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BSE Limited
Phiroze Jeejeebhoy Towers
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National Stock Exchange of India Limited
Exchange Plaza, Bandra Kurla Complex,
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Sub: Transcript of Investors & Analysts Conference Call

Pursuant to Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Transcript of Investors & Analysts Conference Call held on November 12, 2025, post declaration of unaudited Financial Results of the Company for the quarter and half year ended September 30, 2025, is enclosed.

The same has also been uploaded on the website of the Company at <https://maxfinancialservices.com/static/uploads/financials/mfsl-q2fy26-earnings-call-transcript.pdf>.

You are requested to kindly take the aforesaid on record.

Thanking you,

Yours faithfully
For **Max Financial Services Limited**

Siddhi Suneja
Company Secretary & Compliance Officer

Encl: as above

MAX FINANCIAL SERVICES LIMITED

CIN: L24223PB1988PLC008031

Corporate Office: L20M(21), Max Towers, Plot No. C-001/A/1, Sector-16B, Noida- 201301

P: + 91 120 4696000 | Email: investorhelpline@maxfinancialservices.in | Website: www.maxfinancialservices.com
Regd. Office: Bhai Mohan Singh Nagar, Village Railmajra, Tehsil Balachaur, Dist. Nawanshahr, Punjab -144 533, India



Max Financial Services Limited Q2 & H1 FY26 Earnings Conference Call November 12, 2025

Moderator: Ladies and gentlemen, good morning, and welcome to the Max Financial Services Limited Q2 and H1 FY26 Earnings Conference Call. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Nishant Kumar, Chief Financial Officer of Max Financial Services Limited. Thank you, and over to you, sir.

Nishant Kumar: Good morning, everyone. Thank you for joining Max Financial's earnings call for the quarter ended September 30, 2025. We are pleased to present our quarter 2 financial year 26 results, which are now available on our website as well as on the stock exchanges. Joining me today are Mr. Sumit Madan, Managing Director and CEO and Mr. Amrit Singh, Chief Financial Officer of Axis Max Life Insurance.

With that, I would like to invite Sumit to share the key developments and performance highlights from the second quarter of financial year 26. Over to you, Sumit.

Sumit Madan: Thank you, Nishant, and good morning, everyone. At the onset, I really want to thank all of you for taking the time out for this call. In my new capacity as the MD and CEO, I am genuinely honored to take on this role and very excited about the opportunities ahead. Axis Max Life, as you all know, has always been built on strong fundamentals and a clear sense of purpose, and that gives me utmost confidence as we look to the future.

My focus will be on amplifying our core priorities, namely strengthening our customer-first approach, accelerating digital and data-led growth, deepening our partnerships and driving sustainable long-term value for all the stakeholders. We have, in fact, made some very strong progress on these fronts, and my goal is to build on that momentum, including execution with discipline while nurturing the culture and purpose that always defines us.

Before I get into the progress achieved on strategic areas, I would like to mention that on the regulatory front, the recent GST changes have further improved the affordability of insurance products, and we have passed on the full benefit to all our customers. We believe this will support stronger demand over the medium to long term. In fact, early signs of increased traction, particularly in the protection segment are already visible.

While the non-availability of the input tax credit may have a short-term impact on annualized margin, we remain very confident in our ability to offset this through focused initiatives. These include distributor renegotiations, cost optimization and operational efficiencies. As a result, we are maintaining our earlier sales and margin guidance.

Let me now take you through the key developments across our strategic focus areas for the first half of FY26.

Sustainable and predictable growth:

Continuing our strong performance, our individual adjusted first year premium grew by 18% in H1 FY26, which, in fact, is more than twice that of the private sector growth at 8%, while the overall industry expanded by just 2%.

Consequently, our private market share improved by 83 basis points, reaching 10.1%. Even on a 2-year CAGR, we delivered 24% growth, well ahead of the private sector, 16%, and in fact, more than double the industry's growth rate of 11%, a clear reflection of the strength and resilience of our franchise.

In quarter two FY26, individual adjusted FYP grew by 14%, again, outperforming both the private sector, which stood at 8%, and the overall industry at 1%. On an APE basis, we recorded 15% growth driven from both our proprietary and the bancassurance channel. Our proprietary channels continue to be a cornerstone of growth for Axis Max Life Insurance.

Last 3-year CAGR from these channels stand at a very impressive 39%. In fact, our online business delivered a remarkable 68% CAGR and is supported by the sustained growth, sustained strength of our offline distribution network. Within offline proprietary, our agency channel has seen significant expansion with the agent force growing from around 61,000 in FY22 to now almost 1.42 lakhs, alongside the addition of, of course, 150 new branch units over the past 3 years.

Additionally, our service to sales approach, supported by continued investments in digitizing the sales management process, has been instrumental in driving growth across our cross-sell vertical. On this strong foundation, our offline proprietary channels recorded 26% APE growth in Q2 FY26, while the online business grew 14%, resulting in an overall 22% growth from the proprietary channels during this quarter.

Our partnership business also continues to gain traction, growing at 10% in Q2 in APE terms, supported by the scaling up of the partnerships we have built over the past 2 years. These new partnerships in banking and the broking space now collectively contribute around 5% of the individual APE. Driven by strong execution, product suite and technological prowess, we have been able to ensure that our counter share in all new banca partnerships is now well over 25%.

Another one of our key strategic growth area has been the NRI segment, which continues to deliver strong consistent performance with about 13% of total sales coming from this segment. To further strengthen our presence in this space, we have received the SEZ approval and NOC from IRDAI and provisional approval from IFSCA to establish an office in GIFT City.

