,636
Market cap (bn)	INR564.4/US$6.4
Free Float	73%
Shares in issue (mn)	60.7
Diluted share (mn)	60.7
3-mon avg daily val (mn)	INR916.9/US$10.4
52-week range	1,679/950
Sensex/Nifty	83,871/25,695
INR/US$	88.6

Price Performance

%	1M	6M	12M
Absolute	3.4	3.4	3.4
Relative*	29.0	29.0	29.0

** To the BSE Sensex*

Financial Summary (INR bn)

INR bn	FY24A	FY25A	FY26E	FY27E	FY28E
NBP	110.2	121.7	141.7	162.5	184.4
Total APE	74.3	87.7	101.6	116.0	132.4
Growth YoY (%)	19.0%	18.0%	15.8%	14.2%	14.2%
Individual APE	73.2	86.5	100.3	114.5	130.8
Growth YoY (%)	18.5%	18.2%	15.9%	14.2%	14.2%
Opex + Commissions	64.8	76.6	89.6	103.4	117.8
VNB	19.7	21.1	25.4	29.6	34.4
Growth YoY (%)	1.2%	6.8%	20.6%	16.3%	16.4%
VNB margin %	26.5%	24.0%	25.0%	25.5%	26.0%

Source: Company data, JM Financial. Note: Valuations as of 11/Nov/2025

Exhibit 1. Axis Max Life 2QFY26: Quarterly trends in key parameters

(INR mn)	2Q25	1Q26	2Q26	YoY %	QoQ %	2Q26e	Variance (%)
Total APE (Quarterly)	**21,750**	**16,680**	**25,070**	15%	50.3%	**24,901**	0.7%
Individual Savings	18,020	13,090	19,200	7%	46.7%		
- ULIPs	10,080	5,980	9,340	-7%	56.2%		
- Par	2,260	2,130	3,190	41%	49.8%		
- Non-par	5,680	4,980	6,670	17%	33.9%		
Annuity	1,030	1,140	2,290	122%	100.9%		
Individual protection	2,400	2,180	3,220	34%	47.7%		
Individual APE	**21,450**	**16,410**	**24,710**	15%	50.6%	**24,611**	0.4%
Group Protection	1,110	1,970	1,330	20%	-32.5%		
- Group Credit Life	**300**	**270**	**370**	23%	37.0%	**290**	27.6%
- Group Term Life	810	1,700	960	19%	-43.5%		
Total Savings + Annuity	18,240	12,530	20,520	13%	63.8%		
Total protection	3,510	4,150	4,550	30%	9.6%		
EV	**233,380**	**264,780**	**268,950**	**15%**	**1.6%**	**272,723**	1.4%
VNB margin (Quarterly)	23.5%	20.1%	25.5%	1.9%	5.4%	23.5%	2.0%
VNB growth YTD, % (YoY)	15.5%	31.9%	27.2%	11.6%	-4.7%	20.0%	7.2%
VNB (quarterly)	5,120	3,350	6,390	25%	91%	5,839	9.4%
Savings mix, % (Quarterly)							
- ULIPs	55.9%	45.7%	48.6%	-7.3%	3.0%		
- Par	12.5%	16.3%	16.6%	4.1%	0.3%		
- Non-par	31.5%	38.0%	34.7%	3.2%	-3.3%		
Channel mix - Ind APE (Quarterly)	**22,020**	**16,680**	**41,750**	**90%**			
Partnership	12,620	8,720	22,280	77%	155.5%		
Proprietary	9,400	7,960	19,470	107%	144.6%		
Channel mix - Ind APE (Quarterly)							
Partnership	57.3%	52.3%	53.4%	-3.9%	-6.1%		
Proprietary	42.7%	47.7%	46.6%	3.9%	6.1%		

Source: Company, JM Financial

Exhibit 2. Axis Max Life 2QFY26: Beat on VNB Margin

(INR mn)	2Q25	1Q26	2Q26	YoY %	2Q26e	Variance (%)
Total APE	21,750	16,680	25,070	15%	24,901	0.7%
Individual APE	21,450	16,410	24,710	15%	24,611	0.4%
Group Credit Life	300	270	370	23%	290	27.6%
VNB	5,120	3,350	6,390	25%	5,839	**9.4%**
VNB margins (%)	23.5%	20.1%	25.5%	1.9%	23.5%	2.0%
EV	233,380	264,780	268,950	15%	272,723	1.4%

