

Max Financial Services

Estimate change	↑
TP change	↑
Rating change	↔

Bloomberg	MAXF IN
Equity Shares (m)	345
M.Cap.(INRb)/(USDb)	461.8 / 5.4
52-Week Range (INR)	1351 / 864
1, 6, 12 Rel. Per (%)	7/4/26
12M Avg Val (INR M)	1171

Financials & Valuations (INR b)

Y/E MARCH	FY25	FY26E	FY27E
Gross Premium	332.2	381.8	438.9
PAT	4.0	7.1	9.3
APE	87.7	102.4	118.8
VNB margin (%)	24.0	25.0	25.5
Op. RoEV (%)	19.1	18.5	18.4
AUM (INRb)	1,750	1,933	2,180
VNB(INRb)	21.1	25.3	30.0
EV per Share	584	698	831

Valuations

P/EV (x)	2.9	2.4	2.0
P/EVOP (x)	19.4	15.6	13.1

Shareholding Pattern (%)

As On	Mar-25	Dec-24	Mar-24
Promoter	1.7	3.3	6.5
DII	47.3	42.7	39.9
FII	44.8	47.5	47.7
Others	6.2	6.5	5.9

FII includes depository receipts

CMP: INR1,338 **TP: INR1,330 (-1%)** **Neutral**

Strong margin performance, reverse merger key to re-rating

- Axis Max Life Insurance (MAXLIFE) continued to report better-than-industry performance in 4QFY25, with new business APE growth of 6% YoY to INR30.4b (in line). For FY25, it came in at INR87.7b, up 21% YoY.
- MAXLIFE reported 4% YoY growth in VNB to INR8.5b (8% beat), resulting in VNB margin of 28% vs. 28.6% in 4QFY24 (MOFSLe: 25.8%), as the focus shift to higher-margin traditional products led to strong sequential improvement.
- The company reported EV of INR252b as of FY25 end, reflecting strong operating RoEV of 19.1%.
- Management aims to achieve 300bp-400bp alpha over private industry premium growth, with improvement in VNB margin to 24-25% in FY26.
- We have slightly raised our VNB estimates, factoring in higher business from traditional products. We expect 25%/25.5% VNB margin in FY26E/FY27E and keep APE estimates unchanged. **Reiterate Neutral** with a TP of INR1,330, premised on 2x FY27E EV and a holding company discount of 20%. The success of the reverse merger is key for further re-rating of the stock.

Sequential improvement in VNB margin as ULIP contribution declines

- Gross premium income grew 11% YoY to INR118.6b (in line). Renewal premium grew 16% YoY to INR77.8b (in line). For FY25, GWP came in at INR332.2b, up 13% YoY.
- ULIP contribution declined to 40% in 4QFY25 from 44%/45% in 2QFY25/3QFY25, while par/non-par savings contribution increased sequentially to 19%/28% from 16%/26% in 3QFY25. Combined with the increase in the rider attachment ratio (43% in FY25 vs. 34% in FY24), the product mix shift resulted in 480bp sequential improvement in VNB margin.
- MAXLIFE launched two products during the quarter - Smart Term Plan Plus (Term product) and Smart Term with Additional Returns (ULIP product), which have higher sum assured multiples and contribute toward achieving higher margin.
- On the distribution front, proprietary /bancassurance channels grew 1%/10% YoY. Proprietary channel witnessed 26% YoY growth in FY25, aided by 16% YoY growth in offline channel and 57% YoY growth in online channel due to higher ULIP sales in e-commerce on the back of new fund offers. Bancassurance channel grew 12% YoY in FY25 as a continued slowdown in Axis Bank channel (+10% YoY) was offset by strong growth in other banca partnerships (+27% YoY).
- The policyholder expense to GWP declined 24bp YoY to 13.6% in FY25.
- Persistency on the NOP basis improved across almost all cohorts, particularly in the 37th-month (up 400bp YoY to 68%) and 49th-month (up 300bp YoY to 60%).
- AUM grew 16% YoY to INR1.75t, while solvency improved to 201%.