This office will serve as a strategic hub, enabling us to expand access, improve service delivery and capture the increasing opportunities within this growing market. To further enhance our reach and diversify our distribution footprint, we added 31 new partners across the retail and group segments during the first half of FY26, further strengthening our multichannel presence and setting a solid foundation for future growth.

Product innovation to drive margins:

At Axis Max Life, we remain deeply focused on driving product innovation to deliver sustainable value for all our customers, employees, partners, investors and the broader community. Our non-participating savings products continue to perform strongly following the Q1 launch of Smart VIBE, helping us maintain a well-balanced product mix. Protection remains a preferred segment for us.

Our award-winning retail protection products have led us to attain the highest market share during H1 FY26 with a 34% growth rate in pure protection category. Consequently, the total retail protection and health segment contributed to 13% of overall sales with 36% growth, supported by 37% rider attachment rate. In addition, group credit protection business is also growing steadily with a 24% growth in Q2, well ahead of the industry average.

Our annuity business grew by 85% in H1 FY26 and 122% in quarter 2 FY26, driven by overall, a very strong execution on the retail and the corporate annuity pool. We recently launched our annual retirement study, well known as IRIS, India Retirement Index Survey with the fifth edition, covering more than 2,200 households across 28 cities.

IRIS measures how prepared Indians feel for retirement on a scale of 0 to 100. We are happy to note that the index has improved from 44 to 48 in led by higher health preparedness, while financial and emotional readiness remains stable. These findings do highlight the growing need for retirement planning, reaffirming the strategic importance of our annuity offerings in securing long-term financial well-being for our customers.

Customer Centric Approach

As we move ahead, the third important piece to highlight is our approach towards being a very customer-centric organization. At Axis Max Life, our customers always remain at the heart of everything we do. We are deeply committed to building relationships founded on trust, transparency and service excellence.

Our focus on delivering superior customer experiences continues to set us apart and is reflected in our market-leading retention and satisfaction metrics. We continue to lead the industry in 13-month persistency by number of policies as per Q1 FY26 rankings and hold the second position for both 25 and 37-month persistency on the same metric.

In quarter 2 of FY26, our 13-month persistency stood at 83% while the 25-month persistency reached an all-time high of 76%, up nearly 500 basis points year-on-year. Our Net Promoter Score improved to 57, up from a baseline of 52 at FY25 exit. Touch point NPS improved to 59 from 55 earlier and relationship NPS improved from 50 to 54, demonstrating strong, robust customer engagement and satisfaction.

We have also made strong progress in grievance resolution with a grievance incidence rate improving to 38 in quarter 2 FY26 from 45 in quarter 2 FY 25. Together, all these outcomes reaffirm our unwavering commitment to customer centricity, which remains at the foundation of our sustainable long-term growth and the trust that defines Axis Max Life brand.

Digitization for our operational efficiency

Another important area where the organization has really focused is around digitization for our operational efficiency. Our digital transformation journey continues to deliver tangible and measurable gains across customer experience, sales enablement and operational efficiency, strengthening Axis Max Life position as a digitally led insurer of the future.

Our mobile app continues to scale rapidly with over 4 lakh installation within 100 days and 21% new to digital users, supported by some very strong user feedback reflected in our ratings, which is 4.7 on iOS and 4.8, Android. We continue to create seamless journey for our customers, leveraging digital ecosystem, data and analytics and a very superior user experience. This has led to industry-leading NPS score for our digital platforms.

Our customer service website NPS is now at 71 and e-commerce buying stands at 77. Also important to note, we ensured the full GST compliance across all digital journeys and core insurance platform within just 2 days, enabling the timely issuance of over 15,000 policies while maintaining a seamless customer experience.

Our digital distribution platform, mSpace, as we call it, is now scaled to all proprietary channels and to Axis Bank partnership with a very high adoption rate of almost 90%, leading to higher productivity in our cross-sell channel. Even on the sales enablement front, the Sales Navigator platform, a real-time analytics and incentive management tool, is now adopted by over 75% of our sales force across agency, DSF and Axis channels, further enhancing the productivity and the performance visibility.

We continue to leverage AI cross-sell engine for our proprietary and partnership business to generate personalized offers. Each offer includes the best product, the next best product, preapproved sum assured and a conversational pitch for the sellers.

In fact, even in risk and underwriting, we are leveraging automation to enhance both precision and scale. A comprehensive suite of risk models are fully integrated into our onboarding journey, ensuring meticulous due diligence based on the risk category.

Additionally, our AI-driven income estimation model, utilizing alternative data sources such as CIBIL, PAYU, Account Aggregator have all revolutionized the financial underwriting. This innovation has, in fact, allowed 30% of our term portfolio to undergo financial underwriting without the need for any physical documentation, resulting in faster in-journey decisions.

Our GenAI initiatives continue to scale across the enterprise. Ely, our virtual HR business partner, now engages approximately 17,000 front-line sales employees with a 51% engagement rate. Ely supports continuous listening, personalized communication and assists managers and HR in resolving employee concerns, which contributes to lower attrition levels.

Converse Pro, our AI-based e-mail resolution engine, efficiently handles up to 30% of customer e-mail volume. This automation leads to a faster resolution and has resulted in a 20% reduction in support head count. Additionally, our GenAI immersion program for senior leadership has identified 30-plus high-impact enterprise use cases to be deployed over the next 2 years, further embedding AI-driven innovation across all aspects of business.

To summarize FY26, it has been an exciting year. FY26 continues to demonstrate strong momentum with robust growth across key markets driven by our focus on innovation, customer centricity and

operational excellence. Even as global developments continue to influence the market dynamics, we remain confident in our ability to meet our guidance and deliver sustained value creation for all stakeholders.

With that, let me now hand over to Amrit, who will take you through the financial performance for the quarter.

