Operator: Ladies and gentlemen, good day and welcome to Max Financial Services Limited Q1 FY27 earnings conference call. As a reminder, all participant lines will be in 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 the operator by pressing star and then zero on your touchtone phone. I now hand the conference over to Mr. Nishant Kumar, Chief Financial Officer of Max Financial Services Limited, for the opening remarks. Thank you, and over to you, sir.

Nishant Kumar – CFO: Thank you. Good evening, everyone, and thank you for joining Max Financial Services' earnings call for the quarter ended June 30, 2026. Our Q1 FY27 results have been released and are 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 Max Life. With that, let me hand over the call to Sumit, who will take you through our performance and key developments during the first quarter of FY27.

Sumit Madan – MD & CEO: Thank you, Nishant, and good evening, everyone. As you are aware, quarter one was marked by geopolitical uncertainties and a very volatile macro environment that weighed on market sentiment. Despite these challenges, the Indian economy remains resilient, supported by some very strong domestic fundamentals. Against this backdrop, we stayed focused on execution, continued to advance our strategic priorities, and maintained disciplined risk and capital management.

To begin with, we achieved a key milestone during the quarter with the completion of Axis Bank's acquisition of an additional 0.98% stake in Axis Max Life Insurance through an equity infusion of Rs.381 crores, increasing its shareholding to 19.99%. The infusion enhanced our financial strength, raising our solvency ratio to a robust 198%, while further underscoring the commitment of our promoters and their confidence in our strategy, execution capabilities, and long-term value creation potential.

With that context, let me take you through the performance highlights across our strategic focus areas during the quarter. Following a very successful FY26, we have started FY27 on a strong note, carrying forward our growth momentum and delivering a healthy performance in the first quarter. Our focus remains on building a sustainable and profitable franchise while creating long-term value for all stakeholders, including customers, employees, distribution partners, and shareholders.

In Q1 FY27, our individual adjusted first-year premium grew by 17%, outperforming both the private sector and the overall industry growth. More importantly, our growth remains consistent and sustainable, with a 2-year CAGR of 20%, which is well ahead of the private industry CAGR of 12% and double the overall industry growth rate of 10%.

Our APE grew by 15% during the quarter, supported by balanced contributions from both proprietary and partnership channels, growing at 15% and 16%, respectively. Our proprietary channels continue to be a key engine of growth, delivering a strong 3-year APE CAGR of 26%, while offline proprietary sales recorded 9% growth in quarter one. Our online business continued to lead the market with 27% APE growth.

Within partnerships, APE growth of 16% was driven by 14% growth from Axis Bank and 21% growth from other partners, again underscoring the breadth and resilience of our distribution franchise. We also continue to make some very strong progress in the group credit life segment, delivering 57% growth in Q1 FY27. It is also noteworthy that 45% of our GCL business has been sourced from partners we had added in the last 3 years, diversifying our presence in this segment. In addition, we have onboarded several meaningful credit life partnerships during the quarter, which are expected to further strengthen growth momentum in the coming quarters.

We also continue to expand our addressable market through some very targeted strategic initiatives. During the quarter, we launched our USD-denominated offering of the Smart Gift Plan, enhancing our ability to serve the growing NRI customer segment. Further, we launched Aura, our exclusive proposition for high-net-worth individuals, designed to deliver a differentiated experience and tailored wealth and protection solutions for this very critical segment of customers.

At Axis Max Life, innovation remains a core strategic lever, enabling us to address evolving customer needs while driving long-term value creation for all our stakeholders. Our focus continues to be on building a balanced and diversified portfolio mix that supports sustainable growth, improves the product mix, and enhances margins.

Q1 FY27 largely reflected a normalization of growth across traditional savings products while maintaining the product mix strength seen over the previous 3-4 quarters. Participating products continued to witness strong traction, growing 48% and contributing 15% of overall APE. The non-par segment saw a relatively lower contribution compared to the same period last year, reflecting a higher base effect. Despite volatile market conditions, our ULIP business grew 19%, supported by the launch of the Smart Gift Plan.

Protection remains one of our key strategic priorities. During the quarter, we further strengthened our proposition for the self-employed customer segment, and as a result, our protection and health business grew 44%, led by 57% growth in riders, reflecting increasing customer demand for comprehensive protection solutions.

Retirement solutions continue to represent a significant long-term opportunity. Our annuities business delivered an exceptional 116% growth during the quarter. We further expanded our retirement portfolio with the launch of Smart Retire, a variable annuity product that combines guaranteed lifelong income with participation in long-term equity market performance, offering customers an attractive balance between security and growth.

The strong growth in our protection and annuity business, coupled with a favorable yield curve, resulted in a meaningful improvement in profitability. Consequently, our VNB margins expanded from 20.3% in Q1 FY26 to 23.2% in Q1 FY27, driving a robust 33% growth in the value of new business, or VNB. This reflects the success of our strategy to build a higher-quality, more profitable, and sustainable business.