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Investors are advised to refer through important disclosures made at the last page of the Research Report.

Highlights from the management commentary

- The company expects more clarity on the reverse merger after changes in the Insurance Act, expected in the monsoon session of Parliament after which an immediate action will be taken.
- Management wants to increase brand awareness of Axis Max Life in Tier-2/3 cities. Decisions about pricing would be taken next year when Axis Max life brand will cross one year of existence.
- Data and integration are key differentiators in the e-commerce channel and the company expects the growth momentum to continue with some impact of high base, going forward.

Valuation and view

- MAXLIFE reported a steady performance in APE in 4QFY25, which was in line with our estimates. Strong growth momentum continued in the proprietary channel, driven by secular growth in online sales, agency, and direct selling. The decline in share of ULIPs, higher rider attachment and innovative traditional products resulted in VNB margin improvement in 4QFY25.
- We have slightly raised our VNB estimates, factoring in higher business from traditional products. We expect 25%/25.5% VNB margin for FY26E/27E and keep APE estimates intact. **Reiterate Neutral** with a TP of INR1,330, premised on 2x FY27E EV and a holding company discount of 20%. Further re-rating of the stock will be driven by any developments on the reverse merger.

Quarterly Snapshot

Policy holder's A/c (INR b)	FY24				FY25				FY24	FY25	FY25E 4QE	A v/s E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
First year premium	9.9	15.3	17.6	25.4	12.6	20.5	20.4	29.8	68.9	83.3	29.2	2%
Growth (%)	8.0%	37.7%	20.7%	5.3%	27.1%	33.6%	16.1%	17.3%	16.8%	20.9%	15.1%	
Renewal premium	30.1	42.0	46.1	66.8	33.2	47.2	52.2	77.8	185.1	210.5	75.3	3%
Growth (%)	15.1%	7.5%	14.6%	14.6%	10.3%	12.4%	13.3%	16.4%	13.0%	13.7%	12.7%	
Single premium	8.7	8.9	9.3	15.2	8.2	9.7	9.6	11.1	41.3	38.5	13.7	-19%
Growth (%)	52.8%	14.2%	15.5%	66.5%	-5.7%	8.4%	3.0%	-27.0%	35.1%	-7.0%	-9.8%	
Gross premium income	48.7	66.3	73.0	107.4	54.0	77.4	82.2	118.6	295.3	332.2	118.2	0%
Growth (%)	18.7%	14.2%	16.1%	17.3%	10.8%	16.8%	12.7%	10.5%	16.5%	12.5%	10.1%	
PAT	1.0	1.6	1.5	-0.5	1.6	1.4	0.7	0.4	3.6	4.0	1.7	-77%
Growth (%)	13.2%	196.2%	-34.9%	NA	51.4%	-11.2%	-53.8%	NA	-17.8%	12.1%		
Key metrics (INRb)												
New Business APE	11.1	16.5	18.0	28.7	14.5	21.7	21.1	30.4	72.5	87.7	30.4	0%
Growth (%)	10.3%	38.8%	18.9%	13.2%	30.5%	31.3%	17.4%	5.8%	16.9%	20.9%	0.1	
VNB	2.5	4.2	4.9	8.2	2.5	5.1	4.9	8.5	19.7	21.1	7.9	8%
Growth (%)	16.0%	11.5%	-17.5%	6.6%	2.8%	23.1%	0.0%	3.8%	1.2%	6.8%	0.0	
AUM	1,291.3	1,341.6	1,426.2	1,508.4	1,611.5	1,701.4	1,717.1	1,750.0	1,508.4	1,750.0	1,719	2%
Growth (%)	20.5%	18.4%	20.5%	22.8%	24.8%	26.8%	20.4%	16.0%	22.8%	16.0%	0.1	
Key Ratios (%)												
VNB Margin (%)	22.2	25.2	27.2	28.6	17.5	23.6	23.2	28.0	42.2	24.0	25.8	