Amrit Singh:

Thank you, Sumit, and good morning, everyone. We had made our presentations live last evening. I will just kind of speak about few financial highlights.

- At MFSL level, the revenue, excluding investment now stands at INR15,090 crore, a growth of 18% in the first half. MFSL's consolidated profit after tax is at INR92 crore. It is lower than last year, primarily due to the fair value change account that Ind AS accounting has been taken. And also, the GST expense underlying Axis Max Life franchise has kind of taken on its profit.
- Axis Max Life gross written premium and renewal premium both have grown healthy at 18%, touching INR15,490 crore and INR9,503 crore, respectively.
- Individual new business sum assured continues to grow at a healthy pace of 25% and has touched INR2.16 lakh crore and we are the number three player with respect to total individuals sum assured in the market.
- Embedded value ending 30th September 2025 is now INR26,895 crore, a year-on-year growth of 15%. The embedded value carries a onetime GST impact, which is on the back book of INR268 crore. Annualized operating ROEV is 16.3%. This includes a positive operating variance of INR13 crore. There is a marginal negative non-operating variance of INR9 crore largely due to yield curve movements and which were offset by some gains in the equity.
- Policyholder opex to GWP is at 15.5%. Policyholder opex has grown by 11%.
- During the quarter, we raised additional INR800 crore of sub-debt with IFC as a strategic partner to this particular round. This has helped strengthen our solvency, which now stands at 208%.
- AUM are at INR1.85 lakhs crore, a growth of 9%.
- In H1 FY26, the retail product mix is very well balanced, participating products at 13%, annuities at 8%, non-par saving at 28%, protection and health at 13% and ULIP at 37%. Each of these categories have delivered healthy growth with the exception of ULIPs.
- The overall balancing of product mix has helped us expand our margins from 23.6% in quarter 2 FY25 to 25.5% in quarter 2 FY26. And for H1, the margins were expanded from 20.2% last year to 23.3% in this current year, which has led to a VNB growth of 27%.
- In the month of September, approximately 75% of sales were impacted due to GST credit disallowances, which contributes to around 0.6% of margin impact in first half.
- Thereby, the GST impact is close to 300 to 350 basis points on a run rate basis. However, despite this impact through a series of actions on costs, product mix, execution, we are confident that we will maintain the margin guidance that we had given earlier of improving the margins from the previous year and be in the range of 24% to 25%.

This will be along with the higher than market growth that we have been delivering so far. So in conclusion, our agility in navigating regulatory shifts and market dynamics has been able to deliver a healthy operating performance. And with that, we will be happy to take over questions. I will hand it over to moderator for Q&A.

Moderator:

Thank you very much. We will now begin the question and answer session. Anyone who wishes to ask a question may press star and one on their touchstone telephone. If you wish to remove yourself from the question queue, you may press star and two. Participants are requested to use handsets while asking a question. Ladies and gentlemen, we will wait for a moment while the question queue assembles. The first question is from the line of Shreya Shivani from Nomura. Please go ahead.

Shreya Shivani:

Yes, thank you for the opportunity. Congratulations on a great set of numbers. I have three questions. First is, as you highlighted the impact of GST, if you do nothing, would be a 300, 350 basis points annual Y-o-Y impact that we are talking about. So I just wanted to understand that when it comes to cost, what kind of negotiations are we done with our distributors or what kind of time lines do we have when it take us 1 quarter, 2 quarter, etcetera? That is my first question.

My second question is again on the GST cut, if you can help us understand in your product suite, which product gets impacted the most, which product gets impacted the least. And how would you manage the impact across the product category? Or some understanding of how each product responds to what has happened on the GST bit.

My third question is on the channel and I wanted to understand on the channel strategy. So your partnership channel, obviously, your proprietary channel has been running faster than the partnership channel. Within the partnership channel, what has been the trends with the banca partners and particularly with Axis Bank? And yes, that would be my third question? Thank you.

Amrit Singh:

Hi, Shreya. Thank you for those questions. I will take the first two and I will request Sumit to speak about the third one. Firstly, you are right. If you do nothing, that is the impact, 300 to 350 basis points. But there are series of things that we are trying to do at our end, which beyond distribution negotiation is also cost controls, product tweaks, product mix, renegotiations across our vendor partner, looking at our outsourcing and sourcing decisions as well.

With respect to specific negotiations with the distributor, we will not like to kind of comment because these are individual conversations that we will do with our distributors, and some of these conversations are underway and will require couple of months before some closure kind of comes through.

I think the way we are approaching this problem is and I think this is also an answer to your second question, that which product gets impacted the most. There are products which are impacted structurally, and there are products which are more tactical impact. I think the ones which are structurally impacted, which are more in the lines of ULIP and participating design, we are working with the distributors to see how the same can be tweaked. On other product categories, there are more tactical, and we will leverage tactical mechanics to solve for those.

Sumit Madan:

Yes. Shreya, on the channel strategy, you will be happy to note, and you must have seen the progress over the last few quarters, there is a very good mix between the partnership and the proprietary channel now. proprietary channel now constitutes almost 46% of the total business and the remaining 54%, of course, coming from the partnership channel.

Our new banks, and we have acquired almost across various financial players, 31, like we mentioned in H1, around almost 90 plus odd over the last financial year. These new partnerships have now started adding quite a significant revenue to us. On the new bank side, if I look at the last 6 banks as an example, out of these in 3 banks, our counter share is actually already more than, we are the number 1 player as far the counter share in three out of those 6 banks are concerned.

So I think in terms of growth, it is a very healthy growth as far as various partnership channels also are concerned. Axis Bank, since you specifically asked, we have seen a growth of almost around 7% as far as Axis Bank is concerned. And in the remaining partnership channels, our growth, in fact, has been much faster.