Needless to add, at Axis Max Life, customer trust remains the foundation of our franchise, and we are proud to see this reflected across key customer-centric metrics. In FY26, we achieved our highest-ever individual death claims paid ratio of 99.8%, reaffirming our unwavering commitment to standing by our customers and their families when they truly need us the most.

Further strengthening this trust, our Insta-Claim service now settles 67% of eligible claims within a single day, delivering a faster and more seamless claims experience. We were also recognized as the number one life insurer in customer experience in India in Hansa Research's syndicated Life Insurance CuX 2026 study, improving from the second position held over the previous 3 years, with a customer experience score of 61. These milestones underscore the confidence customers place in the Axis Max Life brand and our ability to consistently deliver on that promise.

Our 13-month premium persistency stood at 83%. Additionally, longer-tenure persistency metrics, including 37th-month, 49th-month, and 61st-month persistency, continued to improve on both a premium and number-of-policy basis, reflecting the growing quality and durability of our business.

Customer advocacy also remains strong. Our overall net promoter score increased to 63 from a baseline of 60 at FY25 exit. Touchpoint NPS improved by 2 points to 65, while relationship NPS again increased meaningfully to 61 from 57, all reflecting the strength of our customer engagement initiatives and our strong service proposition.

Axis Max Life's digital technology and AI strategy is transforming the company into a platform-led, intelligence-driven insurer. At the core of this strategy is pervasive intelligence, with AI, Gen AI, and analytics embedded across customer journeys, distribution, underwriting, servicing, and employee productivity, all supported by agile technology platforms and a modern data foundation.

In digital commerce and acquisition, we continue to strengthen our D2C franchise through superior proposition discovery, AI-led marketing and lead nurturing, and an optimized onboarding journey. Our digitally empowered distribution platform, M-Space, as we call it, equips advisors with recruitment intelligence, personalized engagement, next-best-action recommendations, and performance insights. The ecosystem now supports 36,000 monthly active users with over 90% adoption, helping us drive improved productivity and sales effectiveness.

Through our customer app, customers benefit from AI-enabled self-service, wellness offerings, personalized engagement, and digital servicing. We have also simplified the claims experience across our website and customer app to improve customer ease and accessibility. With over 10 lakh installs and 4 lakh monthly active users, the platform is emerging as a key engagement channel across the customer life cycle.

AI and analytics are increasingly becoming the operating backbone of Axis Max Life. We now have 30+ AI/ML models in production across recruitment, sales, underwriting, servicing, and cross-sell. AI-based digital prospecting generated 38,000 recruitment leads. Our AI sales co-pilot has supported 27,000+ sales interactions, recommendation engines have shifted 50% of quotes to higher-value variants, and voice analytics have assessed 2 lakh+ customer interactions.

In servicing, the Gen AI email bot has resolved 40,000 queries, while AI-driven cross-sell initiatives have delivered Rs.58 crores of new business, demonstrating AI's growing contribution to growth, productivity, and customer experience at Axis Max Life.

To summarize, I would like to highlight that we had a strong start to the year, with solid performance across all the key metrics. While global geopolitical developments continue to shape market dynamics, we remain confident in our ability to deliver on our guidance of outperforming the industry and driving sustained value for all stakeholders. With that, I will now hand over to Amrit, who will provide an update on our financial performance.

Amrit Singh - CFO: Thank you, Sumit, and good evening, everyone. Very quickly, some housekeeping numbers. At the MFSL level, revenue excluding investment income grew by 18% to Rs.7,289 crore, and consolidated profit after tax at MFSL stood at Rs.186.

The gross written premium for Axis Max Life has grown by 19% to Rs.7,710 crore, of which renewal premium registered healthy growth of 20% and stands at Rs.4,639 crore. This reflects the resilience of our in-force business.

Individual new business sum assured, which is a measure of protection penetration that we are trying to drive within the country, has grown by 32% year-on-year and stands at 1 lakh and 19,000 lakh crore for Axis Max Life on a standalone basis. We continue to hold on to our rank three position in individual sum assured business in the private space.

Our embedded value at the end of the quarter stood at Rs.30,415 crore, with growth of 15% year-on-year. The annualized operating ROEV has improved to 14.9% in Q1 FY27. There has been no operating variance during the quarter, and the 14.9% compares to 14.3% in the corresponding period of the previous year.

We continue to remain focused on operational efficiency. Policyholder operating expense as a percentage of GWP has improved by 185 basis points year-on-year to touch 16%, driven by robust productivity and expense efficiency. Despite healthy business growth, policyholder operating expense increased by only 7% during the quarter.

The AUM has crossed a significant milestone for the company of Rs.2 lakh crore and closed at Rs.2 lakh and 3,000 lakh crores at the end of June 30, 2026, reflecting an 11% increase.

As Sumit mentioned, VNB margins have improved from 20.1% in Q1 FY26 to 23.2% in Q1 FY27, resulting in 33% growth in VNB despite the GST impact. As you are aware, on a VNB computation basis, we use the actual expense of the quarter to compute the VNB, and we do have an effect where the VNB improves as operating leverage kicks in during the quarter.