Policyholder A/c (INRb)	FY24				FY25				YoY (%)	QoQ (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Gross premium	48.7	66.3	73.0	107.4	54.0	77.4	82.2	118.6	10	44
First year premium	9.9	15.3	17.6	25.4	12.6	20.5	20.4	29.8	17	46
Renewal premium	30.1	42.0	46.1	66.8	33.2	47.2	52.2	77.8	16	49
Single premium	8.7	8.9	9.3	15.2	8.2	9.7	9.6	11.1	-27	16
Shareholder PAT	1.0	1.6	1.5	-0.5	1.6	1.4	0.7	0.4	-175	-46
APE data (INRb)										
PAR	1.9	3.9	3.3	4.3	1.9	2.1	3.5	5.7	34	65
Individual Protection	0.9	1.6	1.6	1.8	1.5	2.2	2.1	3.0	65	44
Group protection	1.2	1.0	1.0	0.5	1.5	1.1	0.9	0.9	81	5
Non Par Savings	4.2	4.6	6.2	10.2	3.9	6.6	5.5	8.5	-17	54
ULIP	2.8	5.5	5.8	11.9	5.7	9.5	9.4	12.2	3	29
APE (% of total)									YoY (bp)	QoQ (bp)
PAR	17.0	23.7	18.5	14.8	13.0	9.7	16.4	18.8	395	233
Individual Protection	8.0	9.7	9.0	6.4	10.0	10.0	10.0	10.0	359	0
Group protection	11.0	6.0	5.5	1.8	10.0	5.0	4.3	3.1	129	-117
Non Par Savings	38.0	28.0	34.5	35.6	27.0	30.3	26.3	28.0	-759	172
ULIP	25.0	33.4	32.5	41.4	39.0	44.0	44.7	40.1	-124	-460
Distribution mix (%)									YoY (bp)	QoQ (bp)
Proprietary	40.0	40.0	40.0	40.0	49.0	43.7	41.7	38.6	-139	-308
Banca	58.0	59.7	59.0	56.4	48.0	54.3	56.2	59.4	295	312
Others	2.0	0.3	1.0	3.6	2.0	2.0	2.1	2.0	-157	-4
Key Ratios (%)									YoY (bp)	QoQ (bp)
Operating ratios										
Opex to GWP ratio (%)	17.4	15.4	14.8	13.8	17.9	16.5	14.9	13.6	-20	-130
Solvency Ratio	188.0	184.0	179.0	172.0	203.0	198.0	196.0	201.0	2,900	500
Profitability ratios										
VNB margins	22.2	25.2	27.2	28.6	17.5	23.6	23.2	28.0	0	540
Persistency ratios (%)										
13th Month	84.0	84.0	85.0	87.0	87.0	87.0	85.0	88.0	100	300
25th Month	69.0	70.0	70.0	70.0	71.0	71.0	72.0	74.0	400	200
37th Month	52.0	62.0	63.0	61.0	64.0	64.0	64.0	63.0	200	-100
49th Month	64.0	65.0	65.0	58.0	67.0	67.0	67.0	57.0	-100	-1,000
61st Month	58.0	57.0	58.0	52.0	58.0	58.0	58.0	53.0	100	-500
Key Metrics (INRb)										
VNB	2.5	4.2	4.9	8.2	2.5	5.1	4.9	8.5	4	74
AUM	1,291	1,342	1,426	1508	1612	1701	1717	1750	16	2
Equity Mix (%)	26.5	28.1	30.1	29.1	29.7	43.3	29.5	27.6	-144	-191



Highlights from the management commentary

FY25 highlights

- Max Life reported 2-year CAGR of 18% in individual adjusted single premium, which is the fastest growth among the top-10 private insurers.
- The company did 80 product interventions in FY25 because of surrender guidelines. Two new products were launched in 4QFY25 - STAR ULIP and Smart Term Plan Plus.
- Rider attachment increased to 43% in FY25, which cushioned the impact of surrender regulations.
- VNB margin of 24% in FY25 was at the higher end of 23-24% guidance.
- Many product launches are planned in FY26, especially in the traditional space, to rebalance the product mix.
- No dividend payout to preserve capital and grow embedded value.
- The company expects more clarity on the reverse merger after changes in the Insurance Act, expected in the monsoon session of Parliament, after which an immediate action will be taken.

