

Max Financial Services | BUY

Consistent commentary on growth and margins

Axis Max Life reported a strong 32% VNB growth in 1Q, with a 15% growth and 20.1% margins, +260bps YoY, +160bps JMFe. [\[link to first cut\]](#) In concall, mgmt. attributed divergence between RWRP and APE to weak ULIP sales from e-commerce channel. FY26 VNB margin targets maintained at 24-25%, investing any surplus for growth. We expect the company to lead APE and VNB growth in FY26 amongst listed players, as highlighted in our recent [IC note](#). We do not materially change our estimates, maintain our Target Price of INR 1,800, valuing Max Financial Services at 2.2x FY27e EVPS of INR 1,025 for 81% stake in Axis Max Life. We maintain BUY.

- **ULIP sales through e-commerce slowed in the quarter, Axis Bank steady:** Banca outperformed prop channel in 1Q – led by non-Axis banks growing 54% - attributed to new partners acquired in the last 2 years. Only sore channel was e-commerce, which saw sluggish sales in ULIPs. This was expected with jittery market sentiments – visible in MF inflow numbers as well, and led to the 8pps divergence between RWRP and APE, as e-commerce sees a high proportion of monthly pay-ins. Axis Bank channel saw growth in number of policies at 20% against an 11% YoY growth, **indicating improved margins from Axis channel**, even as counter share has stagnated at 65-70%. Offline prop channel (agency) was also strong at 18% YoY. On the question of solvency back to sub 2.0x levels, management expressed confidence in the willingness of the shareholders to infuse capital as and when needed.
- **Newly launched non-par product, Smart Vibe, received good traction:** Non-par growth of 40% was explained by the launch of Smart Vibe product, which offers income in the first year of the policy itself. Strong ~40% growth in non-par, annuity and protection & health well explained the strong margins. Growth in protection & health segment was explained by a 300% YoT growth in riders and a 26% YoY growth in retail protection, compensated by a contraction in health (benefits plan) volumes. **Management maintained its margin guidance at 24-25% for FY26**, as the insurer intends to invest any surplus for growth. Hereon, we expect par to catch up in the savings mix. As a result, we expect the 250bps YoY expansion in margins in 1Q to come down to 100bps for the full year.
- **Valuations and view:** At CMP, Max Financial Services trades at 1.9x FY27e EVPS of INR 1,025 for 81% stake in Axis Max Life. Despite the strong margin performance, we maintain our estimates with management commentary. Similarly, APE growth in 1Q is in line with our FY26e growth of 16%. Hence, we do not change our headline estimates. Axis Max Life has shown highest growth in both APE and VNB in 1Q and we expect it to maintain this trend through FY26. We continue to value the franchise at 2.2x FY27e EVPS to get an unchanged Target Price of INR 1,800. We maintain BUY.



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(We acknowledge the support services of **Dev Jogani** in preparation of this report)

Recommendation and Price Target

Current Reco.	BUY
Previous Reco.	BUY
Current Price Target (12M)	1,800
Upside/(Downside)	16.0%
Previous Price Target (12M)	1,800
Change	0.0%

Key Data – MAXF IN

Current Market Price	INR1,552
Market cap (bn)	INR535.4/US\$6.1
Free Float	76%
Shares in issue (mn)	60.7
Diluted share (mn)	
3-mon avg daily val (mn)	INR1,676.9/US\$19.1
52-week range	1,669/950
Sensex/Nifty	79,858/24,363
INR/US\$	87.7

Price Performance

%	1M	6M	12M
Absolute	-1.3	39.5	40.2
Relative*	2.0	33.2	39.9

* To the BSE Sensex

Financial Summary

INR bn	FY24A	FY25A	FY26E	FY27E	FY28E
NBP	110.2	121.7	141.7	162.5	184.4
Total APE	74.3	87.7	101.7	117.2	135.3
Growth YoY (%)	19.0%	18.0%	15.9%	15.3%	15.4%
Individual APE	73.2	86.5	100.4	115.8	133.6
Growth YoY (%)	18.5%	18.2%	16.1%	15.3%	15.4%
Opex + Commissions	64.8	76.6	89.6	103.4	117.8
VNB	19.7	21.1	25.4	29.9	35.2
Growth YoY (%)	1.2%	6.8%	20.7%	17.5%	17.7%
VNB margin %	26.5%	24.0%	25.0%	25.5%	26.0%

Source: Company data, JM Financial. Note: Valuations as of 08/August/2025

JM Financial Research is also available on:
Bloomberg - JMFR <GO>,
Thomson Publisher & Reuters,
S&P Capital IQ, FactSet and Visible Alpha

Please see Appendix I at the end of this report for Important Disclosures and Disclaimers and Research Analyst Certification.