This improvement in VNB is driven largely by a higher protection mix and also supported by favorable yield-curve movement, which has offset the GST impact that has come. Profitability outcomes achieved during the quarter reinforce our confidence in sustaining our year-on-year margin profiles through FY27.

Going forward, we remain focused on delivering VNB growth that outpaces APE growth while maintaining disciplined execution and profitability. With that, we will request the moderator to open the floor.

Operator: Thank you very much. We will now begin with the question-and-answer session. Anyone who wishes to ask a question may press star and then one on their touchtone phone. If you wish to remove yourself from the question queue, you may press star and then 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. Participants are requested to limit their questions to

2 each and rejoin the queue for follow-up questions. Your first question comes from the line of Swarnabh Mukherjee with 360 ONE Capital. Please go ahead.

Swarnabh Mukherjee – 360 ONE Capital: Hi, sir. Thank you for the opportunity, and congratulations on a great set of numbers. I have 2 questions. First of all, I wanted to understand the margin increase that has happened. As you mentioned, has this happened only on the back of the improvement in the protection mix, or is there anything else to call out? For example, if you could give some color on the impact, or any residual impact, of GST and how we should think about it.

I also wanted to understand how solvency has remained flat despite this protection growth. How should we look at it? If you could explain that, that is the first question.

Second, on the overall structure simplification process and fundraise, Axis Bank had also commented in their call about potentially looking at an increase in its stake and evaluating that. In addition, considering your fundraise plans and structure simplification, how should we think about all these things given the new development? These will be my 2 questions, sir.

Management: First, on the margin profile, as I said in the remarks, it has to do with the protection-enabled growth that we have experienced and also the yield-curve benefits that have come through. Now, in this approximate 3% increase, you can say 30% is linked to the mix around protection and some amount of operating leverage, and around 70% is related to the yield curve, which has also helped offset the GST impact.

As we had mentioned in the previous calls, in quarter four we had almost taken care of 80% of the GST effect. That is largely behind us now, so from a GST perspective, there is no other effect effectively.

On the second question around solvency, Sumit mentioned in his opening remarks that Axis Bank infused approximately {? 380 crores ?} during the quarter, which helps us manage the solvency profile of the business. That is why solvency at the end of June came in at 198%.

Our solvency, as you are aware, has a regulatory threshold of 150%. The 198% is fairly well above the regulatory minimum and also above our internal thresholds that we follow from a risk-management perspective. The approval for {? SITP ?} at MFSL was taken as an enabling approval, and it is valid until May of next year. That was largely to support the growth requirements of the company.

At this point in time, we do not see any specific need for additional solvency, as the position is healthy. We will keep evaluating this, and you will accordingly be informed about any increase in that.

With respect to your question around structure simplification, after the Insurance Act amendment that happened in December, we are grateful to the regulator for having brought in detailed regulations around how structure simplification can be undertaken. There are obviously technical elements that require internal consultation, and we are in that process along with our shareholders.

As we have always indicated in the past, we are quite keen to make that happen. I think the good news is that all paths are now paved for this. We will come back to you at the appropriate time on our next steps on structure simplification.

With respect to the Axis comment, as Axis indicated, there is an opportunity that the banking regulations have created. You will recall that Axis has always been keen on taking its stake up to 30%. They are also in their internal process of evaluating the pros and cons. Depending upon how they decide, I think both they and we will make adequate disclosures around it.

Swarnabh Mukherjee – 360 ONE Capital: That is very helpful. Thank you. I have one follow-up. At this point in time, should we think that the timelines previously indicated for the simplification process would still hold?

Management: We had always indicated that once we file a scheme document, given that it is an NCLT process, it can take anywhere between 6 and 12 months. Those timelines hold. I think you should wait for us to indicate a specific timeline after we have completed our internal consultations around it.

Swarnabh Mukherjee – 360 ONE Capital: All right, sir. Thank you. This is very helpful. Thank you, and all the best for FY27.

Management: Thank you.

Operator: Thank you. Your next question comes from the line of Supratim with Jefferies. Please go ahead.

Supratim – Jefferies: Hi, sir. Thanks a lot for the opportunity. My first question is on cost savings. If I look at the Opex-to-GWP ratio, it has improved despite the ITC loss. I wanted to understand that. If you could provide some color on what is driving this and where you are getting the efficiencies from.

Moving to my second question, the offline proprietary channel this quarter has seen a slowdown in growth over the last 2 quarters. I wanted to understand—

Operator: Excuse me, sir, we are losing your audio.

Supratim – Jefferies: Is it better now?

Operator: Yes, sir. The audio is getting cut intermittently. We are able to hear you clearly, but it was getting cut.

Supratim – Jefferies: Is this better now?

Operator: Yes, sir, this is much better.

Supratim – Jefferies: I will just repeat my last question. On the offline proprietary channel, the 9% growth slowed down last quarter as well, so I wanted to understand—

Operator: Sorry, sir, even right now the audio got cut at the end.

Supratim – Jefferies: It is largely related to the offline proprietary channel performance. If you could give us some color there. Also, on persistency, I wanted to understand what is triggering the 13-month persistency drop.