Our growth, if you look at the overall story as well as the partnership channels are concerned, we have seen a growth of around 14% coming from YES Bank, and some of the other players, we have seen a growth of 100% plus coming between H1FY25 and H1FY26. There is a growth of 111% in the new acquisitions that we have done over the last 2 years.

Shreya Shivani:

Got it. Just a follow-up on, because the channel strategy, I wanted to understand it better. There has been some media, I mean, the Chairman of Redeye in some media reports has been talking about how insurance is a high-cost industry, and he would want to bring it to medium cost. I understand some of the team may be referring towards the health insurance product specifically. But just wanted to understand your perspective on how to deal with such, I mean how are you thinking about the entire distribution strategy, along with the cost structure in mind because the Chairman of Redeye is making, is speaking in these terms currently?

Amrit Singh:

Shreya, as things kind of stand today, there is an expenses of management, which is defined by the regulator. And Axis Max Life actually operates well below the threshold. And all efforts on a progressive year are actually to optimize for that expenses of management at an overall level. Given the nature of the product and I think the regulator understands that as well, it does require a strong distribution footprint to carry this product category, and that enablement needs to be provided. But as time goes by, I think efficiency always comes through, and that is how we think about it.

Shreya Shivani:

All right. This is very useful. Thank you and all the best.

Amrit Singh:

Thank you, Shreya.

Moderator:

Thank you. The next question is from the line of Avinash from Emkay Global. Please go ahead.

Avinash Singh:

Yes. Hi, good morning. Thanks for the opportunity. A few questions. The first one is more on accounting clarification. So if I see a material divergence this quarter between the accounting profit or PBT of Max Financial, Max Life, is it just that IndAS and Indian GAAP divergence? Or is there something more? And if that divergence hits broadly, you can sort of explain what are the key factor here in the divergence.

And related to accounting, another question. If I see your EV walk, where you have explained this GST impact around INR260-odd crore, that I see you take it out of NAV. I mean, a simple understanding would suggest that, okay, if the future years GST ITC losses. So it should be ideally part of VIF adjustments. Is there something, I mean, here again my understanding incorrect? So these are on accounting.

And the second question more from a strategy. I mean, you have rightly highlighted that over the last 5 years versus in the backdrop of industry growth at 10%, you have grown at 15-odd percent. Now if I

were to ask, I mean, Sumit, now because you have just taken over, over the next 5 years now because you have kind of your strategy and particular product and channel strategy in place and also you know the industry dynamics, do you have that kind of a same kind of confidence or kind of aspirations to repeat that last 5 years in the backdrop? If the industry were to grow at 10%, can you grow at 15% even from this list?

Amrit Singh:

So I will take the first two and I guess I will request Sumit to come in for the third one. So Avinash ji, your observation is actually correct with respect to the accounting profit in MFSL, which is an Ind AS mechanics. The difference between Axis Max Life IGAAP profit, and IndAS profit is that in addition to the profit dip, which has happened in Axis Max Life due to GST impact, where from INR231 crore of profit after tax that we had got last year.

We are right now reporting INR149 crore. That is an INR82 crore drop. The residual drop is just because of the Ind AS accounting standard, which actually measures mark-to-market movements all through to the P&L. And there is nothing else beyond that particular element on this particular one. On the GST impact, it is just a representation to just show what the GST impact is. It should be from VIF only. It is not out of the net worth. And that is how you should kind of read it.

Sumit Madan:

I think on your next question as far as the next few years are concerned, coming from a different industry now into insurance, I look at it as a huge opportunity as well as what the industry offers to us. and I am not new to Axis Max any longer. I have been here for almost 2 years, so very much involved as part of the strategy.

Like I said in the opening address also, there are some key parameters we are focusing on. We have looked at segments very closely. We spoke about NRI as a case in point. But I think most importantly, what stands out is the continuity factor for us. And I spoke about that in the initial speech also. There is a very sustainable and predictable growth, which is there.

In terms of some of the other focus areas, like I alluded, the entire digitization for operational efficiency is something that we have taken up with a lot of zeal in the organization. Customers always have remained at the center of Axis Max Life, and the same trend again continues. And even in terms of the product innovation, the idea is to give the best product to the customer but at the same time, driving margins as well.

So over the next 5 years, to answer it specifically, I am very optimistic as far as the industry is concerned. I am both optimistic and very excited about the future that works for us. We have always maintained that we will be able to deliver better than what the industry is doing by almost around 300 to 500 bps, and I feel very confident about this.

Avinash Singh:

Perfect. Thanks. All the best.

Amrit Singh:

Thank you, Avinash. Thank you.

Moderator:

Thank you. The next question is from the line of Swarnabh Mukherjee from B&K Securities. Please go ahead.

Swarnabh Mukherjee:

Hi, sir. Thank you for the opportunity and congrats on a good set of numbers. So first question, sir, just wanted to understand the VNB development for the quarter. I think year-on-year, it is 190 bps. Now you said 60 bps coming due to the GST impact. So adjusting for that, that 250-odd bps, if you can break it down between how much has come from the product mix, how much may be product

level improvements and if there has been any operating leverage that has played out during this quarter. If you could give that color, it would be very helpful?

Second is in terms of growth. As you had mentioned that you are maintaining the growth guidance but if I look at your base in second half, it is slightly more benign than what we had in the first half. So are we being conservative in kind of maintaining and not upgrading our growth guidance? Just wanted to understand, particularly given the fact that we have a leadership position on the online channel.