Key concall takeaways

■ VNB margins guidance maintained at 24-25%

- It will invest any accretion beyond the 25% margins to build its distribution;
- To improve the margin, company introduced a non-par savings product in the quarter (which remains profitable from the first year itself). Pricing actions and rider contribution further contributed in margin expansion.
- Company expects to keep a balanced product mix to keep margins range bound.

■ RWRP vs. APE growth

- Expect the YoY growth in RWRP (reported to IRDAI) and APE (reported quarterly) to converge hereon to 2-3% levels
- In 1Q, the divergence was strong at ~8pps;
- This was due to weakness in monthly pay-in ULIPs from e-commerce channel;
- As Axis Max Life does not include group business beyond credit life in reporting its APE, its RWRP has been the most closely aligned to the APE, amongst listed peers.

■ Axis Bank channel

- Axis bank grew by 11% and other banca channel collectively grew by 54% due to new bank relations over a couple of years.
- Number of policies grew 20% from the channel – indicating a decline in ULIP sales and, hence, being margin accretive;
- Counter share maintained at 65-70%.

■ Other channels

- Within 16% growth from banca, non-Axis banks saw a growth of 54% YoY;

■ Prop channel

- Offline prop channel has grown at 18% YoY;
- Savings sales from e-commerce has been weak in 1Q, bringing down the overall growth number.

■ Products

- The company had launched a new Non-par savings product, Smart Vibe, which offers income in the first year itself
 - The product was very well-liked, hence, the strong 40% growth in non-par business in 1Q;
- There was a YoY contraction in health (benefits product) APE as the product was redesigned post surrender norms w.e.f. 1st Oct'24;
- Rider APE increased 300% YoY – attachment across product families;
- Pure protection grew 26% YoY;
 - ROP share within protection fell to 10%.

■ Persistency

- 13th month persistency stood at 86% (vs 87% in 1QFY25) and 25th month persistency stood at 65% (+500bps YoY);
- Weakness in 13th month persistency was explained by ageing of the higher ticket sized cohort which had paid its first premiums in FY23, before the taxation of higher ticket non-par policies.

■ Capital and merger

- Even if the Insurance (Amendment) Act does not come out with a provision to allow the merger of an insurance company with a non-insurer, the company can do so with the prior approval of IRDAI;
- Solvency reduced to 1.99x – it should not constrain growth as key shareholders are willing to put in growth capital.

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

(INR mn)	1Q25	4Q25	1Q26	YoY %	QoQ %	1Q26e	Variance (%)
Total APE (Quarterly)	14,480	30,380	16,680	15%	-45.1%	17,063	-2.2%
Individual Savings	11,840	25,160	13,090	11%	-48.0%		
- ULIPs	6,220	12,660	5,980	-4%	-52.8%		
- Par	2,090	5,700	2,130	2%	-62.6%		
- Non-par	3,530	6,800	4,980	41%	-26.8%		
Annuity	820	1,880	1,140	39%	-39.4%		
Individual protection	1,560	3,020	2,180	40%	-27.8%		
Individual APE	14,220	30,060	16,410	15%	-45.4%	16,803	-2.3%
Group Protection	1,620	930	1,970	22%	111.8%		
- Group Credit Life	260	320	270	4%	-15.6%	260	4%
- Group Term Life	1,360	610	1,700	25%	178.7%		
Total Savings + Annuity	11,300	26,430	12,530	11%	-52.6%		
Total protection	3,180	3,950	4,150	31%	5.1%		
EV	2,20,430	2,51,920	2,64,780	20%	5.1%	2,64,516	0%
VNB margin (Quarterly)	17.5%	28.0%	20.1%	2.5%	-8.0%	18.5%	2%
VNB growth YTD, % (YoY)	2.8%	6.8%	31.9%			24.3%	8%
VNB (quarterly)	2,540	8,520	3,350	32%	-61%	3,157	6%
Savings mix, % (Quarterly)							
- ULIPs	52.5%	50.3%	45.7%	-6.9%	-4.6%		
- Par	17.7%	22.7%	16.3%	-1.4%	-6.4%		
- Non-par	29.8%	27.0%	38.0%	8.2%	11.0%		
Channel mix - Ind APE (Quarterly)	14,220	30,060	16,410	15%			
Banca	7,040	17,870	8,200	16%	-54.1%		
Agency	7,170	11,770	7,960	11%	-32.4%		
Others	10	420	250	2400%	-40.5%		
Channel mix - Ind APE (Quarterly)							
Banca	49.5%	59.4%	50.0%	0.5%	-10.1%		
Agency	50.4%	39.2%	48.5%	-1.9%	8.7%		
Others	0.1%	1.4%	1.5%	1.5%	1.4%		