Management: I think you have asked 3 questions because we could not hear you properly on this side of the line. The first question is what is driving the improvement in Opex to GWP. The second question is about offline proprietary at 9% and whether there is anything structural. I believe that is your question there. The third question is about persistency and the reason for the drop, if I have captured it correctly.

On the first question, we have been on a journey of enhancing productivity across our distribution channel. As you know, in the last few years we have been investing heavily in the distribution channel. Whenever you invest, there is a period of maturity for the distribution channel during which productivity starts showing up. The overall productivity enhancement that we have experienced on the distribution side is one element.

On the non-distribution element, when GST came in and impacted us, we collectively, as a team, started taking many cost initiatives. These can range from simple negotiations, to travel-related restrictions, to being far more careful with advertisement and marketing spend. These are a mix of reasons why the overall number looks lower.

However, I must say that as an organization, we are committed to continually expanding our distribution footprint. Some of this will normalize, and you should not assume that the lower growth in Opex for the quarter will continue in the subsequent quarters as well. There will be some normalization, but there is definitely a different focus on improving the gap between sales growth and operating expense as we continue our growth.

On offline proprietary, to be very honest, it is a small quarter and there were certain one-offs related to certain very consciously thought-through cancellations that we had to undertake, which actually impacted the numbers. Had those cancellations not come through, offline proprietary growth would have been far more robust.

On persistency, we had explained this earlier as well. There was a specific variant of a product which, after its introduction, did not perform the way we wanted it to perform. This started creating a certain impact on our persistency numbers. The decision to discontinue that variant was taken in March itself, which is a very sales-heavy month. Despite it being a sales-heavy month, the decision was taken. Some of that pain is being reflected in the persistency numbers. Beyond the 13th month, however, you can notice that from around the 37th month up to the 61st month, there has been an improvement in persistency.

Supratim – Jefferies: That is very helpful. One last thing: I did not understand the cancellation point. Were the cancellations related to agent licenses being discontinued or to policies?

Management: Certain policies were closed. We did not feel that those were very healthy policies to continue, so it was a voluntary decision. Because it is a small quarter, some of this comes through in the number. If you remove it, the growth is actually {? 20 plus ?}.

Supratim – Jefferies: Understood, sir. This is helpful. Thank you.

Operator: Thank you. Your next question comes from the line of Shreya Shivani with Nomura. Please go ahead.

Shreya Shivani – Nomura: Thank you for the opportunity. Congratulations on a very good quarter. My question is broadly around our distribution strategy, not so much in relation to this quarter alone. How are we thinking about diversifying within our online proprietary business, specifically to avoid being too dependent on one large aggregator?

My second question is about the strategy for markets beyond the metros and Tier 1 and Tier 2 cities. You have reached a certain size, so from here, for your growth to be at a certain level or for you to expand, you will want to move beyond metros and Tier 1 and Tier 2 cities. How are we planning the distribution strategy for those markets?

Management: We are already making investments in Tier 2 and Tier 3 markets across all our channels. We have seen a very good response to our products and our brand in some of those smaller markets in the country. Those efforts will continue.

On the specific diversification in online proprietary that you mentioned, excluding one large aggregator, almost 45% of the sales in quarter one were outside this large aggregator. This number was 38% in the first quarter of last year, so this number has clearly grown.

Other than the large aggregator, we have made some excellent progress with all the other aggregators. One of the channels we are exceptionally proud of is the entire D2C engine that we have built. It has been generating very good traffic. The profile of customers coming onto that channel is also very good, and the quality of business sourced from that channel is also very good.

On online proprietary, we are no longer dependent only on one large aggregator. The business is now well spread across. I also feel that we have developed a bit of a moat around it. Whenever a new aggregator enters the market, its first port of call is {? MLI ?}, courtesy of all the engines we have built and all the integration we have completed. This is now helping us improve our penetration among all the new aggregators that are also joining the ecosystem.

Shreya Shivani – Nomura: Thank you for that answer. I have a follow-up. First, regarding the investments in Tier 2 and Tier 3 markets that you mentioned, are these primarily focused on agents, or are the new partnerships that you mentioned on the group side also part of those investments?

My second follow-up is on the D2C engine. If you can help us understand, I am assuming that the majority of customers this D2C platform is attracting are from urban markets. Would that be fair to say?

Management: Surprisingly, no. In fact, if you look at our online sales, there is a very healthy contribution from customers coming in from Tier 2 and Tier 3 markets.

This also coincides with the first question you asked about Tier 2 and Tier 3 markets and whether they are only about agents. The answer is that it is actually across channels. It is not only agents. When you look at the banking channel and the e-commerce channel, there is a very healthy mix of customers coming from Tier 2 and Tier 3 locations.

The concept that some of these customers come only from urban centers is changing across the industry at a very fast pace, and we are no exception.

Shreya Shivani – Nomura: That is very helpful. Thank you so much, and all the best.

Operator: Thank you. The next question comes from the line of Nishant with Kotak. Please go ahead.