And given that the outlook for protection-oriented products improved meaningfully because of the GST changes, can we not see a better growth and better margin outcome also coming out from that? And third, again, on the product mix, I just wanted to understand that are we like comfortable with the current product mix or can the ULIP mix be reduced further? Because I can see that in the banca channel, it has come down meaningfully. So is there any further headroom to reduce ULIP?

And lastly, on operating ROEV, sir, so if I were to think about over the next couple of years and given that there might be some impact coming from the interest rate side on the unwind factor, how should we think about our operating ROEV going forward? These will be my questions.

Amrit Singh:

Thanks, Swarnabh. I think I will take most of these questions. Firstly, on the VNB, I think your question is where is the improvement in margins coming through. A large part of this answer is product mix led, Swarnabh, some bit of support also coming in certain categories like protection and annuity, but large part of this is coming out of product mix.

On the growth guidance, look, I mean, on an APE basis, we are growing 15%. We had given for the full year good guidance between 15%, 17%. So I think we are holding on to that number. Your observation is right that on a very tough base, and that is what we said that a 2-year CAGR is right now touching, 24% kind of level, on a very strong base, we have done well. So we are hopeful that on the second half, we will be better, but right now, just holding on to the guidance.

If we have a positive surprise to deliver, I am sure that we will delight you as well. Product mix, I think we are balanced and one of the things around that and largely, this has come because certain discrete steps and actions have been taken in our partnership channels, especially Axis Bank, which you will recall last year was running at a higher ULIP mix of 60% plus.

That has been brought in line at around 50%. We do not see a need to go beyond it. It is important to understand that each category has a consumer and a consumer segment to it. Each of them is VNB additive and hence, kind of helps the organization at an overall level. But we feel that the mix is fairly balanced. We do have certain designs being launched on the participating side, which could see some variances happening through the quarter.

But generally, unit linked in the last quarter does see a little bit of increase as the momentum of the sales also picks up. So I would not kind of indicate that there is more headroom to reduce ULIP. That is not how we think about it. Operating ROEV, look, it is a mathematical number, Swarnabh. You understand that as EV kind of builds up, there will always be VNB as a portion of opening EV will start becoming smaller and smaller. Over the next 2, 3 years, we are comfortable remaining in the range of 18%, 19%, and that is what we will try to do and target.

Swarnabh Mukherjee:

Very helpful, Amrit. Just a quick clarification on the first response. So you were saying it is largely coming out of the product mix. So I just wanted to understand that is there any operating leverage also

component playing out to this because our growth has been fairly strong. And I am just wondering if maybe our cost base would be kind of geared towards this growth.

But we are getting something over and above that cost base and in a hypothetical scenario where in the future, if there is some at least transient impact on growth, can there be a deleverage? So that is the reason why I asked the question.

Amrit Singh: No, I think on operating leverage, Swarnabh, you are aware and Sumit spoke about in his opening remarks that we have added offices and we are trying to augment a proprietary channel. So there is an investment strategy, which has also been in play for the last couple of years. So the sales and opex growth, our total expense growth have been in line with each other. I would not say that there is a big operating leverage, which has kind of come through. But as time progresses, especially in proprietary channels, we do see significant bit of operating leverage helping us as times unfold going forward.

Swarnabh Mukherjee: Okay. Got it. Very helpful. Thank you and all the very best for the second half.

Moderator: Thank you. The next question is from the line of Kushagra Goel from CLSA. Please go ahead.

Kushagra Goel: Hi, thank you for taking my question. Most of my questions are answered. Just one, first question on the protection side. So you are delivering quite strong growth on the total retail and health protection and you share that 34% is the pure protection. I just wanted to know what was the pure protection growth this quarter last year. And similarly, for the rider attachment rate, that is around 37% right now. What was that, let us say, for the full year FY25 and this quarter last year?

Sumit Madan: Yes. Thank you, Kushagra. Very relevant one, Kushagra. In fact, we have been seeing protection growth across channels for the last year or so. To answer specifically, we have seen a 34% growth as far as pure protection is concerned. And this growth has come across Axis Bank. This growth has come across banca channel. This growth has come across all our proprietary verticals as well. So we see a very strong momentum now.

In fact, post GST, the momentum has only improved as far as protection is concerned. And we have been looking at the numbers post 22nd September week by week. Across industry and all the more so with AMLI, we have seen strong traction being built up on protection week on week post 22nd September as well. On riders, it is 37% versus a 45% attachment last year, and those are the kind of numbers that we are looking at.

Amrit Singh: And protection was around 30% growth the year prior on which we are right now doing 34%, 36% kind of growth rate until end of September. Post that, there is some acceleration that we are seeing in the protection business.

Kushagra Goel: Perfect, sir. That is very good. Secondly, sort of you answered on the opex side. But this time, our opex to GWP was quite low. So just wanted to understand like how should we see this going forward. Was this just a timing thing or for the full year, we can see some improvement in our opex versus last year. I just wanted to get more color on that.

Amrit Singh: So opex, the growth has been around 11%. And as I told you that the GWP has grown at around 18%. So mathematically, if you keep growing your GWP faster than the opex ratio, you will continue getting an improvement in opex-to-GWP ratios. We do expect this trend to stay for full year as well.

Kushagra Goel: Okay, sir. Got it. That is all. Thank you and best of luck.

Amrit Singh: Thank you.

Moderator: Thank you. The next question is from the line of Prayesh Jain from Motilal Oswal. Please go ahead.

Prayesh Jain: Yes. Hi, team congrats on a great set of numbers. First question is on the GST hit. I think, Amrit, you mentioned 200 to 250 or 300 to 350?

Amrit Singh: 300 to 350 on a run rate basis.