Source: Company, JM Financial

Exhibit 3. Axis Max Life 2QFY26: YTD trends in key parameters

YTD	2Q25	1Q26	2Q26	YoY (%)
Total APE	36,230	16,680	41,750	15.2%
Individual Savings	29,860	13,090	32,290	8.1%
- ULIPs	16,300	5,980	15,320	-6.0%
- Par	4,350	2,130	5,320	22.3%
- Non-par	9,210	4,980	11,650	26.5%
Annuity	1,850	1,140	3,430	85.4%
Individual protection	3,960	2,180	5,400	36.4%
Individual APE	**35,670**	**16,410**	**41,120**	**15.3%**
Group Protection	2,730	1,970	3,300	20.9%
- Group Credit Life	560	270	640	14.3%
- Group Term Life	2,170	1,700	2,660	22.6%
Total Savings + Annuity	29,540	12,530	33,050	11.9%
Total protection	6,690	4,150	8,700	30.0%
EV	**233,380**	**264,780**	**268,950**	**15.2%**
VNB	7,660	3,350	9,740	27.2%
VNB margins (%)	21.1%	20.1%	23.3%	2.2%
Savings mix (%)				
- ULIPs	54.6%	45.7%	47.4%	-7.1%
- Par	14.6%	16.3%	16.5%	1.9%
- Non-par	30.8%	38.0%	36.1%	5.2%
Channel mix - Ind APE (YTD)				
Partnership	54.3%	52.3%	53.4%	-0.9%
Proprietary	45.7%	47.7%	46.6%	0.9%
Channel growth (%) - YTD	33.0%	17.3%	15.2%	-17.8%
Partnership	21.1%	23.9%	13.3%	-7.7%
Proprietary	51.2%	11.0%	17.5%	-33.7%
Channel mix - Ind APE (YTD)	**36,230**	**16,680**	**41,750**	15.2%
Partnership	19,660	8,720	22,280	13.3%
Proprietary	16,570	7,960	19,470	17.5%

Source: Company, JM Financial

Financial Tables (Standalone)

Technical Statement					(INR mn)
Y/E March	**FY24A**	**FY25A**	**FY26E**	**FY27E**	**FY28E**
Gross premiums	295,290	332,226	384,449	444,970	513,488
Net premiums	289,847	325,977	377,217	436,600	503,829
Investment income	170,071	131,358	169,042	202,850	243,420
Other Income	3,254	4,028	4,431	4,874	5,361
Total Income	**463,172**	**461,362**	**550,690**	**644,324**	**752,611**
Commissions	23,983	31,449	37,722	43,660	50,383
Operating expenses	40,861	45,140	51,911	59,698	67,459
Provisions & Taxes	2,094	2,717	3,526	4,055	4,663
Total expenses	**66,938**	**79,306**	**93,159**	**107,413**	**122,504**
Benefits paid	133,212	170,283	207,745	249,294	304,139
Change in valuation of life reserves	257,486	205,253	241,789	278,057	314,482
Total Benefits	**390,698**	**375,536**	**449,534**	**527,351**	**618,621**
Surplus/(Deficit) for the year	**5,537**	**6,520**	**7,998**	**9,560**	**11,485**

Source: Company, JM Financial

Shareholder's Statement					(INR mn)
Y/E March	**FY24A**	**FY25A**	**FY26E**	**FY27E**	**FY28E**
Transfer from the Policyholders' Account	2,612	2,777	3,359	4,015	4,824
Investment income	3,943	5,851	6,647	7,532	8,662
Other income	303	279	307	337	371
Total income	**6,858**	**8,907**	**10,313**	**11,884**	**13,856**
Operating expenses	743	1,128	1,354	1,624	1,949
Contribution to the policyholders A/C	2,367	3,295	4,019	4,904	5,982
Profit before tax	**3,749**	**4,484**	**4,940**	**5,356**	**5,925**
Tax	152	420.10	246.99	267.82	296.23
Profit after tax	**3,597**	**4,064**	**4,693**	**5,089**	**5,628**