Nishant – Kotak: Thanks for taking my question, and congratulations on a great set of numbers. On the face of it, it is now very clear that any kind of capital issuance is off the cards right now. Looking at the current solvency numbers, I was curious how long we can continue. I am sure Axis Bank is—

Nishant – Kotak: We have been having some discussions regarding increasing our stake in the company, but how long can you really wait? Probably a couple of months down the line, you might still have to consider alternate capital issuance and options. How long can you really wait for this?

Management: I think there is an internal risk threshold that we operate with. You are also aware that {? accounting standards 117 ?} will be in effect. This is the last quarter wherein the same will be in effect, starting April 1, 2025. At the same time, the regulator is also keen to bring in the RBC framework along with this accounting standard. This potentially has the ability to create buffers and releases from a gross capital perspective that the sector can enjoy, given the efficiency that RBC would bring.

It is important to keep some of these elements in mind as things progress. I think the next few months and quarters will provide more clarity around the timelines and how these matters move. From a long-term perspective, this is a very important area to watch.

If your specific question is whether the 198% solvency at which we are currently operating can continue for more quarters before reaching our internal threshold, you should also understand that along with the equity raise that Axis undertook in the company, it also provides us with additional debt capacity against that money. We will leverage that as well. At the current pace, we can comfortably stay above the risk threshold for at least 2-3 quarters.

Nishant – Kotak: That is helpful. Another question is about the profile of your annuity and non-par business. With the increase in these 2 products, I am curious about how the margins would compare between them. Is the change from non-par to annuity margin-dilutive in any way?

Management: We would not give a specific number because we do not disclose margins at a product-segment level. However, as a whole, the margin profiles are broadly similar, so it is not as if a drag is being created by one product relative to the other. They are very similar.

Obviously, annuity has different features and forms, so some of those elements will be in play, and an individual annuity will behave differently from a group annuity. At an aggregate level, however, the margins are quite comparable.

Nishant – Kotak: One last question: can we interpret the lower growth in the offline proprietary channel as also being somewhat margin-accretive?

Management: We have indicated in the past that the margin profile of our proprietary channel is healthy. It is higher than the overall margin profile of the company. In that sense, lower growth does not mean that it will add to the margin. That interpretation would actually be incorrect.

Nishant – Kotak: Got it. Thank you very much, and all the best.

Operator: Thank you. The next question comes from the line of Avinash with MK. Please go ahead.

Avinash – MK: Thanks. Good evening. Good set of numbers. I have a couple of questions. The first one is on the trend we are seeing so far in participating and non-participating products. Is it going to continue for the rest of the year, or would we see some reversal here?

Second, if you can provide some color or understanding on your variable annuity product, what kind of risk stays with you and what kind of hedging mechanism you are using to hedge those risks. I would appreciate some explanation. Thank you.

Management: On participating and non-participating products, from a trend perspective, you should understand that, from a product construct, both these product constructs try to address very similar consumer needs. One product has a higher guarantee component, while the other does not have an equivalent guaranteed component. Even participating products have a guarantee component implicitly.

From a consumer perspective, these are stories that you bring to the market from a freshness perspective, depending on how many launches you undertake. Between quarters, the trend will depend upon the launches we are undertaking, because any new launch always refreshes the distribution machinery. We will navigate through some of these factors.

We do hope that the trend in non-par also improves, so that it is no longer in such sharp decline and moves toward positive growth as the quarters progress. One reason for this is also the base effect. Non-par was higher for us at the same time last year, and as the year and the quarters progress, that effect will moderate.

More importantly, the product segments of protection and annuity are where we continue to remain focused. You have seen that the growth trends are holding as we are able to tap the opportunity that India presents with respect to these product forms.

On your second question regarding the variable annuity product that we have launched, the product has 2 components. There is an element of fixed return, and on top of that fixed return, there is an opportunity for the annuitant to participate in the equity upside and in the equity story that the country has to present.

On the fixed portion of the return, needless to say, a hedging strategy is in play, as it is in other products. On the variable component relating to the equity side, there is a participation behavior. The product has been launched after a fair amount of deliberation. In our assessment, it does not bring any additional risk to the company because of this particular feature, as the participation is undertaken by the annuitant himself.

Avinash – MK: Clear. Thank you.

Operator: Thank you. The next question comes from the line of Prayesh Jain with Motilal Oswal Financial Services Limited. Please go ahead.

Prayesh Jain – Motilal Oswal Financial Services Limited: My first question is on the commission regulations. There has been a great deal of discussion about them. From what I understand, the actual regulations could be very different from what is being reported in the media, or they could be in line with it.

I wanted to understand this in relation to the 2 partners that would be key for us, where things could be different. One is the parent bank, Axis Bank, and the other is the large web aggregator that we work with. In case there is a commission cut, how would you generally expect the behavior of these channels to change, or how do you think this could play out for us in the medium term?

That is question number one. Second, Axis has seen some pickup in momentum in the recent quarter. How do you see Axis Bank as a channel growing? In particular, there was an earlier question about Tier 2 and Tier 3 growth. Could Axis Bank play a meaningful role in that segment of growth? Those are my 2 questions. Thank you.