Source: Company, JM Financial

Exhibit 2. Axis Max Life: Trend in EV walk

Embedded value (INR bn)	FY24	FY25	FY26e	FY27e	FY28e
Opening IEV	162.62	194.93	251.91	298.00	352.33
Core EVOP	33.42	0.04	0.05	0.05	0.06
- Unwind	13.69	16.18	20.66	24.44	28.89
- VNB	19.73	21.07	25.44	29.88	35.17
Variances	-1.11	0.00	-	-	-
- Operating	-1	0	-	-	-
- Economic & dividends	-0.54	3.56	-	-	-
Closing IEV	194.93	251.92	298.00	352.33	416.39

Source: Company, JM Financial

Exhibit 3. Axis Max Life: Key ratios in EV walk

Embedded value (INR bn)	FY24	FY25	FY26e	FY27e	FY28e
Core EVOP	23%	20.6%	19.1%	18.3%	18.2%
- Unwind	8.8%	8.4%	8.3%	8.2%	8.2%
- VNB	13.8%	12.1%	10.8%	10.1%	10.0%
Operating Variances	-0.4%	-0.4%	0.0%	0.0%	0.0%
Operating RoEV %	22.1%	20.2%	19.1%	18.3%	18.2%
Economic Variances & dividends	-7.4%	-0.3%	1.8%	0.0%	0.0%
IEV Growth %		19.9%	29.2%	18.3%	18.2%

Source: Company, JM Financial

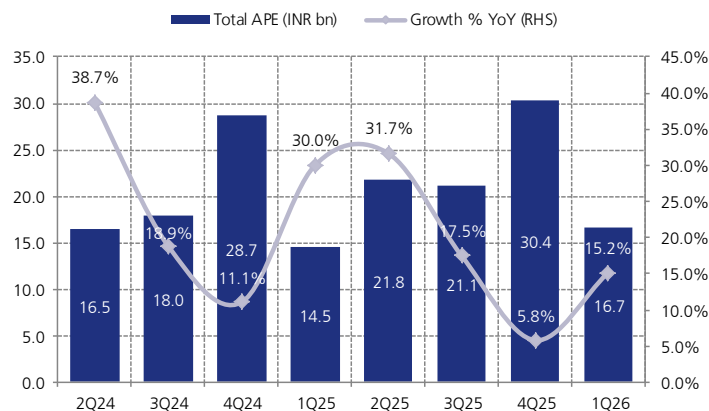
Exhibit 4. Axis Max Life: Change in estimates - JMFe

Axis Max Life (INR bn)	FY26 old	FY26 new	Change %	YoY growth	FY27 old	FY27 new	Change %	YoY growth	FY28 old	FY28 new	Change %	YoY growth
Total APE	101.7	101.7	0.0%	15.9%	117.2	117.2	0.0%	15.3%	135.3	135.3	0.0%	15.4%
Ind APE	100.4	100.4	0.0%	16.1%	115.8	115.8	0.0%	15.3%	133.6	133.6	0.0%	15.4%
VNB	25.4	25.4	0.0%	20.7%	29.9	29.9	0.0%	17.5%	35.2	35.2	0.0%	17.7%
VNB margin %	0.3	25.0%	0.0%	1.0%	0.3	25.5%	0.0%	0.5%	0.3	26.0%	0.0%	0.5%
EV	298.0	298.0	0.0%	18.3%	352.3	352.3	0.0%	18.2%	416.4	416.4	0.0%	18.2%