Product mix

- The company witnessed strong growth in Apr'25 with contribution from all lines of business.
- Various efforts have been made to rebalance the product mix, including new product launches and higher focus on traditional products, which will likely result in a decline in ULIP contribution in FY26.
- The company expects to achieve 300bp-400bp higher growth than private industry in FY26.
- Management wants to increase brand awareness of Axis Max Life in Tier-2/3 cities. Decisions about pricing would be taken next year when Axis Max Life brand will cross one year of existence.
- Protection is under penetrated in Top-25 cities and will continue to grow on the back of rider attachment. Protection is the top growth strategy for the company.

VNB margin

- The company expects margin to increase from 24% in FY25 to 24-25% in FY26, with demand for traditional products rising.
- The life insurance industry is looking at product categories that will give more margins to tackle margin pressure due to regulations.

Distribution

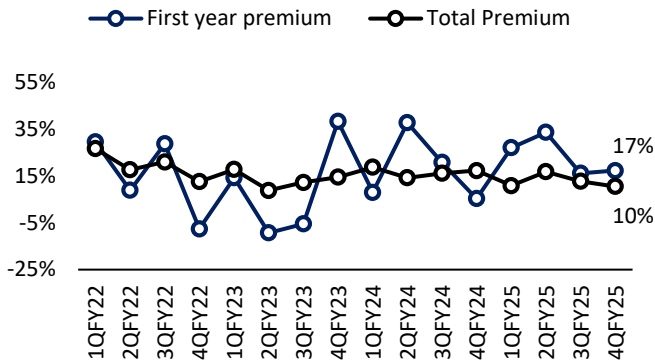
- No formal communication has happened about any regulatory changes related to the bancassurance channel.
- Axis Bank channel (48% of company's bancassurance business) witnessed 7% growth in 4QFY25 (10% in FY25), which mirrors the slow growth at the bank level and also impact of higher base. Overall bancassurance growth has slowed down for the industry as banks have focused on building deposits. Protection is becoming a key part of Axis Bank's portfolio, which will contribute to higher growth.
- The company has 54%/56% counter share at Yes Bank/Axis Bank.
- A strong 50% CAGR has been witnessed in e-commerce channel, with the company maintaining the top position for protection business in the e-commerce channel. The channel has started to participate in the savings business as well.
- Data and integration are key differentiators in the e-commerce channel and the company expects the growth momentum to continue with some impact of high base, going forward.
- New banca partnerships have seen strong traction on the back of enhanced distribution capabilities, training programs for salesforce and product innovation.

EV

- Positive impact of INR50m on operating variance was due to assumption recalibration with some positives on mortality and expense side and marginal negative on persistency and lapse side.

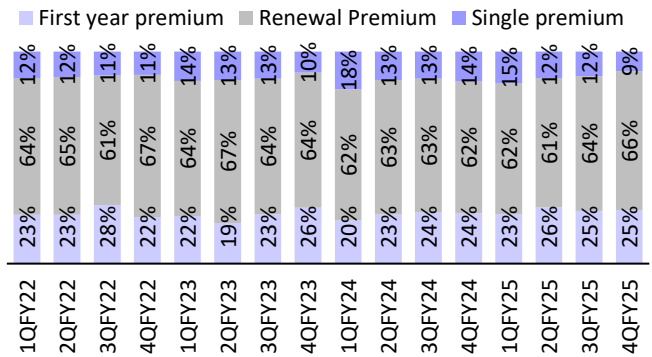
Key exhibits

Exhibit 1: First-year premium grew 17% YoY, while total premium grew 10% YoY in 4QFY25