Management: First, on commission regulation, as the regulator has said on multiple forums, it is proposing to bring out a draft and wants to follow a consultative process with the entire industry.

At a macro level, anything that is good for the consumer is good for the entire ecosystem. We will welcome those regulations, and it is a great initiative by the regulator to follow a long-term consultative process. This is at least what we are also picking up from the media reports.

Rather than getting into the specifics of what this means for one channel relative to another, each of these channels operates at different efficiency levels for us, and the nature of the relationship we have with some of these channels is also different. Axis is the promoter of the company.

Therefore, rather than giving you a specific response on an unknown matter before we know the specific change, it is better that we wait for the draft regulations being discussed when they are issued. At a macro level, we reiterate that whatever is good from a consumer perspective will always be good for the industry as well, and we firmly believe in that. We will work through and navigate these changes. This is not the first time such things have happened.

On Axis Bank, I will request Subrat to take that question.

Subrat: On Axis Bank, we have been seeing consistently good growth, and this quarter has been no exception. Before I answer your specific question around Tier 2 and Tier 3 markets, it is important to highlight, as we have discussed in previous investor calls, that we have segmented the bank as a whole.

We look at Bharat Banking as a separate segment, emerging channels as a separate segment, and branch banking as a separate channel. Recently, the focus has also shifted to the asset vertical, where we are increasing retail insurance penetration.

All the focus we have discussed in earlier investor calls is now coming together reasonably well. In fact, I would say it is coming together very well. That is why you see growth coming from the emerging channels, while the overdependence on a channel such as branch banking has reduced drastically.

The emerging OA share alone, if you look at the emerging channel, is almost 75%. If you look at the overall growth for quarter one, we also look at affluent channels and HNI channels separately, and there has been healthy growth across these channels as well.

If you look at Bharat Banking and Axis Bank's presence, 65% of the customers for us at the company level are actually from Tier 2 and Tier 3 markets. That gives a fillip to our overall numbers.

We have approximately 2,736 rural branches, which have also contributed to the pace of growth across Axis Bank. As I mentioned, the Bharat Banking channel at Axis Bank has also been very useful in driving growth.

The overall reach for Axis Bank alone is approximately 3,200 cities across 692 branches. We also have the privilege of partnering with some very specific banks that have improved our presence in the smaller cities and the hinterland of the country.

Capital Small Finance Bank is present in the hinterland of Punjab. We also have certain other banks in the south that are catering to the masses in the Tier 2 and Tier 3 markets.

In that space, we are very conscious of the growth that the country is seeing in some of these smaller markets. We are well equipped with our presence, technology, and people to extract the maximum benefit from the opportunity that exists in these markets.

Prayesh Jain – Motilal Oswal Financial Services Limited: One more question. If you could provide your guidance on VNB margins, last year we gave that guidance and were pretty much there. How should we think about VNB margins for the full year?

Management: Instead of calling it guidance, from an aspiration perspective, we have been saying that we want to grow VNB faster than APE growth. We will leave it at that, which does mean that there would be a consequent improvement in margins.

The year has started very well, so let us keep our focus on that. We do intend to grow VNB at a faster rate than APE growth.

Prayesh Jain – Motilal Oswal Financial Services Limited: Thank you so much.

Operator: Thank you. The next question comes from the line of Sumant {? Springs ?} with Phillip Capital. Please go ahead.

Sumant {? Springs ?} – Phillip Capital: Thank you for taking my questions, and congratulations on a good set of results. Participating APE grew by 48% in the quarter. I wanted to understand the PPT and premium-payment-term profile of that growth.

The reason is that under Regulation 8, first-year regular premiums with a PPT of less than 10 years carry 80% of allowable EOM, versus 17.5% for renewal premiums and close to 5% for single premiums. Is the participating push a way of expanding your allowable ceiling?

Management: Sumant, can you hear us? We are not able to hear you properly. Could you please repeat the question? We were not able to properly comprehend what you were asking.

Sumant {? Springs ?} – Phillip Capital: Did you hear any part of it? I will start—

Management: We request you to kindly repeat it from the very beginning, please, if you do not mind.

Sumant {? Springs ?} – Phillip Capital: I am saying that participating APE growth was very strong in this quarter, up around 48% year-on-year. I wanted to understand the PPT and premium-payment-term profile of that growth because under Regulation 8, if first-year regular premiums have a PPT of less than 10 years, they carry 80% of allowable EOM versus 17.5% on {? renewal ?} and close to 5% on single premiums.

Sumant {? Springs ?} – Phillip Capital: Five percent on single premium. Is this PAR push a way of expanding your allowable ceiling? The second component of the same question is: what was your PAR fund utilization for {? FY26 ?}, if you can provide that number? That is question one.

The second question is on the amalgamation. Will the share-entitlement ratio be determined based on look-through economics or with reference to MFSL's stated price? Does the resulting cap-table change any shareholder's classification or trigger fresh regulatory approvals? These are my 2 questions.

Management: I am sorry, but we could not follow the last question. I think we understood the first question because your voice is very muffled.