Source: Company, JM Financial

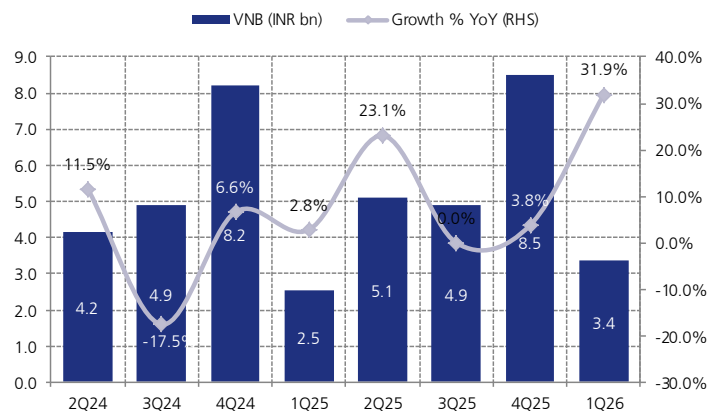
Quarterly Chart

Exhibit 5. Total APE: 15.2% YoY growth in total APE for 1QFY26



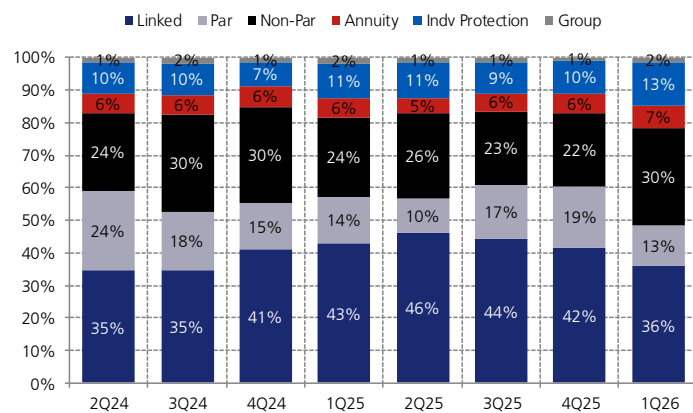
Source: Company, JM Financial

Exhibit 6. VNB growth improved to 31.9% YoY for 1QFY26



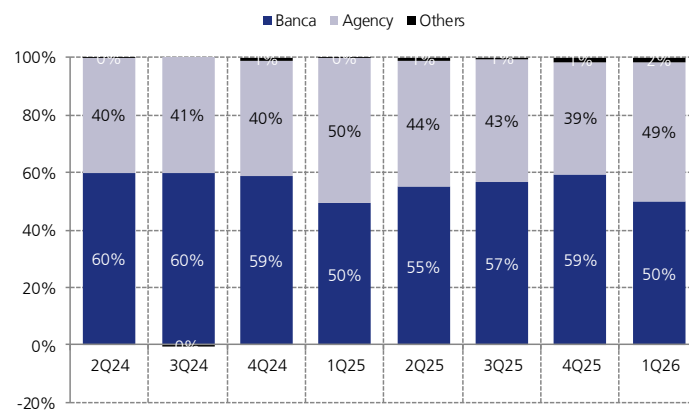
Source: Company, JM Financial

Exhibit 7. Decline in linked while Non-Par share increased in 1QFY26



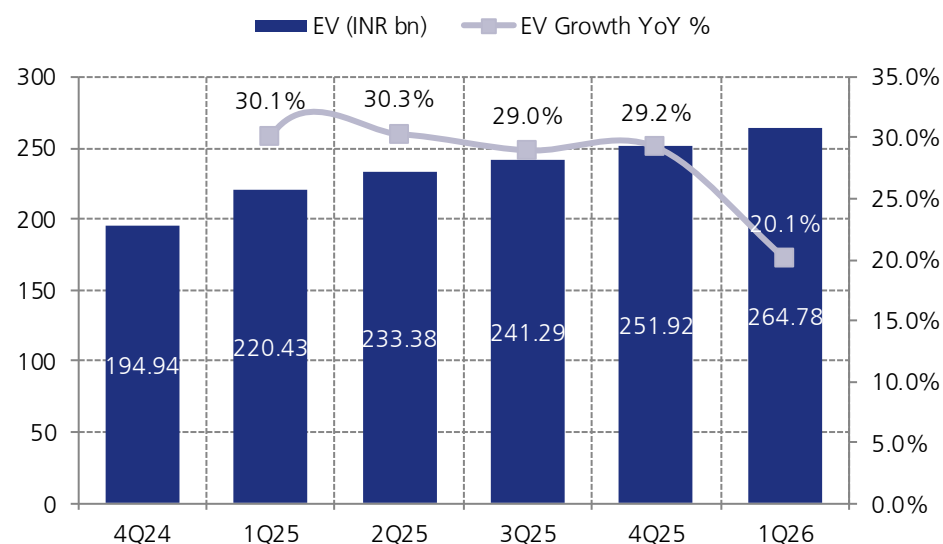
Source: Company, JM Financial

Exhibit 8. Pressure on Banca; share declined to 50% in 1QFY26



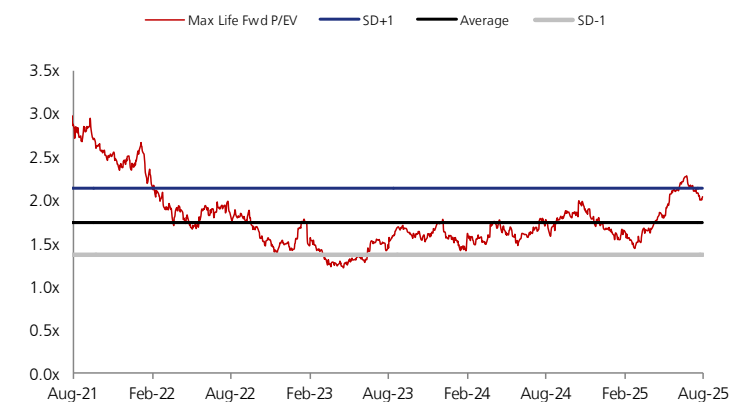
Source: Company, JM Financial

Exhibit 9. EV grew by 20.1% in 1QFY26 for 1QFY26



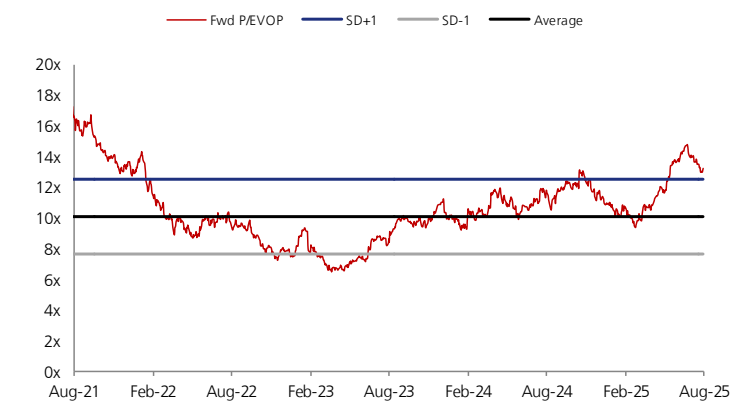
Source: Company, JM Financial

Exhibit 10. We believe the rerating is structural



Source: Company, JM Financial

Exhibit 11. Stock trades 1 SD above its historical P/EVOP mean



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

Key Ratios					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Core EVOP	20.6%	19.1%	18.3%	18.2%	18.2%
- Unwind	8.4%	8.3%	8.2%	8.2%	8.2%