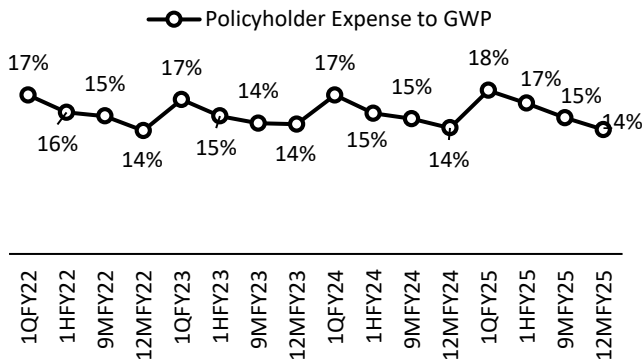
Sources: MOFSL, company reports

Exhibit 2: Share of renewal premium increased to 66% in 4QFY25



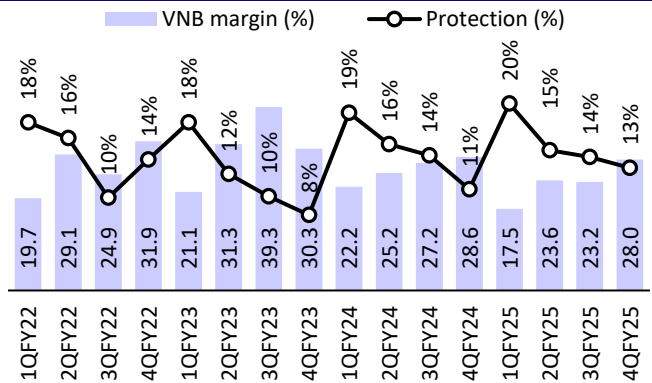
Sources: MOFSL, company reports

Exhibit 3: Expense-to-GWP ratio stood at 14% for 12MFY25



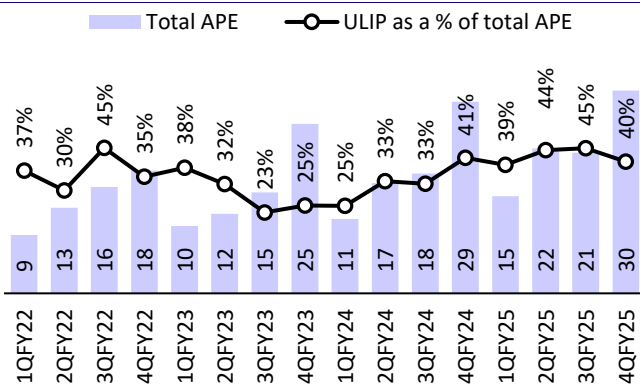
Sources: MOFSL, company reports

Exhibit 4: VNB margin contracted 60bp YoY to 28%



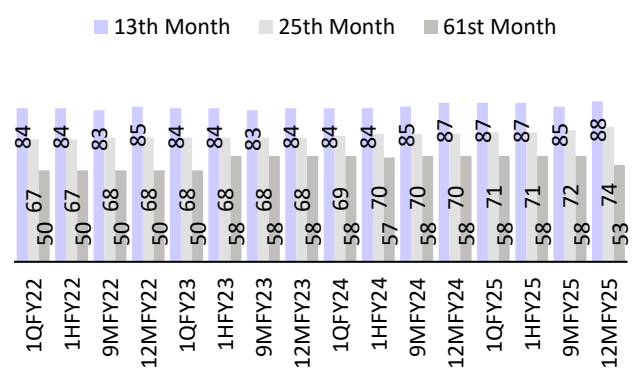
Sources: MOFSL, company reports

Exhibit 5: Share of ULIP in total APE rose to 40% in 4QFY25



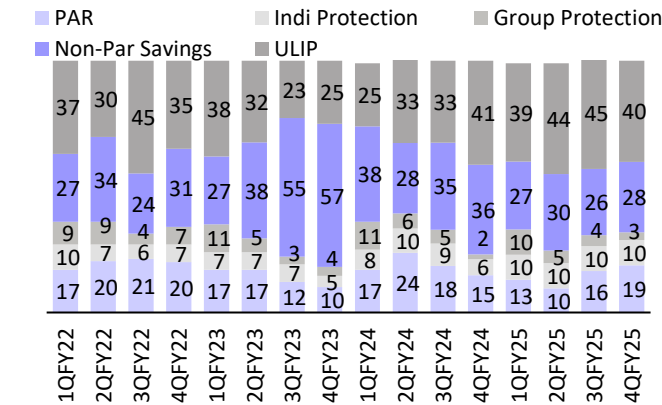
Sources: MOFSL, company reports

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



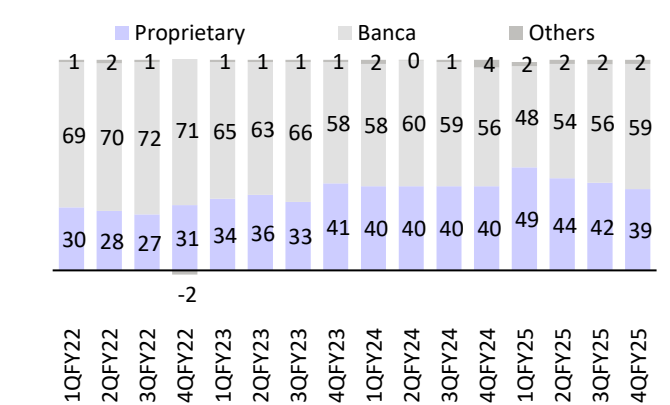
Sources: MOFSL, company reports