Sumant {? Springs ?} – Phillip Capital: Maybe it is a connection issue, because I am also not able to hear you. Anyway, let us continue.

Management: Let us answer the first question. Given our scale, the expense-of-management limits that IRDAI has set are thresholds within which we operate comfortably. That is not the reason why any specific action is taken around the participating product mix, which is what I heard you asking about.

With respect to your question about whether there is any specific trend within the participating product, there is nothing specific like that. It is very stable and business as usual from that perspective across channels, depending upon the mix that they are used to. That is the kind of growth that we see.

Sumant {? Springs ?} – Phillip Capital: I could not understand the other question. Let me try the second question. On the amalgamation of MFSL into MLI, will the share-entitlement ratio be determined based on look-through economics or with reference to MFSL's traded price? Are you able to follow me?

Management: It is a little premature to comment. When the scheme of arrangement is submitted, the specific details will become clear. Having said that, you will appreciate that MFSL is a fairly simple structure and a very well-run operation. The primary asset it holds is its equity interest in the life insurance company, Max Life.

The operation is fairly simple and, if I may use your words, it would involve a look-through kind of valuation. There is not expected to be a significant adjustment.

Sumant {? Springs ?} – Phillip Capital: I have one small follow-up. Is the capital requirement through {? FY28 ?} fully covered through this Rs.1,600 crore QIP, or might this have been answered earlier? My apologies for asking it again.

Management: What we were trying to explain was, firstly, that it is an enabling approval that runs until May of this year {? capital ?}. When we took that approval and shareholder consent for it, we indicated that it was largely to support the growth-capital requirement of Max Life.

What we are also seeing is that developments around the regulator's adoption of the new accounting standard and the risk-based solvency framework are progressing quite strongly on both fronts. We would therefore like to see the outcomes of the final risk-based solvency framework.

At a macro level, such a framework does make the insurance company more capital-efficient and provides more buffer from a growth-capital perspective. However, it is difficult to comment specifically on these matters because that element has not been finalized.

The regulatory intention is to improve capital efficiency within the sector, thereby providing adequate capital to support growth aspirations.

Sumant {? Springs ?} – Phillip Capital: What is your internal solvency requirement for the bank—I mean, for Max Life?

Management: Under our internal methodology, every year, depending upon the kinds of risks we have on our balance sheet, we run a certain stress scenario. That number ranges between approximately 180% and 200%.

Sumant {? Springs ?} – Phillip Capital: Thank you for that, and all the best. Sorry for the disturbance on the line.

Operator: Thank you. The next question comes from Sanket Godha with Avendus Spark. Please go ahead.

Sanket Godha – Avendus Spark: Thank you for the opportunity. My question is again probably more about solvency and the Axis matter. Is it fair to say that if Axis's approval to increase its stake from 20% to 30% is delayed, the Rs.1,600 crores of QIP that you have kept on the back burner right now might eventually be undertaken to support growth? Is that a fair assumption?

Management: If RBC does not come on time, as we had indicated in the past, then your assumption is correct. However, if there is a development in that framework, the number may be much lower.

Sanket Godha – Avendus Spark: Understood. One more clarification: the 190% solvency that you reported at the end of June includes the subordinated debt that you are redeeming. If you remove that amount, I believe you are raising another round of subordinated debt to compensate for it. Would solvency still be closer to 200% with the additional subordinated debt that you raise?

Management: Sanket, can you say that again?

Sanket Godha – Avendus Spark: I was asking about the subordinated debt of approximately Rs.480-490 crores that you are redeeming, as per the results. Will you raise another round of subordinated debt? What you reported at the end of June includes that subordinated debt. Once that subordinated debt is removed, solvency will naturally fall. Are you raising another round of subordinated debt to bring it back to the 190–200% level?

Management: Your observation is correct, Sanket. We have already exercised the call on the subordinated debt. This was done on July 31, and we will recoup and raise both that amount and the amount we received from the additional capacity created by the Axis infusion in the first quarter. So yes, we will be undertaking a subordinated-debt raise.

Operator: Thank you. The next question comes from the line of Vinod Rajamani with Nirmal Bang. Please go ahead.

Vinod Rajamani – Nirmal Bang: Thank you for taking our question. I have just one question. In response to an earlier question, you said that approximately 70% of the margin uplift was on account of yields and 30% was on account of the product-mix change.

If I look at the yield curve for June, Q2 VNB will be priced off the June curve. The long end is already almost 50 basis points lower than the March curve. Should we therefore expect some unwinding on account of this yield change in the Q2 margin? That is the only question I have.

Management: Dynamic pricing of products depending on the yield curve is a natural process followed by life insurance companies. Your observation is correct: at the end of June, the curve had moved, which could take away some—but not the entire—benefit that was available in the first quarter from a yield-curve perspective.

However, it is par for the course for insurance companies. Depending on the yield environment, you continue repricing. From an aspiration perspective, we remain committed to the expectation that VNB growth momentum will be faster than APE growth momentum as we conclude the year, and we are working toward that.

Vinod Rajamani – Nirmal Bang: The 70% and 30% split is correct, right?