- VNB	12.1%	10.8%	10.1%	10.0%	10.0%
Operating Variances	-0.4%	0.0%	0.0%	0.0%	0.0%
Operating RoEV %	20.2%	19.1%	18.3%	18.2%	18.2%
Economic Variances & dividends	-0.3%	1.8%	0.0%	0.0%	0.0%
IEV Growth %	19.9%	29.2%	18.3%	18.2%	18.2%

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

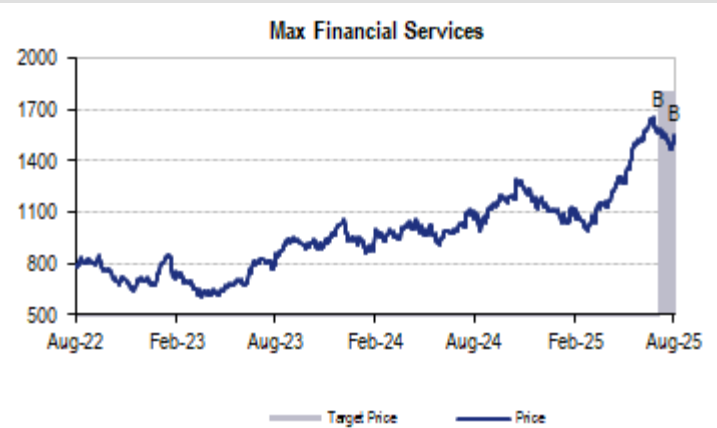
Embedded Value (INR mn)					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Opening IEV	162.6	194.9	251.9	298.0	352.3
Core EVOP	33.4	37.3	46.1	54.3	64.1
- Unwind	13.7	16.2	20.7	24.4	28.9
- VNB	19.7	21.1	25.4	29.9	35.2
Variances	-1.1	0.0	-	-	-
- Operating	-0.6	0.1	-	-	-
- Economic & dividends	-0.5	3.6	-	-	-
Closing IEV	194.9	251.9	298.0	352.3	416.4

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

Recommendation History



APPENDIX I

JM Financial Institutional Securities Limited

Corporate Identity Number: U67100MH2017PLC296081

Member of BSE Ltd. and National Stock Exchange of India Ltd.

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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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