Exhibit 7: Share of protection stood at 13% of the total APE, while the share of ULIP declined to 40% in 4QFY25



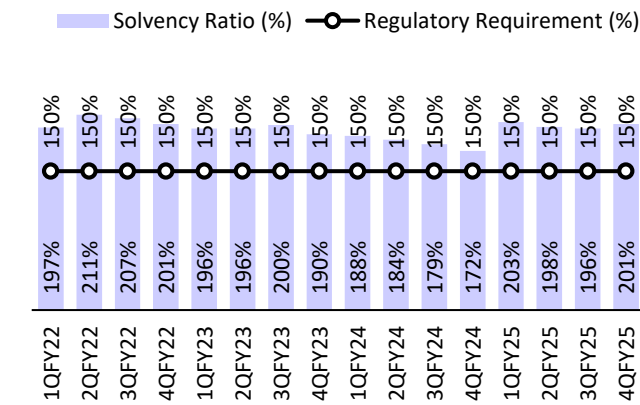
Sources: MOFSL, company reports

Exhibit 8: Distribution mix (%)



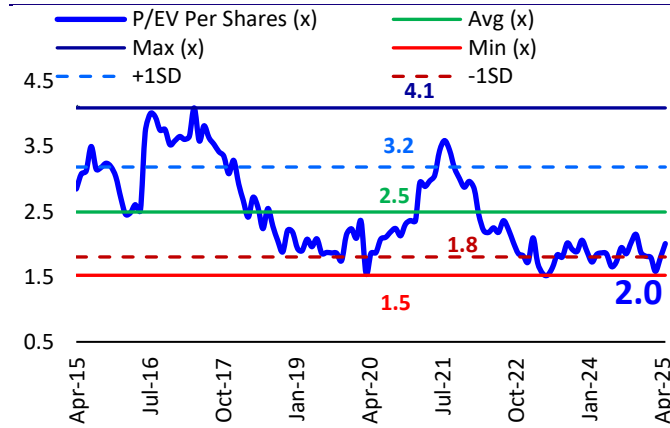
Sources: MOFSL, company reports

Exhibit 9: Solvency ratio healthy at 201%, well above the regulatory requirement of 150%



Sources: MOFSL, company reports

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



Sources: MOFSL, company reports

Exhibit 11: We value MAXF at INR1,330 per share

Appraisal value method (INR b)	Mar'27E
Embedded value	359
New business profit	30.0
Appraisal value	717
MFS stake post-deal	80%
MFS value	574
MFS valuation per share (INR)	1,663
Appraisal value-to-embedded value (x)	2.2
Holding company discount	20%
Target price (INR)	1,330
Upside/downside	-1%