Prayesh Jain: On run rate basis if nothing is done. So in that light, you had earlier guided for a VNB margin expansion of about 100 basis points for FY26. Now how would you kind of guide for the margins for FY26? Would you change that 100 bps expansion or you would want to increase or cut it? How should we look at it for the full year?

Amrit Singh: Yes. Prayesh, I did speak in the opening remarks. I think we are holding on to the guidances. So we had indicated that we will improve margin profiles, and it will be between 24%, 25%. We are holding on to that guidance.

Prayesh Jain: Okay. Got it. And second is on the question -- second question is on the Axis Bank channel, right? Do you think that we have a lot of headroom here to kind of take advantage of the brand that has been built now and especially in lower-tier cities? And the growth that we have been reporting on the Axis Bank channel is quite muted right now. Do you think that this can be another driver for you going ahead? Or do you think that a 7% to 10% kind of growth is something which is more doable at Axis Bank channel?

Sumit Madan: I think Axis is a very strong brand, Prayesh. And addition of Axis, like you rightfully said, specifically in Tier 2, Tier 3 locations have further up the momentum of sales for us. It is a very well-recognized, very respected brand, and obviously, we are getting a lot of benefit out of it. What we have done specifically, while you see the growth number at 7%.

What we have done is also a lot of changes as far as the product mix is concerned, and that is something we were very conscious about as far as change in the last quarter is concerned. Along with Axis, we are also focusing on some verticals within the bank where probably we can do more. Some of the cross-sell around assets, emerging channel, cards, those are the ones where we need to make use of the entire opportunity.

So as we get into H2, I am actually very optimistic as far as the numbers coming from Axis from a growth rate perspective are concerned. They have done very well in terms of the laid down strategy for quarter 2, and growth numbers at 7% have been pretty strong. And I am looking forward to a far better number in H2.

Prayesh Jain: Great. And just about this 300 to 350 basis points, how much of this you can offset by the product mix in the second half where protection has grown, protection is improving? And even I would assume non-par can have some more legs given the interest rate trajectory. How much of it can be offset by product mix? And how much would you kind of need commission support to completely offset the impact?

Amrit Singh: I think, Prayesh, rather than getting into the specifics, let us just hold to the guidance that we have indicated that for when we started the year, we guided for 24%, 25%. Obviously, we were not aware the GST will come our way. We will navigate some of these things to ensure that we hold on to the

guidance number. And I will leave it at that rather than kind of give a specific detail around percentage is here.

Prayesh Jain: Got it. Wish you all the best. Thank you so much.

Amrit Singh: Thank you, Prayesh.

Moderator: Thank you. The next question is from the line of Madhukar Ladha from Nuvama Wealth Management. Please go ahead.

Madhukar Ladha: Hi, congratulations on a great set of numbers and very strong performance. Two questions. See, Axis channel at 6%, 7% sort of a growth number is still a little bit probably lower in my expectation. And I was wondering like what is happening over there in the sense that I know that, okay, you have done some work on the product mix side, etcetera, but still the premium offtake, I would believe would have should have been higher.

We also know some also comment on the counter share and strategy and what should be the number that one should look at in terms of Axis growing year-over-year in the medium term? Some commentary around that will be helpful. Second, I am seeing that Group Credit Life now has started picking up a little bit for us. It is doing about we have got about a 14% growth year-over-year in the first half. So I wanted to get a better sense of what channels are driving this business. How much is it from Axis? And how much of it is from outside Axis, if you could help with that?

Sumit Madan: Sure. I think the first one first, Madhukar, as far as Axis Bank is concerned. See, I think we need to understand there are a lot of things that we are focusing on as far as Axis is concerned. Like I said earlier, emerging and you really have to look at the picture going function by function. So for example, emerging channel is an area, like I mentioned earlier, which is growing steadily for us.

Similarly, for example, we have looked at cards database. We have looked at assets database in terms of further penetrate from an insurance perspective. While the growth is at 7% for H1, we have also taken up an Axis transformation project to further up as far as productivity and efficiency at Axis is concerned. Most importantly for us, like we mentioned, this brand is so strong, and all of us expect better numbers across all our channels, including Axis.

Given the momentum right now, we are actually on the right track, and there was a very conscious intent around correcting some of the product mix at Axis. Even with the changed product mix, a growth of 7%, Madhukar, is actually a very healthy growth. H2 last year, for example, was around 8% for us.

I am actually very confident of doing much more in H2 coming from Axis Bank compared to what we did last year because all the ingredients are right now in place. And with the momentum across all channels behind us, I think Axis should not be an exception. We should do exceptionally well.

There is been a lot of groundwork that we have done, Madhukar, even in terms of some of the digital initiatives that we have taken at Axis just to further strengthen both the teams at Axis Bank and of course at Axis Max Life Insurance. In terms of digital efforts also that we have done, you will see the growth coming at a much faster pace in H2 from Axis Bank. On the second question, as far as GCL is concerned, do you want to comment?

Amrit Singh: Yes. So Madhukar, on GCL actually, our dependence on Axis is around 40%, and the rest comes from other channels. And as we have been updating, we have been augmenting many partners in the last 18

to 24 months. And even in the first half also, we added partners. Some of those additional partners is actually driving some bit of the growth. Also as the disbursement cycles are kicking off, we will -- we are quite confident that this will build up as the year kind of progressed further.

Madhukar Ladha: Just, Amrit, just a follow-up. In GCL, what is our counter share at Axis? And with the 7% order growth, my guess is that on individual APE basis, our counter share would have sort of come off a little bit. Is that correct or -- so yes?