Management: There is a reality that, as the year and the quarter progress, operating leverage plays out. Typically, if you have a good, healthy start from a mix perspective, the operating leverage also plays out more strongly.

You are trying to calculate that 70% will go away and that there could consequently be pressure. I would not take that view, because operating leverage during the quarter also helps us.

Vinod Rajamani – Nirmal Bang: Thank you very much.

Operator: Thank you. The next question comes from the line of Nitesh Jain with Investec. Please go ahead.

Nitesh Jain – Investec: Thank you for the opportunity. My question is on annuity. What is driving such strong growth in the annuity business? Is it driven by the new product launch that we undertook? Do you sense a change in customer behavior, given that annuity has traditionally not been a large product in India? Is this changing, and what is driving it?

Management: We had a few annuity launches in the third quarter of last year. The annuity product that we launched at that time entered the base and was well accepted across distribution channels, given the unique retirement need that an annuity product addresses.

Some of the exceptional growth that you are seeing is also coming from a relatively low base in the first quarter. Having said that, in the current quarter we have also launched a new variable annuity product, which was the subject of a question at the start of the call. That product will also provide a positive lift.

It is a combination of product launches in the annuity space that is helping us drive momentum. However, the 120% growth number in quarter one also includes some base effect.

Nitesh Jain – Investec: Is there any particular channel driving this growth?

Management: No, it is a well-accepted product across all channels. Axis and Agency are both leading the way. There is a specific customer segment known as the Silver segment, where annuity is becoming quite popular, and I think the team has been able to sell the product well.

This also coincides with our overall growth across all channels, including the proprietary business. It is important to mention this because, strategically, all channels remain key engines of growth.

There was an earlier question about proprietary, and it is important to say that some of the input parameters for proprietary, particularly offline proprietary, remain strong. Annuity also forms a significant part of that segment.

Over the last approximately 36 months, we have seen very consistent growth in the offline proprietary channels. We do not only look at the output or final number for offline proprietary; we also follow the input vectors very seriously.

If you look at advisor recruitment, we have grown on that parameter. Top-advisor premium, which is again a very critical component of the offline proprietary channel, has grown by 28%. FLS productivity has also grown by 7% in the offline proprietary channel. Amrit mentioned some of the initiatives we have undertaken around AI and technology.

Whenever we launch a new product, such as the variable annuity that Amrit mentioned, the engine is now well equipped across all channels, whether Axis, Agency, or Banca proprietorship as a whole, to capture the maximum benefit from it.

Again, in annuity, this looks like very sustainable and scalable growth for us.

Operator: Thank you. The next question comes from the line of Rishi Jhunjhunwala with IIFL. Please go ahead.

Rishi Jhunjhunwala – IIFL: Thank you for the opportunity. Can you provide some color on how the competition is performing, especially in the banca channels, including Axis and some of the other larger banca channels?

Have some of the unlisted players become significantly more aggressive in those channels, either through higher payouts or more attractive product offerings? How do you intend to counter that?

Management: It is very difficult to comment on what some of the other players are doing. I can largely talk about some of our strengths and how, in a very consistent manner, we have been in the number-one position at some of the banks.

Our counter share at Axis always hovers around 65-70%. At Yes Bank, again, we are the number-one player.

What gives us even more confidence is the separate vertical we call strategic alliances, where we enter into new partnerships. As a case in point, across the 7 banks with which we have entered into partnerships, you will appreciate that the acquisition of or signing of an agreement with a bank is only the starting point. It is far more difficult to become a dominant player in a new bank.

At least from that perspective, Max Life Insurance has performed very well. In the last 7 banks with which we entered into partnerships, we were not the first, second, or third player. We were the fourth, fifth, or sixth player. Across these 7 banks, we already have a counter share of more than 25%. In 4 of these 7 banks, we are now the number-one player.

The important point is that across all the banks, our story has been very consistent with respect to growth. In terms of what the competition is doing, the market is always competitive. It keeps us on our toes and keeps us demanding more from one another. However, I think we are somewhat ahead in terms of people, technology, and products.

Rishi Jhunjhunwala - IIFL: I was just trying to understand from Amrit whether any of the players are becoming increasingly irrational in open-architecture bank platforms. Thank you.

Management: We like the term "irrational"; we have heard it a few times. All we can say is that you can count on us as far as the trust factor is concerned—we will never go down that route. I would not—

Management: It would not be wise or prudent on my part to comment on what some of the other players are doing in the market.

Rishi Jhunjhunwala - IIFL: Got it. Thank you. All the best.

Operator: Thank you. Ladies and gentlemen, that was the last question for today. I now hand the conference over to management for the closing comments.

Management: Thank you, ladies and gentlemen, for being on Max Financial Services' earnings call. We look forward to more such interactions in the future. Thank you once again. Good day.

Operator: Thank you. Ladies and gentlemen, on behalf of Max Financial Services Limited, that concludes this conference. Thank you, everyone, for joining us, and you may now disconnect your lines. Thank you.

Note: {? ... ?} indicates a figure or name where audio clarity was insufficient for confident transcription. Verify against the source audio or the company's published filings.