Source: MOFSL

Financials and valuations

Technical account (INR m)	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E
Gross Premiums	1,61,836	1,90,179	2,24,141	2,53,419	2,95,290	3,32,230	3,81,782	4,38,869
Reinsurance Ceded	2,049	2,788	4,272	4,601	5,443	6,124	7,037	8,089
Net Premiums	1,59,788	1,87,391	2,19,870	2,48,818	2,89,847	3,26,106	3,74,745	4,30,780
Income from Investments	21,589	1,21,657	87,408	60,936	1,70,875	1,33,732	1,36,385	1,53,442
Other Income	612	730	878	792	77	77	77	77
Total income (A)	1,81,989	3,09,778	3,08,155	3,10,547	4,60,800	4,59,916	5,11,207	5,84,299
Commission	(10,244)	(12,270)	(14,028)	(16,138)	(23,983)	(27,877)	(32,286)	(37,464)
Operating expenses	(23,441)	(27,008)	(30,192)	(35,808)	(40,861)	(46,581)	(53,103)	(60,537)
Total commission and opex	(33,685)	(39,277)	(44,220)	(51,947)	(64,843)	(74,458)	(85,389)	(98,001)
Benefits Paid (Net)	66,222	70,149	92,772	99,792	1,33,212	1,35,368	1,50,651	1,73,778
Chg in reserves	66,394	1,96,686	1,64,581	1,50,603	2,57,486	2,41,803	2,65,264	3,00,189
Prov for doubtful debts								
Total expenses (B)	1,69,073	3,08,010	3,03,993	3,04,550	4,57,656	4,53,739	5,03,434	5,74,117
(A) - (B)	12,916	1,768	4,162	5,997	3,144	6,177	7,773	10,182
Prov for Tax	-	-	-	-	-	-	-	-
Surplus / Deficit	12,916	1,768	4,162	5,997	3,144	6,177	7,773	10,182

Shareholder's a/c (INR m)	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E
Transfer from technical a/c	4,690	3,864	2,781	4,563	2,612	5,133	6,460	8,461
Income From Investments	2,074	2,360	3,212	3,143	3,943	3,860	4,527	5,206
Total Income	6,781	6,351	6,033	7,858	6,858	9,296	11,289	13,970
Other expenses	292	739	707	785	900	1,017	1,149	1,299
Contribution to technical a/c	410	502	1,168	1,999	2,210	2,400	2,600	2,800
Total Expenses	701	1,241	1,874	2,784	3,110	3,417	3,749	4,099
PBT	5,978	5,102	4,170	5,069	3,749	4,480	7,540	9,871
Prov for Tax	(585)	131	(303)	(694)	(152)	(450)	(452)	(592)
PAT	5,394	5,232	3,867	4,374	3,597	4,030	7,088	9,279
Growth	-3%	-3%	-26%	13%	-18%	12%	76%	31%

Balance sheet (INR m)	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E
Sources of Fund								
Share Capital	19,188	19,188	19,188	19,188	19,188	20,608	20,608	20,608
Reserves And Surplus	6,806	10,589	12,760	16,208	20,184	39,110	45,059	53,165
Shareholders' Fund	25,739	30,079	31,959	35,467	39,983	60,396	66,420	74,608
Policy Liabilities	4,54,807	5,58,936	6,72,822	8,05,354	9,73,550	11,68,260	14,01,911	16,82,294
Prov. for Linked Liab.	1,74,210	2,54,703	2,94,035	3,03,656	3,87,991	5,13,940	5,01,096	4,74,269
Funds For Future App.	30,962	29,819	32,369	35,803	38,727	42,600	46,860	51,546
Current liabilities & prov.	20,276	28,853	37,214	38,656	36,183	39,801	43,781	48,159
Total	6,97,448	9,12,228	10,83,335	12,42,553	15,38,216	17,85,873	20,17,039	22,83,553
Application of Funds								
Shareholders' inv	32,581	38,484	51,477	55,042	58,484	70,181	80,708	92,814
Policyholders' inv	4,60,484	5,81,847	6,89,187	8,21,021	10,08,078	12,09,694	13,91,148	15,99,820
Assets to cover linked liab.	1,91,642	2,83,736	3,34,432	3,52,502	4,41,793	4,68,300	4,96,398	5,26,182
Loans	4,264	5,322	6,661	9,248	10,605	16,225	24,825	37,982
Fixed Assets	2,187	2,213	2,604	3,452	4,153	4,859	5,685	6,652
Current assets	26,566	29,480	36,189	39,942	51,286	56,414	62,056	68,261
Total	6,97,448	9,12,228	10,83,335	12,42,553	15,38,216	17,85,873	20,17,039	22,83,553