Amrit Singh: So on Axis on individual side, counter share hovers between 65% to 70% kind of ranges. I think we are holding on to 65%, 66% for the first half. No material deterioration in that space as we see it. And we are quite confident that it will remain in that range. Credit Life counter share is slightly lower, more in the likes of 60% kind of levels. But again, there also, we are hopeful that we will be able to enter into new spaces and augment that as well to more like a 65%, 70% over the years.

Madhukar Ladha: Got it. Thanks and all the best.

Moderator: Thank you. The next question is from the line of Sanketh Godha from Avendus Spark. Please go ahead.

Sanketh Godha: Yes. Thanks for the opportunity. Amrit, the 60 basis point in the current half margin impact, how do you break it, whether it is only related to new business or the renewal from 1st April to 21st September is also there in 60? If that is the case, can you break it down, that 60 into renewal part and the new part from September 22 onwards?

Amrit Singh: Hi, Sanketh. So 60 bps, as I said, is only for the sale that has been post the GST period, which is 22nd September onwards, which I mentioned in the opening remark is 75% of the sale of the September month. The rest of the impact is something that has got carried in the other number that you saw, the INR268 crore that we showed on the EV walk.

Sanketh Godha: Understood. Sorry, maybe I missed that point. And see, on the INR268 crore also, Amrit, I mean, obviously as a percentage of opening EV, if I do that number, it comes closer to 110 basis points, while most of the other names reported somewhere between 40 to 50. So just wondering why we are almost at 2x compared to what others are reporting. Anything to read there just to have an understanding better why there is a divergence?

Amrit Singh: So actually, Sanketh, I am aware that some of our competitors have reported a lower number. It predominantly is to do with the product mix that is sold and what is as part of our, the VIF in the book. If you have more traditional, which actually intrinsically has more renewal commissions, then the impact on us would always be higher. It is not much of an opex play on the renewal side, on the maintenance side. It is more the renewal commission play, which actually creates this difference between us and anyone else.

Sanketh Godha: So is it fair to say that you have been largely very retail heavy compared to others being grouped? And maybe your conservation ratio being a little superior compared to others is getting reflected in that divergence?

Amrit Singh: It is quite possible. Also, we have not made any assumptions when we have kind of computed this amount with respect to any improvement in persistency or attachments of riders going forward, etcetera. So it is a more conservative estimate of as is where is basis. Because the premium rates have come off, maybe there could be positive elements around persistency, which could flow through,

etcetera. But this is as is where is kind of an estimate of INR268 crore, largely coming out of renewal commissions, the way they are structured in our books.

Sanketh Godha: Understood. And second question, Amrit, is that you are still maintaining your VNB guidance of 24 to 25-odd percentage. If I gross add back your GST impact, maybe you will be around 28-ish. See, that is a meaningful improvement. Assuming GST would have not happened, then your margins were going from 24 to 28.

I mean that bump-up is predominantly to say that, that happened because at product level, especially in non-par or annuity, product level margins have meaningfully improved because of the shape of the curve, and therefore, it is more tactical or more cyclical benefit, what you are getting today to navigate the problem of GST.

Amrit Singh: So you are partly correct. There are 2, 3 elements. I think if you see in our numbers strong growth in protection, strong growth in annuities and now from quarter 2 onwards, even the credit life business is picking up. So intrinsically, mix is supporting us. And this is a tailwind that we had not necessarily baked in the time of margin guidance at the start of the year.

So that is something that we are seeing as a strong trend. And additionally, your observations around yield curve, enabling some of the categories that you mentioned is also true. So it is a mix of both the things, which are helping us navigate this particular financial year.

Sanketh Godha: Sir, what is the reason why I am asking this question is that 24 assume going to 28 if GST would have not happened, then product mix would have contributed how much and maybe this product-related tailwind, which is more cyclical in nature compared to the macro environment, how much it has contributed to the margin, if you can give a bit of color there, it will be useful to understand how much is structural and how much is cycle favour?

Amrit Singh: So I think product mix, the contribution would be in the range of 60%, 70% and the rest around 30-odd percent is coming out of some of those intrinsic category margins improving.

Sanketh Godha: Okay, perfect. Thanks for the answers. That is it from my side.

Moderator: Thank you. The next question is from the line of Sucrit D Patil from Eyesight Fintrade Private Limited. Please go ahead.

Sucrit D Patil: Good morning to the team and best wishes to Mr. Sumit on joining and taking on the reins of the company. I just want to understand a personal outlook from your side. I want to understand the bigger picture. What is the long-term plan for Max Financial beyond quarterly number or distribution expansion?

Is there a deeper tactic that you are building that gives the company a lasting edge over the time? For example, are you thinking about new ways of working or introduction of any digital platforms or customer engagement models, something that makes the company stronger and hard for your competitors to copy the model? That is my first question. I will ask the second question later.

Sumit Madan: Sorry Sucrit are you there?

Amrit Singh: He said he will ask the second question later.

Sumit Madan:

Okay. Sorry. You want me to answer the first one first. I think personal outlook, Sucrit, I have said it time and again in various forums. I come from banking. And when I look at insurance as a market, I just look at a huge landscape, whichever number you want to believe 3.8, 4, 4.2 as far as penetration is concerned, there is just so much opportunity as far as India is concerned. And at least in the last 2 years with my experience at Axis Max Life, we have just further up the momentum as far as the numbers, penetration and growth is concerned.

I think from a perspective, Sucrit, first and foremost, we need to just focus on some of the right areas. So whether it is sum assured, whether it is protection, the growth in some of these key areas, along with number of policies as a case in point is something which is very close to us. If you look at the industry numbers also, Sucrit, over H1, our growth as far as number of policies is also concerned is actually pretty high compared to the rest of the players in the market.