Source: Company, JM Financial

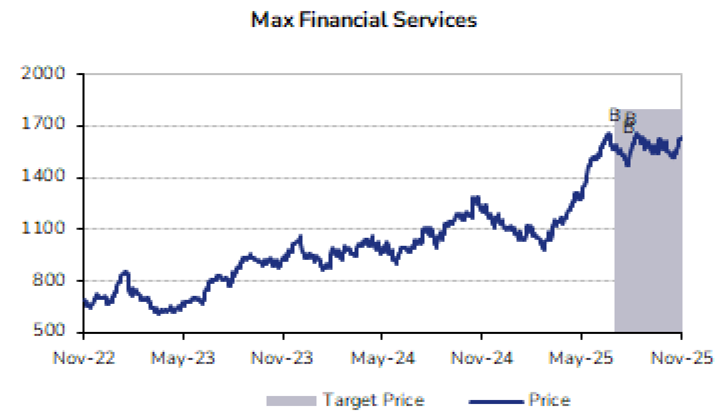
Balance Sheet					(INR mn)
Y/E March	**FY24A**	**FY25A**	**FY26E**	**FY27E**	**FY28E**
Shareholders' Investments	58,484	90,932	104,571	120,257	138,296
Policyholders' Investments	1,008,078	1,182,110	1,418,532	1,702,239	2,042,687
Unit linked Investments	441,793	477,681	569,873	674,160	797,531
Loans	10,605	12,551	13,932	15,464	17,165
Fixed assets	4,153	4,938	5,382	5,867	6,395
Net Current Assets / (Liab)	15,103	8,460	11,686	10,215	10,720
Total Assets	**1,538,216**	**1,776,671**	**2,123,977**	**2,528,202**	**3,012,793**
Borrowings	4,960	9,960	19,960	19,960	19,960
Fair Value Change Account	39,204	42,402	42,402	42,402	42,402
Policy Liabilities	1,027,352	1,197,005	1,436,406	1,723,687	2,068,425
Linked Liabilities	387,991	423,591	508,309	609,971	731,965
FFA	38,727	42,470	50,964	61,156	73,387
Total Liabilities	**1,498,234**	**1,715,428**	**2,058,041**	**2,457,176**	**2,936,139**
Share Capital	19,188	20,614	20,614	20,614	20,614
Reserves and surplus	20,184	39,784	44,476	49,565	55,193
Fair Value Change Account	611	846	846	846	846
Shareholder's equity	**39,983**	**61,244**	**65,937**	**71,025**	**76,654**

Source: Company, JM Financial

History of Recommendation and Target Price

Date	Recommendation	Target Price	% Chg.
10-Jul-25	Buy	1,800	
7-Aug-25	Buy	1,800	0.0
8-Aug-25	Buy	1,800	0.0

Recommendation History



APPENDIX I

JM Financial Institutional Securities Limited

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New Rating System: Definition of ratings	
Rating	**Meaning**
BUY	Expected return >= 15% over the next twelve months.
ADD	Expected return >= 5% and < 15% over the next twelve months.
REDUCE	Expected return >= -10% and < 5% over the next twelve months.
SELL	Expected return < -10% over the next twelve months.

Note: For REITs (Real Estate Investment Trust) and InvIT (Infrastructure Investment Trust) total expected returns include dividends or DPU (distribution per unit)

Previous Rating System: Definition of ratings	
Rating	**Meaning**
BUY	Total expected returns of more than 10% for stocks with market capitalisation in excess of INR 200 billion and REITs* and more than 15% for all other stocks, over the next twelve months. Total expected return includes dividend yields.
HOLD	Price expected to move in the range of 10% downside to 10% upside from the current market price for stocks with market capitalisation in excess of INR 200 billion and REITs* and in the range of 10% downside to 15% upside from the current market price for all other stocks, over the next twelve months.
SELL	Price expected to move downwards by more than 10% from the current market price over the next twelve months.

* REITs refers to Real Estate Investment Trusts.

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