Financials and valuations

Operating ratios (%)	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E
Investment yield	3.3%	15.2%	9.0%	5.1%	12.4%	8.6%	7.8%	7.8%
Commissions / GWP	6.3%	6.5%	6.3%	6.4%	8.1%	8.4%	8.5%	8.5%
- first year premiums	-17.2%	-17.5%	-18.0%	-18.7%	-27.5%	-27.0%	-27.0%	-27.0%
- renewal premiums	-2.6%	-2.7%	-2.5%	-2.5%	-2.4%	-2.4%	-2.4%	-2.4%
- single premiums	-1.1%	-1.4%	-1.8%	-1.6%	-1.5%	-1.0%	-1.0%	-1.0%
Operating expenses / GWP	-14.5%	-14.2%	-13.5%	-14.1%	-13.8%	-14.0%	-13.9%	-13.8%
Total expense ratio	-20.8%	-20.7%	-19.7%	-20.5%	-22.0%	-22.4%	-22.4%	-22.3%
Claims / NWP	41.4%	37.4%	42.2%	40.1%	46.0%	41.5%	40.2%	40.3%
Solvency ratio	207%	202%	201%	193%	172%	201%	185%	185%

Persistency ratios (%)	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E
13th Month	83.0%	84.0%	85.0%	84.0%	87.0%	88.0%	89.0%	90.0%
25th Month	71.0%	71.0%	68.0%	68.0%	70.0%	71.0%	72.0%	73.0%
37th Month	63.0%	63.0%	61.0%	62.0%	63.0%	63.5%	64.0%	64.5%
49th Month	59.0%	58.0%	56.0%	63.0%	66.0%	66.5%	67.0%	67.5%
61st Month	52.0%	54.0%	50.0%	58.0%	58.0%	58.5%	59.0%	59.5%

Profitability ratios (%)	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E
New business margin (%)	21.6%	25.2%	27.4%	31.2%	26.5%	24.0%	25.0%	25.5%
RoE (%)	20.2%	18.7%	12.5%	13.0%	9.5%	8.0%	11.2%	13.2%
Operating RoEV	20.3%	18.6%	19.2%	22.1%	20.2%	19.1%	18.5%	18.4%
RoEV (%)	11.6%	18.6%	19.8%	14.7%	19.9%	29.2%	19.4%	19.2%

Valuation ratios	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E
Total AUM (INR b)	685	904	1,075	1,229	1,508	1,750	1,933	2,180
EPS (INR)	14.5	11.0	8.1	9.2	7.6	9.3	16.4	21.5
Value of new business (INRb)	9.0	12.5	15.3	19.5	19.7	21.1	25.3	30.0
Embedded Value (INR b)	99.8	118.4	141.8	162.6	194.9	251.9	300.9	358.6
EV Per share (INR)	209.7	248.7	297.9	341.8	409.7	584.2	697.7	831.5
P/EV (x) - after 20% holdco disc	8.0	6.7	5.6	4.9	4.1	2.9	2.4	2.0
P/EPS (x)	115.7	152.7	206.6	182.6	222.1	179.6	102.1	78.0
P/EVOP(x)	39.9	39.1	31.8	23.1	22.0	19.4	15.6	13.1
P/VNB(x)	80.7	58.0	47.4	37.1	36.7	34.4	28.6	24.1

Note: Valuation ratios adjusted for MFS stake (80%) and hold company discount (20%)

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