Similarly, when you look at the protection of the sum assured numbers, we, again, have a very strong script there. So I think those are some of the focus areas. In terms of the vision, the way I see it and internally, we have divided into two parts, from a short-term perspective, Sucrit, we are looking at ourselves being a breakout number 3 player as far as the market is concerned from a short-term perspective. And I personally want to take a significant lead as far as number three in the market is concerned over some other players. That is the immediate vision.

In terms of data and digital and I think we have, as a company, done a lot of work both on data and digital over the last 2 years. In my opening address also, we spoke about Sales Navigator. We spoke about mSpace. We spoke about mPro . Some of those initiatives that we have taken are far better than -- far faster than what we have done in the past.

There have been some very specific strategies, Sucrit. I will give you a small example. Just the content of the training video, whether for our sales teams on the ground or even for our very respected advisers on the ground, we made them much more digitally savvy, made it much more sharper. So it is a combination of small and big steps that we are doing in terms of looking at the way the future is.

In terms of way of working, Sucrit, I think Max has always been a very strong entity. And I think only it is just a little bit tweak of, around execution has helped us reach these kind of numbers. The best part is the consistency is the key. I feel very strongly that these numbers, this momentum is not only sustainable but also further scalable for us.

Sucrit D Patil:

My second question is on margin, again, a forward-looking one. When costs rise, whether it is distribution and compliance or tech, how do you make sure the margins stay steady without the growth slowing? Is there any system you have built or you will be putting into place like smarter sourcing, pricing discipline or any digital efficiencies that will help you quietly keep the profits in line even when things are getting -- even when you cannot foresee any unpredictable things or something down the line?

Amrit Singh:

So I think on margins, the way we think about margins is we feel 25% is a good steady number. If the number kind of increases beyond that particular range, we were very keen in throwing that back as investment so as to augment and build distribution. But at the same time, we like to remain, keep it range bound.

We do not want it to kind of fall also sharply and hence, pricing discipline, execution, identifying those pockets of opportunities at all points in time is a very, very active element of play in our

distribution machinery. Our distribution machinery almost kind of runs through a daily VNB rhythm as well. So there is that kind of granularity in the system, which we have built over time.

But just zooming out and stepping back, I think if you really see, there are 3 categories, which as a license we are permitted to play in. There is a disciplined savings category. There is the mortality, morbidity category, and then there is a longevity. The later two categories are fairly underpenetrated, and India continues to provide significant opportunities in that space.

Those also, with respect to competitive dynamics, is less competed from other product forms and hence, continue to remain a good source of margin profile for the company. And building and augmenting some of those mixes will help us stay steadfast on it. The remaining category of savings, I think scale solves and creates an operating leverage play and especially in our own channels, where we see this pan out quite significantly is something that we closely watch and ensure that the productivity outcomes of our sales force year-on-year actually improves. So that is largely around margins, especially how we think about it.

Sucrit D Patil: Thank you for the guidance and I wish the entire team and you personally best of luck for Q3.

Amrit Singh: Thank you, Sucrit.

Moderator: Thank you. The next question is from the line of Sneha Ganatra from SUD Life. Please go ahead. Sneha Ganatra please proceed with your question. Sneha Ganatra please proceed with your question. Due to no response, we will take the next participant. The next question is from the line of Nishint Chawathe from Kotak. Please go ahead.

Nishint Chawathe: Hi, Nishint here. Just one question, and this is actually on product mix. If I kind of try to break this between proprietary and partnerships, I mean, one common thing that we see is that on a year-on-year basis, ULIP has gone down. But within the proprietary channel, what we can see is that there has been some meaningful improvement in protection and health and par book. But when I look at partnerships, there is bigger increase in the non-par savings book.

So is it something by design? And I think if I look at structurally as well, the share of protection and health and proprietary is much higher than that of partnerships. So is this something which is there by design, by strategy or is it something that you would want to kind of equalize at some point of time? How should one think about it?

Amrit Singh: Nishint, your observation is correct actually. And it is some bit of it is by design. Protection selling, by nature, is a bit of a long selling because it kind of entails medicals, collecting financial documents, and the time that it takes to close the protection sale is always longer. And we have seen the ability to navigate and leverage this in proprietary channels to be higher. Then partnership channels where savings and instant product, which actually can be issued quickly find more popularity.

So at least in the near future, I think our focus of driving protection, health in the proprietary channels will continue to remain. We have a special emphasis and special focus on driving that. Whereas in partnership channels, we do try, but you need to understand that there are multiple SKUs that they are selling, and time is a bit of an essence for them. So there is always a prioritization that will keep happening at their end.

Nishint Chawathe: And partnerships, if I try to break between online and offline, the breakup would be different? Or would it be similar?

Amrit Singh: So in our proprietary, we actually have 3 channels as part of the proprietary. We have our own agency network, our cross-selling engine and our e-commerce channel, which also includes partners in the e-commerce channel, largely because it is a marketplace and the brand is what gets sold versus partnership, which are pure play more banks and brokers actually.

Nischint Chawathe: Got it. So the question is that the offline proprietary looks similar to partnership or does it...

Amrit Singh: No, even offline proprietary also has higher proportion of protection.

Nischint Chawathe: Got it. Thank you very much.

Amrit Singh: I think your question is agency and direct selling teams, do they sell more protection. Answer is yes.

Nischint Chawathe: Got it. Thank you.

Moderator: Thank you very much. Ladies and gentlemen, that was the last question for today. I would now like to hand the conference over to Mr. Nishant Kumar for closing comments.

Nishant Kumar: Thank you, everyone, for being part of Max Financial's earning call. We look forward to more such interactions in the future. Have a good day. Goodbye.

Moderator: Thank you. On behalf of Max Financial Services Limited, that concludes our conference. Thank you for joining us today and you may now disconnect your lines.

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